



LODI CITY COUNCIL

Carnegie Forum
305 West Pine Street, Lodi

AGENDA – REGULAR MEETING

Date: February 19, 2014

Time: Closed Session 5:30 p.m.
Regular Meeting 7:00 p.m.

For information regarding this Agenda please contact:

Randi Johl-Olson, City Clerk

Telephone: (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.

***NOTE:** 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 24 hours prior to the meeting date.*

C-1 Call to Order / Roll Call

C-2 Announcement of Closed Session

- a) Conference with Jordan Ayers, Deputy City Manager, and Adele Post, Human Resources Manager (Labor Negotiators), Regarding Police Mid-Managers, Lodi Police Officers Association, Lodi Police Dispatchers Association, Fire Mid-Managers, and Lodi Professional Firefighters; Conference with Dean Gualco, Library Services Director, and Adele Post, Human Resources Manager (Labor Negotiators), Regarding International Brotherhood of Electrical Workers Pursuant to Government Code §54957.6
- b) Prospective Acquisition of Real Property; Price and Terms of Payment Under Negotiation; City Negotiator, Public Works Director Wally Sandelin; Pursuant to Government Code Section 54956.8:
 - 1. A Portion of Property Located at 13160 North West Lane (APN 058-110-47), Negotiating Party: F&L Costa Family L.P.;
 - 2. A Portion of Property Located at 120 East Harney Lane (APN 058-130-24), Negotiating Party: Diane Tsutsumi and Gary & Joyce Tsutsumi 2011 Trust;
 - 3. A Portion of Property Located at 2601 South Stockton Street (APN 058-130-02), Negotiating Parties: Sean & Summer Varner;
 - 4. A Portion of Property Located at 127 East Harney Lane (APN 062-410-25), Negotiating Party: Valley Iron Works, Inc.;
 - 5. A Portion of Property Located at 24 Maggio Circle (APN 062-410-26), Negotiating Party: Reynolds Family, LLC;
 - 6. A Portion of Property Identified as APN 058-10-04, APN 058-10-05, and APN 062-010-01, Negotiating Party: Union Pacific Railroad Co.;
 - 7. A Portion of Property Identified as APN 058-650-01, Negotiating Party: Skinner Ranch Holdings, L.P.;
 - 8. A Portion of Property Identified as APN 058-100-03, Negotiating Party: FF, L.P.;
 - 9. A Portion of Property Located at 141 East Harney Lane (APN 062-410-35), Negotiating Party: Katherine Mikilas; and
 - 10. A Portion of Property Located at 2538 Banyan Drive (APN 062-260-11), Negotiating Party: Sorour Partners, L.P., a California Limited Partnership

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 – None

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

C-1 Receive Register of Claims in the Amount of \$3,167,592.99 (FIN)

C-2 Approve Minutes (CLK)

a) February 4 and 11, 2014 (Shirtsleeve Sessions)

b) February 5, 2014 (Regular Meeting)

C-3 Approve Plans and Specifications and Authorize Advertisement for Bids for 2014-2015 Fence Repair Program, Various Locations (PW)

C-4 Approve Plans and Specifications and Authorize Advertisement for Bids for Hutchins Street Square South Entrance Americans with Disabilities Act, 125 South Hutchins Street (PW)

Res. C-5 Adopt Resolution Awarding Contract for Wastewater Main Rehabilitation Program, Project No. 6, to Michels Corporation, of Salem, Oregon (\$1,528,314.80), and Appropriating Funds (\$1,835,000) (PW)

C-6 Accept Improvements Under Contract for 2013 GrapeLine Bus Stop Improvements Project (PW)

Res. C-7 Adopt Resolution Authorizing the City Manager to Execute Professional Services Agreement and Extension for Landscape Maintenance Assessment District No. 2003-1 Administrative Services with NBS, of Temecula (\$13,600) (PW)

C-8 Authorize City Manager to Execute Option to Lease Agreement and Associated Ground Lease with Pacific Gas and Electric Company for the Location of a Compressed Air Energy Storage Facility at White Slough Water Pollution Control Facility (CA)

Res. C-9 Adopt Resolution Delegating Authority to Change Banking Signature Cards to Treasurer (CM)

Res. C-10 Adopt Resolution Setting Park Fees (PRCS)

C-11 Set Public Hearing for March 19, 2014, to Consider Pre-Approved Proposition 218 Consumer Price Index Based Annual Adjustment to Rates for Solid Waste Collection (PW)

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 6.3I). 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 – None

H. Communications

H-1 Monthly Protocol Account Report (CLK)

I. Regular Calendar

- Res. I-1 Adopt Resolution Approving Fiscal Year 2013/14 Mid-Year Budget Adjustments (CM)
I-2 Provide Direction to Staff Regarding Proposition 218 Notice Process (CM)

J. Ordinances – None

K. 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.

Randi Johl-Olson
City Clerk



CITY OF LODI
COUNCIL COMMUNICATION

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AGENDA TITLE: Receive Register of Claims through January 30, 2013 in the Total Amount of \$3,167,592.99.

MEETING DATE: February 19, 2014

PREPARED BY: Financial Services Manager

RECOMMENDED ACTION: Receive the attached Register of Claims for \$3,167,592.99.

BACKGROUND INFORMATION: Attached is the Register of Claims in the amount of \$3,167,592.99 Through 01/30/14. Also attached is Payroll in the amount of \$1,489,585.44.

FISCAL IMPACT: Not applicable.

FUNDING AVAILABLE: As per attached report.

Ruby R. Paiste, Financial Services Manager

RRP/rp

Attachments

APPROVED: _____
D. Stephen Schwabauer, Interim City Manager

Accounts Payable
Council Report

Page
Date
Amount

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- 02/05/14

As of Thursday	Fund	Name	Amount
01/30/14	00100	General Fund	267,150.42
	00123	Info Systems Replacement Fund	16,402.82
	00160	Electric Utility Fund	1,818,682.70
	00161	Utility Outlay Reserve Fund	43,559.26
	00164	Public Benefits Fund	7,477.66
	00166	Solar Surcharge Fund	187,804.78
	00168	Environmental Compliance	1,888.00
	00170	Waste Water Utility Fund	89,597.88
	00171	Waste Wtr Util-Capital Outlay	1,512.36
	00180	Water Utility Fund	32,880.97
	00181	Water Utility-Capital Outlay	441,139.17
	00210	Library Fund	16,074.36
	00211	Library Capital Account	875.98
	00234	Local Law Enforce Block Grant	10,869.57
	00235	LPD-Public Safety Prog AB 1913	4,328.76
	00260	Internal Service/Equip Maint	29,160.92
	00270	Employee Benefits	21,497.91
	00300	General Liabilities	54.50
	00301	Other Insurance	1,599.00
	00310	Worker's Comp Insurance	9,749.86
	00321	Gas Tax-2105,2106,2107	28,468.94
	00322	Gas Tax -2103	13,412.73
	00325	Measure K Funds	13,423.36
	00340	Comm Dev Special Rev Fund	2,001.75
	00347	Parks, Rec & Cultural Services	26,038.12
	00459	H U D	2,057.79
	00502	L&L Dist Z1-Almond Estates	269.56
	00503	L&L Dist Z2-Century Meadows I	207.36
	00506	L&L Dist Z5-Legacy I,II,Kirst	428.82
	00507	L&L Dist Z6-The Villas	1,022.72
	00509	L&L Dist Z8-Vintage Oaks	74.18
	00513	L&L Dist Z11-Tate Property	24.18
	00515	L&L Dist Z13	138.24
	00516	L&L Dist Z14-Luca Place	43.26
	00517	L&L Dist Z15-Guild Ave Indust.	138.24
	00518	L&L Dist Z16-W.Kettleman Comm.	76.80
	01211	Capital Outlay/General Fund	35,014.83
	01212	Parks & Rec Capital	960.88
	01217	IMF Parks & Rec Facilities	302.40
	01250	Dial-a-Ride/Transportation	10,124.17
	01251	Transit Capital	7,656.39
	01252	PTMISEA	7,088.59
	01410	Expendable Trust	8,350.47
Sum			3,159,630.66
	00184	Water PCE-TCE-Settlements	42.00
	00190	Central Plume	6,898.00
	00192	Busy Bee Plume	1,022.33
Sum			7,962.33

Accounts Payable
Council Report

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Date - 02/05/14
Amount

As of Fund
Thursday

Name

Total
Sum

3,167,592.99

Council Report for Payroll

Page - 1
Date - 02/05/14

Payroll	Pay Per Date	Co	Name	Gross Pay
Regular	01/19/14	00100	General Fund	928,766.02
		00160	Electric Utility Fund	144,771.05
		00161	Utility Outlay Reserve Fund	4,726.41
		00170	Waste Water Utility Fund	116,685.89
		00180	Water Utility Fund	10,036.61
		00210	Library Fund	25,632.36
		00260	Internal Service/Equip Maint	17,461.71
		00321	Gas Tax-2105,2106,2107	27,987.94
		00340	Comm Dev Special Rev Fund	21,093.39
		00347	Parks, Rec & Cultural Services	106,396.15
		01250	Dial-a-Ride/Transportation	7,608.30
Pay Period Total:				
Sum				1,411,165.83
Retiree	02/28/14	00100	General Fund	78,419.61
Pay Period Total:				
Sum				78,419.61



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CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Approve Minutes
a) February 4, 2014 (Shirtsleeve Session)
b) February 5, 2014 (Regular Meeting)
c) February 11, 2014 (Shirtsleeve Session)

MEETING DATE: February 19, 2014

PREPARED BY: City Clerk

RECOMMENDED ACTION: Approve the following minutes as prepared:
a) February 4, 2014 (Shirtsleeve Session)
b) February 5, 2014 (Regular Meeting)
c) February 11, 2014 (Shirtsleeve Session)

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

FISCAL IMPACT: None.

FUNDING AVAILABLE: None required.

Randi Johl-Olson
City Clerk

Attachments

APPROVED: _____
D. Stephen Schwabauer, Interim City Manager

**LODI CITY COUNCIL
SHIRTSLEEVE SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, FEBRUARY 4, 2014**

A. Roll Call by City Clerk

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, February 4, 2014, commencing at 7:00 a.m.

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

Absent: Council Member Mounce

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

B. Topic(s)

B-1 Receive Fiscal Year 2013/14 Mid-Year Budget Report (CM)

Deputy City Manager Jordan Ayers provided a PowerPoint presentation regarding the 2013/14 mid-year budget review. Specific topics of discussion included the General Fund overview, key revenue variances, General Fund departmental variances, overview and variances for water, wastewater, and electric utilities, and variances in community development, streets, parks and recreation, and library funds.

In response to Mayor Pro Tempore Hansen, Mr. Ayers stated the assessor has not yet provided the final property tax numbers and the \$98,000 is a true-up from previous years.

In response to Council Members Nakanishi and Johnson, Mr. Ayers stated the City receives approximately \$100,000 for Digital Infrastructure and Video Competition Act of 2006 (DIVCA) money and there is no use it or lose it provision.

In response to Mayor Pro Tempore Hansen, Lt. Todd Patterson confirmed that there are currently 67 sworn police officers, with four in background, and there are 71 authorized. Mr. Bartlam confirmed that federal grant funding has expired and all police officer hiring now comes from the General Fund. A brief discussion ensued regarding the ability to recruit, retain, and process police officers in an effective and efficient manner to ensure there is not a lapse in filling positions.

In response to Council Member Nakanishi, City Attorney Schwabauer provided an overview of the dibromochloropropane (DBCP) settlement, including what the settlement encompasses and the timeframe of the same.

In response to Council Member Johnson, Mr. Bartlam confirmed that the City Council could either keep enough reserves in the utility fund to address any future DBCP liability or take the wells offline.

In response to Council Member Nakanishi, Public Works Director Wally Sandelin stated over the last few years more wells are being impacted by DBCP although staff is operating the wells in a manner to ensure the impact is minimized to the extent possible.

In response to Mayor Pro Tempore Hansen, Mr. Sandelin stated the biosolids project was completed approximately a year ago and is working as anticipated.

In response to Council Member Johnson, Electric Utility Director Elizabeth Kirkley stated staff

recently went to the Risk Oversight Committee to make additional energy purchases in response to the drought conditions based on the reduction of hydro in the City's portfolio.

In response to Council Member Nakanishi, Ms. Kirkley stated it appears that Californians are using less energy and a large factor is the weather itself versus actual conservation.

In response to Council Member Johnson, Mr. Ayers confirmed that there is a part-time position in Parks and Recreation at the lake that will need to change to a full-time position based on the current need.

In response to Mayor Pro Tempore Hansen, Mr. Ayers stated the budget takes into account the library remodel project both on the revenue and expenditure side.

In response to Council Member Nakanishi, Mr. Bartlam confirmed that Lodi is the only city in the County that operates its own library. Mr. Schwabauer indicated other cities contract with the County for library services.

C. Comments by Public on Non-Agenda Items

None.

D. Adjournment

No action was taken by the City Council. The meeting was adjourned at 7:45 a.m.

ATTEST:

Randi Johl-Olson
City Clerk

**LODI CITY COUNCIL
REGULAR CITY COUNCIL MEETING
CARNEGIE FORUM, 305 WEST PINE STREET
WEDNESDAY, FEBRUARY 5, 2014**

C-1 Call to Order / Roll Call

The City Council Closed Session meeting of February 5, 2014, was called to order by Mayor Katzakian at 6:30 p.m.

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

Absent: Council Member Mounce

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

C-2 Announcement of Closed Session

- a) Conference with Stephen Schwabauer, City Attorney, and Jordan Ayers, Deputy City Manager (Labor Negotiators), Regarding Police Mid-Managers, Lodi Police Officers Association, Lodi Police Dispatchers Association, Fire Mid-Managers, and Lodi Professional Firefighters; Conference with Stephen Schwabauer, City Attorney, and Dean Gualco, Human Resources Manager (Labor Negotiators), Regarding International Brotherhood of Electrical Workers Pursuant to Government Code §54957.6

C-3 Adjourn to Closed Session

At 6:30 p.m., Mayor Katzakian adjourned the meeting to a Closed Session to discuss the above matter. The Closed Session adjourned at 7:00 p.m.

C-4 Return to Open Session / Disclosure of Action

At 7:05 p.m., Mayor Katzakian reconvened the City Council meeting, and City Attorney Schwabauer disclosed the following action.

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

A. Call to Order / Roll Call

The Regular City Council meeting of February 5, 2014, was called to order by Mayor Katzakian at 7:05 p.m.

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

Absent: Council Member Mounce

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

B. Presentations

B-1 Check Presentation by Hutchins Street Square Foundation (PRCS)

John Ledbetter, chairman of the Hutchins Street Square Foundation board, presented a check to Mayor Katzakian for the carpet replacement project and further updated the City Council on past and future events.

B-2 Presentation Regarding 2013 Library Accomplishments and 2014 Library Goals (LIB)

Library Services Director Dean Gualco gave a presentation regarding the Library's 2013 accomplishments and 2014 goals.

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

Council Member Johnson made a motion, second by Mayor Pro Tempore Hansen, 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 Johnson, Council Member Nakanishi, Mayor Pro Tempore Hansen, and Mayor Katzakian

Noes: None

Absent: Council Member Mounce

C-1 Receive Register of Claims in the Amount of \$19,821,197.69 (FIN)

Claims were approved in the amount of \$19,821,197.69.

C-2 Approve Minutes (CLK)

The minutes of January 14, 2014 (Shirtsleeve Session), January 14, 2014 (Special Meeting), January 15, 2014 (Regular Meeting), January 21, 2014 (Shirtsleeve Session), January 28, 2014 (Shirtsleeve Session), and January 28, 2014 (Special Meeting) were approved as written.

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

Accepted the 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 the quarterly report of purchases between \$10,000 and \$20,000.

C-5 Report of Sale of Surplus Equipment (PW)

Received report of sale of surplus equipment.

C-6 Adopt Resolution Approving the Purchase of Padmount Transformers from Howard Industries, of Laurel, Missouri (\$38,934), and HD Supply Utility, of Benicia (\$44,930.16) (EU)

Adopted Resolution No. 2014-13 approving the purchase of padmount transformers from Howard Industries, of Laurel, Missouri, in the amount of \$38,934 and HD Supply Utility, of Benicia, in the amount of \$44,930.16.

C-7 Adopt Resolution Awarding Contract for Directional Boring, Excavation, and Conduit Installation to Westech Industries, Inc., of Galt (\$500,000) (EU)

In response to Council Member Nakanishi, Electric Utility Director Elizabeth Kirkley confirmed that the contract will be used on an as-needed basis for the next three years with an option to

extend, the product can last up to 50 years although the warranty is typically 30 to 40 years, and the utility staff handles a portion of the installation directly.

Council Member Nakanishi made a motion, second by Council Member Johnson, to adopt Resolution No. 2014-18 awarding contract for directional boring, excavation, and conduit installation to Westech Industries, Inc., of Galt, in the amount of \$500,000.

VOTE:

The above motion carried by the following vote:

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

Noes: None

Absent: Council Member Mounce

C-8 Adopt Resolution Awarding Lodi Lake Park Boat House Concession to Headwaters Kayak Shop, of Lodi, and Authorizing the Parks, Recreation, and Cultural Services Director to Execute the Concession Agreement on Behalf of the City (PRCS)

Adopted Resolution No. 2014-14 awarding Lodi Lake Park boat house concession to Headwaters Kayak Shop, of Lodi, and authorizing the Parks, Recreation, and Cultural Services Director to execute the concession agreement on behalf of the City.

C-9 Accept Improvements Under Contract for Hutchins Street Square Kirst Hall Heating, Ventilation, and Air Conditioning Replacement Project (PW)

Accepted improvements under contract for Hutchins Street Square Kirst Hall Heating, Ventilation, and Air Conditioning Replacement Project.

C-10 Adopt Resolution Authorizing the City Manager to Execute Professional Services Agreement for Influent Screening Study for the White Slough Water Pollution Control Facility with Carollo Engineers, Inc., of Sacramento (\$49,683) (PW)

Adopted Resolution No. 2014-15 authorizing the City Manager to execute Professional Services Agreement for influent screening study for the White Slough Water Pollution Control Facility with Carollo Engineers, Inc., of Sacramento, in the amount of \$49,683.

C-11 Adopt Resolution Authorizing the City Manager to Execute Professional Services Agreement for Architectural and Engineering Design at Lodi Transit Station with KPFF Consulting Engineers, of Roseville (\$55,766) (PW)

Adopted Resolution No. 2014-16 authorizing the City Manager to execute Professional Services Agreement for architectural and engineering design at Lodi Transit Station with KPFF Consulting Engineers, of Roseville, in the amount of \$55,766.

C-12 Adopt Resolution Authorizing the City Manager to Extend the Term of the Delivery Schedule for Task Order No. 2 with Environmental Systems Research Institute, Inc., of Redlands, for Phase II Data Integration and Model Building of Geographical Information Systems (EU)

Adopted Resolution No. 2014-17 authorizing the City Manager to extend the term of the delivery schedule for Task Order No. 2 with Environmental Systems Research Institute, Inc., of Redlands, for Phase II data integration and model building of geographical information systems.

C-13 Receive Report Regarding Boards, Committees, and Commissions (CLK)

Received report regarding boards, committees, and commissions.

D. Comments by the Public on Non-Agenda Items

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The following individuals spoke in regard to the shooting incident on January 25, 2014, in the City of Lodi and expressed concerns regarding the same:

Hanna Kassis, Kuldip Hundal, Jagmohan Batth, Alex Aliferas

Robert Horton spoke in regard to his concerns about the business operations of Muffler Man, a local business in the City of Lodi.

Ed Miller and Dave Kroft spoke in regard to their concerns about the approval of the one-time payment to City employees at the last City Council meeting in light of the City's unfunded pension liabilities.

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

Mayor Pro Tempore Hansen requested that information on the State's drought condition and its impact on the City of Lodi be provided to the City Council in the near future.

Council Member Johnson urged residents, local businesses, and City staff to conserve water in light of the State's drought conditions.

Council Member Nakanishi commended Rad Bartlam, Steve Schwabauer, and Janice Magdich on their new appointments as City Manager for Chino Hills, Interim City Manager, and Interim City Attorney.

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

None.

G. Public Hearings - None

H. Communications

H-1 Post for Expiring Term and Vacancy on the Lodi Improvement Committee (CLK)

Council Member Johnson made a motion, second by Mayor Pro Tempore Hansen, to direct the City Clerk to post for the following expiring term and vacancy:

Lodi Improvement Committee

Timothy Litton, term to expire March 1, 2014

Bob Takeuchi, term to expire March 1, 2015

VOTE:

The above motion carried by the following vote:

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

Noes: None

Absent: Council Member Mounce

I. Regular Calendar

I-1 Adopt Resolution Appointing D. Stephen Schwabauer as Interim City Manager and Approving the Related Employment Agreement (CM)

City Manager Bartlam provided a brief overview of the proposed appointment as set forth in the Council Communication.

Mayor Pro Tempore Hansen made a motion, second by Council Member Johnson, to adopt Resolution No. 2014-19 appointing D. Stephen Schwabauer as Interim City Manager and approving the related Employment Agreement.

VOTE:

The above motion carried by the following vote:

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

Noes: None

Absent: Council Member Mounce

I-2 Appoint Janice Magdich Interim City Attorney (CA)

City Attorney Schwabauer provided a brief overview of the proposed appointment as set forth in the Council Communication.

Council Member Johnson made a motion, second by Mayor Pro Tempore Hansen, to appoint Janice Magdich Interim City Attorney.

VOTE:

The above motion carried by the following vote:

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

Noes: None

Absent: Council Member Mounce

J. Ordinances - None

K. Adjournment

There being no further business to come before the City Council, the meeting was adjourned at 8:20 p.m.

ATTEST:

Randi Johl-Olson
City Clerk

**LODI CITY COUNCIL
SHIRTSLEEVE SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, FEBRUARY 11, 2014**

A. Roll Call by City Clerk

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, February 11, 2014, commencing at 7:00 a.m.

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

Absent: None

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

B. Topic(s)

B-1 Downtown Lighting Report (EU)

Electric Utility Director Elizabeth Kirkley provided a PowerPoint presentation regarding downtown lighting. Specific topics of discussion included current conditions, potential solutions, cost estimates, comparisons with other cities, and next steps.

In response to Council Member Johnson, Ms. Kirkley stated underground wiring and conduit may be damaged due to a variety of factors including tree roots and water.

In response to Council Member Nakanishi, Electric Utility Superintendent Charles Berry stated lighting maintenance would include inspection of outlets and mechanical connections, although the wire itself would not necessarily be tested unless there was an indication that it was not working.

In response to Council Member Mounce, Ms. Kirkley confirmed that holiday lighting would continue to be available during the holiday season in downtown with any of the chosen options if the City Council so desired.

In response to Mayor Pro Tempore Hansen, Ms. Kirkley stated there would be a need to hire a licensed electrician because the utility does not employ staff to handle this type of an electrical project.

In response to Council Member Nakanishi, Engineering and Operations Manager Jay Marchesseault stated the cost for the current lighting if it was operational would be approximately \$8,000, or three to four times the amount of the projected cost for the recommended energy efficient lighting usage as outlined in the presentation.

In response to Council Member Johnson, Ms. Kirkley stated the City Council could consider options for retaining up lights if it so desired. A brief discussion ensued amongst the City Council and Ms. Kirkley regarding maintenance and safety considerations for lights that are installed in the ground.

In response to Council Member Mounce, Lodi Chamber of Commerce Executive Director Pat Patrick stated that the vendors for the street faire and other similar events do not currently use the outlets because they are not working and are advised of the same prior to the events.

In response to Council Member Johnson, Mr. Schwabauer stated there is no longer any assessment in the downtown area. Mr. Sandelin stated the active assessment included the downtown guidelines and lighting considerations.

In response to Council Member Hansen, Construction Project Manager Gary Wiman provided an overview of the process for digging and replacing the existing wire and the cost estimate for the same, which included prevailing wage. Mr. Wiman stated he was not asked to review the Palo Alto approach to date.

In response to Council Member Nakanishi, Interim City Manager Steve Schwabauer stated the City does not have a legal obligation to provide lighting but it can do so on a voluntary basis.

The City Council provided general direction to provide lighting on School Street in downtown on a year-round basis, including during the holiday season.

Pat Patrick spoke in support of providing lighting in downtown on a year-round basis for safety and tourism purposes and encouraged the City to work with downtown property owners to find solutions for the same.

Ed Miller spoke in support of lighting in downtown on a year-round basis and encouraged staff to utilize a different design for the project to ensure that the current problems do not reoccur in the future.

Council Member Johnson, in concurrence with Mayor Pro Tempore Hansen and Council Member Mounce, requested information regarding utilizing local businesses for City projects, power washing or repainting downtown areas, and bidding for the Hutchins Street Square carpet replacement project.

In response to Council Member Nakanishi, Ms. Kirkley stated there is enough funding in the street light budget to maintain existing street lights but not decorative lighting.

C. Comments by Public on Non-Agenda Items

None.

D. Adjournment

No action was taken by the City Council. The meeting was adjourned at 7:55 a.m.

ATTEST:

Randi Johl-Olson
City Clerk



CITY OF LODI COUNCIL COMMUNICATION

TM

AGENDA TITLE: Approve Plans and Specifications and Authorize Advertisement for Bids for 2014-2015 Fence Repair Program, Various Locations

MEETING DATE: February 19, 2014

PREPARED BY: Public Works Director

RECOMMENDED ACTION: Approve plans and specifications and authorize advertisement for bids for 2014-2015 Fence Repair Program, Various Locations.

BACKGROUND INFORMATION: City grape stake fences and block walls are occasionally destroyed around town by vehicle accidents or intentional vandalism. Previously, the City has hired contractors to repair the segments on a case-by-case basis. This method has historically been effective for small sections; however, the repairs have been delayed for larger projects.

This project will allow the City to hire a contractor on an “as-needed” basis to quickly respond to any necessary repairs, regardless of the size. The contract will include masonry block repair and replacing damaged grape stake fences with matching slump stone block.

The plans and specifications are on file in the Public Works Department. The planned bid opening date is March 12, 2014. The initial contract estimate is \$50,000.

FISCAL IMPACT: The project will have a minimal impact on total maintenance cost but will reduce the City’s liability associated with the damaged walls by reducing the repair response times.

FUNDING AVAILABLE: Funding will be identified at project award.

F. Wally Sandelin
Public Works Director

Prepared by Sean Nathan, Associate Civil Engineer
FWS/SN/pmf
cc: Deputy Public Works Director – Utilities

APPROVED: _____
D. Stephen Schwabauer, Interim City Manager



CITY OF LODI COUNCIL COMMUNICATION

TM

AGENDA TITLE: Approve Plans and Specifications and Authorize Advertisement for Bids for Hutchins Street Square South Entrance ADA, 125 South Hutchins Street

MEETING DATE: February 19, 2014

PREPARED BY: Public Works Director

RECOMMENDED ACTION: Approve plans and specifications and authorize advertisement for bids for Hutchins Street Square South Entrance ADA, 125 South Hutchins Street.

BACKGROUND INFORMATION: This project will consist of installing 10 concrete ADA-compliant parking stalls and other incidental and related work, all as shown on the plans and specifications for the project. The proposed improvements are shown in Exhibit A.

The improvements are consistent with the City-Wide ADA Transition Plan (February 2011). The improvements will improve ADA access to the facility.

The plans and specifications are on file in the Public Works Department. The planned bid opening date is March 12, 2014. The project estimate is \$79,000.

FISCAL IMPACT: Not applicable.

FUNDING AVAILABLE: Funding will be identified at project award.

F. Wally Sandelin
Public Works Director

Prepared by Sean Nathan, Associate Civil Engineer
FWS/SN/pmf
Attachment
cc: Neighborhood Services Manager
Associate Civil Engineer Nathan

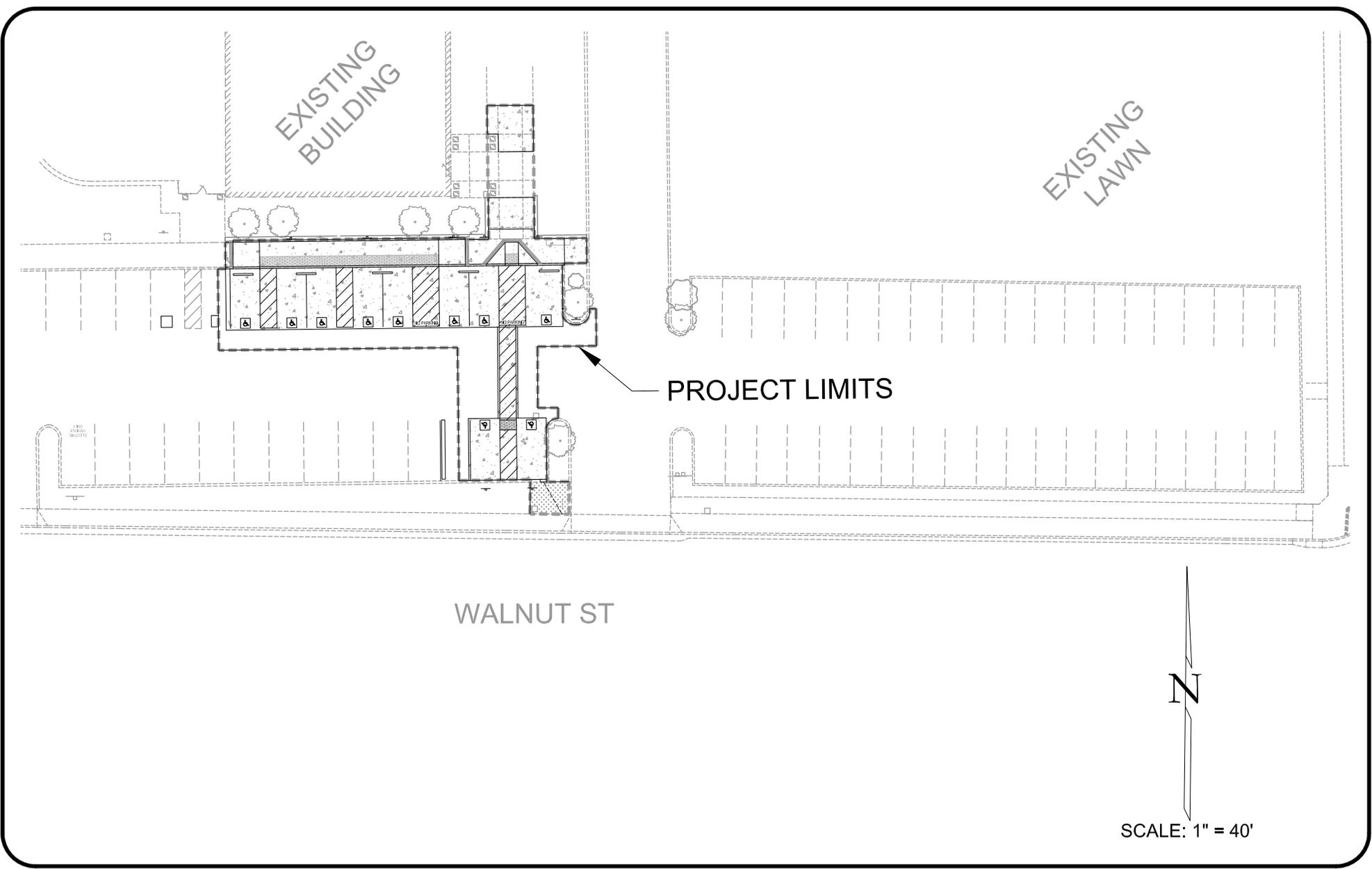
APPROVED: _____
D. Stephen Schwabauer, Interim City Manager



CITY OF LODI

PUBLIC WORKS DEPARTMENT

HSS SOUTH ENTRANCE ADA EXHIBIT A LOCATION MAP





CITY OF LODI COUNCIL COMMUNICATION

TM

AGENDA TITLE: Adopt Resolution Awarding Contract for Wastewater Main Rehabilitation Program, Project No. 6, to Michels Corporation, of Salem, Oregon (\$1,528,314.80) and Appropriating Funds (\$1,835,000)

MEETING DATE: February 19, 2014

PREPARED BY: Public Works Director

RECOMMENDED ACTION: Adopt resolution awarding contract for Wastewater Main Rehabilitation Program, Project No. 6, to Michels Corporation, of Salem, Oregon, in the amount of \$1,528,314.80 and appropriating funds in the amount of \$1,835,000.

BACKGROUND INFORMATION: This project includes in-place (trenchless) rehabilitation of approximately 33,000 linear feet of 6-inch , 8-inch and 10-inch diameter wastewater main, the rehabilitation of approximately 133 manholes and the reinstatement of 800 wastewater laterals. The project area is shown on the attached map. This is the second to the last phase of the Wastewater Main Replacement Program, which started in 2002. The program is intended to systematically replace and, where needed, upgrade the existing wastewater infrastructure within the oldest areas of the City. The older parts of the City's wastewater system contains pipelines that are over 70 years old. The wastewater pipelines are mostly constructed of terracotta or concrete pipe. The majority of these pipes are in need of rehabilitation and/or replacement.

Plans and specifications for this project were approved on December 18, 2013. The City received the following four bids for this project on January 29, 2014. The low bidder, Michels Corporation, has performed one of the City's past wastewater main rehabilitation projects, and staff is satisfied with its past job performance. Michels Corporation has signed the required Local Hire forms and will conform to the requirements.

Bidder	Location	Bid
Engineer's Estimate		\$ 1,835,392.00
Michels Corporation	Salem, OR	\$ 1,528,314.80
Southwest Pipeline	Torrance, CA	\$ 1,654,924.00
NorCal Pipeline	Yuba City, CA	\$ 1,891,048.60
SAK Construction	O'Fallon, MO	\$ 2,438,917.00

The cost for designing this project is included in the FY13/14 budget. Staff completed the design prior to the FY14/15 budget cycle requiring the appropriation request for construction. The wastewater revenue model supports this expenditure. The appropriation of \$1,835,000 covers the contract, engineering, inspection and project contingencies.

APPROVED: _____
D. Stephen Schwabauer, Interim City Manager

FISCAL IMPACT: Completion of this project will reduce future maintenance costs and increase the performance and reliability of the wastewater collection system.

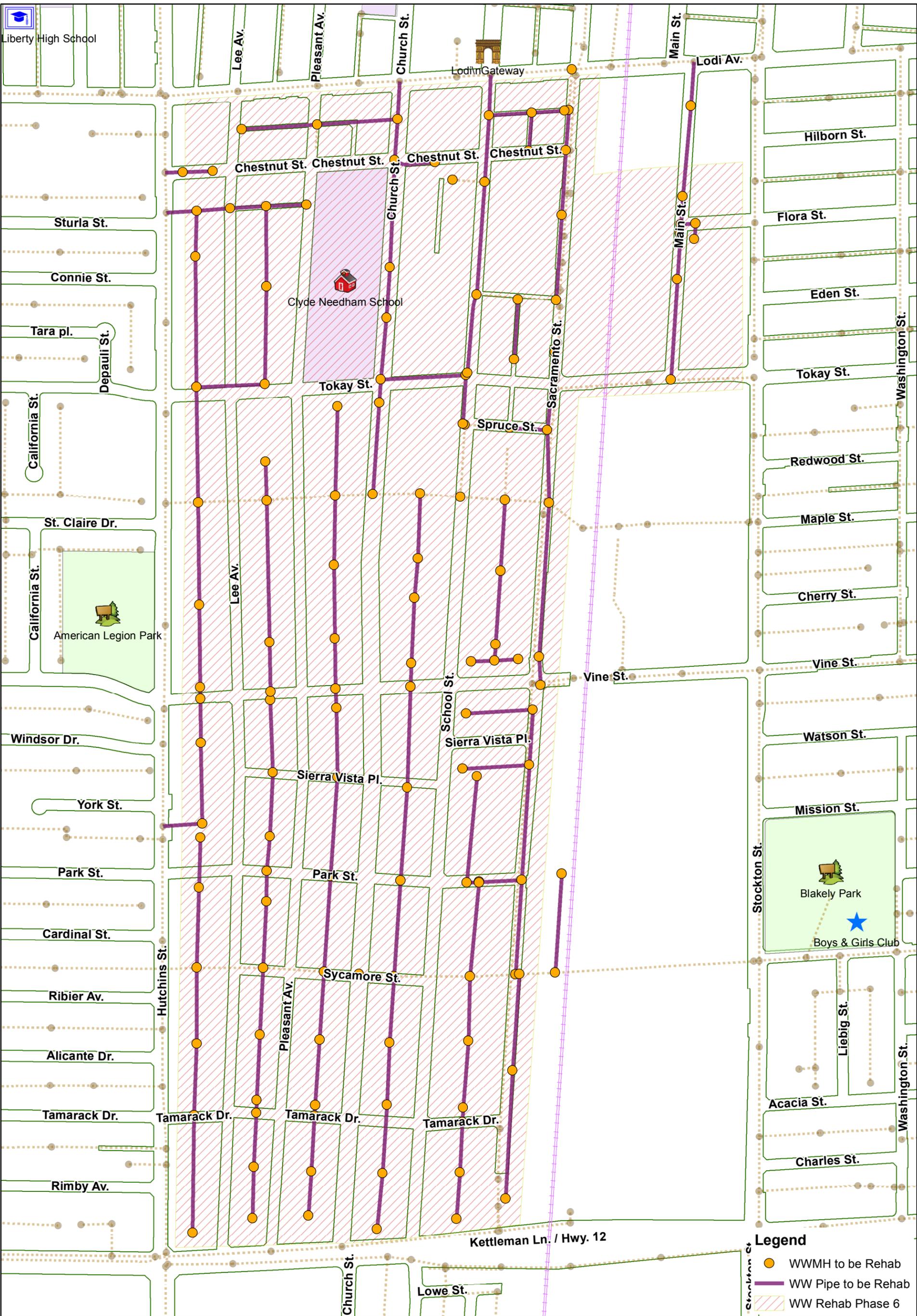
FUNDING AVAILABLE: Requested Appropriation:
Wastewater Main Replacement Fund (171681): \$1,835,000

Jordan Ayers
Deputy City Manager/Internal Services Director

F. Wally Sandelin
Public Works Director

Prepared by Lyman Chang, Senior Civil Engineer
Attachment

cc: Deputy Public Works Director – Swimley
Deputy Public Works Director – Parlin
Senior Civil Engineer
Michels Corporation



Wastewater Pipe Rehab Project 6 Location Map



1 inch = 400 feet

**WASTEWATER MAIN REHABILITATION PROGRAM
PROJECT NO. 6**

CONTRACT

CITY OF LODI, CALIFORNIA

THIS CONTRACT made by and between the CITY OF LODI, State of California, herein referred to as the "City," and MICHELS CORPORATION, herein referred to as the "Contractor."

WITNESSETH:

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 rehabilitate approximately 33,200 linear feet of existing 6-inch, 8-inch, and 10-inch diameter wastewater pipes; internally reinstate approximately 800 wastewater laterals; rehabilitate 133 wastewater manholes; and perform other incidental and related work, all as shown on the plans and specifications for "Wastewater Main Rehabilitation Program, Project No. 6".

CONTRACT ITEMS

ITEM NO.	DESCRIPTION	UNIT	EST'D. QTY	UNIT PRICE	TOTAL PRICE
1.	Mobilization	LS	1	\$ 18,277.00	\$ 18,277.00
2.	Construction Photography	LS	1	\$ 2,156.00	\$ 2,156.00
3.	Traffic Control	LS	1	\$ 6,843.00	\$ 6,843.00
4.	Construction Notification	LS	1	\$ 2,075.00	\$ 2,075.00
5.	Storm Water Pollution Control	LS	1	\$ 550.00	\$ 550.00
6.	Abandon Wastewater Manhole	EA	2	\$ 5,000.00	\$ 10,000.00
7.	Clean and CCTV Existing Wastewater Pipe	LF	33,208	\$ 3.85	\$ 127,850.80
8.	Rehabilitation of 6-Inch Wastewater Pipe	LF	27,074	\$ 26.00	\$ 703,924.00
9.	Rehabilitation of 8-Inch Wastewater Pipe	LF	6,134	\$ 25.00	\$ 153,350.00
10.	Rehabilitation of 10-Inch Wastewater Pipe	LF	635	\$ 29.00	\$ 18,415.00

ITEM EST'D.

NO.	DESCRIPTION	UNIT	QTY	UNIT PRICE	TOTAL PRICE
11.	Lateral Protrusion Cutting	EA	10	\$ 415.00	\$ 4,150.00
12.	Internal Lateral Reinstatement	EA	800	\$ 184.00	\$ 147,200.00
13.	Lateral Reinstatement (Open Cut)	EA	70	\$ 1,943.00	\$ 136,010.00
14.	Point Repair (Open Cut)	EA	20	\$ 2,995.00	\$ 59,900.00
15.	Manhole Rehabilitation	EA	133	\$ 878.00	\$ 116,774.00
16.	Install Wastewater Manhole	EA	2	\$ 10,420.00	\$ 20,840.00
TOTAL					\$1,528,314.80

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 **180 CALENDAR DAYS**.

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:

CITY OF LODI

By: _____

D. Stephen Schwabauer
Interim City Manager

By: _____

Date: _____

Attest

Title

City Clerk

(CORPORATE SEAL)

Approved As To Form

Janice D. Magdich
Interim City Attorney

1. AA# _____
 2. JV# _____

**CITY OF LODI
 APPROPRIATION ADJUSTMENT REQUEST**

TO: Internal Services Dept. - Budget Division
 3. FROM: Rebecca Areida-Yadav 5. DATE: 2/3/2014
 4. DEPARTMENT/DIVISION: Public Works

6. REQUEST ADJUSTMENT OF APPROPRIATION AS LISTED BELOW

	FUND #	BUS. UNIT #	ACCOUNT #	ACCOUNT TITLE	AMOUNT
A. SOURCE OF FINANCING	171		3205	Fund Balance	\$ 1,835,000.00
B. USE OF FINANCING	171	171681	1820.0000	WW Main Rehab, Proj. No. 6	\$ 1,835,000.00

7. REQUEST IS MADE TO FUND THE FOLLOWING PROJECT NOT INCLUDED IN THE CURRENT BUDGET

Please provide a description of the project, the total cost of the project, as well as justification for the requested adjustment. If you need more space, use an additional sheet and attach to this form.

Contract with Michel Corporation for Wastewater Main Rehabilitation Program, Project No. 6.

If Council has authorized the appropriation adjustment, complete the following:
 Meeting Date: _____ Res No: _____ Attach copy of resolution to this form.
 Department Head Signature: Wally Sander

8. APPROVAL SIGNATURES

 Deputy City Manager/Internal Services Manager Date

Submit completed form to the Budget Division with any required documentation.
 Final approval will be provided in electronic copy format.

RESOLUTION NO. 2014-_____

A RESOLUTION OF THE LODI CITY COUNCIL AWARDING
AND AUTHORIZING THE INTERIM CITY MANAGER TO
EXECUTE THE CONTRACT FOR THE WASTEWATER MAIN
REHABILITATION PROGRAM, PROJECT NO. 6, AND
FURTHER APPROPRIATING FUNDS

WHEREAS, in answer to notice duly published in accordance with law and the order of this City Council, sealed proposals were received and publicly opened on January 29, 2014, at 11:00 a.m., for the Wastewater Main Rehabilitation Program, Project No. 6, described in the plans and specifications therefore approved by the City Council on December 18, 2013; and

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

Bidder	Bid
Michels Corporation	\$ 1,528,314.80
Southwest Pipeline	\$ 1,654,924.00
NorCal Pipeline	\$ 1,891,048.60
SAK Construction	\$ 2,438,917.00

WHEREAS, the low bidder, Michels Corporation, has signed the required Local Hire forms and will conform to the requirements; and

WHEREAS, staff recommends awarding the contract to the low bidder, Michels Corporation, in the amount of \$1,528,314.80.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby award the contract for the Wastewater Main Rehabilitation Program, Project No. 6, to the low bidder, Michels Corporation, in the amount of \$1,528,314.80; and

BE IT FURTHER RESOLVED, that the Interim City Manager is hereby authorized to execute the contract; and

BE IT FURTHER RESOLVED that funds in the amount of \$1,835,000 be appropriated for the project from the Wastewater Main Replacement Fund.

Dated: February 19, 2014

I hereby certify that Resolution No. 2014-_____ was passed and adopted by the City Council of the City of Lodi in a regular meeting held February 19, 2014, by the following vote:

- AYES: COUNCIL MEMBERS –
- NOES: COUNCIL MEMBERS –
- ABSENT: COUNCIL MEMBERS –
- ABSTAIN: COUNCIL MEMBERS –

RANDI JOHL-OLSON
City Clerk

2014-_____



CITY OF LODI COUNCIL COMMUNICATION

TM

AGENDA TITLE: Accept Improvements Under Contract for 2013 GrapeLine Bus Stop Improvements Project

MEETING DATE: February 19, 2014

PREPARED BY: Public Works Director

RECOMMENDED ACTION: Accept improvements under contract for 2013 GrapeLine Bus Stop Improvements project.

BACKGROUND INFORMATION: The contract was awarded to A.M. Stephens Construction Company, Inc., of Lodi, in the amount of \$117,396.25, on March 20, 2013. The contract has been completed in substantial conformance with the specifications approved by City Council on January 16, 2013.

This project consisted of constructing improvements at seven of the eight contracted bus stop locations on the GrapeLine's fixed-route bus system. One bus stop improvement, located on Calaveras Street south of Murray Street, was removed from this contract because we were unable to obtain permission to install the improvements on County property. A credit for installation of this bus stop is included in the final cost. The shelter equipment for this bus stop was purchased and remains stored on City property for a future bus stop location.

The final cost of the project was \$129,080.70. The difference between the original contract amount and final contract amount is due to changes in unit quantities actually installed, credit for the bus stop removed from the project, and a contract change order. The change order included additional asphalt needed at the Kettleman Lane and Church Street bus stop, additional work to stabilize saturated subgrade at the Turner Road and California Street bus stop, and additional asphalt patching at bus stops located on Central Avenue, Kettleman Lane, and Church Street.

Following acceptance by the City Council, as required by law, the City Engineer will file a Notice of Completion with the County Recorder's office. The notice serves to inform vendors and subcontractors that the project is complete and to initiate the 30-day period to file a stop notice requiring the City to withhold payments from the prime contractor in the event of a payment dispute.

FISCAL IMPACT: There will be a slight increase in the long-term maintenance costs associated with these improvements, which will be absorbed in the Transit Operations budget.

FUNDING AVAILABLE: This project was funded by Federal Transit Administration (CA-90-YZ094 grant) and Transportation Development Act funds.

F. Wally Sandelin
Public Works Director

Prepared by Paula J. Fernandez, Transportation Manager/Senior Traffic Engineer
FWS/PJF/pmf
cc: Transportation Manager/Senior Traffic Engineer

APPROVED: _____
D. Stephen Schwabauer, Interim City Manager



TM

CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Adopt Resolution Authorizing City Manager to Execute Professional Services Agreement and Extension for Landscape Maintenance Assessment District No. 2003-1 Administrative Services with NBS, of Temecula (\$13,600)

MEETING DATE: February 19, 2014

PREPARED BY: Public Works Director

RECOMMENDED ACTION: Adopt resolution authorizing City Manager to execute Professional Services Agreement and extension for Landscape Maintenance Assessment District No. 2003-1 Administrative Services with NBS, of Temecula, in the amount of \$13,600.

BACKGROUND INFORMATION: Over the past 10 years, the City Council has formed a total of 16 zones of the Landscape Maintenance Assessment District No. 2003-1 (District). The scope of the maintenance activities funded by the District includes 1) landscape and irrigation, 2) masonry block walls, 3) street parkway trees, and 4) public park areas.

Each year, an Engineer's Annual Levy Report (Report) is prepared that describes the general nature, location and extent of the improvements to be maintained and provides an estimate of the costs of the maintenance, operations and servicing for the improvements. Over the past nine years, NBS has prepared the Report, in addition to the recently-completed General Benefit Analysis for the District.

Staff recommends retaining the services of NBS for an initial three-year term with one option to extend the term for an additional three years. The initial fixed price of \$13,600 plus customary expenses are paid from Public Works operating funds and are reimbursed by the District. Annual cost of living adjustments to the fee structure are included in the attached agreement (Attachment A), based upon the United States Department of Labor, Bureau of Labor Statistics, Consumer Price Index for all urban consumers for the Northern California counties.

FISCAL IMPACT: Funding for the Report is included in the District Assessments.

FUNDING AVAILABLE: Not applicable.

F. Wally Sandelin
Public Works Director

FWS/pmf
Attachments

APPROVED: _____
D. Stephen Schwabauer, Interim City Manager

AGREEMENT FOR PROFESSIONAL SERVICES

ARTICLE 1
PARTIES AND PURPOSE

Section 1.1 Parties

THIS AGREEMENT is entered into on _____, 2014, by and between the CITY OF LODI, a municipal corporation (hereinafter "CITY"), and NBS (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 Landscape Maintenance District Administration 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 March 1, 2014 and terminates upon the completion of the Scope of Services or on February 28, 2017, whichever occurs first.

Section 2.7 Option to Extend Term of Agreement

The City may exercise an option to extend this Agreement one (1) additional term of three (3) years, provided, City gives Contractor no less than 30-days written notice of its intent prior to the expiration of the existing term. In the event City exercises any option under this paragraph, all other terms and conditions of this Agreement continue and remain in full force and effect.

**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), 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 of the City of Lodi or its officers or agents.

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: F. Wally Sandelin, Public Works Director

To CONTRACTOR: NBS
 32605 Temecula Parkway, Ste. 200
 Temecula, CA 92592
 Attn: Michael Rentner, President

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:

RANDI JOHL-OLSON
City Clerk

KONRADT BARTLAM
City Manager

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

NBS

By: _____


By: _____
Name: Michael Rentner
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: 103021
(Business Unit & Account No.)

Doc ID:WP\Projects\PSAs\2014\NBS_2014

CA:rev.07.2013



32605 Temecula Parkway, Suite 100
Temecula, CA 92592

Toll free: 800 676 7516

nbsgov.com

January 27, 2014

Wally Sandelin
Public Works Director
City of Lodi
P.O. Box 3006
Lodi, CA 95241

Subject: Scope of Services and Fee Proposal to Provide 1972 Act Landscape Maintenance District ("LMD") Administration Services for the City of Lodi Consolidated LMD No. 2003-1

Dear Mr. Sandelin:

NBS would like to thank you for the opportunity to provide Landscape Maintenance District ("LMD") Administration services for the City of Lodi ("City"). We will add this service to our existing agreement with the City. All other provisions of the existing contract between the City and NBS remain in effect. We look forward to continuing our professional relationship.

Please print two (2) copies of our Executed Agreement. Upon signing, please return one copy to the undersigned and keep one copy for your records.

Scope of Services

1972 ACT LMD ADMINISTRATION

Kick-Off Meeting, Project Schedule. NBS is available to meet with City staff, legal counsel and other interested parties to:

- Establish lines of communication.
- Clarify the specific project goals, components and criteria that will meet the City's preference.
- Identify and resolve any special circumstances that may be involved in the administration of the District.
- Develop project schedules to meet legal requirements and provide for effective interfacing of all involved parties.
- Establish meeting points consistent with schedule to achieve project milestones.
- Establish and coordinate with City staff a schedule to assure completion of necessary actions and compliance with statutes.

Database Development. NBS will access current information from various data sources to verify that all parcels within District boundaries are included in the database. NBS will also verify that all land use designations and assessment benefit factors are correct. NBS will update the database with current County Assessor's information including property owner names and addresses, and any other available data that will augment the existing database.

Budget Preparation. NBS will meet with City staff to review the District budget for the coming fiscal year. This budget will be based on historical costs and actual and/or projected changes in costs and/or improvements to be maintained. Cost categories may include, but are not limited to capital improvements and maintenance costs, incidental costs (engineering, legal, District administration) and reserve funds.

Assessment Computation and Rate Analysis. NBS will compute the assessment for each parcel within the District according to the Method of Assessment. NBS will provide an assessment summary which will include a comparison of current year rates versus prior year rates, separate by zone and land use, if applicable, and fund balance information.

Engineer's Report Preparation. NBS will prepare the annual Engineer's Report and provide to City staff. The Report will consist of:

- A discussion of the background of the District.
- A detailed and technically supported Method of Assessment.
- A description of the improvements and services that are being funded by the District.
- A cost estimate for the improvements and services being funded.
- Copy or reference to original District Diagram.
- A table showing assessed rates by zone and land use.
- An Assessment Roll listing assessments by parcel or reference a complete roll on file with the City.

Meet with City Staff. NBS will meet with City staff to review the Engineer's Report for modifications and approval.

Noticing and Resolution Coordination. NBS will coordinate activities to ensure that required tasks are completed within the scheduled time frame. NBS will assist the City (or the City's legal counsel) with preparation of any notice of assessments, public hearings, or other meetings requiring publication. NBS will assist the City (or the City's legal counsel) with preparation of the staff report, all legal notices and the associated resolutions described below:

- Resolution describing improvements, initiating proceeding, and ordering the engineer to prepare and file a report for the City.
- Resolution preliminarily approving the Engineer's Report.
- Resolution of Intention declaring the intention of the City Council to levy and collect assessments and setting a date for the public hearing(s).
- Resolution authorizing the placement of assessments on the property tax bills.

Meeting Attendance. NBS will attend up to two (2) public meetings, workshops, and City Council meetings, as requested by the City.

Levy Submittal. NBS will submit the levy to the County Auditor-Controller in the required format. Assessments rejected by the County Auditor-Controller will be researched and resubmitted for collection on the County Tax Roll. Any parcels that are not submitted to the County for collection will be invoiced for payment directly to the City.

Final Engineer's Report. NBS will update the annual Engineer's Report and deliver to City staff.

Toll-Free Phone Number. NBS shall provide a toll-free phone number for use by the City, other interested parties and all property owners. NBS will be available to answer questions regarding the District and the ongoing collection of assessments. Bilingual staff is available to assist Spanish-speaking property owners.

OPTIONAL SERVICES FOR LMD ADMINISTRATION

Proposition 218 Compliance. NBS has worked with many public agencies to comply with the requirements of Proposition 218. Each agency has different requirements and resources to complete the necessary tasks of assessment balloting procedures. Therefore, NBS recommends an individually tailored approach to Proposition 218 compliance. Fees for such services will be negotiated at the appropriate time.

Engineer Signature. NBS will have a Registered Professional Engineer (PE) review the Engineer's Report for signature and stamp.

Fees

1972 ACT LMD ADMINISTRATION

Consolidated LMD No. 2003-1..... \$900 per Zone, except Zone 7 at \$100*
** Fee to be allocated to each zone based on levy amount*

OPTIONAL SERVICES

Proposition 218 Compliance TBD
 Engineer Signature (per report) \$500

Annual Fee Increases

Cost of living increases may be applied to the services listed above on October 1 each year, beginning with October 1, 2014. The COLA would be the actual cost of living increased based on the U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index for all urban consumers for the Northern California counties.

Expenses

Customary out-of-pocket expenses will be billed to the City at actual cost to NBS. These expenses may include, but not be limited to, mailing fulfillment, postage, reproduction, telephone, travel, meals and various third-party charges for data, maps, and recording fees.

Additional Services

The following table shows our current hourly rates. Additional services authorized by the City but not included in the scope of services will be billed at this rate or the then applicable hourly rate.

Title	Hourly Rate
Director	\$ 205
Senior Consultant/Programmer	160
Consultant	140
Analyst	120
Clerical/Support	95



Insurance Requirements for Contractor The Contractor shall take out and maintain during the life of this contract, insurance coverage as listed below. These insurance policies shall protect the Contractor and any subcontractor performing work covered by this contract from claims for damages for personal injury, including accidental death, as well as from claims for property damages, which may arise from Contractor's operations under this contract, whether such operations be by Contractor or by any subcontractor or by anyone directly or indirectly employed by either of them, and the amount of such insurance shall be as follows:

- | | |
|--|--|
| 1. <u>COMPREHENSIVE GENERAL LIABILITY</u>
\$2,000,000 Ea. Occurrence
\$4,000,000 Aggregate | 2. <u>COMPREHENSIVE AUTOMOBILE LIABILITY</u>
\$2,000,000 - Ea. Occurrence |
| 3. <u>PROFESSIONAL LIABILITY / ERRORS AND OMISSIONS</u>
\$2,000,000 Ea. Occurrence | |

NOTE: 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.).

NOTE: (1) The street address of the **CITY OF LODI** must be shown along with (a) and (b) above: 221 West Pine Street, Lodi, California, 95241-1910; (2) The insurance certificate must state, on its face or as an endorsement, a description of the project that it is insuring.

A copy of the certificate of insurance with the following endorsements shall be furnished to the City:

- (a) Additional Named Insured Endorsement
Such insurance as is afforded by this policy shall also apply to the City of Lodi, its elected and appointed Boards, Commissions, Officers, Agents, Employees, and Volunteers as additional named insureds.
(This endorsement shall be on a form furnished to the City and shall be included with Contractor's policies.)
- (b) Primary Insurance Endorsement
Such insurance as is afforded by the endorsement for the Additional Insureds shall apply as primary insurance. Any other insurance maintained by the City of Lodi or its officers and employees shall be excess only and not contributing with the insurance afforded by this endorsement.
- (c) Completed Operations Endorsement
A certificate of insurance with a Completed Operations Endorsement, CG 20 37 07 04, will be provided to the City of Lodi during construction and for three years after acceptance.
- (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.
- (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 W. Pine St., Lodi, CA 95240.

Compensation Insurance The Contractor shall take out and maintain during the life of this contract, Worker's Compensation Insurance for all of Contractor's employees employed at the site of the project and, if any work is sublet, Contractor shall require the subcontractor similarly to provide Worker's Compensation Insurance for all of the latter's employees unless such employees are covered by the protection afforded by the Contractor. In case any class of employees engaged in hazardous work under this contract at the site of the project is not protected under the Worker's Compensation Statute, the Contractor shall provide and shall cause each subcontractor to provide insurance for the protection of said employees. A waiver of subrogation is required for workers compensation insurance. 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 W. Pine St., Lodi, CA 95240.

NOTE: No contract agreement will be signed nor will **any** work begin on a project until the proper insurance certificate is received by the City.

RESOLUTION NO. 2014-____

A RESOLUTION OF THE LODI CITY COUNCIL
AUTHORIZING THE CITY MANAGER TO EXECUTE A
PROFESSIONAL SERVICES AGREEMENT AND
EXTENSION FOR LANDSCAPE MAINTENANCE
ASSESSMENT DISTRICT NO. 2003-1 ADMINISTRATIVE
SERVICES WITH NBS

WHEREAS, over the past 10 years, the City Council has formed a total of 16 zones of the Landscape Maintenance Assessment District No. 2003-1 (District). The scope of the maintenance activities funded by the District includes 1) landscape and irrigation, 2) masonry block walls, 3) street parkway trees, and 4) public park areas; and

WHEREAS, each year, an Engineer's Annual Levy Report (Report) is prepared that describes the general nature, location and extent of the improvements to be maintained and provides an estimate of the costs of the maintenance, operations and servicing for the improvements. Over the past nine years, NBS has prepared the Report, in addition to the recently-completed General Benefit Analysis for the District; and

WHEREAS, staff recommends retaining the services of NBS for an initial three-year term with one option to extend the term for an additional three years. Annual cost of living adjustments to the fee structure are included in the agreement, based upon the United States Department of Labor, Bureau of Labor Statistics, Consumer Price Index for all urban consumers for the Northern California counties.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby authorize the Interim City Manager to execute a Professional Services Agreement and extension for Landscape Maintenance Assessment District No. 2003-1 Administrative Services with NBS, of Temecula, California, in the amount of \$13,600.

Dated: February 19, 2014

I hereby certify that Resolution No. 2014-____ was passed and adopted by the City Council of the City of Lodi in a regular meeting held February 19, 2014, by the following vote:

- AYES: COUNCIL MEMBERS –
- NOES: COUNCIL MEMBERS –
- ABSENT: COUNCIL MEMBERS –
- ABSTAIN: COUNCIL MEMBERS –

RANDI JOHL-OLSON
City Clerk



**CITY OF LODI
COUNCIL COMMUNICATION**

AGENDA TITLE: Authorize City Manager to Execute Option to Lease Agreement and Associated Ground Lease with Pacific Gas and Electric Company, for the Location of a Compressed Air Energy Storage Facility at White Slough

MEETING DATE: February 19, 2014

PREPARED BY: Interim City Manager

RECOMMENDED ACTION: Authorize City Manager to execute option to lease agreement and associated ground lease with Pacific Gas and Electric Company, for the location of a compressed air energy storage facility at White Slough.

BACKGROUND INFORMATION: PG&E desires to construct a compressed air energy storage facility on City-owned property at the White Slough wastewater treatment plant site. The facility will work much like a large-scale energy storage system (a battery), compressing air during low cost “off-peak” hours and pumping it into an expired underground natural gas well located west of Interstate 5 along the Highway 12 corridor. During higher demand “peak” power usage times, the facility will release the compressed air through a turbine to regenerate electricity. Energy storage systems are considered critical in the energy markets to achieve the full promise of renewable energy sources because they will bridge the gap between the hours renewable energy is typically generated (off-peak hours) and the hours renewable energy is at its highest market demand (peak hours).

PG&E has secured a Federal grant to study the feasibility, perform environmental analysis and approval, and if approved, construct the facility. As is common with grants, PG&E is required to demonstrate site control for a facility location as a condition of drawing down on the grant. The typical mechanism to obtain site control is through an option to lease. The option would commit PG&E to pay the option price and give them the right to enter a lease on set terms at a later date. However, if the project was not approved, lost funding, or PG&E determined that the project was not feasible, the option does not require them to enter into the lease. NCPA has an exclusive five-year option on the site. The attached draft conditions the option on NCPA agreeing to waive its option.

The option price is \$50,000 per year during each of the six years as set forth in the draft option to lease attached to this staff report as Exhibit 1. Within that six-year period, PG&E would have the right to enter into the draft lease attached to this staff report as Exhibit 2. The lease allows PG&E to select between 15 and 25 acres to locate the site at an annual lease price of \$140,000 per acre, netting an annual lease value of between \$2,100,000 and \$3,500,000 per year. By comparison, the partially City-owned NCPA Lodi Energy Center and STIG plants pay \$100,000 per acre for that 10-acre site. The lease term is 50 years with a 49-year optional renewal.

FISCAL IMPACT: Option revenue of up to \$50,000 per year for six years and lease revenue of up to \$3,500,000 per year if the option is exercised.

FUNDING: Not applicable.

D. Stephen Schwabauer
Interim City Manager

Attachments

APPROVED: _____
D. Stephen Schwabauer, Interim City Manager

OPTION TO LEASE

In consideration of the option payments and other covenants hereinafter set forth, the City of Lodi, a municipal corporation (“Optionor”) hereby grants to Pacific Gas and Electric Company, a California corporation (“Optionee”) an option to lease not less than 15 or more than 25 acres of that certain land owned by Optionor and described on Exhibit “A” attached hereto (the “Option Land”) upon the terms, covenants and conditions hereinafter set forth.

1. Option Term. The Option Term shall be six (6) years from and after the Effective Date hereof, which Effective Date shall be the date on which this Option is last signed by both Optionor and Optionee, unless sooner terminated by written notice from Optionee to Optionor.

2. Written Waiver of NCPA Right of First Refusal to Lease and to Lease Additional Land; Option Payments. Pursuant to that certain Ground Lease between the City of Lodi, as Landlord, and Northern California Power Agency (“NCPA”), as Tenant, NCPA holds a right of first refusal to lease land from Optionor (Section 22.2) and a right to lease additional land from Optionor (Section 22.3), which NCPA rights include the Option Land. Promptly following the Effective Date hereof Optionor shall exercise reasonable commercial efforts to obtain from NCPA a written waiver of: (i) NCPA’s right of first refusal to lease solely with respect to this Option Agreement and exercise of this Option Agreement; and (ii) NCPA’s right to lease additional land solely with respect to the Option Land and during the term of this Option Agreement (the “NCPA Waiver”). The NCPA Waiver shall be obtained and a copy thereof provided to Optionee within a period of sixty (60) days following the Effective Date hereof, failing in which Optionee may elect to terminate this Option Agreement by written notice to Optionor.

Optionee shall pay an Option Payment of \$50,000 to Optionor within thirty (30) days of the date of Optionee’s receipt of a copy of the NCPA Waiver. Thereafter, on or before each anniversary of the Effective Date, Optionee shall pay to Optionor the amount of \$50,000.00 annually, in advance, for the ensuing year of Option Term unless prior to such an anniversary this Option is terminated by written notice from Optionee to Optionor. Optionee shall be entitled to prepay one or more years of Option Payments at any time. The amount of all Option Payments paid by Optionee to Optionor shall not apply as a credit against rent if the Option is exercised.

3. Method of Exercise of Option. This Option may be exercised only from and after July 1, 2018 and following receipt of the NCPA Waiver and compliance with the California Environmental Quality Act through a California Energy Commission approved process, and may be exercised by Optionee providing written Notice of Exercise to Optionor at least 90 days prior to the expiration of the Option Term. This option may only be exercised if Optionee has met all of its obligations under this Option to Lease, including making all option payments. A Notice of Exercise shall designate and provide a legal description of not less than a 15 acre portion nor more than a 25 acre portion of the Option Land, which shall constitute the leased premises. Within sixty (60) days of Optionor’s receipt of a proper Notice of Exercise from Optionee, Optionor and Optionee shall enter into a ground lease substantially in the form attached hereto as Exhibit “B” (the “Lease”) for the term, rental, and upon the covenants and conditions therein set forth.

4. Limited Rights of Entry During Option Term. Prior to Optionee's exercise of this Option, Optionee may, upon providing at least 48 hours prior written notice to Optionor, enter upon the Option Land through its employees, agents and contractors to conduct activities to evaluate the suitability of such property to install an Electric Conversion Facility, as described in Section 2 of the Lease, including, without limitation, collection of data, taking soil samples, surveying (including environmental, biological and cultural surveys). Optionee agrees to save and hold Optionor free and harmless from and to defend and indemnify Optionor against any loss and damage which shall be caused by any wrongful or negligent act or omission of Optionee or its contractors, agents or employees in the course of their employment; provided, however, that this indemnity shall not extend to that portion of such loss or damage that shall have been caused by Optionor's active negligence or willful misconduct.

5. Optionor's Representations and Warranties. Optionor makes the following representations and warranties, which are material and relied upon by Optionee and which shall be true and correct as of the Effective Date and as of the Effective Date of the Lease should the Option be exercised:

a. Title. Optionor holds fee simple title to and agrees to defend such title to the Option Land, subject to all covenants, conditions, restrictions, easements, reservations, and rights-of-way of site and/or record. Should Optionor hereafter acquire any additional right, title or interest in or to such property, it shall be subject to the provisions hereof to the same extent as if owned by Optionor on the Effective Date. Optionor does not otherwise warrant title, either expressly or by implication, to the Option Land save and except for covenants, conditions, restrictions, easements, reservations, and rights-of-way which are not of record and which were created by, through or under Optionor.

b. No Litigation. Excepting recurring RWQCB permit renewals, no litigation, administrative proceeding or similar hearing is pending or, to the best of Optionor's knowledge, threatened or anticipated with respect to the Option Land or affecting such property.

c. Hazardous Substances. Excepting nitrates and treated and untreated industrial and residential wastewater, to the best of Optionor's knowledge, there are no Hazardous Substances on or under the Option Land. Excepting nitrates, and a false positive that arose during the LEC environmental review, Optionor has not received any notice of violation, administrative complaint, judicial complaint, or other notice (i) alleging that conditions on such property are or have been in violation of any Environmental Law, (ii) informing Optionor that such property is subject to investigation or inquiry regarding the presence of Hazardous Substances or (iii) alleging a potential violation of any Environmental Law. However, Tenant acknowledges that the Option land is used and has been used to treat and dispose of domestic and industrial wastewater. Tenant agrees to perform its own environmental studies prior to exercising its Option and will rely exclusively on its environmental studies in determining whether to exercise its option.

As used in this Option Agreement, the term "Environmental Law" means any federal, state or local law, statute, ordinance, or regulation pertaining to health, industrial hygiene, or environmental conditions, and any other federal, state or local law, statute, ordinance, or regulation now in effect or hereinafter enacted which pertains to health, industrial

hygiene, or the regulation or protection of the environment, including without limitation, ambient air, soil, ground water, surface water, and/or land use. As used in this Option Agreement, the term "Hazardous Substance" means any material, waste, substance, pollutant, or contaminant which may or could pose a risk of entry or threat to health or the environment, including without limitation, any material regulated by any Environmental Law, including any material or substance which is defined as a "hazardous substance", "hazardous waste", "hazardous material", "extremely hazardous waste", "restricted hazardous waste", or "toxic substance" or words of similar import under any applicable Environmental Law.

d. Power and Authority. Optionor has the full power and authority to enter into this Option Agreement and to perform Optionor's obligations hereunder, and this Option Agreement does not violate any contract, agreement, instrument, judgment or order to which Optionor is a party or the Option Land is subject, and Optionor has obtained all consents to this Option Agreement as may be necessary under such contracts, agreements, instruments, judgments and/or orders. Optionor has the unrestricted right and authority and has taken all necessary action to authorize Optionor to execute this Option Agreement and grant to Optionee the rights granted hereunder. Each person signing this Option Agreement on behalf of Optionor is authorized to do so and all persons having any ownership interest in the Option Land are signing this Option Agreement. All of the documents executed by Optionor will be duly authorized, executed and delivered by Optionor. When signed by Optionor, this Option Agreement constitutes a valid and binding agreement enforceable against Optionor and the Option Land in accordance with its terms. All representations in this paragraph are subject to the exceptions set forth in paragraph 2.

e. Access. The Option Land has access to a public road, and there are no proceedings pending, or to the best of Optionor's knowledge, threatened against the Option Land that would impair or curtail such access.

6. Obligations of Optionor. Optionor shall:

a. Allow Optionee reasonable access to the Option Land to exercise the limited rights of entry provided under Section 4 hereof so long as Optionee is not in default under the terms of this Option Agreement.

b. Not engage in or allow any activity on the Option Land that would impede or decrease the ability of Optionee to construct and operate the Project as defined in Section 2 of the Lease or otherwise interfere with Optionee's rights under this Option Agreement, including, without limitation, Optionee's right to access the Option Land.

c. Not encumber the Option Land in any way that may impair Optionee's rights under this Option Agreement.

d. Provide Optionee with keys or with the combinations to any locks on exterior gates on the Option Land.

7. Assignment. This Option Agreement shall extend to and be binding upon the heirs, assigns, executors, administrators, personal representatives, and successors of the parties hereto. Optionor may assign, transfer, and convey, either in whole or in part, its ownership or

interest in the Option Land, rights, privileges and interests therein; but no change in ownership of the Option Land shall be binding upon the Optionee until the instrument conveying title thereto shall have been properly recorded in the Official County Records and a certified copy thereof shall have been furnished to the Optionee. Optionee shall have the right to assign or transfer this Option Agreement subject to obtaining the prior written consent of Optionor which shall not be unreasonably withheld, conditioned or delayed. Any such assignment or transfer shall be subject to all of the terms, covenants and conditions of this Option Agreement. Optionee shall provide written notice to Optionor of any assignment of Optionee's interest hereunder, including the name, address and phone number of the party receiving the assignment, provided that failure to give such notice shall not constitute a default under this Option Agreement. No assignment shall release Optionee from its obligations hereunder unless and until such assignment is to the entirety of this Option Agreement in which event Optionee shall be released from all obligations hereunder except from obligations already accrued at the effective date and time of such assignment.

8. Notices. Any notice to be given or other document to be delivered by either party to the other party may be given by personal delivery or nationally recognized overnight courier or may be deposited in the United States mail in the State of California, duly registered or certified, with postage prepaid, and addressed to the party for whom intended as follows:

TO OPTIONOR: City Manager, City of Lodi
221 West Pine Street
Lodi, CA 95240

TO OPTIONEE:

If to PG&E by U.S. Mail or by registered or certified mail, return receipt requested:

Manager, Land Management
PG&E Land & Environmental Management
P.O. Box 770000, Mail Code N10A
San Francisco, CA 94177

If to PG&E by delivery by hand or overnight courier:

Manager, Land Management
PG&E Land & Environmental Management
245 Market St. Room 1036
San Francisco, CA 94105

Either party hereto may from time to time by written notice to the other party designate a different address which shall be substituted for the one specified above. If any notice or other document is sent by registered or certified mail, as provided above, the same shall be deemed served or delivered seventy-two (72) hours after the mailing thereof.

9. Default. Optionor shall not exercise any right, power or remedy under this Option Agreement, and under no circumstances shall Optionor terminate this Option Agreement, if: (i)

in the event of a default in the payment of any sum due under this Option Agreement the Optionee pays such sum within twenty (20) days after receipt of a written notice specifying such default from the Optionor; or (ii) in the event of any default other than the payment of any sum due under this Option Agreement, the Optionee shall cure the default within thirty (30) days, after receipt of written notice specifying such default from the Optionor or, if such default is not susceptible of being cured within thirty (30) days, Optionee has commenced steps necessary to cure the default and proceeds diligently to cure the default and demonstrates to Optionor's reasonable satisfaction that it can cure the default within a commercially reasonable time.

10. Negotiation; Mediation. Except as provided in this Section, Optionor and Optionee agree to first negotiate and then mediate with respect to any claim or dispute arising out of or relating to this Option Agreement, before resorting to court action. Either party may initiate settlement negotiations by providing written notice to the other party, setting forth the subject of the claim or dispute. Optionee and Optionor agree to cooperate in scheduling negotiations and to participate in the settlement negotiations in good faith. If Optionor and Optionee fail to settle such claim or dispute within thirty (30) days after the date of mailing of the notice initiating settlement negotiations or within such additional time period as the parties may agree in writing, the parties agree to submit the matter to JAMS for mediation within thirty (30) days thereafter. Either party may commence mediation by providing to JAMS and the other party a written request for mediation, setting forth the subject of the claim or dispute and the relief requested (the "Mediation Notice"). Except as provided herein or by written agreement of the parties, the mediation shall be conducted in San Francisco pursuant to the JAMS rules. The parties will cooperate in selecting a mediator from the JAMS panel of neutrals, and in scheduling the mediation proceedings. If the parties do not select a mediator within thirty (30) days of the Mediation Notice, the parties agree that either party may request that JAMS in San Francisco, California, facilitate the choice of mediator by applying the "strike and rank" process used for appointment of arbitrators in arbitration proceedings, or to appoint a mediator, if necessary, and both parties agree to the appointment of such mediator as so selected. The parties agree to participate in the mediation in good faith, and to share equally in its costs. All offers, promises, conduct and statements, whether oral or written, made in the course of the mediation by either of the parties, their employees, agents, experts and attorneys, and by the mediator and any other JAMS employees, are confidential, privileged and inadmissible for any purpose, including impeachment, in any litigation or other proceeding involving the parties, but evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the mediation. If JAMS should no longer exist at the time the claim or dispute arises, the matter shall be submitted to its successor entity, or if there is no such successor entity, to the American Arbitration Association or other similar organization mutually agreed upon by the parties, and except as provided herein or by mutual agreement of the parties, the mediation rules of such successor or alternate organization shall apply. Except as may be expressly set forth in any written settlement agreement, should the matter be settled by negotiation or mediation prior to commencing court action, each party shall pay its own attorneys' fees and costs. Except as provided below, neither party may commence an action arising out of or relating to this Option Agreement until expiration of the negotiation period and completion of the initial mediation session in accordance with this Section. If either party commences an action with respect to a claim or dispute covered by this Section without first attempting to resolve the matter through negotiation and mediation, or refuses to negotiate or mediate after a request has been made, then that party shall not be entitled to recover attorneys' fees and costs, even if such fees

and costs would otherwise be available to that party in such action. Either party may seek equitable relief to preserve the status quo prior to participating in the negotiation and mediation proceedings required pursuant to this Section. In addition, matters that are within the jurisdiction of probate, small claims, or bankruptcy court are excluded from mandatory negotiation and mediation hereunder. The provisions of this Section may be enforced by any court of competent jurisdiction, and the party seeking enforcement shall be entitled to an award of all fees and costs, including reasonable attorneys' fees, to be paid by the party against which enforcement is ordered. The covenants of Optionee and Optionor contained in this Section 10 shall survive the termination of this Agreement.

11. Governing Law. This Option Agreement, its validity, construction and all rights under it shall be governed by the laws of the State of California and without reference to the choice of law principles of the State of California or any other state.

12. Insurance. Prior to any entry on the Property pursuant to the terms of this Option Agreement, prior to Optionee's commencement of operations on the Property and thereafter so long as this Option Agreement is in effect or if the option to purchase is exercised, Optionee shall, at Optionee's expense, obtain and maintain in force commercial general liability insurance in a combined single limit of not less than Two Million Dollars (\$2,000,000.00) for bodily injury, personal injury and property damage covering Optionee's activities on the Property. Optionee shall have the right to self-insure with respect to the foregoing insurance requirements. Optionee's self insurance program shall meet all requirements set forth in Exhibit "D" at all times during the Option Term.

If Optionee acquires commercial general liability insurance from an independent insurer, Optionee shall provide Optionor with a certificate of insurance evidencing the required Commercial General Liability insurance and naming Optionor as an additional insured.

13. Interpretation. The Parties agree that the terms and provisions of this Option Agreement embody their mutual intent and that such terms and conditions are not to be construed more liberally in favor of, or more strictly against, either Party.

14. Required Actions of Optionor and Optionee. Optionor and Optionee agree to execute such instruments and documents and to diligently undertake such actions as may be required in order to consummate the transaction herein contemplated.

15. Entire Agreement. This Option Agreement, together with its attached exhibits, contains the entire agreement between the Parties with respect to the subject matter hereof, and any prior or contemporaneous agreements, discussions or understandings, written or oral (including any options or agreements for leases and/or easements previously entered into by the Parties with respect to all or any portion of the Option Land), are superseded by this Option Agreement and shall be of no force or effect. No addition or modification of any term or provision of this Option Agreement shall be effective unless set forth in writing and signed by each of the Parties.

16. Memorandum. The Parties shall execute and record a memorandum of this Option Agreement in the form attached to this Agreement as Exhibit "C".

17. No Joint Venture. Neither this Option Agreement nor any agreements or transactions contemplated hereby shall be interpreted as creating any partnership, joint venture, association or other relationship between the Parties, other than that of optionor and optionee with respect to this Option Agreement and grantor and grantee with respect to the easements.

18. Counterparts; Facsimiles. This Option Agreement may be executed, and any memorandum thereof recorded, in two or more counterparts, each of which shall be deemed an original and all of which, when taken together, shall constitute one and the same instrument. Each Party shall be entitled to rely upon executed copies of this Option Agreement transmitted by facsimile or email to the same and full extent as the originals.

19. No Offsets. Optionor acknowledges that Optionee is executing this Option Agreement in its capacity as the developer of Compressed Air Energy Storage, and not in its capacity as the provider of electricity and natural gas to the Property. Notwithstanding anything to the contrary contained herein, no act or omission of Pacific Gas and Electric Company or its employees, agents or contractors as a provider of electricity and natural gas shall abrogate, diminish, or otherwise affect the respective rights, obligations and liabilities of Optionor and Optionee under this Option Agreement. Further, Optionee covenants not to raise as a defense to its obligations under this Option Agreement, or assert as a counterclaim or cross-claim in any litigation or arbitration between Optionor and Optionee relating to this Option Agreement, any claim, loss, damage, cause of action, liability, cost or expense (including, without limitation, attorneys' fees) arising from or in connection with Pacific Gas and Electric Company's provision of (or failure to provide) electricity and natural gas.

20. Lesser Interest Clause. If the Optionor owns a less interest in the Option Land than the entire and undivided fee simple estate therein, then the various payments referred to in this Option Agreement shall be proportionately reduced.

21. Surrender. Optionee, at its option, may at any time quitclaim and surrender its rights hereunder to the Optionor in which event this Option Agreement shall be at an end, and Optionee shall be relieved of all obligations thereunder except the obligations then accrued.

22. Force Majeure. Performance of the covenants and conditions imposed upon the parties hereunder shall be excused while, and to the extent that, said party is hindered in or prevented from complying therewith, in whole or in part, by war, riots, strikes, walkouts, action of the elements, laws, rules, and regulations of any federal, state, municipal or other governmental agency or any other cause beyond the control of the party, whether similar or dissimilar to those herein specifically enumerated without regard to whether such cause exists at the date hereof or hereafter arises; provided, however, that party shall provide written notice to the other party of any claim of suspension or excuse of the party's obligations under this section, specifying with particularity the act, event, or condition giving rise to such claim of suspension or excuse and specifying the date on which such act, event, or condition arose.

OPTIONOR:

CITY OF LODI, a municipal corporation

By: _____

Its: City Manager

Date: _____

OPTIONEE:

PACIFIC GAS AND ELECTRIC COMPANY

By: _____

Its: _____

Date: _____

ATTEST:

City Clerk

Approved As To Form:

City Attorney (Interim) *[Signature]*

EXHIBIT "A" TO OPTION

PARCEL ONE:

THAT PORTION OF THE FOLLOWING DESCRIBED REAL PROPERTY, LYING WESTERLY OF AND CONTIGUOUS TO THE WESTERLY LINE OF THAT CERTAIN PORTION THEREOF, CONVEYED TO THE STATE OF CALIFORNIA, BY DEED RECORDED MAY 15, 1968, IN VOLUME 3209, PAGE 274, SAN JOAQUIN COUNTY RECORDS:

BEGINNING AT AN IRON ROD, AT THE INTERSECTION OF THE NORTH LINE OF SOUTH 1/2 OF SECTION 24, TOWNSHIP 3 NORTH RANGE 5 EAST, MOUNT DIABLO BASE AND MERIDIAN WITH THE WESTERLY RIGHT OF WAY LINE OF COUNTY ROAD, KNOWN AS MOSELEY/THORNTON ROAD, SAID ROD BEING AT THE NORTHEAST CORNER OF THAT CERTAIN TRACT OF LAND ACQUIRED BY THE CITY OF LODI, FROM GEORGE W. EMDE, ET.AL., BY DEED RECORDED JUNE 19, 1944, IN VOLUME 882, PAGE 161, OF OFFICIAL RECORDS, AND AS SAID ROD IS INDICATED ON MAP OF SURVEY, FILED FOR RECORD APRIL 28, 1947, IN VOLUME 7, PAGE 9, RECORD OF SURVEYS; THENCE SOUTH 89 58' WEST, ALONG THE NORTH LINE OF SAID CITY OF LODI PARCEL, AND ITS WESTERLY PROJECTION, 5,075.5 FEET TO A POINT; THENCE NORTH 0 34' WEST, ALONG A FENCE LINE, 1317.0 FEET TO THE FENCE LINE ON THE NORTH LINE OF THAT CERTAIN TRACT OF LAND ACQUIRED BY GEORGE W. EMDE, ET. AL., FROM CLYDE O. FOX, BY DEED RECORDED OCTOBER 24, 1944, IN VOLUME 902, PAGE 86, OF OFFICIAL RECORDS, SAID FENCE LINE BEING ON THE SOUTH LINE OF THE LAND KNOWN AS THE TREDWAY RANCH; THENCE NORTH 89 54 1/2' EAST, ALONG SAID LINE, 3660.4 FEET TO THE WESTERLY RIGHT OF WAY LINE OF SAID MOSELEY/THORNTON ROAD; THENCE SOUTHEASTERLY ALONG SAID WESTERLY RIGHT OF WAY LINE, ON A CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 12 39 1/2', RADIUS OF 3584.02 FEET TO THE END OF CURVE; THENCE SOUTH 49 48' EAST, ALONG SAID WESTERLY RIGHT OF WAY LINE, 1165.2 FEET, TO THE POINT OF BEGINNING.

PARCEL TWO:

THAT PORTION OF THE FOLLOWING DESCRIBED REAL PROPERTY, LYING EASTERLY OF AND CONTIGUOUS TO THE EASTERLY LINE OF THAT CERTAIN PORTION, CONVEYED TO THE STATE OF CALIFORNIA, BY DEED RECORDED APRIL 14, 1970, IN VOLUME 3384, PAGE 1, SAN JOAQUIN COUNTY RECORDS:

BEGINNING AT AN IRON ROD, AT THE SOUTHWEST CORNER OF THE EAST 1/2 OF THE SOUTHEAST QUARTER OF SECTION 23, TOWNSHIP 3 NORTH, RANGE 5 EAST, MOUNT DIABLO BASE AND MERIDIAN, SAID ROD BEING AT THE SOUTHWEST PROPERTY CORNER OF THAT CERTAIN TRACT OF LAND, ACQUIRED BY THE CITY OF LODI, FROM GEORGE W. EMDE, ET. AL., BY DEED RECORDED JUNE 19, 1977, IN VOLUME 882, PAGE 161, SAN JOAQUIN COUNTY RECORDS, AND AS INDICATED ON MAP OF SURVEY, FILED FOR RECORD APRIL 28, 1947, IN VOLUME 7, PAGE 9, RECORD OF SURVEYS; THENCE NORTH 00 03 1/2' WEST, ALONG THE WEST LINE OF SAID CITY OF LODI PARCEL, 2637.25 FEET, TO AN IRON ROD AT THE NORTHWEST CORNER OF SAID EAST 1/2; THENCE SOUTH 89 58' WEST, ALONG THE NORTH LINE OF SAID SOUTHEAST 1/4 AND ITS WESTERLY PROJECTION, 1607.3 FEET, TO A POINT ON THE NORTH LINE OF PROPERTY ACQUIRED BY GEORGE W. EMDE, ET.AL., FROM LULU F. BUNDS, BY DEED RECORDED JUNE 19, 1944, IN VOLUME 887, PAGE 19, SAN JOAQUIN COUNTY RECORDS; THENCE SOUTH 89 54 1/2' WEST, ALONG SAID NORTH LINE, 1017.0 FEET TO A POINT; THENCE SOUTH 89 58 1/2' WEST, ALONG SAID NORTH LINE, 2476.4 FEET, TO THE NORTHWEST CORNER OF SAID NORTH

LINE, 2476.4 FEET, TO THE NORTHWEST CORNER OF SAID PROPERTY ACQUIRED BY GEORGE W. EMDE, ET.AL., BEING ON THE EASTERLY LINE OF A 30 FOOT DITCH, BEING ALSO ON THE EASTERLY LINE OF LAND KNOWN AS THE CRAWFORD RANCH; THENCE FOLLOWING SAID EASTERLY LINE, BEING ALSO THE WESTERLY LINE OF SAID PROPERTY, ACQUIRED BY GEORGE W. EMDE, ET.AL., ON THE FOLLOWING COURSES AND DISTANCES; SOUTH 27 04' EAST, 1762.0 FEET; SOUTH 61 01' EAST, 600.0 FEET; SOUTH 55 11' EAST, 1200.0 FEET; SOUTH 55 59' EAST, 600.0 FEET; SOUTH 42 07' EAST, 300.0 FEET; SOUTH 02 09' EAST, 806.1 FEET, TO THE SOUTH LINE OF SAID SECTION 23; THENCE SOUTH 89 55' EAST, ALONG SAID SOUTH LINE, 2068.4 FEET, TO THE POINT OF BEGINNING.

NOTE: THIS LEGAL DESCRIPTION IS BEING USED TO FACILITATE THE ISSUANCE OF A PRELIMINARY REPORT AND SHOULD NOT BE USED TO CONVEY OR ENCUMBER SAID LAND, UNTIL THE REQUIREMENT OF THE SUBDIVISION MAP ACT (SECTION 66410 ET SEQ.OF CALIFORNIA GOVERNMENT CODE) HAS BEEN COMPLIED WITH IN ACCORDANCE TO LOCAL ORDINANCES ADOPTED PURSUANT THERETO.

EXHIBIT "A" TO OPTION(cont'd)



EXHIBIT "B" TO OPTION

GROUND LEASE

THIS LEASE, entered into this ____ day of _____, 20__, by and between the CITY OF LODI, a municipal corporation ("Landlord"), and PACIFIC GAS AND ELECTRIC COMPANY, a California corporation ("Tenant").

1. Premises. Landlord leases to Tenant and Tenant leases from Landlord that real property in the City of Lodi, County of San Joaquin, California, described in Exhibit A attached hereto and made a part hereof, and Landlord hereby grants to Tenant an easement for the term and extended term of this Lease for underground air pipelines and gas pipelines and underground or overhead transmission and utility lines along the routes identified on Exhibit "B" attached hereto. The premises leased to Tenant are referred to in this Lease as the "Leased Premises" or the "Premises."

2. Use. Tenant shall have the use of the Leased Premises for the purpose of the construction, operation and maintenance of an Electric Conversion Facility consisting of: (i) a compressor station for the compression and injection of air into an offsite subsurface depleted gas field; (ii) an electric generating plant; (iii) control, office building and corporate yard for operation and maintenance; (iv) an electric substation; and (v) necessary or convenient ancillary facilities, and incidental ancillary uses that are a part of and support the Electric Conversion Facility (the "Project").

3. Term; Extension. The term of this Lease shall commence on _____, 20__ ("Commencement Date"), and shall terminate, unless earlier terminated in accordance with the provisions of this Lease, on a date fifty (50) years from the Commencement Date. Tenant's right to exclusive possession shall commence on the Commencement Date. Tenant shall have the right to extend the term of this Lease on all the terms and conditions set forth

herein for an additional period of forty-nine (49) years, to be exercised by written notice to Landlord during the last year of the initial term of this Lease.

4. Rent.

(A) Annual Rent. Rent payments will begin on an annual basis on the Commencement Date. Tenant shall pay to Landlord rent on the Commencement Date and thereafter or before each anniversary thereof during the term of this Lease, in advance. The annual rent shall be One Hundred Forty Thousand DOLLARS per acre of Leased Premises (\$140,000.00) per year for ___ acres for a total annual lease of \$_____.

(B) Rental Adjustments. Commencing with the first anniversary of the Commencement Date and on each such anniversary thereafter rent shall be adjusted, up or down, in a percentage equal to the percentage increase or decrease in the U.S. Department of Labor's Consumer Price Index for the San Francisco Oakland Urban Area, All Goods/All Consumers (the "Index"), for the prior one year period using the Indices published nearest in time prior to each relevant anniversary.

(C) Payments. All rent to be paid by Tenant to Landlord shall be in lawful money of the United States of America and shall be paid without deduction or offset, prior notice or demand, and at such place or places as may be designated from time to time by Landlord.

5. Utilities. During the term of this Lease, Tenant agrees to pay all charges and expenses in connection with utility services and to protect Landlord and the Leased Premises from all such charges and expenses.

6. Repairs and Maintenance.

(A) At all times during the term of this Lease, Tenant shall, at its cost and expense, maintain the Leased Premises and all improvements thereon in good order and repair

and safe condition, including but not limited to, fences and roadways predominantly used by Tenant. Tenant shall keep Landlord apprised of the volume and nature of truck traffic upon the demised premises.

(B) Landlord shall not be obligated to make changes, alterations, additions or repairs in, on or about the Leased Premises or any part hereof or any improvements installed thereon. Tenant waives all provisions of law that may impose a duty of repair on Landlord.

(C) Tenant shall indemnify and save harmless Landlord against all actions, claims and damages by reason of (1) Tenant's failure to perform the terms of this paragraph, or (2) Tenant's nonobservance or nonperformance of any law, ordinance or regulation applicable to the Leased Premises, (3) any damages caused by Tenant to the non-leased portion of Landlord's property including access roads, property of other tenants, wastewater facilities and improvements; (4), any costs to cure impacts to, rerouting of or replacement of Landlord's and its existing tenant's known and unknown facilities and improvements that arise during construction of the plant; (5) and any liability or duty to repair imposed by the laws of California.

(D) Tenant agrees to construct a perimeter fence around the Leased Premises according to the specifications attached as Exhibit "C".

7. Covenant Against Liens and Claims. Tenant shall not allow or permit to be enforced against the Leased Premises or any part thereof, any mechanic's, materialmen's, contractor's or subcontractor's liens arising from any claim growing out of work of any construction, repair, restoration, operation, replacement or improvement, or any other claim or demand no matter how the same may arise except where caused by the active negligence or willful misconduct of Landlord or its employees. Tenant shall pay or cause to be paid all of said liens, claims or demands before any lawsuit is brought to enforce them against the Leased

Premises. Tenant agrees to indemnify and hold the Landlord and the Leased Premises free and harmless from all liability for any and all such liens, claims and demands, together with reasonable attorneys' fees and all costs and expenses incurred by Landlord in connection therewith. Tenant shall require all construction contractors working on the Leased Premises to provide performance bonds in the amount of 100 percent of the contract value and labor and material bonds in the amount of 50% of the contract value. Tenant shall include terms in all of its contracts during the term of this lease that the property is owned by a governmental entity and not subject to Mechanics Liens and that the bond is their sole and exclusive remedy.

8. Insurance and Indemnity.

(A) Landlord's Nonliability. Landlord shall not be liable for any loss, damage or injury of any kind to any person or property arising from any use of the Leased Premises, or any part thereof, or caused by any defect in any building, structure or other improvement thereon or in any equipment or other facility therein, or caused by or arising from any act or omission of Tenant or any of its agents, employees, licensees or invitees, or by or from any accident on the Leased Premises or any fire or other casualty thereon, or occasioned by the failure of Tenant to maintain the Leased Premises and all improvements thereto in a safe condition, or arising from any other cause except where caused by the active negligence or willful misconduct of Landlord, or its employees.

(B) Indemnification of Landlord. Notwithstanding anything to the contrary contained in this Lease, and irrespective of any insurance carried by Tenant for the benefit of Landlord under the terms of this Lease, Tenant agrees to protect, indemnify and hold the Landlord and the Lease Premises harmless from any and all damages and liabilities at any time occasioned by or arising out of (1) Tenant's use of the Leased Premises, (2) any wrongful or

negligent act or omission of Tenant, or of its agents or employees in the course of their employment, or (3) any state or condition of the Leases Premises or any part hereof, save and except for any hazardous condition that may exist on the Leased Premises as of the Commencement Date of this Lease; provided, however, that this indemnity shall not extend to that portion of such damage or liability that shall have been caused by Landlord's comparative negligence or willful misconduct. This provision shall survive the termination or expiration of this Lease.

(C) Liability Insurance. Tenant shall procure and maintain at all times during the term of this Lease, at its sole cost and expense, a policy or policies of commercial public liability insurance by the terms of which Landlord and Tenant are named as insured and are indemnified against liability for damage or injury to property or person, including death, of any person entering upon or using the Leased Premises or any improvements thereon or any part thereof, with a combined single limit for bodily injury and property damage in an amount of not less than TEN MILLION DOLLARS (\$10,000,000.00) as further set forth in Exhibit "D" to this Lease. Such public liability insurance policy or policies shall be stated to be primary and noncontributing with any insurance which may be carried by Landlord and shall contain a provision that the Landlord, although named as an insured shall nevertheless be entitled to recover under that policy for any loss, injury or damage to the Landlord, its agents and employees or the property of such persons by reason of the negligence of Tenant. Tenant shall have the right to self-insure with respect to the foregoing insurance requirements provided that Tenant's self-insurance program meets all requirements set forth in Exhibit "D" at all times during the term of this Lease.

(D) Certificate of Insurance. All policies of insurance procured and maintained by Tenant hereunder shall be issued by companies having not less than Best's A: Class X rating and shall be issued in the name of the Landlord and Tenant for the mutual and joint benefit and protection of the parties. Executed copies of all insurance policies or a certificate thereof shall contain a provision that not less than thirty (30) days' written notice shall be given to Landlord prior to the cancellation, reduction of coverage, expiration or any material change in any such policy.

(E) Failure to Provide Insurance. If Tenant fails or refuses to procure or to maintain insurance as required by this Lease or fails or refuses to furnish Landlord with required proof that the insurance has been procured and is in force and paid for, Landlord shall have the right at Landlord's election, upon ten (10) days advance written notice, to procure and maintain such insurance. The premiums paid by Landlord shall be treated as added rent due from Tenant with interest at the Bank of America prime rate, to be paid within thirty (30) days of demand. Landlord shall give prompt notice of the payments of such premiums, stating the amounts paid and the names of the insurer or insurers.

(F) Waiver of Subrogation. Tenant hereby releases landlord and their respective representatives, from any claims for damage to any person or to the Premises and the improvements which may be located upon the Premises and to the fixtures, personal property, tenant's improvements and alterations of tenant in or on the Premises and the improvements which may be located upon the Premises that are caused by or result from risks insured against under any insurance policies carried by the tenant and in force at the time of any such damage. Tenant shall cause each insurance policy obtained by it to provide that the insurance company waives all right of recovery by way of subrogation against landlord in connection with any

damage covered by any policy, provided obtaining such a waiver in each such policy is then available at a reasonable charge. Neither party hereto shall be liable to the other for any damage caused by fire or any of the risks insured against under any insurance policy required by this Lease.

9. Landlord's Covenants.

(A) Water Supply. Landlord shall make available to Tenant, at no charge to Tenant, up to one thousand (1000) acre feet per year of reclaimed water from the White Slough Treatment Plant, at a flow rate of not less than 893,000 gallons per 24 hour day. Tenant shall have exclusive responsibility for managing its daily water needs including storage and pumping of any daily water in excess of the daily 893,000 gallon supply. Tenant shall have the option to reject all or any portion of the daily flow. Tenant acknowledges that Landlord's water supply is subject to uncertainties associated with plant upsets, regulatory orders, mechanical and material failures. Landlord shall have no liability to deliver water in the event for such events as long as landlord diligently proceeds to remedy the cause of the failure.

(B) Discharge of Water. Landlord shall accept Tenant's industrial wastewater in an amount not to exceed 1,200,000 gallons per day from the Project into the White Slough Water Pollution Control Facility or other suitable treatment plant, within reasonable distance, at the Landlord's then existing industrial or domestic rate as applicable based on the wastewater's constituents. Tenant shall pay all applicable impact and connection fees, and the cost to construct the facilities from the Project to the treatment plant. Landlord's obligation to accept the waste shall be subject to the terms of a discharge permit by Landlord. Per current permit requirements and the result of a 2013 USEPA compliance inspection, the City is updating the local Limits for industrial dischargers to be approved by the Central Valley RWQCB. Any discharged

wastewater must meet any and all local limits and all limits required by the Central Valley RWQCB as amended from time to time. Tenant shall also pay the Art In Public Places Fees and Wastewater Impact and Connection Fees in place at the time of connection.

(C) Continuing Obligations. The obligations of Landlord set forth in Sections 9.(A) and 9.(B) above shall continue throughout the term and extended term of this Lease notwithstanding any sale or transfer of a Landlord owned treatment plant providing such service to Tenant. The sale or transfer of any such treatment plant by Landlord shall be made expressly subject to such obligations.

10. Repair and Restoration. If during the term of this Lease any building or improvement on the Leased Premises or any part thereof shall be damaged or destroyed by fire or other casualty, Tenant may, at its sole cost and expense, repair or restore the same or may elect not to repair or restore. If Tenant elects not to repair or restore, Tenant may elect to terminate this Lease by written notice to Landlord, but Tenant shall not be entitled to reimbursement of any rental paid in advance. Tenant waives the provisions of Civil Code Sections 1932(2) and 1933(4) with respect to any destruction of the Premises. Any monies received by Landlord as compensation for damage or loss to improvements installed by Tenant on the Premises shall be paid to Tenant and are hereby assigned to Tenant.

11. Assignment. This Lease shall extend to and be binding upon the heirs, assigns, executors, administrators, personal representatives, and successors of the parties hereto. Landlord may assign, transfer, and convey, either in whole or in part, its ownership or interest in the land, rights, privileges and property covered by this Lease; but no change in ownership of the Leased Premises shall be binding upon the Tenant until the instrument conveying title thereto shall have been property recorded in the Official County Records and a certified copy thereof

shall have been furnished to Tenant. Tenant shall have the right to assign, sublease or otherwise transfer all or any portion of this Lease (the right to finance Project development and operation activities by having a security interest placed on the Tenant's interest is governed by Section 14, below) subject to Landlord's prior written consent which shall not be unreasonably withheld, conditioned or delayed; provided, however, that any and all such assignments or transfers shall be subject to all of the terms, covenants and conditions of this Lease. Moreover, any assignee or transferee shall be adequately capitalized to meet all of Tenant's obligations under this Agreement. Tenant shall provide written notice to Landlord of any assignment or sublease of Tenant's interest hereunder, including the name, address and phone number of the party receiving the assignment or sublease, provided that failure to give such notice shall not constitute a default under this Lease. No assignment shall release Tenant from its obligations hereunder unless and until such assignment is to the entirety of this Lease in which event Tenant shall be released from all obligations hereunder except from: obligations already accrued at the effective date and time of such assignment.

12. Default. The occurrence of any one or more of the following events shall constitute a default under this Lease by Tenant:

- (A) Failure to pay an installment of rent or other sum;
- (B) Failure to pay any insurance premium, lien, claim, demand, judgment or other charge provided for in this Lease to be paid or caused to be paid by Tenant at the time and in the manner as provided in this Lease;
- (C) Failure to maintain the Leased Premises or cause the same to be maintained as provided for in this Lease;

(D) Abandonment of the Leased Premises after completion of construction for a continuous period of one hundred twenty (120) days; or

(E) Failure to perform or breach of any other covenant, condition or restriction provided for in this Lease.

(F) Exceeding the waste discharge permit conditions.

13. Remedies in Event of Default. Upon any default of Tenant, and in the event the said default is due to the failure of Tenant to make the payment of any installment of rent or other sum when due, and in the event Tenant shall fail to remedy such default within twenty (20) days after written notice to do so, or upon any other default by Tenant, and in the event that Tenant shall fail to remedy such other default within thirty (30) days after written notice from Landlord so to do specifying the nature of such default, or if such default cannot be cured within thirty (30) days, Tenant has not commenced corrective action and prosecuted the same to completion with due diligence, or in the event that the default is of such a nature that it cannot be cured by any action of Tenant, then and in any of these events, in addition to any other remedy Landlord may have by operation of law, Landlord shall have the right but not the obligation without any further demand or notice to reenter the Leased Premises and eject all persons from the Leased Premises, using due process of law, and immediately terminate Tenant's right to possession of the Premises, and repossess the same by summary proceedings or other appropriate action, and Landlord shall thereupon be entitled to receive from Tenant all damages allowed by law.

14. Covenants for Lenders' Benefit. Tenant may at any time assign, sublicense, sublease, or transfer to any lenders, banks or other commercial transferees (herein, "Lenders") or assign or transfer to a Trustee a deed of trust for the benefit of any Lender or an agent for

Lenders ("Agent") all or any part of Tenant's interest under this Lease without the consent of Landlord. Tenant shall give written notice to Landlord of any such assignment, sublease or transfer, and of any further assignment by any such Lender or Agent, providing in each case the name and address of such Lender or Agent. Should Tenant assign, sublicense, sublease, or transfer any of its interest as provided above, Tenant and Landlord expressly agree between themselves and for the benefit of any Lenders or Agent for Lenders as follows:

(A) Landlord shall promptly deliver to Lenders or Agent a copy of any notice of default hereunder sent to the Tenant under this Lease and agrees that any notice to the Tenant of any default or intention by the Landlord to terminate this Lease shall not be effective against the Lenders or Agent unless Landlord shall have given to Lenders or Agent notice of such default or termination. Any such notice (a "notice") to the Lenders or Agent shall be in writing, shall be addressed to Lenders or Agent at their address designated in writing by notice to Landlord and shall be deemed given or made upon the third business day following deposit thereof in the mail, postage prepaid. The Lenders or Agent may by notice to the Landlord change the address to which such notices, demands, requests or other communication shall be given.

(B) Landlord shall not exercise any right, power or remedy under this Lease, and under no circumstances shall the Landlord terminate this Lease, if, after expiration of the applicable cure period for the Tenant after Tenant's receipt of a written notice of default from Landlord pursuant to paragraph 12 hereof: (i) in the event of a default in the payment of rent or other sum due under this Lease, the Lenders or Agent pay or cause to be paid such rent or other sum within thirty (30) days after receipt of a further written notice specifying such default from the Landlord; or (ii) in the event of any default other than the payment of rent or other sum due

under this Lease, the Lenders or Agent shall cure or cause to be cured the default within sixty (60) days after receipt of a further written notice specifying such default from the Landlord or, if such default is not susceptible of being cured within sixty (60) days, the Lenders or Agent have commenced steps necessary to cure the default and proceed diligently to cure the default and the default can be cured in a commercially reasonable time.

(C) If this Lease and Tenant's leasehold interest in the Property is sold, assigned or transferred to the Lenders or Agent pursuant to the exercise of any right, power or remedy reserved to the Lenders or Agent under a credit agreement or deed of trust, the Lenders or Agent shall have the right to assign this Lease without the Landlord's consent and upon such assignment the Lenders and Agent, if any, shall be released from the performance of all obligations of the Tenant under this Lease.

(D) If this Lease is terminated for any reason whatsoever, other than a termination by reason of Lender's or Agent's failure to cure a default which is susceptible of being cured pursuant to Paragraphs 12 and 14(B), hereof, the Landlord shall, upon the request of the Lenders or Agent, immediately recognize the Lenders or Agent or their or its nominee, purchaser, assignee or transferee as the Tenant under this Lease for the remainder of the term of this Lease and, in such event, the Lenders or Agent or their or its nominee, purchaser, assignee, or transferee shall be automatically substituted as the Tenant under this Lease.

(E) Landlord shall not consent to any modifications or amendments of this Lease without the consent of the Lenders or Agent.

(F) Landlord certifies as of the date above first written and thereafter, in accordance with Paragraph 14(G), hereof, that (i) this Lease is currently in full force and effect and has not been modified, amended or revoked, and (ii) no default, or event which with the

giving of notice or the passage of time, or both, would constitute a default under this Lease has occurred and is continuing.

(G) Tenant and/or Lenders or Agent shall have the right from time to time to deliver to Landlord in accordance with Paragraph 17 of this Lease, a written request (“Written Request”) that Landlord confirm to Lenders or Agent (at the address set forth in such Written Request) the certifications contained in Paragraph 14(F), herein, or, alternatively, inform Agent of any exceptions that have arisen with respect to the certifications contained in Paragraph 14(F), herein. Should Landlord fail to respond within ten (10) days of its receipt of such Written Request, Landlord (i) shall be deemed to have made the certifications contained in Paragraph 14(F) of this Lease as of the date of such Written Request and (ii) shall be estopped from claiming that any default or breach has occurred under this Lease on or prior to the date of such Written Request unless landlord had no knowledge of the breach or default.

15. **Ownership of Improvements.** Title to any buildings, improvements or fixtures which may be placed on the Premises by Tenant shall remain in Tenant. Landlord agrees to subordinate all rights, if any, which Landlord may have in any of such improvements to the rights of Tenant. Tenant may remove the improvements at any time during the term of this Lease. Any improvements remaining on the Premises after expiration or sooner termination of the Lease shall at landlords election become the property of Landlord or be removed by Tenant as provided in paragraph 16(D).

16. Miscellaneous.

(A) Negotiation; Mediation. Except as provided in this paragraph, Landlord and Tenant agree to first negotiate and then mediate with respect to any claim or dispute arising out of or relating to this Agreement, before resorting to court action. Either party may initiate

settlement negotiations by providing written notice to the other party, setting forth the subject of the claim or dispute. Tenant and Landlord agree to cooperate in scheduling negotiations and to participate in the settlement negotiations in good faith. If Landlord and Tenant fail to settle such claim or dispute within thirty (30) days after the date of mailing of the notice initiating settlement negotiations or within such additional time period as the parties may agree in writing, the parties agree to submit the matter to JAMS for mediation within thirty (30) days thereafter. Either party may commence mediation by providing to JAMS and the other party a written request for mediation, setting forth the subject of the claim or dispute and the relief requested (the "Mediation Notice"). Except as provided herein or by written agreement of the parties, the mediation shall be conducted in San Francisco pursuant to the JAMS rules. The parties will cooperate in selecting a mediator from the JAMS panel of neutrals, and in scheduling the mediation proceedings. If the parties do not select a mediator within thirty (30) days of the Mediation Notice, the parties agree that either party may request that JAMS in San Francisco, California, facilitate the choice of mediator by applying the "strike and rank" process used for appointment of arbitrators in arbitration proceedings, or to appoint a mediator, if necessary, and both parties agree to the appointment of such mediator as so selected. The parties agree to participate in the mediation in good faith, and to share equally in its costs. All offers, promises, conduct and statements, whether oral or written, made in the course of the mediation by either of the parties, their employees, agents, experts and attorneys, and by the mediator and any other JAMS employees, are confidential, privileged and inadmissible for any purpose, including impeachment, in any litigation or other proceeding involving the parties, but evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the mediation. If JAMS should no longer exist at the time the claim or dispute

arises, the matter shall be submitted to its successor entity, or if there is no such successor entity, to the American Arbitration Association or other similar organization mutually agreed upon by the parties, and except as provided herein or by mutual agreement of the parties, the mediation rules of such successor or alternate organization shall apply. Except as may be expressly set forth in any written settlement agreement, should the matter be settled by negotiation or mediation prior to commencing court action, each party shall pay its own attorneys' fees and costs. Except as provided below, neither party may commence an action arising out of or relating to this Agreement until expiration of the negotiation period and completion of the initial mediation session in accordance with this paragraph. If either party commences an action with respect to a claim or dispute covered by this paragraph without first attempting to resolve the matter through negotiation and mediation, or refuses to negotiate or mediate after a request has been made, then that party shall not be entitled to recover attorneys' fees and costs, even if such fees and costs would otherwise be available to that party in such action. Either party may seek equitable relief to preserve the status quo prior to participating in the negotiation and mediation proceedings required pursuant to this paragraph. In addition, matters that are within the jurisdiction of probate, small claims, or bankruptcy court are excluded from mandatory negotiation and mediation hereunder. The provisions of this paragraph may be enforced by any court of competent jurisdiction, and the party seeking enforcement shall be entitled to an award of all fees and costs, including reasonable attorneys' fees, to be paid by the party against which enforcement is ordered. The covenants of Tenant and Landlord contained in this paragraph 26 shall survive the termination of this Agreement.

(B) Waiver. No waiver of any breach of any of the terms, covenants, agreements, restrictions or conditions of this Lease shall be construed as a waiver of any

succeeding breach of the same or other covenants, agreements, restrictions and conditions hereof. No delay or omission of Landlord to exercise any right or remedy shall be construed as a waiver of any such right or remedy or of any default by Tenant under this Lease. The various rights and remedies reserved to Landlord herein including those not specifically described in this Lease shall be cumulative and, except as otherwise provided by California statutory law in force at the time of execution of this Lease, Landlord may pursue any or all of such rights and remedies whether at the same time or otherwise.

(C) Holding Over. If Tenant shall hold over the Leased Premises after the expiration of the term hereof with the consent of Landlord, either express or implied, such holding over shall be construed to be only a tenancy from month to month, subject to all the covenants, conditions and obligations hereof, and Tenant hereby agrees to pay to Landlord the same rental as provided in this Lease; provided, however, that nothing herein contained shall be construed to give Tenant any rights to so hold over and to continue in possession of the Leased Premises after the expiration of the term hereof.

(D) Surrender at End of Term; Decommissioning. Upon the end of the term of this Lease, as provided herein, or any extension thereof, or sooner termination of this Lease, Tenant shall surrender to Landlord all and singular the Leased Premises, and shall dismantle and remove all improvements and all fixtures and equipment and return the property to its condition upon the date of commencement of this Lease at Tenant's sole cost and expense, all within a period of two (2) years.

(E) No Offsets. Landlord acknowledges that Tenant is executing this Agreement in its capacity as the developer of Compressed Air Energy Storage, and not in its capacity as the provider of electricity and natural gas to the Property. Notwithstanding anything

to the contrary contained herein, no act or omission of Pacific Gas and Electric Company or its employees, agents or contractors as a provider of electricity and natural gas shall abrogate, diminish, or otherwise affect the respective rights, obligations and liabilities of Landlord and Tenant under this Agreement. Further, Tenant covenants not to raise as a defense to its obligations under this Agreement, or assert as a counterclaim or cross-claim in any litigation or arbitration between Landlord and Tenant relating to this Agreement, any claim, loss, damage, cause of action, liability, cost or expense (including, without limitation, attorneys' fees) arising from or in connection with Pacific Gas and Electric Company's provision of (or failure to provide) electricity and natural gas.

(F) Inspection. Landlord reserves the right for Landlord and Landlord's agents and representatives to enter upon the Leased Premises at any reasonable time for the purpose of attending to Landlord's interest hereunder, and to inspect the Leased Premises.

(G) Relationship of Parties. The relationship of the parties hereto is that of Landlord and Tenant, and it is expressly understood and agreed that Landlord does not in any way nor for any purpose become a partner of Tenant or a joint venturer with Tenant in the conduct of Tenant's business or otherwise.

(H) Time of the Essence. Time is expressly declared to be of the essence of this Lease.

(I) Memorandum of Lease. This Lease shall not be recorded, but the parties agree to execute and deliver a Memorandum of this Lease in recordable form, which Memorandum shall be recorded.

(J) Quitclaim. At the expiration or earlier termination of this Lease, Tenant shall execute, acknowledge and deliver to Landlord within five (5) days after written demand

from Landlord to Tenant any quitclaim deed or other document required by any reputable title company to remove the cloud of this Lease from the real property subject to this Lease.

(K) Number and Gender. Whenever the singular number is used in this Lease and when required by the context, the same shall include the plural, and the masculine gender shall include the feminine and neuter genders, and the word "person" shall include corporation, firm or association. If there is more than one Tenant, the obligations imposed under this Lease upon Tenant shall be joint and several.

(L) Headings and Titles. The marginal headings or titles to the paragraphs of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part of this Lease.

(M) Entire Agreement. This Lease contains the entire agreement of the parties hereto with respect to the matters covered hereby, and no other previous agreement, statement or promise made by any party hereto which is not contained herein shall be binding or valid.

(N) Force Majeure. Except as to the payment of rent, neither of the parties hereto shall be chargeable with, liable for, or responsible to, the other for anything or in any amount for any delay caused by fire, earthquake, explosion, flood, hurricane, the elements, acts of God, or the public enemy, action or interference of governmental authorities or agents, war, invasion, insurrection, rebellion, riots, strikes, or lockouts or any other cause whether similar or dissimilar to the foregoing, which is beyond the control of such parties and any delay due to said causes or any of them shall not be deemed a breach of or default in the performances of this Lease.

(O) Disclaimer of Representations. Except as otherwise specifically provided herein, Landlord has made no representations or warranties to the Tenant concerning the Leased

Premises, the present use thereof or the suitability for Tenant's intended use of the property. The foregoing disclaimer includes, without limitation, topography, climate, air, water, water rights, utilities, present and future zoning, soil, subsoil, drainage, access to public roads, proposed routes of roads, or extension thereof, or effect of any state or federal environmental protection laws or regulations. Tenant represents and warrants to Landlord that he and his representatives have made or will make their own independent inspection and investigation of the Leased Premises and Tenant, in entering into this Lease, is relying solely on such inspection and investigation. No patent or latent physical condition of Leased Premises, whether or not known or discovered, shall affect the rights of either party hereto. Any agreement, warranties or representations not expressly contained herein shall in no way bind either Tenant or Landlord. Landlord and Tenant waive any right of rescission and all claims for damages by reason of any statement, representations, warranty, promise and agreement, if any, not contained in this Lease.

(P) Quiet Enjoyment. This Lease is subject and junior only to all existing easements, covenants, conditions and restrictions and other matters and encumbrances of record as of the date of this Lease. As long as Tenant is not in default of any provision of this Lease. Tenant shall have quiet enjoyment of the Premises.

(Q) Termination. Tenant may terminate this Lease at any time upon six (6) months advance notice.

(R) City of Lodi to be Designated Point of Sale. All construction and purchase contracts for the Project shall, to the extent commercially reasonable to do so, include a point of sale clause identifying the City of Lodi as the point of sale for all material and equipment purchases.

(S) Taxes. Tenant shall be responsible for payment of any possessory interest taxes which may be assessed against the Leased Premises and for payment of any personal property taxes assessed against the personal property of Tenant on the Leased Premises.

17. Payments and Notices. Any notice to be given or other document to be delivered by either party to the other party may be given by personal delivery or nationally recognized overnight courier or may be deposited in the United States mail in the State of California, duly registered or certified, with postage prepaid, and addressed to the party for whom intended as follows:

TO LANDLORD: City Manager, City of Lodi
221 West Pine Street
Lodi, CA 95240

TO TENANT:

If to PG&E by U.S. Mail or by registered or certified mail, return receipt requested:

Manager, Land Management
PG&E Land & Environmental Management
P.O. Box 770000, Mail Code N10A
San Francisco, CA 94177

If to PG&E by delivery by hand or overnight courier:

Manager, Land Management
PG&E Land & Environmental Management
245 Market St. Room 1036
San Francisco, CA 94105

Either party hereto may from time to time by written notice to the other party designate a different address which shall be substituted for the one specified above. If any notice or other document is sent by registered or certified mail, as provided above, the same shall be deemed served or delivered seventy-two (72) hours after the mailing thereof.

This Ground Lease has been executed on the date first set forth, to become effective as provided for in paragraph 3 hereof.

LANDLORD:

CITYOF LODI, a municipal corporation

By: _____

Its: City Manager

Date: _____

TENANT:

PACIFIC GAS AND ELECTRIC COMPANY

By: _____

Its: _____

Date: _____

ATTEST:

City Clerk

Approved As To Form:

City Attorney (*Interim*) *AS*

EXHIBIT "A" TO LEASE

PARCEL ONE:

THAT PORTION OF THE FOLLOWING DESCRIBED REAL PROPERTY, LYING WESTERLY OF AND CONTIGUOUS TO THE WESTERLY LINE OF THAT CERTAIN PORTION THEREOF, CONVEYED TO THE STATE OF CALIFORNIA, BY DEED RECORDED MAY 15, 1968, IN VOLUME 3209, PAGE 274, SAN JOAQUIN COUNTY RECORDS:

BEGINNING AT AN IRON ROD, AT THE INTERSECTION OF THE NORTH LINE OF SOUTH 1/2 OF SECTION 24, TOWNSHIP 3 NORTH RANGE 5 EAST, MOUNT DIABLO BASE AND MERIDIAN WITH THE WESTERLY RIGHT OF WAY LINE OF COUNTY ROAD, KNOWN AS MOSELEY/THORNTON ROAD, SAID ROD BEING AT THE NORTHEAST CORNER OF THAT CERTAIN TRACT OF LAND ACQUIRED BY THE CITY OF LODI, FROM GEORGE W. EMDE, ET.AL., BY DEED RECORDED JUNE 19, 1944, IN VOLUME 882, PAGE 161, OF OFFICIAL RECORDS, AND AS SAID ROD IS INDICATED ON MAP OF SURVEY, FILED FOR RECORD APRIL 28, 1947, IN VOLUME 7, PAGE 9, RECORD OF SURVEYS; THENCE SOUTH 89 58' WEST, ALONG THE NORTH LINE OF SAID CITY OF LODI PARCEL, AND ITS WESTERLY PROJECTION, 5,075.5 FEET TO A POINT; THENCE NORTH 0 34' WEST, ALONG A FENCE LINE, 1317.0 FEET TO THE FENCE LINE ON THE NORTH LINE OF THAT CERTAIN TRACT OF LAND ACQUIRED BY GEORGE W. EMDE, ET. AL., FROM CLYDE O. FOX, BY DEED RECORDED OCTOBER 24, 1944, IN VOLUME 902, PAGE 86, OF OFFICIAL RECORDS, SAID FENCE LINE BEING ON THE SOUTH LINE OF THE LAND KNOWN AS THE TREDWAY RANCH; THENCE NORTH 89 54 1/2' EAST, ALONG SAID LINE, 3660.4 FEET TO THE WESTERLY RIGHT OF WAY LINE OF SAID MOSELEY/THORNTON ROAD; THENCE SOUTHEASTERLY ALONG SAID WESTERLY RIGHT OF WAY LINE, ON A CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 12 39 1/2', RADIUS OF 3584.02 FEET TO THE END OF CURVE; THENCE SOUTH 49 48' EAST, ALONG SAID WESTERLY RIGHT OF WAY LINE, 1165.2 FEET, TO THE POINT OF BEGINNING.

PARCEL TWO:

THAT PORTION OF THE FOLLOWING DESCRIBED REAL PROPERTY, LYING EASTERLY OF AND CONTIGUOUS TO THE EASTERLY LINE OF THAT CERTAIN PORTION, CONVEYED TO THE STATE OF CALIFORNIA, BY DEED RECORDED APRIL 14, 1970, IN VOLUME 3384, PAGE 1, SAN JOAQUIN COUNTY RECORDS:

BEGINNING AT AN IRON ROD, AT THE SOUTHWEST CORNER OF THE EAST 1/2 OF THE SOUTHEAST QUARTER OF SECTION 23, TOWNSHIP 3 NORTH, RANGE 5 EAST, MOUNT DIABLO BASE AND MERIDIAN, SAID ROD BEING AT THE SOUTHWEST PROPERTY CORNER OF THAT CERTAIN TRACT OF LAND, ACQUIRED BY THE CITY OF LODI, FROM GEORGE W. EMDE, ET. AL., BY DEED RECORDED JUNE 19, 1977, IN VOLUME 882, PAGE 161, SAN JOAQUIN COUNTY RECORDS, AND AS INDICATED ON MAP OF SURVEY, FILED FOR RECORD APRIL 28, 1947, IN VOLUME 7, PAGE 9, RECORD OF SURVEYS; THENCE NORTH 00 03 1/2' WEST, ALONG THE WEST LINE OF SAID CITY OF LODI PARCEL, 2637.25 FEET, TO AN IRON ROD AT THE NORTHWEST CORNER OF SAID EAST 1/2; THENCE SOUTH 89 58' WEST, ALONG THE NORTH LINE OF SAID SOUTHEAST 1/4 AND ITS WESTERLY PROJECTION, 1607.3 FEET, TO A POINT ON THE NORTH LINE OF PROPERTY ACQUIRED BY GEORGE W. EMDE, ET.AL., FROM LULU F. BUNDS, BY DEED RECORDED JUNE 19, 1944, IN VOLUME 887, PAGE 19, SAN JOAQUIN COUNTY RECORDS; THENCE SOUTH 89 54 1/2' WEST, ALONG SAID NORTH LINE, 1017.0 FEET TO A POINT; THENCE SOUTH 89 58 1/2' WEST, ALONG SAID NORTH LINE, 2476.4 FEET, TO THE NORTHWEST CORNER OF SAID NORTH

LINE, 2476.4 FEET, TO THE NORTHWEST CORNER OF SAID PROPERTY ACQUIRED BY GEORGE W. EMDE, ET.AL., BEING ON THE EASTERLY LINE OF A 30 FOOT DITCH, BEING ALSO ON THE EASTERLY LINE OF LAND KNOWN AS THE CRAWFORD RANCH; THENCE FOLLOWING SAID EASTERLY LINE, BEING ALSO THE WESTERLY LINE OF SAID PROPERTY, ACQUIRED BY GEORGE W. EMDE, ET.AL., ON THE FOLLOWING COURSES AND DISTANCES; SOUTH 27 04' EAST, 1762.0 FEET; SOUTH 61 01' EAST, 600.0 FEET; SOUTH 55 11' EAST, 1200.0 FEET; SOUTH 55 59' EAST, 600.0 FEET; SOUTH 42 07' EAST, 300.0 FEET; SOUTH 02 09' EAST, 806.1 FEET, TO THE SOUTH LINE OF SAID SECTION 23; THENCE SOUTH 89 55' EAST, ALONG SAID SOUTH LINE, 2068.4 FEET, TO THE POINT OF BEGINNING.

NOTE: THIS LEGAL DESCRIPTION IS BEING USED TO FACILITATE THE ISSUANCE OF A PRELIMINARY REPORT AND SHOULD NOT BE USED TO CONVEY OR ENCUMBER SAID LAND, UNTIL THE REQUIREMENT OF THE SUBDIVISION MAP ACT (SECTION 66410 ET SEQ.OF CALIFORNIA GOVERNMENT CODE) HAS BEEN COMPLIED WITH IN ACCORDANCE TO LOCAL ORDINANCES ADOPTED PURSUANT THERETO.

Exhibit “B”



- Overhead Electric Transmission Easement
- Potential Underground Air/Water Pipe Easement

NOTE These locations are approximate and subject to final design.

Exhibit "C" TO LEASE

GENERAL NOTES

SCOPE:

The purpose of this drawing is to show standardized grounding procedures for fences. Sheets 2 and 3 show the standard grounding procedures to be followed for P.C.I.E. Substation fences. Sheet 4 is for Company owned non-substation fences and for all non-company fences and gates near overhead transmission lines. Sheet 5 is for wire fences such as steel wire, etc. Sheet 6 is for electric fences. Sheet 7 is the list of grounding materials. The notes for the grounding procedures shown is based on live operating conditions.

GENERAL NOTES, SUBSTATION FENCES

1. Copper cable is the standard cable used for grounding of substation fences.
2. Ground each corner of fence.
3. Metal gates require a clamp with one ground rod and the burial grounding loops should be grounded to cover the full gate width. See Fig. 2a & b.
4. Non-metallic fences do not require grounding.
5. Install ground rods between corners to insure adjacent ground rods are not more than 75 feet apart.
6. For grounding requirements of substation fences where all incoming and outgoing circuits are underground, refer to the Substation Engineering Department.
7. Non-Company fences located adjacent to substation fences shall have a minimum of 6" separation between the two fences. If a fence does not apply to non-metallic fences.
8. If a non-Company metal fence must be connected to a Company owned substation fence, refer to Substation Engineering Department.
9. "Square Fences" such as reactor enclosures located within the property fence shall be grounded to the station ground grid.
10. Eight feet is the minimum distance from fence to main station ground grid or equipment connected to the station ground grid. No electrical connection shall exist between the fence and the main station ground or structure connected to the station ground grid. Refer to Substation Engineering Department when the minimum distance cannot be maintained or when electrical connection cannot be avoided.
11. Ground all gates or each half of a double gate to fence post with flexible bond. See Figure 4.
12. Soldered connections or terminals shall not be used.
13. The details shown in this standard do not apply to substation fences that are subjected to the substation ground grid. For these applications, specific grounding analysis will dictate the grounding requirements.
14. Gate keepers (stop) should be installed at 30" from closed position.
15. If wire gate is considered to open in one direction, ground loop must be installed on both sides of the gate.

ENGINEERING STANDARD
METHODS OF GROUNDING FENCES
AND WIRE FENCES

PG&E CO.
SHEET 2 OF SHEETS

DRAWING NUMBER
020607 20

REVISIONS: 11/7/27

SCAN 20

Exhibit "C" TO LEASE (cont'd)

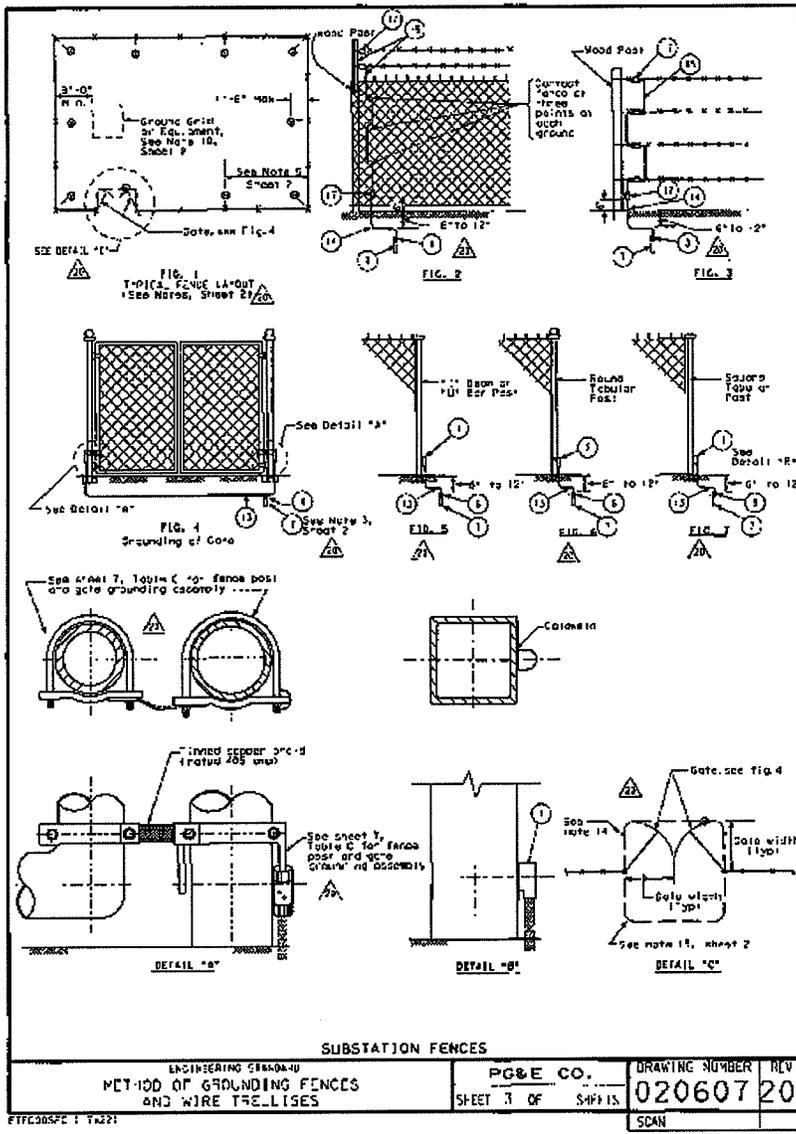


Exhibit "C" TO LEASE (cont'd)

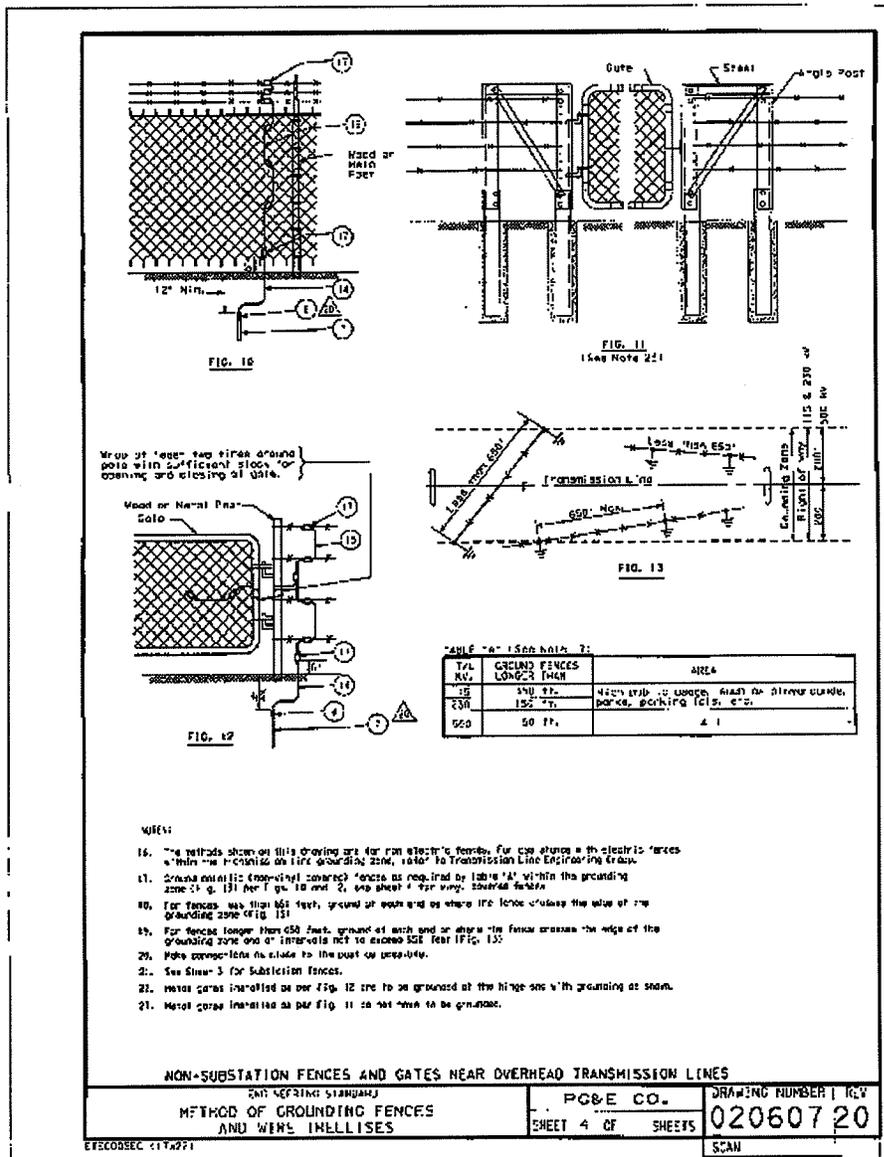


Exhibit "C" TO LEASE (cont'd)

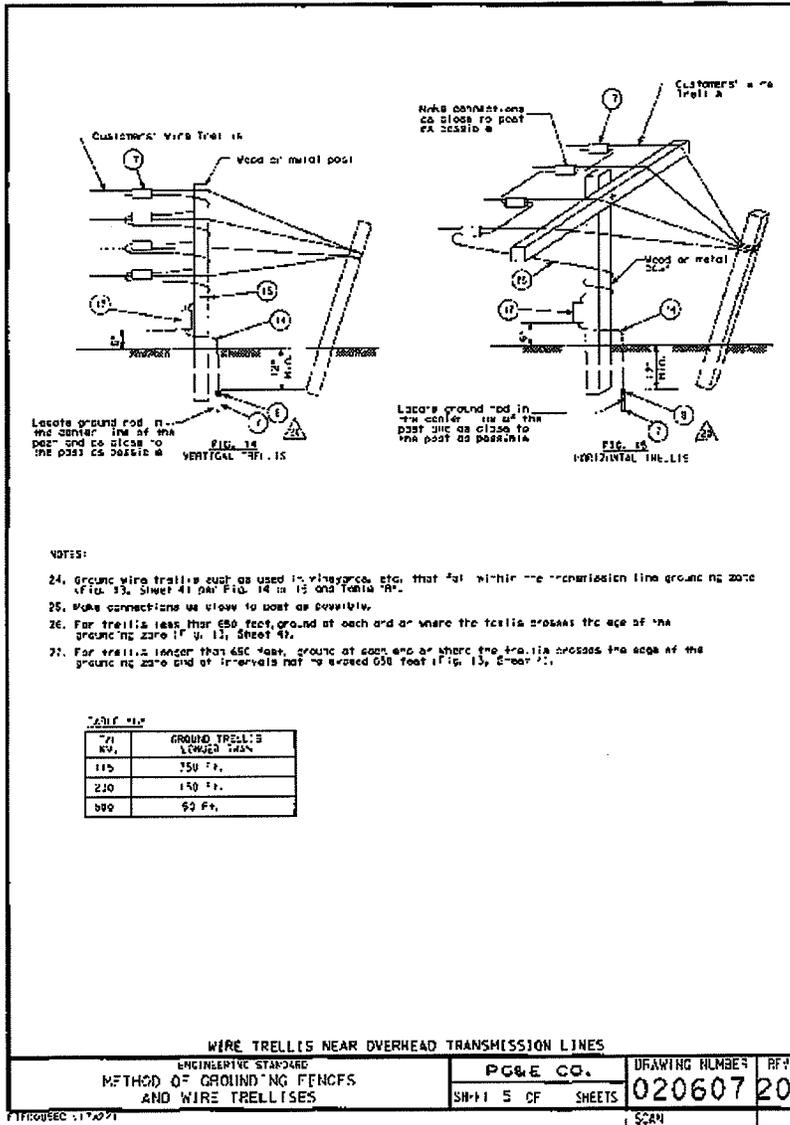


Exhibit "C" TO LEASE (cont'd)

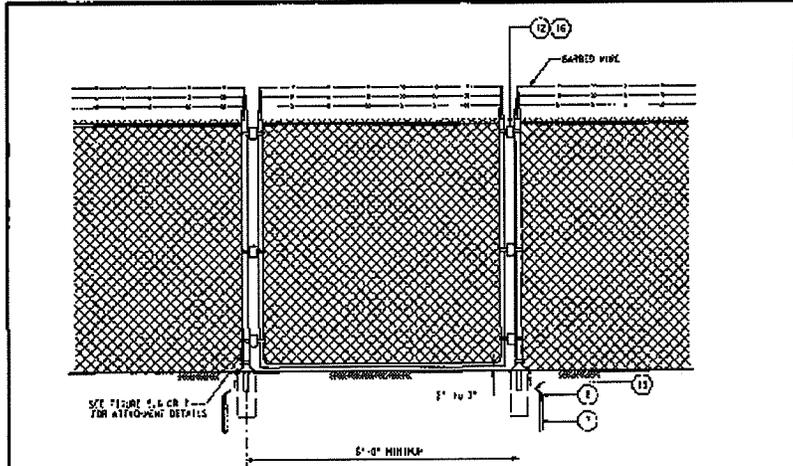


FIG. 14
SINGLE PANEL ISOLATION FENCE

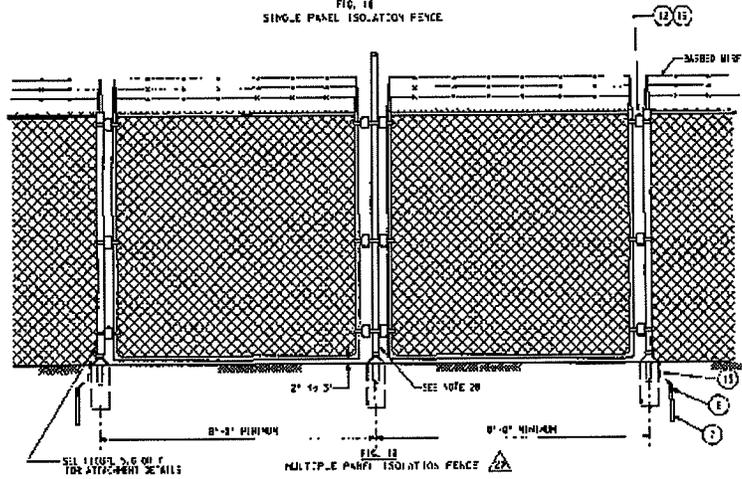


FIG. 15
MULTIPLE PANEL ISOLATION FENCE

NOTES:
20. MULTIPLE PANEL ISOLATION FENCE... INTERMEDIATE POST DO NOT REQUIRE GROUNDING

ISOLATION FENCE

ENGINEERING STANDARD
METHOD OF GROUNDING FENCES
AND WIRE MESHES

PG&E CO.
SHEET 6 OF SIXTEEN

DRAWING NUMBER	REV
020607	20

ETEC0502C 11-1-92

SCAN

Exhibit "C" TO LEASE (cont'd)

BILL OF MATERIAL			
ITEM	DESCRIPTION	QTY. or DIM. "	CODE
1	Vertical Steel Surface Connector, #250-#300 KCM Copper Code No. Type CU.	061910	N500935
2	Connector compression type 250-300 KCM Copper Code No. Type CU. Use with Deutsch Post assembly. Use with Deutsch Post unit. (N11-5501000)	061910	N500935
3	Connector for use on 2 1/2" hole post, for Copper Braid (Surf) Type G23	Burnco, G018-2 or equal	
4	Compression, Tab, Connector, #70 CL to 5/8" Copper-150 lbs Code note 3 3	061910	N303280
5	Washer for 3/8" Diameter Bolt		N193223
6	Washer, Lock, for 3/8" Diameter Bolt		N193292
7	Ground Rod, 5/8" Dia. 6'-0" Long	212104	N107213
8	Compression, Saddle, Connector, 1/2" Cu to 3/8" Ground Rod (see note 2 1)	061910	N302666
9	Bolt Machine, 3/8" x 1", Galv., with Hex. Nut		N192045
10	Cap Screw, 3/8" x 3/4", 8H-UNC, Diameter, Hex. Hd.		N193159
11	Galv. Compression, for #4 Copper wire to 5/8" Ground Rod		N100365
12	Exhaustor (3) support type 55V rating, 3" height, with 3/4" hole circle, 2000 ampere capacity, 4,500 in lb torque, 30,000 lb capacity, KCM rated 4-70, use for fence	Permanal Prod. Co. Cat. #77031 or equal	
13	Cable, No. #0 Stranded Copper		N290036
14	Wire, #4 Bare Copper, Stranded	026590	N040033
15	Wire, #4 Bare Aluminum, Stranded (add cores on inside)		N290001
16	Strip, 2-1/2" x 2" rigid conductor, heavy duty, cold rolled sheet steel, hot-dipped galv. 0.02" thick, 6 per ounce		N 7842
17	Connector, Tab, Compression Type	041810	N300001

— A vertical support hole is provided for a cable-to-steel connector. Complete Vertical Support Hole, Type CU, Cat. No. for 250 KCM-300, #500 KCM-300 for ITEM 15. Cartridge No. 115 to be used for welding.



TABLE "C" FENCE POST AND GATE OR DRUM ASSEMBLY

CABLE PLUS ASSEMBLY				
POST CODE	POST SIZE NOMINAL	GATE FRAME SIZE NOMINAL	POST NUMBER	DETAIL
N301217	2.5"	1.5"	A238122240R	R-GHT HAND See note 29
N301218	2.5"	1.5"	A238122240L	L-GHT HAND
N301221	3.5"	1.5"	A238122240R	R-GHT HAND
N301240	4"	1.5"	A238122240R	R-GHT HAND
N301218	2.5"	1.5"	A238122240L	LEFT HAND
N301220	3"	1.5"	A238122240L	LEFT HAND
N301241	3.5"	1.5"	A238122240L	LEFT HAND
N301242	4"	1.5"	A238122240L	LEFT HAND

DEUTSCH ASS'Y				
POST CODE	POST SIZE NOMINAL	GATE FRAME SIZE NOMINAL	POST NUMBER	DETAIL
N301243	2.5"	1.5"	G2762324-40-C011	See note 30
N301244	3"	1.5"	G2762324-70-C011	
N301246	3.5"	1.5"	G2762324-50-C011	
N301247	4"	1.5"	G2762324-84-C011	

- NOTES:
- Each Cable Plus assembly shall be fabricated with gate post clamp, gate frame clamp, and a 24-in. x 42 copper flexible cable.
 - Each Deutsch assembly shall be fabricated with gate post clamp, gate frame clamp, and a 12-in. x 1/2 copper grade.
 - 5/8" Stripped copper grounding conductor, Cat. #N193226, PG&E meter size N301532, is an approved substitute.

BILL OF MATERIAL

ENGINEERING STANDARD METHOD OF GROUNDING FENCES AND WIRE TRELLISES	PG&E CO. SHEET 7 OF 7 SHEETS	DRAWING NUMBER REV 02060720
---	--	---------------------------------------

PG&E 11/7/77

SCAN

Exhibit "D" TO LEASE



ERM & Insurance Department
245 Market Street / N4S
4th Floor
San Francisco, CA 94105
insurance@pge.com

STATEMENT OF SELF-INSURANCE PROGRAM

February 5, 2014

Issued to: City of Lodi
Attn: Steve Schwabauer, City Attorney
221 West Pine Street
Lodi, CA 95420

Re: Insurance requirements for Pacific Gas and Electric Company (PG&E) as part of a "ground lease" agreement located near the intersection of Highway 12 and Interstate 5 (adjacent to the White Slough Waste Water Treatment Plant and the Northern California Power Associations Lodi Energy Center).

This letter certifies PG&E is insured under a major risk management program with large self-insured retentions. The program provides coverage for the insurance types and limits reflected in the agreement which includes:

Commercial General Liability: \$10,000,000 each occurrence / \$10,000,000 aggregate
Pollution Liability: \$10,000,000 each occurrence / \$10,000,000 aggregate
Business Auto Liability: \$10,000,000 combined single limit
Employers Liability: \$1,000,000 each accident

Further, PG&E has qualified as a self-insurer under the laws of the State of California with respect to Workers' Compensation. Our identification number for this purpose is 2-0012-01-099.

This letter shall remain in effect until the termination of the insurance agreement between PG&E and the City of Lodi, its elected and appointed Boards, Commissions, Officers, Agents, Employees and Volunteers, who are additionally insured as outlined in the aforementioned lease agreement.

*Please note a certificate of insurance is not applicable when an entity is self-insured, such as PG&E, and note there is no expiration date.

MARTIN K. WYSPIANSKI
Director of ERM & Insurance
Pacific Gas & Electric Company

EXHIBIT "C" TO OPTION

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

NAME Manager, Land Management
 PG&E Land & Environmental Management

MAILING 245 Market Street, Room 1036
ADDRESS

CITY, San Francisco, CA 94105
STATE
ZIP CODE

(SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE)

**MEMORANDUM OF ELECTRIC CONVERSION FACILITY SITE OPTION TO LEASE
AGREEMENT**

FOR VALUABLE CONSIDERATION, the receipt and adequacy of which is hereby acknowledged, the undersigned landowner(s) ("Optionor"), and Pacific Gas and Electric Company, a California corporation ("Optionee"), have entered into an Electric Conversion Facility Site Option to Lease Agreement under which Optionor granted, and hereby grants, to Optionee the right to purchase in fee simple that certain real property described on Exhibit "A" attached hereto, all upon the terms, covenants and conditions set forth in such Electric Conversion Facility Site Option to Lease Agreement, which terms and conditions are incorporated herein by this reference. Such Electric Conversion Facility Site Option to Lease Agreement is dated effective the ____ day of _____, 2014 (the "Effective Date").

OPTIONOR:

**City of Lodi,
a municipal corporation**

By: _____
(Title)

OPTIONEE:

PACIFIC GAS AND ELECTRIC COMPANY

By: _____

Title: _____

ALL-PURPOSE ACKNOWLEDGMENT FOR CALIFORNIA

STATE OF CALIFORNIA)
)
 COUNTY OF _____) ss.
)

On _____, 2012, before me, _____,
 Date Name And Title Of Officer (e.g. "Jane Doe, Notary Public")
 personally appeared _____,
 Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Place Notary Seal Above

 Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

CAPACITY CLAIMED BY SIGNER

DESCRIPTION OF ATTACHED DOCUMENT

- Individual
- Corporate Officer

 Title(s)
 Partner(s) Limited
 General
 Attorney-In-Fact
 Trustee(s)
 Guardian/Conservator
 Other: _____

 Title or Type of Document

 Number Of Pages

 Date Of Document

Signer is representing:
 Name Of Person(s) Or Entity(ies)

 Signer(s) Other Than Named Above

Exhibit "D" TO OPTION



ERM & Insurance Department
245 Market Street / N4S
4th Floor
San Francisco, CA 94105
insurance@pge.com

STATEMENT OF SELF-INSURANCE PROGRAM

February 5, 2014

Issued to: City of Lodi
Attn: Steve Schwabauer, City Attorney
221 West Pine Street
Lodi, CA 95420

Re: Insurance requirements for Pacific Gas and Electric Company (PG&E) as part of an "option to lease" agreement located near the intersection of Highway 12 and Interstate 5 (adjacent to the White Slough Waste Water Treatment Plant and the Northern California Power Association's Lodi Energy Center).

This letter certifies PG&E is insured under a major risk management program with large self-insured retentions. The program provides coverage for the insurance types and limits reflected in the agreement which includes:

Commercial General Liability: \$2,000,000 each occurrence / \$2,000,000 aggregate
Pollution Liability: \$2,000,000 each occurrence / \$2,000,000 aggregate
Business Auto Liability: \$2,000,000 combined single limit
Employers Liability: \$1,000,000 each accident

Further, PG&E has qualified as a self-insurer under the laws of the State of California with respect to Workers' Compensation. Our identification number for this purpose is 2-0012-01-099.

This letter shall remain in effect until the termination of the insurance agreement between PG&E and the City of Lodi, its elected and appointed Boards, Commissions, Officers, Agents, Employees and Volunteers, who are additionally insured as outlined in the aforementioned lease agreement.

*Please note a certificate of insurance is not applicable when an entity is self-insured, such as PG&E, and note there is no expiration date.


MARTIN K. WYPIANSKI
Director of ERM & Insurance
Pacific Gas & Electric Company



**CITY OF LODI
COUNCIL COMMUNICATION**

TM

AGENDA TITLE: Adopt Resolution Delegating Authority to Change Banking Signature Cards to Treasurer

MEETING DATE: February 19, 2014

PREPARED BY: Deputy City Manager/Treasurer

RECOMMENDED ACTION: Adopt a resolution delegating authority to change banking signature cards to the Treasurer.

BACKGROUND INFORMATION: The City of Lodi holds bank accounts at Farmers and Merchants Bank and Certificate of Deposit accounts at various local banks. Currently there are three signors on the accounts that act on behalf of the City of Lodi to coordinate internet banking, wire transfers, automated clearing house entries and other related banking duties. As staff changes occur, it becomes necessary to remove and add staff in a timely manner in order to safeguard the accounts and continue with normal banking business processes.

The attached resolution delegates to the Treasurer, together with the consent of the City Attorney, the authority to change banking signature cards, adding and deleting staff deemed necessary to carry out banking duties on behalf of the City in order to maintain security of the accounts as well as ensure continuance of necessary banking processes as staffing changes occur.

FISCAL IMPACT: Not applicable.

FUNDING AVAILABLE: Not applicable.

Jordan Ayers,
Deputy City Manager/Treasurer

APPROVED: _____
D. Stephen Schwabauer, Interim City Manager

RESOLUTION NO. 2014 - _____

A RESOLUTION OF THE LODI CITY COUNCIL
DELEGATING THE AUTHORITY TO CHANGE
BANKING SIGNATURE CARDS TO TREASURER

=====

WHEREAS, the City of Lodi maintains banking accounts with Farmers and Merchants Bank and Certificate of Deposit accounts with various local banks; and

WHEREAS, from time to time as staff changes occur, it becomes necessary to add and remove staff in a timely manner in order to safeguard the accounts and continue with normal business processes.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council authorizes the Treasurer together with the consent of the City Attorney to add and remove staff to/from banking signature cards as becomes necessary with changes in City staff.

BE IT FURTHER RESOLVED that the City Council does further delegate to the Treasurer the authority to change banking signature cards.

Dated: February 19, 2014

=====

I hereby certify that Resolution No. 2014-_____ was passed and adopted by the City Council of the City of Lodi in a regular meeting held February 19, 2014, by the following vote:

- AYES: COUNCIL MEMBERS –
- NOES: COUNCIL MEMBERS –
- ABSENT: COUNCIL MEMBERS –
- ABSTAIN: COUNCIL MEMBERS –

RANDI JOHL-OLSON
City Clerk

2014-_____



CITY OF LODI COUNCIL COMMUNICATION

TM

AGENDA TITLE: Adopt Resolution Setting Park Fees
MEETING DATE: February 19, 2014
PREPARED BY: Parks, Recreation and Cultural Services Director

RECOMMENDED ACTION: Adopt resolution setting park fees.

BACKGROUND INFORMATION: The Parks, Recreation and Cultural Services Department regularly examines its facility fees to ensure they reflect a balance of market rates and cost-recovery objectives. The following proposed fees, which received unanimous Recreation Commission support, were crafted through a combination of staff recommendations, public comment and commission debate during meeting in November, January and February.

The Recreation Commission recommends the City Council adopt the following fees:

- Create a \$5 entry fee for trailers in Lodi Lake Park. The park does not charge to launch non-motorized boats, but some visitors haul multiple kayaks or other non-motorized watercraft on trailers, taking up additional parking space. The trailer fee would not be in addition to the existing \$5 boat launch fee. The Recreation Commission initiated the concept of this fee and voted 5-0 in support on November 5, 2013.
- Create a \$50 annual boat launch/trailer fee. This comes at the request of boaters who have purchased the annual vehicle entry fee and do not want to buy a separate single-use launch pass. The \$50 annual boat launch/trailer fee would only be sold to those who have purchased the annual vehicle entry fee, which is also \$50. The Recreation Commission voted 5-0 in support on November 5, 2013.
- Create new fees for whole Lodi Lake Park use: The Department's existing park fee represents a significant subsidy to those conducting partial-day "fun runs" or other special events that impact the general public's ability to use Lodi Lake. After debate covering two meetings, the Recreation Commission voted 5-0 on January 7, 2014, to support establishing a \$700 whole-lake fee for residents (\$400 currently) and \$800 for nonresidents (\$500 currently) in 2014, increasing it to \$1,000 for residents and \$1,200 for nonresidents in 2015.

The proposed fee(s) better reflects the community's loss of access to the lake and the significant financial impact of a whole-park rental in deterring potential picnic rentals (up to \$780), loss of vehicle entry and launch/trailer fees, loss of boat house revenue and additional impacts on restrooms, garbage removal and post-event cleanup required to prepare the park for the general public.

APPROVED: _____
D. Stephen Schwabauer, Interim City Manager

- Create a \$20 hourly field rental fee for DeBenedetti Park: The Department will be installing a number of soccer goals and marking fields this year, making it a more desirable field for play. This rental fee is in line with similar facilities in the region. Teams and groups that are not part of the City's recreation programs will be able to reserve field space at an affordable price and have priority over walk-on users. The Recreation Commission voted 4-0 in support of this fee on February 4, 2014.
- Create hourly rental rates for Zupo Field (\$75 resident/\$100 nonresident) and Kofu Park's Yamashita Field (\$50 resident/\$75 nonresident): These fields are highly desired by baseball teams because of the high care provided by the Parks Division, which includes full field preparation. The park is likely better maintained today than it was when it was home to a minor league baseball team. The existing per-use rate does not cover the cost of baseball field and park preparation, much less follow-up care and overhead associated with administrative and equipment costs. The majority of uses at Zupo Field are by the Boosters of Boys and Girls Sports' American Legion baseball teams, who are not charged for field use, and the Lodi Unified School District, which uses the field under the Joint Use Agreement. The only "cash" customers are a handful of adult leagues and the occasional high school rental. The vast majority of Kofu Park users are BOBS and LUSD teams.

The existing rate for Zupo Field is \$200 per game (\$250 for a doubleheader) for a resident, and \$250/\$300 for a nonresident. The existing rate for Kofu Park's Yamashita Field is \$140 resident/\$190 nonresident for a single game and \$190/\$240 for a doubleheader. For a typical 3½-hour baseball rental, the fee would be \$267.50 for Zupo Field (resident) and \$175 for Yamashita Field under the proposed hourly rate.

On February 4, 2014, the Recreation Commission voted 3-0 (one member absent, one member recused himself) to recommend the hourly rental fee for these baseball fields. The fee will not apply in 2014 to those users who have submitted field use requests as of February 4, 2014.

FISCAL IMPACT: Revenue increase of approximately \$14,000-\$15,500 per year (\$1,000 from boat/trailer fees, \$2,000 from whole-park rental fee, \$3,500-\$5,000 from DeBenedetti Park field rental fee and \$7,500 from Zupo/Kofu).

FUNDING AVAILABLE: Not applicable.

Jeff Hood
Parks, Recreation and Cultural Services Director

JH:tl

Attachment: Resolution

cc: City Attorney

RESOLUTION NO. 2014-_____

A RESOLUTION OF THE LODI CITY COUNCIL
REVISING AND ESTABLISHING PARK FEES

=====

WHEREAS, the Parks, Recreation and Cultural Services Department regularly examines its facility fees to ensure they reflect a balance of market rates and cost-recovery objectives; and

WHEREAS, the proposed fees, which received unanimous Recreation Commission support, were crafted through a combination of staff recommendations, public comment and Commission debate.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby revise and establish the following fees for various Parks, Recreation and Cultural Services facilities; and

Entry Fee for Trailers at Lodi Lake	\$5
Annual Boat Launch/Trailer Fee	\$50
Lodi Lake Park Whole Fee - 2014	\$700 Residents \$800 Non-Residents
Lodi Lake Park Whole Fee - 2015	\$1,000-Residents \$1,200 Non-Residents
DeBenedetti Park Field Rental Fee	\$20 per hour
Tony Zupo Field Rental Fee	\$75 Residents \$100 Non-Resident
Kofu Field Rental Fee	\$50 Residents \$75 Non-Resident

BE IT FURTHER RESOLVED by the Lodi City Council that the above-referenced fees shall take effect upon adoption of this Resolution.

Dated: February 19, 2014

=====

I hereby certify that Resolution No. 2014-_____ was passed and adopted by the Lodi City Council in a regular meeting held February 19, 2014, by the following vote:

- AYES: COUNCIL MEMBERS –
- NOES: COUNCIL MEMBERS –
- ABSENT: COUNCIL MEMBERS –
- ABSTAIN: COUNCIL MEMBERS –

RANDI JOHL-OLSON
City Clerk



CITY OF LODI COUNCIL COMMUNICATION

TM

AGENDA TITLE: Set Public Hearing for March 19, 2014, to Consider Pre-Approved Proposition 218 Consumer Price Index Based Annual Adjustment to Rates for Solid Waste Collection

MEETING DATE: February 19, 2014

PREPARED BY: Public Works Director

RECOMMENDED ACTION: Set public hearing for March 19, 2014, to consider 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 states in Section 7b that rates for solid waste collection are to be adjusted annually on April 1 of each anniversary of the agreement.

Section 7c of the franchise agreement states that rates shall be adjusted in a percentage amount equal to 80 percent of the annual change in the Consumer Price Index for all Urban Consumers for San Francisco-Oakland-San Jose, California Area, All Items (1982-84=100). The percent increase in rates based on the CPI change is 1.794 percent. Also, Section 7f of the franchise agreement states that the contractor may request additional increases due to extraordinary increases in landfill costs. Central Valley Waste Services is asking for an additional increase in rates for increased disposal costs that have risen by 0.162 percent. The total rate increase requested by Central Valley Waste Services is 1.956 percent and was authorized by City Council at the October 7, 2009, Proposition 218 Protest Hearing.

For most residential customers, the rate increase will be 47 cents per month. The effective date of the proposed rates is April 1, 2014. The complete schedule of proposed rate changes is attached.

FISCAL IMPACT: Franchise and billing fees paid to the City will increase by approximately \$25,000.

FUNDING AVAILABLE: Not applicable.

F. Wally Sandelin
Public Works Director

FWS/pmf
Attachments
cc: Central Valley Waste Services
Steve Mann, Information Systems Division Manager

APPROVED: _____
D. Stephen Schwabauer, Interim City Manager



Central Valley Waste Services.
P O, Box 241001
Lodi, CA 95240

January 17, 2014

Mr. Wally Sandelin
Public Works Director
City of Lodi
221 W. Pine Street
Lodi, CA 95240

SUBJECT: REFUSE RATE ADJUSTMENT, EFFECTIVE APRIL 1, 2014

Dear Mr. Sandelin,

Central Valley Waste Services/Waste Management respectfully requests a rate adjustment pursuant to the terms of the existing Agreement.

The total rate adjustment requested for 2014-2015 is 1.956%, which includes Consumer Price increase and Landfill Gate Fee increase.

The CPI increase for 2014-2015 equals 1.794% or 80% of the Consumer Price Index (CPI), San Francisco-Oakland-San Jose, CA.

San Joaquin County Board of Supervisors adopted a resolution that allows an automatic annual adjustment to San Joaquin County's Solid Waste facility gate fees on January 1 of each year. Consequently, the County Director of Public Works adjusted the landfill gate fees at North County Landfill effective January 1, 2014. The new gate fee for presorted waste has increased from \$36.76 to \$37.37 per ton and for non-sorted waste the gate fee has increased from \$43.51 to \$44.23. The impact of the gate fee increase for 2014-15 is projected at \$14,433.00. The disposal cost increase to Lodi residential and commercial refuse rates, equals 0.162% of the total rate adjustment request.

Attached for your review are the supporting documents for CPI index; San Joaquin County Gate Fee Adjustment letter; and all 2014-2015 proposed Refuse Rate Schedules.

If there are any questions, please do not hesitate to call me at (209) 333-5611 (direct office line) or (916) 870-8935 (cellular).

Respectfully yours,

A handwritten signature in black ink, appearing to read 'Thomas Sanchez', written in a cursive style.

Thomas Sanchez
Director Business Development

Attachments

cc: Rad Bartlam, City Manager - City of Lodi
Rebecca Yadav, Analyst- City of Lodi
Alex Oseguera, Vice-President and General Manager- WM
Larry Picard, District Manager-WM



EXHIBIT "C"
CITY OF LODI
MULTI-CART CURBSIDE REFUSE RATES
EFFECTIVE APRIL 1, 2014 THROUGH MARCH 31, 2015

1/16/2014

CPI	1.794%	DISPOSAL	0.162%
-----	--------	----------	--------

Services Offered	Current Rate Per Month	CPI Increase	CPI Effect	Disposal Increase	Disposal Effect	New Rate Per Month
1. 35 GALLON REFUSE CART 1X PER WEEK**						
1 Refuse Cart	\$24.27	1.794%	\$0.44	0.162%	\$0.04	\$24.74
2 Refuse Carts	\$60.61	1.794%	\$1.09	0.162%	\$0.10	\$61.80
3 Refuse Carts	\$97.00	1.794%	\$1.74	0.162%	\$0.16	\$98.90
4 Refuse Carts	\$133.41	1.794%	\$2.39	0.162%	\$0.22	\$136.02
2. 64 GALLON REFUSE CART 1X PER WEEK**						
1 Refuse Cart	\$36.50	1.794%	\$0.65	0.162%	\$0.06	\$37.21
2 Refuse Carts	\$91.20	1.794%	\$1.64	0.162%	\$0.15	\$92.98
3 Refuse Carts	\$145.88	1.794%	\$2.62	0.162%	\$0.24	\$148.73
3. 96 GALLON WASTE CART 1X PER WEEK**						
1 Refuse Cart	\$79.56	1.794%	\$1.43	0.162%	\$0.13	\$81.12
2 Refuse Carts	\$159.14	1.794%	\$2.85	0.162%	\$0.26	\$162.25
3 Refuse Carts	\$238.70	1.794%	\$4.28	0.162%	\$0.39	\$243.37
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	\$16.51	\$0.02	\$0.30	\$0.00	\$0.03	\$16.83
7. ADDITIONAL 64 GALLON RECYCLING CARTS						
Second and Third Recycling Cart	No Add'l Charge					No Add'l Charge
Fourth and Each Additional Cart	\$13.07	\$0.02	\$0.23	\$0.00	\$0.02	\$13.33
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	\$13.07	\$0.02	\$0.23	\$0.00	\$0.02	\$13.33
9. BACK YARD SERVICE****						
Monthly service charge	\$13.43	\$0.02	\$0.24	\$0.00	\$0.02	\$13.69
Qualified Disabled	No Add'l Charge					No Add'l Charge

Notes:

****Eligible for 10% City Utility Discount Program**

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



EXHIBIT "C"
CITY OF LODI
CONTAINER RATES

EFFECTIVE APRIL 1, 2014 THROUGH MARCH 31, 2015

CPI	1.79%	DISPOSAL	0.162%
-----	-------	----------	--------

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	\$ 129.30	\$ 240.53	\$ 551.15	\$ 994.69	\$ 1,571.12	\$ 2,280.47
2	\$ 205.43	\$ 374.80	\$ 783.36	\$ 1,351.45	\$ 2,079.03	\$ 2,966.08
3	\$ 281.55	\$ 508.99	\$ 1,015.54	\$ 1,708.19	\$ 2,586.88	\$ 3,651.66
4	\$ 357.64	\$ 643.20	\$ 1,247.74	\$ 2,064.91	\$ 3,094.76	\$ 4,337.29
5	\$ 433.79	\$ 777.42	\$ 1,479.93	\$ 2,421.69	\$ 3,602.67	\$ 5,022.84
6	\$ 509.90	\$ 911.64	\$ 1,712.10	\$ 2,778.46	\$ 4,110.51	\$ 5,708.45
7	\$ 586.04	\$ 1,045.91	\$ 1,944.32	\$ 3,135.18	\$ 4,618.39	\$ 6,394.05
8	\$ 662.13	\$ 1,180.07	\$ 2,176.54	\$ 3,491.87	\$ 5,126.27	\$ 7,079.66
9	\$ 738.26	\$ 1,314.34	\$ 2,408.71	\$ 3,848.67	\$ 5,634.19	\$ 7,765.25
10	\$ 814.42	\$ 1,448.56	\$ 2,640.89	\$ 4,205.41	\$ 6,142.04	\$ 8,450.82

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	\$ 188.41	\$ 355.09	\$ 734.78	\$ 1,256.45	\$ 1,920.14	\$ 2,725.78
2	\$ 319.93	\$ 596.61	\$ 1,128.78	\$ 1,831.39	\$ 2,704.37	\$ 3,747.78
3	\$ 451.50	\$ 838.09	\$ 1,522.87	\$ 2,406.36	\$ 3,488.64	\$ 4,769.75
4	\$ 583.04	\$ 1,079.62	\$ 1,916.85	\$ 2,981.30	\$ 4,272.94	\$ 5,791.74
5	\$ 714.63	\$ 1,321.03	\$ 2,310.88	\$ 3,556.25	\$ 5,057.18	\$ 6,813.71
6	\$ 846.18	\$ 1,562.58	\$ 2,704.83	\$ 4,131.21	\$ 5,841.47	\$ 7,835.71
7	\$ 977.78	\$ 1,804.07	\$ 3,098.93	\$ 4,706.14	\$ 6,625.70	\$ 8,857.65
8	\$ 1,109.30	\$ 2,045.59	\$ 3,492.96	\$ 5,281.09	\$ 7,409.98	\$ 9,879.66
9	\$ 1,240.90	\$ 2,287.09	\$ 3,886.96	\$ 5,856.02	\$ 8,193.35	\$ 10,901.62
10	\$ 1,372.46	\$ 2,528.55	\$ 4,280.99	\$ 6,430.96	\$ 8,979.85	\$ 11,923.61

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	\$ 239.83	\$ 454.45	\$ 881.98	\$ 1,451.51	\$ 2,163.04	\$ 3,016.57
2	\$ 422.87	\$ 795.25	\$ 1,423.19	\$ 2,221.51	\$ 3,190.23	\$ 4,329.35
3	\$ 605.91	\$ 1,136.10	\$ 1,964.42	\$ 2,991.54	\$ 4,217.42	\$ 5,642.11
4	\$ 788.89	\$ 1,476.90	\$ 2,505.62	\$ 3,761.53	\$ 5,244.63	\$ 6,954.89
5	\$ 971.95	\$ 1,817.74	\$ 3,046.85	\$ 4,531.58	\$ 6,271.86	\$ 8,267.67
6	\$ 1,155.00	\$ 2,158.53	\$ 3,588.06	\$ 5,301.56	\$ 7,299.01	\$ 9,580.44
7	\$ 1,338.00	\$ 2,498.95	\$ 4,129.28	\$ 6,071.55	\$ 8,326.19	\$ 10,893.23
8	\$ 1,521.03	\$ 2,840.17	\$ 4,670.50	\$ 6,841.57	\$ 9,353.42	\$ 12,206.00
9	\$ 1,704.05	\$ 3,181.04	\$ 5,211.74	\$ 7,611.57	\$ 10,380.59	\$ 13,518.78
10	\$ 1,887.08	\$ 3,521.85	\$ 5,752.94	\$ 8,381.59	\$ 11,407.77	\$ 14,831.51



EXHIBIT "C"
CITY OF LODI
CONTAINER RATES

EFFECTIVE APRIL 1, 2014 THROUGH MARCH 31, 2015

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	\$ 291.33	\$ 553.75	\$ 1,029.19	\$ 1,646.62	\$ 2,406.00	\$ 3,307.38
2	\$ 525.81	\$ 993.92	\$ 1,717.59	\$ 2,611.65	\$ 3,676.13	\$ 4,910.97
3	\$ 760.30	\$ 1,434.12	\$ 2,406.03	\$ 3,576.78	\$ 4,946.25	\$ 6,514.55
4	\$ 994.82	\$ 1,874.28	\$ 3,094.46	\$ 4,541.86	\$ 6,216.42	\$ 8,118.08
5	\$ 1,229.28	\$ 2,314.43	\$ 3,782.87	\$ 5,506.93	\$ 7,486.56	\$ 9,721.72
6	\$ 1,463.82	\$ 2,754.61	\$ 4,471.33	\$ 6,472.01	\$ 8,756.65	\$ 11,325.27
7	\$ 1,698.34	\$ 3,194.80	\$ 5,159.77	\$ 7,437.11	\$ 10,026.76	\$ 12,928.85
8	\$ 1,932.87	\$ 3,634.96	\$ 5,848.18	\$ 8,402.16	\$ 11,296.91	\$ 14,532.44
9	\$ 2,167.34	\$ 4,075.12	\$ 6,536.60	\$ 9,367.27	\$ 12,567.08	\$ 16,136.03
10	\$ 2,401.90	\$ 4,515.29	\$ 7,224.99	\$ 10,332.31	\$ 13,837.19	\$ 17,739.59

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	\$ 342.78	\$ 653.12	\$ 1,176.40	\$ 1,841.64	\$ 2,648.96	\$ 3,598.17
2	\$ 628.77	\$ 1,192.59	\$ 2,012.06	\$ 3,001.84	\$ 4,162.00	\$ 5,492.53
3	\$ 914.72	\$ 1,732.12	\$ 2,847.68	\$ 4,161.98	\$ 5,675.09	\$ 7,386.97
4	\$ 1,200.70	\$ 2,271.63	\$ 3,683.32	\$ 5,322.13	\$ 7,188.15	\$ 9,281.37
5	\$ 1,486.73	\$ 2,811.16	\$ 4,518.91	\$ 6,482.30	\$ 8,701.21	\$ 11,175.75
6	\$ 1,772.68	\$ 3,350.65	\$ 5,354.59	\$ 7,642.43	\$ 10,214.32	\$ 13,070.11
7	\$ 2,058.71	\$ 3,890.15	\$ 6,190.21	\$ 8,802.63	\$ 11,727.38	\$ 14,964.48
8	\$ 2,344.65	\$ 4,429.66	\$ 7,025.86	\$ 9,962.77	\$ 13,240.42	\$ 16,858.89
9	\$ 2,630.68	\$ 4,969.19	\$ 7,861.46	\$ 11,122.93	\$ 14,753.53	\$ 18,753.27
10	\$ 2,916.65	\$ 5,508.71	\$ 8,697.11	\$ 12,283.07	\$ 16,266.56	\$ 20,647.66

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	\$ 394.22	\$ 752.44	\$ 1,323.62	\$ 2,036.74	\$ 2,891.87	\$ 3,889.01
2	\$ 731.68	\$ 1,391.27	\$ 2,306.43	\$ 3,391.95	\$ 4,647.89	\$ 6,074.16
3	\$ 1,069.14	\$ 2,030.10	\$ 3,289.28	\$ 4,747.18	\$ 6,403.85	\$ 8,259.36
4	\$ 1,406.58	\$ 2,668.93	\$ 4,272.07	\$ 6,102.38	\$ 8,159.88	\$ 10,444.52
5	\$ 1,744.04	\$ 3,307.75	\$ 5,254.90	\$ 7,457.60	\$ 9,915.85	\$ 12,629.71
6	\$ 2,081.48	\$ 3,946.67	\$ 6,237.76	\$ 8,812.82	\$ 11,671.86	\$ 14,814.89
7	\$ 2,418.92	\$ 4,585.50	\$ 7,220.55	\$ 10,168.03	\$ 13,427.88	\$ 17,000.06
8	\$ 2,756.34	\$ 5,224.34	\$ 8,203.40	\$ 11,523.27	\$ 15,183.85	\$ 19,185.22
9	\$ 3,093.80	\$ 5,863.14	\$ 9,186.27	\$ 12,878.48	\$ 16,939.87	\$ 21,370.42
10	\$ 3,431.30	\$ 6,501.99	\$ 10,169.06	\$ 14,233.69	\$ 18,695.86	\$ 23,555.63



EXHIBIT "C"
CITY OF LODI
10 TO 50 CUBIC YARD CONTAINERS
RATE STRUCTURE
EFFECTIVE APRIL 1, 2014 THROUGH MARCH 31, 2015

1.794%

0.162%

	CURRENT RATES	CPI INCREASE	CPI EFFECT	DISPOSAL INCREASE	DISPOSAL EFFECT	NEW RATES
<u>PERMANENT HIGH FREQUENCY ROLL-OFF RATES</u>						
1. Drop-off and Pick-up Charge Per Box	\$ 168.23	1.794%	3.02	0.162%	0.27	\$ 171.52
2. Weighed Tons Disposed/Box X Processing Charge	\$ 37.88	1.794%	0.68	0.162%	0.06	\$ 38.62
3. Franchise Fee (4.8% of 1+2)	\$ -					\$ -
TOTAL BILL (1+2+3)						
<u>ONE-TIME TEMPORARY USER ROLL-OFF RATES</u>						
1. Drop-off/Pick-up Charge Per Box	\$ 213.50	1.794%	3.83	0.162%	0.35	\$ 217.68
2. Tons Disposed/Box X Processing Charge (Average of five (5) tons charged per Box)	\$ 37.00	1.794%	0.66	0.162%	0.06	\$ 37.72
	\$ -					\$ -
TOTAL BILL (1+2+3)						



EXHIBIT "D"
CITY OF LODI
10 TO 50 CUBIC YARD ROLL OFF* CONTAINERS
COMPACTOR RATE STRUCTURE
EFFECTIVE APRIL 1, 2014 THROUGH MARCH 31, 2015

1.794%
0.162%

CURRENT RATES	CPI INCREASE	CPI EFFECT	DISPOSAL INCREASE	DISPOSAL EFFECT	NEW RATES
------------------	-----------------	---------------	----------------------	--------------------	--------------

TEMPORARY OR PERMANENT COMMERCIAL COMPACTOR RATES

1. Drop/off/Pick-up Charge Per Box	\$	292.91	1.79%	5.25	0.162%	0.47	\$ 298.64
2. Tons Disposed/Box X Processing Charge	\$	37.88	1.79%	0.68	0.162%	0.06	\$ 38.62
3. Franchise Fee (4.8% of 1+2)	\$	-					\$ -

TOTAL BILL (1+2+3)

* 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.



CITY OF LODI
CPI 80% RATE ADJUSTMENT FACTOR CALCULATION

Index Point Change	
Current Year CPI	Annual 2013
Minus Prior Year CPI	Annual 2012
Equals Index Point Change	5.373

Percent Change	
Index Point Change	5.373
Divided by Prior Year CPI	2.242%
Equals "CPI 80% RATE ADJUSTMENT FACTOR"	1.794%

Consumer Price Index - All Urban Consumers

Series Id: CUJRA422SA0, CUUSA422SA0

Not Seasonally Adjusted

Area: San Francisco-Oakland-San Jose, CA

Item: All items

Base Period: 1982-84=100

Download:

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
2001	187.9	189.1	190.9	190.9	190.9	190.9	191	191	191.7	191.7	191.7	190.6	189.9	188.7	191.1
2002	191.3	193	193.2	193	193.2	193.2	193.5	193.5	194.3	194.3	194.3	193.2	193	192.3	193.7
2003	197.7	197.3	196.3	197.3	196.3	196.3	196.3	196.3	196.3	196.3	196.3	195.3	196.4	196.8	196.1
2004	198.1	198.3	199	198.3	199	199	198.7	198.7	200.3	200.3	200.3	199.5	198.8	198.2	199.5
2005	201.2	202.5	201.2	202.5	201.2	201.2	203	203	205.9	205.9	205.9	203.4	202.7	201.5	203.9
2006	207.1	208.9	209.1	208.9	209.1	209.1	210.7	210.7	211	211	211	210.4	209.2	207.9	210.6
2007	213.688	215.842	216.123	215.842	216.123	216.123	216.24	216.24	217.949	217.949	217.949	218.485	216.048	214.736	217.361
2008	219.612	222.074	225.181	222.074	225.181	225.181	225.411	225.411	225.824	225.824	225.824	218.528	222.767	221.73	223.804
2009	222.166	223.854	225.692	223.854	225.692	225.692	225.801	225.801	226.051	226.051	226.051	224.239	224.395	223.305	225.484
2010	226.145	227.697	228.11	227.697	228.11	228.11	227.954	227.954	228.107	228.107	228.107	227.658	227.469	226.994	227.944
2011	229.981	234.121	233.646	234.121	233.646	233.646	234.608	234.608	235.331	235.331	235.331	234.327	233.39	232.082	234.698
2012	236.88	238.985	239.806	238.985	239.806	239.806	241.17	241.17	242.834	242.834	242.834	239.533	239.650	238.099	241.201
2013	242.677	244.675	245.935	244.675	245.935	245.935	246.072	246.072	246.617	246.617	246.617	245.711	245.023	243.894	246.152



**Central Valley Waste Services
City of Lodi**

2014 CPI Increase and Landfill Rate Increase

Revenue FY 4/01/13- 12/31/13	Projected Revenue 01/01/14- 03/31/14	Annual Revenue	Applied CPI Adjustment	CPI Impact: Annual	Projected Annual Revenue	Annual Change in Landfill Disposal Cost	Landfill Disposal Cost: Percent Change	
Residential Revenue	4,527,293	\$1,509,098	\$6,036,390	1.794%	\$108,293	\$6,144,683	\$7,559	0.123%
Commercial Revenue	2,036,144	\$678,715	\$2,714,859	1.794%	\$48,705	\$2,763,564	\$6,875	0.249%
Total	\$6,563,437	\$2,187,812	\$8,751,249		\$156,997	\$8,908,247	\$14,433	0.162%



Central Valley Waste Services

Impact of 2014 Tipping fee increase at North County Landfill (San Joaquin County)

Lodi

	Commercial Tons (2013)	Residential (2013)	Total tons to Lodi TS	North County rate 2013 and total disposal cost	North County Rate 2014 and total disposal cost	Increase in Disposal Cost
Trash	11,270	12,391	23,661	\$36.76	\$37.37	\$14,433
Non-landfill tons	-	-	-			
Recy	-	-	-			
Y & G	-	-	-			
Total	11,270	12,391	23,661			
	47.63%	52.37%	100%			

Disposal Cost Per Ton: North County Landfill

Disposal Per Ton Rate effective 1/1/2014	\$37.37
Disposal Per Ton: 2013	\$36.76
Change in Rate	\$0.61
Percent Change	1.66%



THOMAS M. GAU
DIRECTOR



P. O. BOX 1810 - 1810 E. HAZELTON AVENUE
STOCKTON, CALIFORNIA 95201
(209) 468-3000 FAX (209) 468-2999
www.sjgov.org/pubworks

FRITZ BUCHMAN
DEPUTY DIRECTOR

MICHAEL SELLING
DEPUTY DIRECTOR

JIM STONE
DEPUTY DIRECTOR

ROGER JANES
BUSINESS ADMINISTRATOR

November 15, 2013

Thom Sanchez, Director of Business Development
Waste Management
Post Office Box 241001
Lodi, California 95241-9501

SUBJECT: ANNUAL GATE FEE ADJUSTMENT AT COUNTY OWNED DISPOSAL SITES

Dear Thom:

On March 25, 2003, the Board of Supervisors authorized the Director of Public Works to adjust the gate fees at County-owned disposal sites on January 1st of each year using the average annual change in the Construction Cost Index and the Skilled Labor Index for our region. These indices indicate an allowable adjustment of approximately 1.7 percent for 2014. To address rising labor, equipment, regulatory compliance costs and revenue covenants for debt repayment, it will be necessary to implement the full 1.7 percent gate fee increase at County-owned disposal facilities for 2014.

Consequently, effective January 1, 2014, the following per-ton disposal rates for weighed waste will be implemented at County owned facilities:

	<u>2013</u> <u>Rate</u>	<u>1.7%</u> <u>Increase</u>	<u>2014</u> <u>Rate</u>
Lovelace Transfer Station and Materials Recovery Facility	\$56.27	\$0.93	\$57.20
North County Recycling Center (Pre-sorted) and Sanitary Landfill (Non-sorted)	\$36.76	\$0.61	\$37.37
	\$43.51	\$0.72	\$44.23
Foothill Sanitary Landfill	\$34.08	\$0.57	\$34.65

On October 22, 2013, the Board of Supervisors approved the County's Residential Refuse Collection Agreement Extensions, which established new residential collection rates for each Refuse Service Area, effective in January of 2014. The new rates allow for an adjustment based on the annual increase in gate fees at County facilities. The attached Rate Schedule shows the maximum monthly residential refuse collection rates which may become effective January 1, 2014. Should you choose to modify your rates, our Agreement requires you to notify your customers in writing at least two weeks prior to implementing the new rates.

Mr. Thom Sanchez
2014 GATE FEE ADJUSTMENT

-2-

Please email us any planned notice to your customers of proposed residential refuse collection rate increases for our review and approval prior to distribution (send to Constance Gerbi at cgerbi@sjgov.org).

If you have any questions, please contact Steve Carter, Management Analyst III, at 468-3066.

Sincerely,



DESI RENO
Integrated Waste Manager

DR:SC:sc

M:\Admin\Cashier\New Rates\2014 Jan\Letters\F CollWWM - rate inc.doc

Attachment

c: Jim Stone, Deputy Director/Operations
Constance Gerbi, Administrative Assistant II

CA 09111

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.

The City Council cannot deliberate or take any action on a non-agenda item unless there is factual evidence presented to the City Council indicating that the subject brought up by the public does fall into one of the exceptions under Government Code Section 54954.2 in that (a) there is an emergency situation, or (b) the need to take action on the item arose subsequent to the agenda's being posted.

Unless the City Council is presented with this factual evidence, the City Council will refer the matter for review and placement on a future City Council agenda.

Comments by the City Council Members on non-agenda items



TM

CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Monthly Protocol Account Report
MEETING DATE: February 19, 2014
PREPARED BY: City Clerk

RECOMMENDED ACTION: None required, information only.

BACKGROUND INFORMATION: The City Council, at its meeting of July 19, 2000, adopted Resolution No. 2000-126 approving a policy relating to the City's "Protocol Account." As a part of this policy, it was directed that a monthly itemized report of the "Protocol Account" be provided to the City Council.

Attached please find the cumulative report through January 31, 2014.

FISCAL IMPACT: Not applicable.

FUNDING AVAILABLE: See attached.

Randi Johl-Olson
City Clerk

RJO/JMR

Attachment

APPROVED: _____
D. Stephen Schwabauer, Interim City Manager



CITY OF LODI COUNCIL COMMUNICATION

TM

AGENDA TITLE: Adopt Resolution Approving Fiscal Year 2013/14 Mid-year Budget Adjustments
MEETING DATE: February 19, 2014
PREPARED BY: Deputy City Manager

RECOMMENDED ACTION: Adopt resolution approving Fiscal Year 2013/14 mid-year budget adjustments.

BACKGROUND INFORMATION: Staff presented information to the City Council in a Shirtsleeve meeting on February 4, 2014. No appropriation adjustments are recommended at this time. Council is requested to approve the addition of one permanent Program Coordinator position in the Parks, Recreation and Cultural Services Department. Discussions of funds of interest are detailed below.

General Fund:

Revenue estimates for the General Fund are about \$583,000 higher than projected at initial budget adoption. Three key items make up the bulk of the change in estimated revenue: (1) the County Assessor revised his estimates of property tax collections upwards resulting in additional revenue of about \$98,000 to the City; (2) stronger sales tax collections result in a projected \$235,000 increase in revenue; and (3) utility late charges are estimated to generate about \$200,000 more than initially budgeted. Variances in a number of other accounts make up the remainder of the difference in estimated revenue. Total General Fund estimated revenue is \$42,781,478.

The primary General Fund revenue sources are property taxes, sales taxes, PILOT (electric utility transfer), transfers from other funds and Vehicle License Fees. Combined, these five revenue sources are expected to account for approximately \$33.4 million, or about 78 percent of General Fund revenue. Estimated revenue for these five accounts is about \$390,000 higher than originally budgeted. We have also experienced significant reductions of revenue estimates in moving violation revenues of \$101,000 due to a shift in focus by the Police Department, more people opting for community service rather than paying fines, and a \$125,000 reduction in estimated revenue related to the expiration of a Police hiring grant. Other accounts show smaller variances that account for the total revenue difference of \$583,000 noted above.

General Fund department budgeted and estimated actual costs are shown in the table below. Details of the composition of the variance in each department were provided to Council during the Shirtsleeve session of February 4, 2014.

APPROVED: _____
D. Stephen Schwabauer, Interim City Manager

Department	2013/14 Budget	2013/14 Estimate	Over/ (Under) Budget
City Attorney	\$476,578	\$532,656	\$56,078
City Clerk	\$517,067	\$525,800	\$8,733
City Manager	\$407,853	\$349,039	(\$58,814)
Economic Development	\$481,880	\$490,314	\$8,434
Fire	\$9,637,030	\$9,619,603	(\$17,427)
Internal Services	\$3,237,480	\$3,230,027	(\$7,453)
Non Departmental	\$9,055,222	\$8,973,165	(\$82,057)
Police	\$16,789,830	\$16,552,245	(\$237,585)
Public Works	\$1,894,290	\$1,899,697	\$5,407
Total	\$42,497,230	\$42,172,546	(\$324,684)

Total savings against budget is \$324,684 and is attributed to a variety of items.

Salary and benefit savings account for almost all of the estimated expense reductions and are primarily attributable to vacant positions and changes in medical plan subscriptions. Services and supplies are showing a nominal net savings against budget. Key drivers of these savings are a reduction in DIVCA funded projects coming forward offset by an increase in anticipated professional services.

Parks, Recreation and Cultural Services

The Parks, Recreation and Cultural Services (PRCS) fund is projecting revenues to be \$34,000 below initial budget and expenditures to be \$67,000 below budget. PRCS estimate includes adding the recommended position. The Department has operated with a part-time Program Coordinator position at Lodi Lake for a number of years. Over time, the responsibilities of this position have grown to the point that the individual is essentially working full-time. The requirements of the position are such that a full-time position would be a better manner of staffing, and assist the Department with customer service needs in other parks on weekends. Staff is recommending that Council approve the addition of one permanent, full-time Program Coordinator position for PRCS. Net additional costs for the remainder of the fiscal year are \$6,040. Additional costs will be absorbed within existing appropriations.

FISCAL IMPACT: Conversion of a part-time position to full-time in PRCS will assist with program operations at Lodi Lake. Additional cost of \$6,040 will be absorbed within existing appropriations.

Jordan Ayers
Deputy City Manager

RESOLUTION NO. 2014-_____

A RESOLUTION OF THE LODI CITY COUNCIL
AMENDING THE CITY OF LODI FINANCIAL PLAN AND
BUDGET FOR THE FISCAL YEAR BEGINNING JULY 1,
2013 AND ENDING JUNE 30, 2014

=====

WHEREAS, the City Council adopted a balanced Financial Plan and Budget for Fiscal Year 2013-14 on June 5, 2013, and

WHEREAS, the adopted 2013-14 Financial Plan and Budget was prepared in accordance with the City Council's goals, budget assumptions and policies, and

WHEREAS, revisions to the adopted 2013-14 Financial Plan and Budget are necessary to address the approval of an additional full-time position.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Lodi does hereby approve the addition of one Program Coordinator position in the Parks, Recreation and Cultural Services Fund; funding for such position to be absorbed within existing departmental appropriations.

Dated: February 19, 2014

=====

I hereby certify that Resolution No. 2014-____ as passed and adopted by the City Council of the City of Lodi in a regular meeting held February 19, 2014, by the following votes:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

RANDI JOHL -OLSON
City Clerk



CITY OF LODI COUNCIL COMMUNICATION

TM

AGENDA TITLE: Provide Direction to Staff Regarding Proposition 218 Notice Process

MEETING DATE: February 19, 2014

PREPARED BY: Interim City Manager

RECOMMENDED ACTION: Provide direction to staff regarding Proposition 218 notice process.

BACKGROUND INFORMATION: At its December 19, 2013 meeting, Council gave direction to staff to proceed with the Proposition 218 notice by stuffing inserts in utility bills, provide an explanatory letter from the Public Works Director, revise the notice to be more user-friendly and to translate the notice into Spanish. Staff has prepared the attached revised notice to address the last three Council directives, but staff needs further direction to address new concerns about the bill stuffer approach after researching mail options.

Staff contacted our mailing support service, Pre-Sort Center, and learned that the translated notice (which totals 8 double-sided pages) is too large to fit into our standard envelopes. For Pre-Sort Center to process a notice that size would require a 9 inch-by-12 inch flat envelope at a cost of approximately \$3.00 per bill (normal utility bills cost \$0.60 per bill). In addition, Pre-Sort Center is concerned that it will mismatch an undetermined number of bills with addresses unless it uses a windowed envelope. Unfortunately, Pre-Sort Center has not been able to source a flat with a clear window.

The City's prior separate notice process costs \$0.49 per notice. With more than 50,000 notices, it appears that the stuffer approach is significantly more costly and includes an unknown risk of misdirected bills or unknown delays to allow Pre-Sort Center to source clear-windowed envelopes. As such, staff requests additional Council direction before proceeding.

FISCAL IMPACT: \$24,500 for separate notice or \$150,000 for flat envelope bill stuffer.

FUNDING AVAILABLE: Water/ Wastewater and Waste Management would split total cost in thirds.

Jordan Ayers, Deputy City Manager

D. Stephen Schwabauer, Interim City Manager

APPROVED: _____
D. Stephen Schwabauer, Interim City Manager

Proposition 218 Notification and Protest Hearing Process

Summary:

The Lodi City Council will consider proposed future water, wastewater and contracted solid waste rate increases at a public hearing at 7:00 p.m., Wednesday, April 16, 2014, at the Carnegie Forum, 305 West Pine Street, Lodi. A majority protest would stop the proposed future increases. If you wish to protest the proposed increases written protests may be made in person at the hearing or delivered to:

City of Lodi
Attention: City Clerk
221 West Pine Street
Post Office Box 3006
Lodi, California 95241-1910

If you already filed a protest prior to the continuance of the December 18, 2013 hearing on this Notice, your prior protest will be counted.

Explanation of Protest Process

Proposition 218 requires that the City provide a notice of the proposed future rate schedule to all property owners forty-five (45) days prior to holding a public hearing. If a majority of the property owners or renters who pay the utility bill file oppositions to the increase, the increase will not take effect. A protest must contain a description of the property owned sufficient to identify the property. The address or assessor's parcel number is shown on this mailing.

If the name on the written protest is not shown on the last equalized assessment roll of San Joaquin County as the owner of the property or on the utility account, the signer of the protest must also submit written evidence of ownership or rentership and utility bill responsibility.

At the public hearing, Council shall hear all protests and tabulate the ballots. One written protest per parcel, filed by the owner or tenant (paying the utility bill) of the parcel shall be counted in calculating a majority protest to a proposed new fee or charge subject to the requirements of Section 6 of Article XIII D of the California Constitution. If the votes conflict, the City will count the no vote.

Explanation of Proposed Future Increases:

City Staff is requesting that the City Council pre-authorize inflationary based adjustments in an amount up to the lesser of three percent (3%) or the actual amount of inflation for the next five years to pay for anticipated inflationary based cost increases. Water rates will be increased by up to their applicable index each January 1, from 2015 through 2019 and wastewater rates each July 1, from 2014 through 2019.

In addition staff is requesting that Council make a small adjustment to rates to more equitably distribute costs among its various classes of rate payers. Currently, metered single family residential customers pay for water on a tiered system. The more a customer uses, the more they pay per gallon. However, multi-family (condominiums/duplexes), commercial and industrial customers pay for all their water at the first tier rate. This rate restructuring would effectively

lower costs for single family metered customers and increase rates for multi-family, commercial and industrial customers to achieve better equity between these customer classes. Net rate revenues will remain unchanged.

The City of Lodi proposes to increase all water and wastewater rates by an amount up to the percentage increase in the annual average of the Engineering News Record (20 cities average) Index (“ENR”), as of September 30 (water) and March 31 (wastewater) of each year from 2014 through 2018. The City of Lodi also proposes to increase contracted solid waste charges by the annual change in the Consumer Price Index for All Urban Consumers for San Francisco-San Jose California Area All Items (1982-84=100) published by the Bureau of Labor Statistics (“CPI”) as of December 31 of each year from December 31, 2014 through December 31, 2018. The water and wastewater increases shall not exceed three percent (3%) per year. The ENR and CPI based increases will be implemented as needed to pay for inflation-based increased costs of providing water, wastewater and contracted solid waste services.

The City also proposes to institute new rates for installation of meters over $\frac{3}{4}$ of an inch as set forth in the attached rate table entitled Exhibit A Meter Charge Schedule; establish a new vacant unit rate as set forth in the attached rate table entitled Exhibit B Vacant Unit Rate; approve new flat rate water and wastewater rates as set forth in the attached rate tables entitled Exhibit C Current and Proposed Flat Water Rates and Flat Wastewater Rates; and restructure rates for single-family residential, multi-family and non residential as further described in the attached rate table entitled Exhibit D Current and Proposed Usage Based Water Rates and Usage Based Wastewater Rates. The current commercial compactor rates for solid waste are shown in Exhibit E and will be adjusted for CPI changes as provided in the next paragraph. The rate restructuring, vacant unit rate and meter installation rate for meters exceeding $\frac{3}{4}$ inch will take place on April 17, 2014.

Basis of Proposed Rate Calculation

The new ENR and CPI based rates will be calculated by increasing the then existing rate in each of five years starting in 2014 by the prior year’s increase in the ENR or CPI but not to exceed 3 percent for water and wastewater. Staff’s recommended rate for the meter installation over $\frac{3}{4}$ of an inch is calculated as the City’s actual contracted cost to purchase the meter plus 55 percent to cover a portion of the installation cost and is presented in column 2 of the Exhibit A Meter Charge Schedule. The vacant rate is calculated as the monthly base charge for water or wastewater. The rate restructuring is calculated by increasing the single tier for multi-family and non-residential by the weighted average of the multiple tier rate and decreasing all of the single-family rates by the exact amount of the revenue that the increase to multi-family and non-residential is projected to generate.

Conclusion:

If you have any questions about this notice, please call the Public Works Department at (209) 333-6706 between 7:30 a.m. and 5:30 p.m., Monday through Thursday, and between 8:00 a.m. and 5:00 p.m. on Friday. City Hall is closed every other Friday.

RANDI JOHL-OLSON, City Clerk
City of Lodi

Notificación de Proposición 218 y proceso de audiencia de protesta

Resumen:

El Consejo de la ciudad de Lodi considerará los incrementos propuestos en las tarifas de agua, aguas residuales y desechos sólidos contratados en una audiencia pública a las 7 PM, el miércoles 16 de abril de 2014, en el Carnegie Forum, en el 305 West Pine Street, Lodi. Una protesta mayoritaria detendrán los incrementos futuros propuestos. Si desea protestar por los incrementos se pueden hacer protestas por escrito en persona en la audiencia o las puede entregar en:

Ciudad de Lodi
Atención: City Clerk
221 West Pine Street
Post Office Box 3006
Lodi, California 95241-1910

Si ya presentó una protesta antes del aplazamiento de la audiencia del 18 de diciembre de 2013 por esta Notificación, su protesta anterior será contada.

Explicación del proceso de protesta

La Proposición 218 requiere que la Ciudad proporcione una notificación del programa de tarifas futuras propuestas a todos los dueños de propiedad cuarenta y cinco (45) días antes de llevar a cabo la audiencia pública. Si la mayoría de los dueños de propiedad o renteros que pagan el recibo de servicios presentan oposiciones por el incremento, éste no entrará en vigor. Una protesta debe contener una descripción de la propiedad suficiente para identificar la misma. La dirección o número de parcela del valuador se muestra en este correo.

Si no se muestra el nombre en la protesta por escrito en la última lista de tasación ajustada del Condado de San Joaquín como dueño de la propiedad o en la cuenta de servicios, el firmante de la propuesta también debe presentar evidencia por escrito de dicha propiedad o arrendamiento y su responsabilidad por el recibo de servicios.

En la audiencia pública, el Consejo deberá escuchar todas las propuestas y tabular los votos. Se deberá contar una protesta por escrito por parcela, presentada por el propietario o inquilino (pagando el recibo de servicios) de la parcela para el cálculo de una protesta mayoritaria por un cargo o tarifa nueva propuesta sujeto a los requerimientos de la Sección 6 del Artículo XIII D de la Constitución de California. Si hay conflicto en los votos, la Ciudad lo contará sin voto.

Explicación de los incrementos futuros propuestos:

El personal de la Ciudad está solicitando que el Consejo de la ciudad pre-autorice los ajustes basados en la inflación por una cantidad que sea la menor de tres por ciento (3%) o la cantidad real de la inflación por los siguientes cinco años para pagar los incrementos de costos anticipados basados en la inflación. Las tarifas de agua se incrementarán hasta su índice aplicable cada 1 de enero, de 2015 a 2019 y las tarifas por aguas residuales cada 1 de julio, de 2014 al 2019.

Además, el personal solicita que el Consejo haga pequeños ajustes a las tarifas para distribuir los costos más equitativamente entre sus diversas clases de pagadores de tarifa. Actualmente, los clientes residenciales unifamiliares con medidor pagan por agua con un sistema de niveles. Entre más usa un cliente, más paga por galón. Sin embargo, los clientes de multifamiliares (condominios/dúplex), comerciales e industriales pagan por toda su agua con tarifa de primer nivel. Esta reestructuración de tarifas disminuirá efectivamente los costos para los clientes unifamiliares con medidor e incrementará las tarifas para clientes multifamiliares, comerciales e

industriales para lograr una mayor equidad entre las clases de clientes. Los ingresos netos por tarifas permanecerán sin cambio.

La Ciudad de Lodi propone incrementar todas las tarifas de agua y aguas residuales por una cantidad de hasta el porcentaje de incremento en el promedio anual del Índice del Engineering News Record ("ENR") (promedio de 20 ciudades), al 30 de septiembre (agua) y 31 de marzo (aguas residuales) para cada año del 2014 al 2018. La Ciudad de Lodi también propone incrementar los cargos por desechos sólidos contratados por el cambio anual en el Índice de precios al consumidor para todos los consumidores urbanos del área de San Francisco-San José California, todos los conceptos (1982-84=100) publicados por la Oficina de Estadísticas Laborales ("IPC") al 31 de diciembre de cada año del 31 de diciembre de 2014 al 31 de diciembre de 2018. Los incrementos en agua y aguas residuales no excederá del tres por ciento (3%) por año. Los incrementos basados en ENR e IPC serán implementados según sea necesario para pagar los costos incrementados basados en la inflación para proporcionar servicios de agua, aguas residuales y desechos sólidos contraídos.

La Ciudad también propone instituir nuevas tarifas para la instalación de medidores de más de $\frac{3}{4}$ de pulgada como se establece en la tabla de tarifas adjunta titulada como Anexo A Programa de cargos por medidor; establecer una nueva tarifa de unidad vacante como se establece en la tabla de tarifas adjunta titulada como Anexo B Tarifa de unidad vacante; aprobar una nueva tarifa fija para agua y aguas residuales como se establece en las tablas de tarifas adjuntas tituladas Anexo C Tarifas de agua fijas y tarifas de aguas residuales fijas actuales y propuestas; y tarifas de reestructuración para unifamiliares residenciales, multifamiliares y no residenciales como se describe en la tabla de tarifas adjunta titulada Anexo D Tarifas de agua y tarifas de aguas residuales basadas en uso actuales y propuestas. Las tarifas de compactador comercial actuales se muestran en el Anexo E y se ajustarán según los campos en el IPC como se indica en el siguiente párrafo. La tarifa de reestructuración, la tarifa de unidad vacante y la tarifa de instalación de medidor para medidores que exceden $\frac{3}{4}$ de pulgada se aplicarán el 17 de abril de 2014.

Bases para el cálculo de la tarifa propuesta

Las nuevas tarifas basadas en el ENR y el IPC serán calculadas al incrementar la tarifa entonces existente en cada uno de los cinco años a partir de 2014 por el incremento del año anterior en el ENR o el IPC sin exceder el 3 por ciento para agua y aguas residuales. La tarifa recomendada por el personal para la instalación de medidor de más de $\frac{3}{4}$ de pulgada se calcula según el costo contratado actual de la Ciudad para comprar el medidor más 55 por ciento para cubrir una porción de la instalación y se presenta en la columna 2 del Anexo A Programa de cargos por medidor. La tarifa de vacantes se calcula en un cargo mensual por agua y aguas residuales. La tarifa de reestructuración se calcula al incrementar el nivel único para multifamiliar y no residencial según el promedio ponderado de tarifas de múltiple nivel y disminuyendo todas las tarifas de unifamiliares por la cantidad exacta de ingresos que el incremento en multifamiliares y no residenciales se proyecta que genere.

Conclusión:

Si tiene alguna pregunta sobre esta notificación, llamar al Departamento de Obras Públicas al (209) 333-6706 entre 7:30 AM y 5:30 PM, de lunes a jueves y entre las 8:00 AM y las 5:00 PM los viernes. El Ayuntamiento cierra cada dos viernes.

RANDI JOHL-OLSON, Secretario del ayuntamiento
Ciudad de Lodi

CITY COUNCIL

PHIL KATZAKIAN, Mayor
LARRY D. HANSEN,
Mayor Pro Tempore
BOB JOHNSON
JOANNE L. MOUNCE
ALAN NAKANISHI

CITY OF LODI

PUBLIC WORKS DEPARTMENT

CITY HALL, 221 WEST PINE STREET / P.O. BOX 3006
LODI, CALIFORNIA 95241-1910
TELEPHONE (209) 333-6706 / FAX (209) 333-6710
EMAIL pwdept@lodi.gov
<http://www.lodi.gov>

KONRADT BARTLAM,
City Manager

RANDI JOHL-OLSON,
City Clerk

D. STEPHEN SCHWABAUER,
City Attorney

F. WALLY SANDELIN,
Public Works Director

February 1, 2014

SUBJECT: Proposed Schedule of Utility Rate Increases

This letter to our utility customers addresses some commonly questioned aspects of the Proposition 218 process relative to forecasted utility rate increases. One, the City's Proposition 218 notices will not result in any increase in utility rates. The Proposition 218 notice is a notice of proposed rate schedules and does not constitute a utility rate increase. In the case of water and wastewater rates, it sets a maximum limit of 3% for future rate increases, even if the inflationary index exceeds 3%. In the case of refuse rates, it sets a maximum limit equal to the change in the Consumer Price Index (CPI).

Two, the City has acted transparently by regularly presenting at numerous public meetings the financial models for the water and wastewater utilities that contain specific information on the forecasted increases in costs for personnel, utilities, materials, supplies, and debt service and lists specific system improvement projects. As recently as October 15, 2013, this information was presented at the Shirtsleeve meeting and is available online at the City Council Agendas and Minutes site.

Three, the financial models present the best information available that support the notion of continued modest increases in rates. Again, the Council will not be voting on April 16 to increase rates by 3% for each of the next five years. Each year, actual numbers from the prior year and budget numbers for the next year provide the facts to Council so a decision can be made as to whether there should be no rate increase or a modest increase.

Four, the objective of the proposed rate schedules is to make it possible to offset inflationary increases in water and wastewater operating costs should that become necessary. The rate changes are not intended to fund capital projects. In the past, maximum permitted rate increases have not been implemented and, in fact, the average annual water rate increase has been 1.2% over the past six years.

Five, the proposed rate schedules will not be used to pay for infrastructure required to serve the demands presented by new development. The development impact fee program requires new development to reimburse the City for past and future investments in water, wastewater, streets, police, fire and other infrastructure. In fact, if new development exceeds that forecasted in the financial models, this could partially offset recommended inflationary increases.

Lastly, significant system improvements are planned that will, in the long term, significantly reduce expensive maintenance costs and evenly spread utility costs (rates) amongst our customers. These system improvements include the water and wastewater replacement program, water meter installation program, old water meter retrofit program, and system-wide well maintenance. And there are administration costs to run the utilities with much of those costs related to meeting State requirements for the operation of the wastewater treatment plant and the recently-completed water treatment plant.

Sincerely,

F. Wally Sandelin
Public Works Director

FWS/pmf

CITY COUNCIL

PHIL KATZAKIAN, Mayor
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D. STEPHEN SCHWABAUER,
City Attorney

F. WALLY SANDELIN,
Public Works Director

1 de febrero de 2014

TEMA: Programa propuesto para incrementos en tarifas de servicios

Esta carta para nuestros clientes de servicios trata algunos de los aspectos comúnmente cuestionados sobre el proceso de la Proposición 218 relativo a la predicción de incrementos en las tarifas de servicios. Uno, las notificaciones de la Proposición 218 de la ciudad no resultarán en ningún incremento de las tarifas de servicios. La notificación de la Proposición 218 es una notificación sobre el programa de tarifas propuesta y no constituye un incremento en las tarifas de servicios. En el caso de las tarifas por agua y aguas residuales, se tiene establecido un límite máximo de 3% para futuros incrementos en tarifas, incluso si el índice inflacionario excede el 3%. En el caso de tarifas de rechazo, se establece un límite máximo igual al cambio en el Índice de precios al consumidor (IPC).

Dos, la Ciudad ha actuado de manera transparente al presentar regularmente en numerosas reuniones públicas los modelos financieros de los servicios de agua y aguas residuales los cuales contienen información específica sobre los incrementos pronosticados en cuanto a los costos de personal, servicios, materiales, suministros y servicios de deuda y enumera proyectos específicos de mejora en el sistema. Tan reciente como el 15 de octubre de 2013, esta información fue presentada en la reunión de Shirtsleeve y también está disponible en línea en el sitio de Agenda y minutas del consejo municipal.

Tres, los modelos financieros presentan la mejor información disponible que apoya la noción de incrementos modestos continuos en las tarifas. De nuevo, el Consejo no votará el 16 de abril para el incremento de las tarifas en un 3% para cada uno de los siguientes cinco años. Cada año, los números reales del año anterior y los números del presupuesto para el siguiente año proporcionan los hechos para el Consejo de manera que se pueda tomar una decisión respecto a si no debe haber incremento en las tarifas o si debe haber un incremento modesto.

El objetivo del programa de tarifas propuesto es el de poder compensar los incrementos inflacionarios en los costos de operación del agua y aguas residuales de ser estos necesarios. Los cambios en las tarifas no tienen el propósito de generar fondos para proyectos de inversión. En el pasado, los incrementos máximos permitidos a las tarifas no fueron implementado y, de hecho, la tarifa promedio anual por agua ha incrementado 1.2\$ durante los últimos seis años.

Cinco, el programa de tarifas propuesto no será usado para pagar por la infraestructura requerida para dar servicio a la demanda requerida por el nuevo desarrollo. El programa de cuota de impacto del desarrollo requiere que el nuevo desarrollo reembolse a la Ciudad las inversiones pasadas y futuras en agua, aguas residuales, calles, policía, incendio y demás infraestructuras. De hecho, si el nuevo desarrollo excede dicho pronóstico en los modelos financieros, esto podría compensar parcialmente los incrementos inflacionarios recomendados.

Por último, se planean significativas mejoras en el sistema que, a largo plazo, reducirán significativamente los caros costos de mantenimiento y distribuirán de manera equitativa los costos (tarifas) por servicios entre nuestros clientes. Estas mejoras en el sistema incluyen programa de reemplazo de agua y aguas residuales, programa de instalación de medidores de agua, programa de reacondicionamiento de medidores antiguos de agua y mantenimiento de todo el sistema. Y hay costos administrativos para hacer funcionar los servicios con muchos de esos costos relacionados a cumplir con los requerimientos estatales por operación de la planta de tratamiento de aguas residuales y la planta de tratamiento de agua recientemente terminada.

Cordialmente,

F. Wally Sandelin
Director de obras públicas

FWS/pmf

Exhibit A

Meter Charge Schedule

Meter Size	Recommended Price Based (Cost x 1.55)	Capacity Based	Installed Cost (Contractor Prices)	Lodi Fee Schedule	Santa Clara Fee Schedule	No Charge
$\frac{3}{4}$	\$300	\$300	\$940	\$400	\$370	\$0
1	\$350	\$500	\$1,420	\$480	\$365	\$0
1 $\frac{1}{2}$	\$780	\$1,000	\$3,810	\$745	\$1,565	\$0
2	\$970	\$1,600	\$5,720	\$930	\$1,730	\$0
3	\$1,980	\$3,000	\$5,950	N/A	\$2,065	\$0
4	\$3,570	\$5,000	N/A	N/A	\$4,130	\$0
6	\$6,760	\$10,000	N/A	N/A	\$6,750	\$0
8	\$11,520	\$16,000	N/A	N/A	\$10,670	\$0

Exhibit B

Vacant Unit Rate

- Flat rate residential customers – monthly service charge for a $\frac{3}{4}$ inch meter
- Metered residential customers – no vacant utility rate
- Master metered multi-family – no vacant utility rate
- Metered multi-family unit – no vacant utility rate
- Monthly service charge will reduce with conservation pricing

Anexo A

Programa de cobro de medidor

Tamaño de medidor	Precio base recomendado (Costo x 1.55)	Capacidad basada	Costo instalado (Precios de contratista)	Programa de tarifas de Lodi	Programa de tarifas de Santa Clara	Sin cargo
$\frac{3}{4}$	\$300	\$300	\$940	\$400	\$370	\$0
1	\$350	\$500	\$1,420	\$480	\$365	\$0
1 $\frac{1}{2}$	\$780	\$1,000	\$3,810	\$745	\$1,565	\$0
2	\$970	\$1,600	\$5,720	\$930	\$1,730	\$0
3	\$1,980	\$3,000	\$5,950	N/A	\$2,065	\$0
4	\$3,570	\$5,000	N/A	N/A	\$4,130	\$0
6	\$6,760	\$10,000	N/A	N/A	\$6,750	\$0
8	\$11,520	\$16,000	N/A	N/A	\$10,670	\$0

Anexo B

Tarifa de unidad vacante

- Tarifa fija clientes residenciales – cargo mensual por servicio por un medidor de $\frac{3}{4}$ de pulgada
- Clientes residenciales con medidor – sin tarifa de servicio vacante
- Multifamiliar con medidor principal – sin tarifa de servicio vacante
- Unidad multifamiliar con medidor – sin tarifa de servicio vacante
- El cargo mensual de servicio se reducirá con precios de conservación

Exhibit C
City of Lodi
Current and Proposed Flat Water Rates

	Current (Jan. 2013)	Proposed (Jan. 2014)	Future Rate Ceiling				
			Proposed (Jan. 2015)	Proposed (Jan. 2016)	Proposed (Jan. 2017)	Proposed (Jan. 2018)	Proposed (Jan. 2019)
Rate Increase -->		2.5%	3.0%	3.0%	3.0%	3.0%	3.0%
FLAT RATES							
Single Family Residential							
1 Bedroom	\$ 29.90	\$ 30.65	\$ 31.57	\$ 32.52	\$ 33.50	\$ 34.51	\$ 35.55
2 Bedroom	\$ 35.91	\$ 36.81	\$ 37.91	\$ 39.05	\$ 40.22	\$ 41.43	\$ 42.67
3 Bedroom	\$ 43.04	\$ 44.12	\$ 45.44	\$ 46.80	\$ 48.20	\$ 49.65	\$ 51.14
4 Bedroom	\$ 51.72	\$ 53.01	\$ 54.60	\$ 56.24	\$ 57.93	\$ 59.67	\$ 61.46
5 Bedroom	\$ 62.03	\$ 63.58	\$ 65.49	\$ 67.45	\$ 69.47	\$ 71.55	\$ 73.70
6 Bedroom	\$ 74.44	\$ 76.30	\$ 78.59	\$ 80.95	\$ 83.38	\$ 85.88	\$ 88.46
Multi-Family (1)							
1 Bedroom	\$ 25.67	\$ 26.31	\$ 27.10	\$ 27.91	\$ 28.75	\$ 29.61	\$ 30.50
2 Bedroom	\$ 30.79	\$ 31.56	\$ 32.51	\$ 33.49	\$ 34.49	\$ 35.52	\$ 36.59
3 Bedroom	\$ 36.94	\$ 37.86	\$ 39.00	\$ 40.17	\$ 41.38	\$ 42.62	\$ 43.90
4 Bedroom	\$ 44.32	\$ 45.43	\$ 46.79	\$ 48.19	\$ 49.64	\$ 51.13	\$ 52.66
Mobile Homes							
Any Size	\$ 25.67	\$ 26.31	\$ 27.10	\$ 27.91	\$ 28.75	\$ 29.61	\$ 30.50
Non-Residential							
Existing unmetered	Varies	+2.5%	+3.0%	+3.0%	+3.0%	+3.0%	+3.0%

Notes:

(1) Multi-family includes duplexes, triplexes, fourplexes, apartments, and condominiums.

Anexo C
Ciudad de Lodi
Tarifas de agua fijas actuales y propuestas

	Actual (Ene. 2013)	Propuesta (Ene. 2014)	Tarifa futura máxima				
			Propuesta (Ene. 2015)	Propuesta (Ene. 2016)	Propuesta (Ene. 2017)	Propuesta (Ene. 2018)	Propuesta (Ene. 2019)
Incremento de tarifa -->		2.5%	3.0%	3.0%	3.0%	3.0%	3.0%
TARIFAS FIJAS							
Residencial unifamiliar							
1 recámara	\$ 29.90	\$ 30.65	\$ 31.57	\$ 32.52	\$ 33.50	\$ 34.51	\$ 35.55
2 recámaras	\$ 35.91	\$ 36.81	\$ 37.91	\$ 39.05	\$ 40.22	\$ 41.43	\$ 42.67
3 recámaras	\$ 43.04	\$ 44.12	\$ 45.44	\$ 46.80	\$ 48.20	\$ 49.65	\$ 51.14
4 recámaras	\$ 51.72	\$ 53.01	\$ 54.60	\$ 56.24	\$ 57.93	\$ 59.67	\$ 61.46
5 recámaras	\$ 62.03	\$ 63.58	\$ 65.49	\$ 67.45	\$ 69.47	\$ 71.55	\$ 73.70
6 recámaras	\$ 74.44	\$ 76.30	\$ 78.59	\$ 80.95	\$ 83.38	\$ 85.88	\$ 88.46
Multifamiliar (1)							
1 recámara	\$ 25.67	\$ 26.31	\$ 27.10	\$ 27.91	\$ 28.75	\$ 29.61	\$ 30.50
2 recámaras	\$ 30.79	\$ 31.56	\$ 32.51	\$ 33.49	\$ 34.49	\$ 35.52	\$ 36.59
3 recámaras	\$ 36.94	\$ 37.86	\$ 39.00	\$ 40.17	\$ 41.38	\$ 42.62	\$ 43.90
4 recámaras	\$ 44.32	\$ 45.43	\$ 46.79	\$ 48.19	\$ 49.64	\$ 51.13	\$ 52.66
Casas móviles							
Cualquier tamaño	\$ 25.67	\$ 26.31	\$ 27.10	\$ 27.91	\$ 28.75	\$ 29.61	\$ 30.50
No residencial							
Existentes sin medido	Varía	+2.5%	+3.0%	+3.0%	+3.0%	+3.0%	+3.0%

Notas:

(1) Multifamiliar incluye duplex, tres y cuatro juntas, departamentos y condominios.

Exhibit C
City of Lodi
Current and Proposed Flat Wastewater Rates

	Current (Jul. 2013)	Future Rate Ceiling				
		Proposed (Jul. 2014)	Proposed (Jul. 2015)	Proposed (Jul. 2016)	Proposed (Jul. 2017)	Proposed (Jul. 2018)
Rate Increase -->		3.0%	3.0%	3.0%	3.0%	3.0%
FLAT RATES						
<i>Single Family Residential</i>						
1 Bedroom	\$ 25.83	\$ 26.60	\$ 27.40	\$ 28.22	\$ 29.07	\$ 29.94
2 Bedroom	\$ 34.44	\$ 35.47	\$ 36.53	\$ 37.63	\$ 38.76	\$ 39.92
3 Bedroom	\$ 43.05	\$ 44.34	\$ 45.67	\$ 47.04	\$ 48.45	\$ 49.90
4 Bedroom	\$ 51.66	\$ 53.21	\$ 54.81	\$ 56.45	\$ 58.14	\$ 59.88
5 Bedroom	\$ 60.27	\$ 62.08	\$ 63.94	\$ 65.86	\$ 67.84	\$ 69.88
6 Bedroom	\$ 68.88	\$ 70.95	\$ 73.08	\$ 75.27	\$ 77.53	\$ 79.86
7 Bedroom	\$ 77.49	\$ 79.81	\$ 82.20	\$ 84.67	\$ 87.21	\$ 89.83
<i>Duplexes, Triplexes, Fourplexes, Apartments, and Condominiums</i>						
1 Bedroom	\$ 25.83	\$ 26.60	\$ 27.40	\$ 28.22	\$ 29.07	\$ 29.94
2 Bedroom	\$ 34.44	\$ 35.47	\$ 36.53	\$ 37.63	\$ 38.76	\$ 39.92
3 Bedroom	\$ 43.05	\$ 44.34	\$ 45.67	\$ 47.04	\$ 48.45	\$ 49.90
4 Bedroom	\$ 51.66	\$ 53.21	\$ 54.81	\$ 56.45	\$ 58.14	\$ 59.88
<i>Mobile Homes</i>						
Any Size	\$ 25.83	\$ 26.60	\$ 27.40	\$ 28.22	\$ 29.07	\$ 29.94
<i>Non-Residential (1)</i>						
Per SSU	\$ 34.44	\$ 35.47	\$ 36.53	\$ 37.63	\$ 38.76	\$ 39.92

Notes:

(1) Proposed flat wastewater rates for schools are to be determined on the basis of 18 student per SSU.

Anexo C
Ciudad de Lodi
Tarifas de agua residuales fijas actuales y propuestas

	Actual (Ene. 2013)	Tarifa futura máxima				
		Propuesta (Ene. 2014)	Propuesta (Ene. 2015)	Propuesta (Ene. 2016)	Propuesta (Ene. 2017)	Propuesta (Ene. 2018)
Incremento de tarifa -->		3.0%	3.0%	3.0%	3.0%	3.0%
TARIFAS FIJAS						
<i>Residencial unifamiliar</i>						
1 recámara	\$ 25.83	\$ 26.60	\$ 27.40	\$ 28.22	\$ 29.07	\$ 29.94
2 recámaras	\$ 34.44	\$ 35.47	\$ 36.53	\$ 37.63	\$ 38.76	\$ 39.92
3 recámaras	\$ 43.05	\$ 44.34	\$ 45.67	\$ 47.04	\$ 48.45	\$ 49.90
4 recámaras	\$ 51.66	\$ 53.21	\$ 54.81	\$ 56.45	\$ 58.14	\$ 59.88
5 recámaras	\$ 60.27	\$ 62.08	\$ 63.94	\$ 65.86	\$ 67.84	\$ 69.88
6 recámaras	\$ 68.88	\$ 70.95	\$ 73.08	\$ 75.27	\$ 77.53	\$ 79.86
7 recámaras	\$ 77.49	\$ 79.81	\$ 82.20	\$ 84.67	\$ 87.21	\$ 89.83
<i>duplex, tres y cuatro juntas, departamentos y condominios</i>						
1 recámara	\$ 25.83	\$ 26.60	\$ 27.40	\$ 28.22	\$ 29.07	\$ 29.94
2 recámaras	\$ 34.44	\$ 35.47	\$ 36.53	\$ 37.63	\$ 38.76	\$ 39.92
3 recámaras	\$ 43.05	\$ 44.34	\$ 45.67	\$ 47.04	\$ 48.45	\$ 49.90
4 recámaras	\$ 51.66	\$ 53.21	\$ 54.81	\$ 56.45	\$ 58.14	\$ 59.88
<i>Casas móviles</i>						
Cualquier tamaño	\$ 25.83	\$ 26.60	\$ 27.40	\$ 28.22	\$ 29.07	\$ 29.94
<i>No residencial (1)</i>						
Por SSU	\$ 34.44	\$ 35.47	\$ 36.53	\$ 37.63	\$ 38.76	\$ 39.92

Notas:

(1) Las tarifas fijas por aguas residuales propuestas para escuelas serán determinadas basandose en 18 estudiantes por SSU.

**Exhibit D
City of Lodi
Current and Proposed Usage-Based Water Rates**

	Current (Jan. 2013)	Proposed (Jan. 2014)	Proposed (Jan. 2014)	Future Rate Ceiling				
				Proposed (Jan. 2015)	Proposed (Jan. 2016)	Proposed (Jan. 2017)	Proposed (Jan. 2018)	Proposed (Jan. 2019)
Rate Increase -->	2.5% (2)	(3)	(3)	3.0% (4)	3.0% (4)	3.0%	3.0%	3.0%
USAGE-BASED RATES								
Monthly Service Charge								
Single Family								
Up to 3/4" meter	\$ 23.78	\$ 24.37	\$ 23.26	\$ 22.80	\$ 21.65	\$ 22.30	\$ 22.97	\$ 23.66
1" meter	\$ 38.60	\$ 39.57	\$ 37.38	\$ 36.26	\$ 34.01	\$ 35.03	\$ 36.08	\$ 37.16
1 1/2" meter	\$ 75.42	\$ 77.31	\$ 72.45	\$ 69.63	\$ 64.62	\$ 66.56	\$ 68.56	\$ 70.62
2" meter	\$ 119.79	\$ 122.78	\$ 114.71	\$ 109.84	\$ 101.52	\$ 104.57	\$ 107.71	\$ 110.94
Multi-Family and Non-Residential (1)								
Up to 3/4" meter	\$ 23.78	\$ 24.37	\$ 23.26	\$ 22.80	\$ 21.65	\$ 22.30	\$ 22.97	\$ 23.66
1" meter	\$ 38.60	\$ 39.57	\$ 37.38	\$ 36.26	\$ 34.01	\$ 35.03	\$ 36.08	\$ 37.16
1 1/2" meter	\$ 60.24	\$ 61.75	\$ 62.08	\$ 64.28	\$ 64.62	\$ 66.56	\$ 68.56	\$ 70.62
2" meter	\$ 75.27	\$ 77.15	\$ 84.29	\$ 94.17	\$ 101.52	\$ 104.57	\$ 107.71	\$ 110.94
3" meter	\$ 105.38	\$ 108.01	\$ 132.74	\$ 162.18	\$ 187.65	\$ 193.28	\$ 199.08	\$ 205.05
4" meter	\$ 135.51	\$ 138.90	\$ 193.14	\$ 254.80	\$ 310.67	\$ 319.99	\$ 329.59	\$ 339.48
6" meter	\$ 195.68	\$ 200.57	\$ 333.69	\$ 480.82	\$ 617.94	\$ 636.48	\$ 655.57	\$ 675.24
8" meter	\$ 255.91	\$ 262.31	\$ 494.23	\$ 747.94	\$ 986.82	\$ 1,016.42	\$ 1,046.91	\$ 1,078.32
10" meter	\$ 316.01	\$ 323.91	\$ 674.61	\$ 1,056.08	\$ 1,417.30	\$ 1,459.82	\$ 1,503.61	\$ 1,548.72
Usage Rates (\$/CCF)								
Single Family								
Tier 1 (0-10 CCF)	\$ 0.92	\$ 0.94	\$ 0.94	\$ 0.97	\$ 0.96	\$ 0.99	\$ 1.02	\$ 1.05
Tier 2 (11-50 CCF)	\$ 1.38	\$ 1.41	\$ 1.35	\$ 1.33	\$ 1.27	\$ 1.31	\$ 1.35	\$ 1.39
Tier 3 (>50 CCF)	\$ 1.82	\$ 1.87	\$ 1.76	\$ 1.70	\$ 1.59	\$ 1.64	\$ 1.69	\$ 1.74
Multi-Family and Non-Residential (1)								
All water usage	\$ 0.92	\$ 0.94	\$ 1.00	\$ 1.09	\$ 1.14	\$ 1.17	\$ 1.21	\$ 1.25

Notes:

- (1) Multi-family includes duplexes, triplexes, fourplexes, apartments, condominiums, and mobile home parks.
- (2) This schedule includes the proposed indexing of 2.5 percent, with no rate structure changes.
- (3) This rate schedule is revenue neutral relative to the proposed newly indexed January 2014 water rates, but includes the beginning of the proposed 3-year phased changes to the rate structure.
- (4) These rate schedules reflect the second and third year of the 3-year rate structure phasing, as well as the maximum potential rate adjustment due to ENR indexing.

**Anexo D
Ciudad de Lodi
Tarifas de agua basadas en utilización actuales y propuestas**

	Actual (Ene. 2013)	Propuesta (Ene. 2014)	Propuesta (Ene. 2014)	Tarifa futura máxima				
				Propuesta (Ene. 2015)	Propuesta (Ene. 2016)	Propuesta (Ene. 2017)	Propuesta (Ene. 2018)	Propuesta (Ene. 2019)
Incremento de tarifa -->	2.5% (2)	(3)	(3)	3.0% (4)	3.0% (4)	3.0%	3.0%	3.0%
TARIFAS BASADAS EN UTILIZACIÓN								
Cargo mensual por servicio								
Unifamiliar								
Medidor hasta 3/4"	\$ 23.78	\$ 24.37	\$ 23.26	\$ 22.80	\$ 21.65	\$ 22.30	\$ 22.97	\$ 23.66
Medidor de 1"	\$ 38.60	\$ 39.57	\$ 37.38	\$ 36.26	\$ 34.01	\$ 35.03	\$ 36.08	\$ 37.16
Medidor de 1 1/2"	\$ 75.42	\$ 77.31	\$ 72.45	\$ 69.63	\$ 64.62	\$ 66.56	\$ 68.56	\$ 70.62
Medidor de 2"	\$ 119.79	\$ 122.78	\$ 114.71	\$ 109.84	\$ 101.52	\$ 104.57	\$ 107.71	\$ 110.94
Multifamiliar y no residencial (1)								
Medidor hasta 3/4"	\$ 23.78	\$ 24.37	\$ 23.26	\$ 22.80	\$ 21.65	\$ 22.30	\$ 22.97	\$ 23.66
Medidor de 1"	\$ 38.60	\$ 39.57	\$ 37.38	\$ 36.26	\$ 34.01	\$ 35.03	\$ 36.08	\$ 37.16
Medidor de 1 1/2"	\$ 60.24	\$ 61.75	\$ 62.08	\$ 64.28	\$ 64.62	\$ 66.56	\$ 68.56	\$ 70.62
Medidor de 2"	\$ 75.27	\$ 77.15	\$ 84.29	\$ 94.17	\$ 101.52	\$ 104.57	\$ 107.71	\$ 110.94
Medidor de 3"	\$ 105.38	\$ 108.01	\$ 132.74	\$ 162.18	\$ 187.65	\$ 193.28	\$ 199.08	\$ 205.05
Medidor de 4"	\$ 135.51	\$ 138.90	\$ 193.14	\$ 254.80	\$ 310.67	\$ 319.99	\$ 329.59	\$ 339.48
Medidor de 6"	\$ 195.68	\$ 200.57	\$ 333.69	\$ 480.82	\$ 617.94	\$ 636.48	\$ 655.57	\$ 675.24
Medidor de 8"	\$ 255.91	\$ 262.31	\$ 494.23	\$ 747.94	\$ 986.82	\$ 1,016.42	\$ 1,046.91	\$ 1,078.32
Medidor de 10"	\$ 316.01	\$ 323.91	\$ 674.61	\$ 1,056.08	\$ 1,417.30	\$ 1,459.82	\$ 1,503.61	\$ 1,548.72
Tarifas de utilización (\$/CCF)								
Unifamiliar								
Nivel 1 (0-10 CCF)	\$ 0.92	\$ 0.94	\$ 0.94	\$ 0.97	\$ 0.96	\$ 0.99	\$ 1.02	\$ 1.05
Nivel 2 (11-50 CCF)	\$ 1.38	\$ 1.41	\$ 1.35	\$ 1.33	\$ 1.27	\$ 1.31	\$ 1.35	\$ 1.39
Nivel 3 (>50 CCF)	\$ 1.82	\$ 1.87	\$ 1.76	\$ 1.70	\$ 1.59	\$ 1.64	\$ 1.69	\$ 1.74
Multifamiliar y no residencial (1)								
Todo uso de agua	\$ 0.92	\$ 0.94	\$ 1.00	\$ 1.09	\$ 1.14	\$ 1.17	\$ 1.21	\$ 1.25

Notas:

- (1) Multifamiliar incluye duplex, tres y cuatro juntas, departamentos, condominios y parques para casas móviles.
- (2) Este programa incluye la indexación propuesta del 2.5 por ciento, sin cambios en la estructura de tarifas.
- (3) Este programa de tarifas es neutral en cuanto a ingresos relativo a las tarifas por agua de enero de 2014 recién indexadas propuestas, pero incluyen el inicio de los cambios a 3 años propuestos para la estructura de tarifas.
- (4) Estos programas de tarifas reflejan el segundo y tercer año de una adopción de estructura de tarifas a 3 años, así como el ajuste máximo a la tarifa potencial debido al indexado ENR.

**Exhibit D
City of Lodi
Current and Proposed Usage-Based Wastewater Rates**

Current (Jul. 2013)	Future Rate Ceiling				
	Proposed (Jul. 2014)	Proposed (Jul. 2015)	Proposed (Jul. 2016)	Proposed (Jul. 2017)	Proposed (Jul. 2018)
Rate Increase -->	3.0%	3.0%	3.0%	3.0%	3.0%
USAGE-BASED RATES					
Monthly Service Charge					
Single Family (per DU) \$ 23.52	\$ 24.23	\$ 24.96	\$ 25.71	\$ 26.48	\$ 27.27
Multi-Family and Non-Residential (1)					
Up to 3/4" meter	\$ 24.23	\$ 24.96	\$ 25.71	\$ 26.48	\$ 27.27
1" meter	\$ 38.83	\$ 39.99	\$ 41.19	\$ 42.43	\$ 43.70
1 1/2" meter	\$ 75.03	\$ 77.28	\$ 79.60	\$ 81.99	\$ 84.45
2" meter	\$ 118.63	\$ 122.19	\$ 125.86	\$ 129.64	\$ 133.53
3" meter	\$ 220.45	\$ 227.06	\$ 233.87	\$ 240.89	\$ 248.12
4" meter	\$ 365.88	\$ 376.86	\$ 388.17	\$ 399.82	\$ 411.81
6" meter	\$ 729.12	\$ 750.99	\$ 773.52	\$ 796.73	\$ 820.63
8" meter	\$ 1,165.18	\$ 1,200.14	\$ 1,236.14	\$ 1,273.22	\$ 1,311.42
Usage Rates (\$/CCF)					
Single Family (2) \$ 2.68	\$ 2.76	\$ 2.84	\$ 2.93	\$ 3.02	\$ 3.11
Multi-Family (2)	\$ 2.76	\$ 2.84	\$ 2.93	\$ 3.02	\$ 3.11
Non-Residential (2) (3)					
Low Strength	\$ 2.76	\$ 2.84	\$ 2.93	\$ 3.02	\$ 3.11
Medium Strength	\$ 3.45	\$ 3.55	\$ 3.66	\$ 3.77	\$ 3.88
High Strength	\$ 4.49	\$ 4.62	\$ 4.76	\$ 4.90	\$ 5.05
Industrial (4)					
Flow (per MG annually) \$ 3,487.41	\$ 3,592.03	\$ 3,699.79	\$ 3,810.78	\$ 3,925.10	\$ 4,042.85
BOD (per 1,000 lbs annual) \$ 575.51	\$ 592.78	\$ 610.56	\$ 628.88	\$ 647.75	\$ 667.18
SS (per 1,000 lbs annually) \$ 359.85	\$ 370.65	\$ 381.77	\$ 393.22	\$ 405.02	\$ 417.17

Notes:

- (1) Multi-family includes duplexes, triplexes, fourplexes, apartments, condominiums, and mobile home parks.
- (2) Usage charge based on winter water use determined as the average from the prior December-February period. Adjusted each July for each account.
- (3) Placeholder. These rates not yet in use.
- (4) Applies to industrial users discharging into the domestic sewer system.

**Anexo D
Ciudad de Lodi
Tarifas de aguas residuales basadas en la utilización actuales y propuestas**

Actual (Ene. 2013)	Tarifa futura máxima				
	Propuesta (Ene. 2014)	Propuesta (Ene. 2015)	Propuesta (Ene. 2016)	Propuesta (Ene. 2017)	Propuesta (Ene. 2018)
Incremento de tarifa -->	3.0%	3.0%	3.0%	3.0%	3.0%
TARIFAS BASADAS EN UTILIZACIÓN					
Cargo mensual por servicio					
Unifamiliar (por DU) \$ 23.52	\$ 24.23	\$ 24.96	\$ 25.71	\$ 26.48	\$ 27.27
Multifamiliar y no residencial (1)					
Medidor hasta 3/4"	\$ 24.23	\$ 24.96	\$ 25.71	\$ 26.48	\$ 27.27
Medidor de 1"	\$ 38.83	\$ 39.99	\$ 41.19	\$ 42.43	\$ 43.70
Medidor de 1 1/2"	\$ 75.03	\$ 77.28	\$ 79.60	\$ 81.99	\$ 84.45
Medidor de 2"	\$ 118.63	\$ 122.19	\$ 125.86	\$ 129.64	\$ 133.53
Medidor de 3"	\$ 220.45	\$ 227.06	\$ 233.87	\$ 240.89	\$ 248.12
Medidor de 4"	\$ 365.88	\$ 376.86	\$ 388.17	\$ 399.82	\$ 411.81
Medidor de 6"	\$ 729.12	\$ 750.99	\$ 773.52	\$ 796.73	\$ 820.63
Medidor de 8"	\$ 1,165.18	\$ 1,200.14	\$ 1,236.14	\$ 1,273.22	\$ 1,311.42
Tarifas de utilización (\$/CCF)					
Unifamiliar (2) \$ 2.68	\$ 2.76	\$ 2.84	\$ 2.93	\$ 3.02	\$ 3.11
Multifamiliar (2)	\$ 2.76	\$ 2.84	\$ 2.93	\$ 3.02	\$ 3.11
No residencial (2) (3)					
Alto	\$ 2.76	\$ 2.84	\$ 2.93	\$ 3.02	\$ 3.11
Medio	\$ 3.45	\$ 3.55	\$ 3.66	\$ 3.77	\$ 3.88
Bajo	\$ 4.49	\$ 4.62	\$ 4.76	\$ 4.90	\$ 5.05
Industrial (4)					
Flujo (por MG anual) \$ 3,487.41	\$ 3,592.03	\$ 3,699.79	\$ 3,810.78	\$ 3,925.10	\$ 4,042.85
BOD (por 1,000 lbs anual) \$ 575.51	\$ 592.78	\$ 610.56	\$ 628.88	\$ 647.75	\$ 667.18
SS (por 1,000 lbs anual) \$ 359.85	\$ 370.65	\$ 381.77	\$ 393.22	\$ 405.02	\$ 417.17

Notas:

- (1) Multifamiliar incluye duplex, tres y cuatro juntas, departamentos, condominios y parques para casas móviles.
- (2) El cargo de utilización se basa en el uso de agua en invierno determinado como un promedio del periodo de diciembre a febrero anterior. Ajustado cada julio para cada cuenta.
- (3) Separador. Estas tarifas aún no están en uso.
- (4) Aplica a usuarios industriales descargando en sistemas de drenaje doméstico.

**CITY OF LODI
COMMERCIAL COMPACTOR RATES
EFFECTIVE JANUARY 1, 2014 TO APRIL 1, 2014**

Service	1X Week	2X Week	3X Week	4X Week	5X Week
2 Cubic Yard Compactor	\$284.78	\$569.56	\$854.34	\$1,139.12	\$1,423.90
3 Cubic Yard Compactor	\$351.88	\$703.76	\$1,055.64	\$1,407.52	\$1,759.40
4 Cubic Yard Compactor	\$419.52	\$839.04	\$1,258.56	\$1,678.08	\$2,097.60

**CIUDAD DE LODI
TARIFAS DE COMPACTADOR COMERCIAL
EN VIGOR DEL 1 DE ENERO DE 2014 AL 1 DE ABRIL DE 2014**

Servicio	1X por semana	2X por semana	3X por semana	4X por semana	5X por semana
Compactador de 2 yardas cúbicas	\$284.78	\$569.56	\$854.34	\$1,139.12	\$1,423.90
Compactador de 3 yardas cúbicas	\$351.88	\$703.76	\$1,055.64	\$1,407.52	\$1,759.40
Compactador de 4 yardas cúbicas	\$419.52	\$839.04	\$1,258.56	\$1,678.08	\$2,097.60