



**LODI CITY COUNCIL**  
Carnegie Forum  
305 West Pine Street, Lodi

**"SHIRTSLEEVE" SESSION**

Date: March 22, 2016

Time: 7:00 a.m.

For information regarding this Agenda please contact:

**Jennifer M. Ferraiolo**  
City Clerk  
Telephone: (209) 333-6702

**Informal Informational Meeting**

**A. Roll Call by City Clerk**

**B. Topic(s)**

B-1 Second Quarter Fiscal Year 2015/16 Water, Wastewater, and Electric Utility Department Financial Reports (CM)

**C. Comments by Public on Non-Agenda Items**

**D. 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.

---

Jennifer M. Ferraiolo  
City Clerk

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



# CITY OF LODI COUNCIL COMMUNICATION

TM

**AGENDA TITLE:** Second Quarter Fiscal Year 2015/16 Water, Wastewater and Electric Utility Department Financial Reports

**MEETING DATE:** March 22, 2016

**PREPARED BY:** Deputy City Manager

---

**RECOMMENDED ACTION:** Receive utility financial reports for the second quarter of Fiscal Year 2015/16.

**BACKGROUND INFORMATION:** In accordance with the Lodi Municipal Code, quarterly financial reports are to be prepared for the Water, Wastewater, and Electric Utilities. Highlights of the operations and financial performance of each utility will be presented at the meeting of March 22, 2016.

**FISCAL IMPACT:** None directly related to the preparation of the report. However, the presentation is intended to keep the Council apprised of the financial conditions of the major municipal utilities.

**FUNDING AVAILABLE:** Not applicable.

---

Jordan Ayers  
Deputy City Manager

---

APPROVED: \_\_\_\_\_  
Stephen Schwabauer, City Manager



# Public Works Department Water/Wastewater

## **FY 16 Quarterly Update** (Ending December 31, 2015)

City Council Shirtsleeve Session  
March 22, 2016



## Wastewater Fund Cash Flow Summary

(Ending December 31, 2015)

	Budget	Actuals	% of Budget
<b>Revenue</b>			
Sales	14,977,300	7,314,421	49%
Development Impact Mitigation Fees (wastewater & storm)	297,050	174,238	59%
Other (interest, septic, misc.)	1,152,580	110,028	1%
<b>Total Revenues</b>	<b>16,426,930</b>	<b>7,598,687</b>	<b>46%</b>
<b>Expenses</b>			
Operating	7,141,550	2,996,100	42%
Capital	7,144,000	718,996	10%
Debt Service	3,679,130	2,563,375	70%
Cost of Services Payment To General Fund	1,068,000	534,000	50%
<b>Total Expenses</b>	<b>19,032,680</b>	<b>6,812,471</b>	<b>36%</b>
Beginning Cash (Operations Only)		6,492,871	
Ending Cash (Operations Only)		8,260,602	
Days Cash (Excluding Capital)		267	
% of Target		298%	



# Wastewater Operating Results

(Ending December 31, 2015)

	<b>Budget</b>	<b>Actuals</b>	<b>% of Budget</b>
Personnel	\$ 3,498,010	\$ 1,556,303	44%
Supplies, Materials, Services	\$ 2,162,550	\$ 822,343	38%
Equipment, Land, Structures	\$ 447,500	\$ 11,276	3%
Other Payments	\$ 302,110	\$ 255,834	85%
Utilities	\$ 723,880	\$ 350,344	48%
Work for Others	\$ 7,500	-	0%
<b>Total Operating Expenses</b>	<b>\$ 7,141,550</b>	<b>\$ 2,996,100</b>	<b>42%</b>



## Wastewater Funds Cash Balances (Ending December 31, 2015)

Operating (530)	8,260,602
Utility Capital / Infrastructure Replacement (531)	5,731,776
Capital Reserve (532) (Fund used to pay White Slough COP Debt Service)	(1,485,838)
Wastewater IMF (533)	87,440
Rate Stabilization Reserve (534)	500,000
Storm Drain IMF (535)	795,613
<b>Total</b>	<b>13,889,593</b>



## Water Fund Cash Flow Summary

(Ending December 31, 2015)

	<b>Budget</b>	<b>Actuals</b>	<b>% of Budget</b>
<b>Revenue</b>			
Sales	13,362,400	6,538,469	49%
Development Impact Mitigation Fees	202,630	128,666	63%
Other (interest, tap fees, water meters, misc.)	992,100	1,033,066	104%
<b>Total Revenues</b>	<b>14,557,130</b>	<b>7,700,201</b>	<b>53%</b>
<b>Expenses</b>			
Operating	6,408,790	3,300,726	52%
Capital	4,637,914	2,016,285	43%
Debt Service	2,968,610	1,049,303	35%
Cost of Services Payment To General Fund	780,000	390,000	50%
<b>Total Expenses</b>	<b>14,795,314</b>	<b>6,756,314</b>	<b>46%</b>
Beginning Cash (Operations Only)		7,830,372	
Ending Cash (Operations Only)		8,621,654	
Days Cash (Excluding Capital)		327	
% of Target		363%	



# Water Operating Results

(Ending December 31, 2015)

	<b>Budget</b>	<b>Actuals</b>	<b>% of Budget</b>
Personnel	\$ 2,470,280	\$ 1,327,068	54%
Supplies, Materials, Services	\$ 1,521,450	\$ 628,505	41%
Equipment, Land, Structures	\$ 122,000	\$ 19,633	16%
Other Payments	\$ 1,479,560	\$ 1,036,931	70%
Utilities	\$ 706,650	\$ 288,590	41%
Work for Others	\$ 108,850	\$ -	0%
<b>Total Operating Expenses</b>	<b>\$ 6,408,790</b>	<b>\$ 3,300,726</b>	<b>52%</b>



**Water Funds  
Cash Balances**  
(Ending December 31, 2015)

Operating (560)	8,621,654
Utility Capital / Infrastructure Replacement (561)	(1,951,686)
IMF (562)	109,149
PCE/TCE Settlements	10,639,902
PCE/TCE Rates (565)	4,198,248
<b>Total</b>	<b>21,617,267</b>



## Bad Debt Write Off (Through December 31, 2015)

	<b># Of Accounts</b>	<b>Amount</b>	<b>% of Sales</b>
Wastewater	374	\$22,219	0.3%
Water	374	\$20,762	0.3%



# Water / Wastewater Utility Activities

## Operational

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

## Regulatory

- SSO's
- Discharge Violations
- Monitoring and Reporting



# Electric Utility Department

## **FY 16 Quarterly Update** (Ending December 31, 2015)

City Council Shirtsleeve Session  
March 22, 2016



## Electric Utility Fund Cash Flow Summary (Ending December 31, 2015)

	Budget	Actuals	% of Budget
<b>Revenue</b>			
Sales Revenues	68,406,500	39,091,821	57%
Development Impact Fees	126,620	56,700	45%
Other Revenues (interest, misc)	4,153,660	2,801,605	67%
<b>Total Revenues</b>	<b>72,686,780</b>	<b>41,950,126</b>	<b>58%</b>
<b>Expenses</b>			
Purchase Power	40,511,240	21,031,441	52%
Non Power	12,927,730	5,064,855	39%
Capital Projects	4,125,470	421,601	10%
Debt Service	8,393,280	6,681,746	80%
Cost of Service/transfer to GF Capital	2,354,000	1,177,000	50%
In-lieu Transfer to General Fund	7,082,070	3,541,035	50%
<b>Total Expenses</b>	<b>75,393,790</b>	<b>37,917,677</b>	<b>50%</b>
<b>Net Chg in Bal Sheet Accts</b>		<b>(2,005,588)</b>	

<b>Net Increase (Decrease)</b>	<b>(2,707,010)</b>	<b>2,026,861</b>
<b>Beginning Local Cash Balance</b>	<b>13,065,403</b>	<b>13,065,403</b>
<b>Ending Local Cash Balance</b>	<b>10,358,393</b>	<b>15,092,264</b>
<b>GOR Balance</b>		<b>10,326,979</b>
<b>Total Reserve Balance</b>		<b>25,419,243</b>
<b>Reserve Policy Target</b>		<b>23,155,000</b>
<b>% of Target</b>		<b>110%</b>



## Electric Utility Reserve Policy

(Ending December 31, 2015)

Purpose	Basis	Target	Actual
Operating Reserve	90 Days Cash	\$ 17,776,000	\$ 15,092,264
Capital Reserve	Largest Distribution System Contingency	\$ 1,000,000	
NCPA General Operating Reserve	NCPA Identified Items	\$ 4,379,000	\$ 7,084,602
NCPA MPP/GPP Balance	MPP/GPP Security Commitments		\$ 3,242,377
<b>Total Target</b>		<b>\$ 23,155,000</b>	<b>\$ 25,419,243</b>



## **Electric Utility Funds Cash Balances**

(Ending December 31, 2015)

<b>Operating (500)</b>	<b>\$ 11,419,397</b>
<b>Utility Outlay Reserve Fund (501)</b>	<b>\$ (4,110,158)</b>
<b>Public Benefits Fund (504)</b>	<b>\$ 1,042,528</b>
<b>IMF EU Substation and Transmission (505)</b>	<b>\$ 945,467</b>
<b>Solar Surcharge Fund (506)</b>	<b>\$ 216,379</b>
<b>Environmental Compliance (508)</b>	<b>\$ 5,578,651</b>
<b>NCPA – General Operating Reserve (GOR)</b>	<b>\$ 10,326,979</b>
<b>Total</b>	<b>\$ 25,419,243</b>



## Power Sales

(Ending December 31, 2015)

Power Sales (kWh)		
Customer Class	Budget	Actual
Residential	156,193,116	85,360,705
Small Commercial	158,882,854	87,243,851
Large Commercial/Small Industrial	43,630,792	23,980,945
Industrial	84,113,304	47,180,494
<b>TOTAL</b>	<b>442,820,066</b>	<b>243,765,995</b>

Revenue (\$)			
Customer Class	Budget	Actual	Average Rate
Residential	\$ 28,115,151	\$ 15,228,117	\$ 0.1784
Small Commercial	\$ 26,507,615	\$ 14,993,102	\$ 0.1719
Large Commercial/Small Industrial	\$ 5,996,382	\$ 3,692,427	\$ 0.1540
Industrial	\$ 7,787,352	\$ 5,178,175	\$ 0.1098
<b>TOTAL</b>	<b>\$ 68,406,500</b>	<b>\$ 39,091,821</b>	<b>\$ 0.1604</b>



## ECA Revenue

(Ending December 31, 2015)

Customer Class	Q1	Q2	Total
Residential	\$ (204,936)	\$ 572,700	\$ 367,764
Small Commercial	\$ (211,688)	\$ 628,590	\$ 416,902
Large Commercial/Small Industrial	\$ (55,724)	\$ 178,043	\$ 122,319
Industrial	\$ (58,184)	\$ 298,607	\$ 240,423
<b>Total ECA Revenue</b>	<b>\$ (530,532)</b>	<b>\$ 1,677,940</b>	<b>\$ 1,147,408</b>



## Electric Utility Fund Operating Results

(Ending December 31, 2015)

	FY16 Budget	FY16 Actual	% of Budget
Personnel	\$ 7,683,990	\$ 3,303,009	43%
Supplies, Materials, Services	\$ 3,291,920	\$ 914,524	28%
Equipment, Land, Structures	\$ 146,000	\$ 52,489	36%
Other Payments	\$ 1,756,310	\$ 771,907	44%
Utilities	\$ 49,510	\$ 22,925	46%
<b>Total Operating Expenses</b>	<b>\$ 12,927,730</b>	<b>\$ 5,064,855</b>	<b>39%</b>



## Power Supply Costs

(Ending December 31, 2015)

	<b>Budgeted</b>	<b>Year to Date</b>	<b>% of Budget</b>
Generation	\$ 30,606,344	\$ 16,491,910	54%
Transmission	\$ 8,576,540	\$ 3,848,696	45%
Management Services	\$ 1,328,356	\$ 690,835	52%
<b>Total Power Supply Costs</b>	<b>\$ 40,511,240</b>	<b>\$ 21,031,441</b>	<b>52%</b>



## Bad Debt Write Off

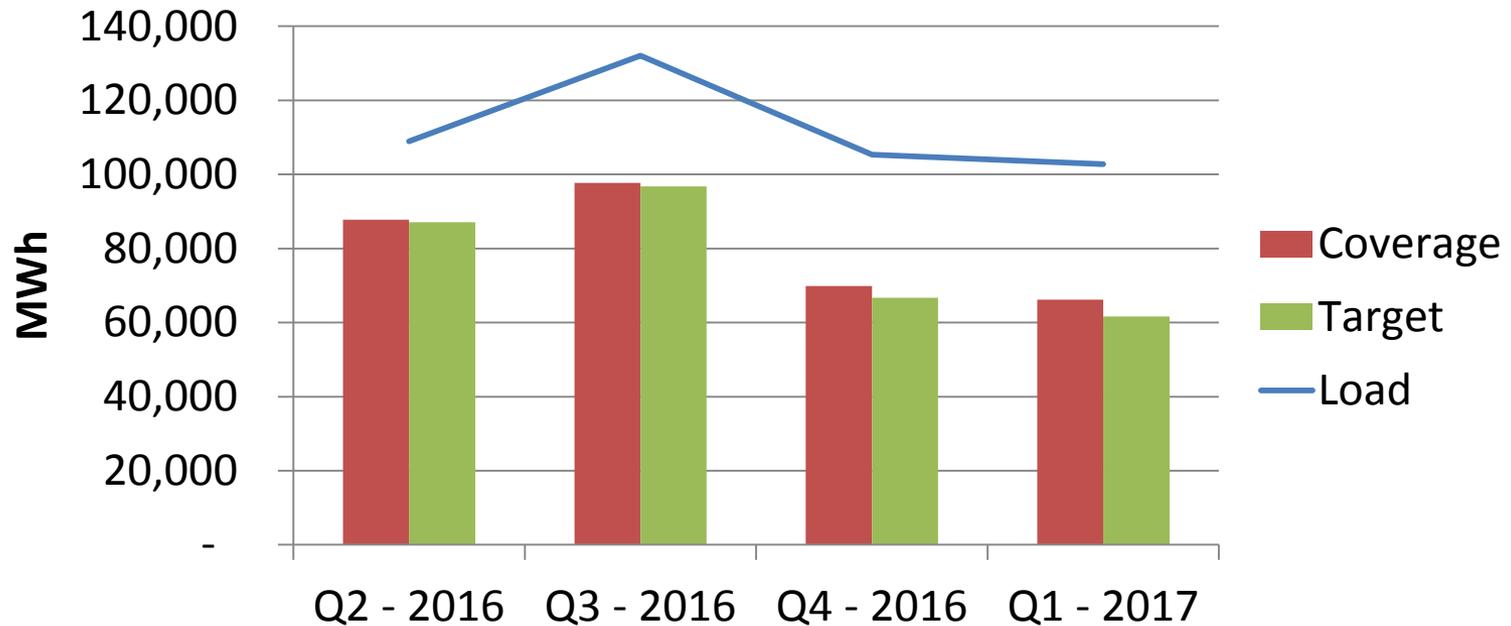
(Ending December 31, 2015)

	<b># of Accounts</b>	<b>Amount</b>	<b>% of Sales</b>
<b>Electric</b>	<b>374</b>	<b>\$ 38,912</b>	<b>0.10%</b>



## Load Coverage

	MWh Load	ROC Matrix Target	Load Coverage (Including Purchases)
Q2 – 2016	108,896	80.0%	80.6%
Q3 – 2016	132,019	73.3%	74.0%
Q4 – 2016	105,363	63.3%	66.3%
Q1 – 2017	102,789	60.0%	64.4%



Load coverage meets/exceeds Risk Policy targets in all quarters.



# Electric Utility Activities

- Staffing
- Safe work practices → zero lost time accidents
- Over 14,000 feet of underground cable replaced
- Lodi Shopping Center infrastructure completed
- After hours trouble calls → 20-minute response time
- Collected approximately \$4,000 on electricity theft accounts → >50% increase from prior quarter
- LED Street Lights
- APPA Certificate of Excellence in Reliability



# CERTIFICATE OF EXCELLENCE IN RELIABILITY

*This is to acknowledge that*

## **Lodi Electric Utility**

*has achieved excellence in reliability by  
significantly outperforming the electric  
industry national average as reported by the  
Energy Information Administration.*



March 3, 2016

Date

  
\_\_\_\_\_  
Michael J. Hyland  
Senior Vice President,  
Engineering Services