



LODI CITY COUNCIL

Carnegie Forum
305 West Pine Street, Lodi

"SHIRTSLEEVE" SESSION

Date: May 10, 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 Third Quarter Fiscal Year 2015/16 Water, Wastewater, and Electric Utility Department Financial Reports (CM)

B-2 Receive Presentation Regarding Fiscal Year 2016/17 Budget (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

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**CITY OF LODI
COUNCIL COMMUNICATION**

TM

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

MEETING DATE: May 10, 2016

PREPARED BY: Deputy City Manager

RECOMMENDED ACTION: Receive utility financial reports for the third 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 May 10, 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 March 31, 2016)

City Council Shirtsleeve Session
May 10, 2016



Wastewater Fund Cash Flow Summary

(Ending March 31, 2016)

	Budget	Actuals	% of Budget
Revenue			
Sales	14,977,300	11,185,313	75%
Development Impact Mitigation Fees (wastewater & storm)	297,050	353,685	119%
Other (interest, septic, misc.)	1,152,580	342,924	30%
Total Revenues	16,426,930	11,881,922	72%
Expenses			
Operating	7,141,550	4,766,996	67%
Capital	7,144,000	1,228,750	16%
Debt Service	3,679,130	2,561,370	70%
Cost of Services Payment To General Fund	1,068,000	801,000	75%
Total Expenses	19,032,680	9,358,116	49%
Beginning Cash (Operations Only)		8,116,878	
Ending Cash (Operations Only)		9,656,882	
Days Cash (Excluding Capital)		327	
% of Target		363%	



Wastewater Operating Results

(Ending March 31, 2016)

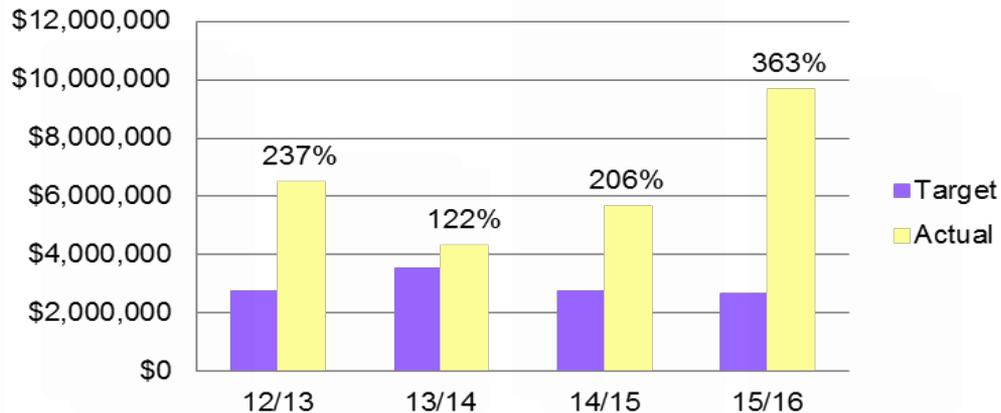
	Budget	Actuals	% of Budget
Personnel	\$ 3,498,010	\$ 2,587,664	74%
Supplies, Materials, Services	\$ 2,162,550	\$ 1,184,706	55%
Equipment, Land, Structures	\$ 447,500	\$ 178,200	40%
Other Payments	\$ 302,110	\$ 274,544	91%
Utilities	\$ 723,880	\$ 541,882	75%
Work for Others	\$ 7,500		0%
Total Operating Expenses	\$ 7,141,550	\$ 4,766,996	67%



Wastewater Funds Cash Balances (Ending March 31, 2016)

Operating (530)	9,656,882
Utility Capital / Infrastructure Replacement (531)	5,234,512
Capital Reserve (532) (Fund used to pay White Slough COP Debt Service)	(1,485,838)
Wastewater IMF (533)	145,055
Rate Stabilization Reserve (534)	500,000
Storm Drain IMF (535)	812,498
Total	14,863,109

Days Cash (Operating)





Water Fund Cash Flow Summary

(Ending March 31, 2016)

	Budget	Actuals	% of Budget
Revenue			
Sales	13,362,400	9,107,517	68%
Development Impact Mitigation Fees	202,630	237,180	117%
Other (interest, tap fees, water meters, misc.)	992,100	1,059,453	107%
Total Revenues	14,557,130	10,404,150	71%
Expenses			
Operating	6,408,790	4,774,984	75%
Capital	10,394,739	2,417,636	23%
Debt Service	2,968,610	877,529	30%
Cost of Services Payment To General Fund	780,000	585,000	75%
Total Expenses	14,795,314	8,655,149	58%
Beginning Cash (Operations Only)		8,545,864	
Ending Cash (Operations Only)		9,577,506	
Days Cash (Excluding Capital)		422	
% of Target		469%	



Water Operating Results

(Ending March 31, 2016)

	Budget	Actuals	% of Budget
Personnel	\$ 2,470,280	\$ 2,015,413	82%
Supplies, Materials, Services	\$ 1,521,450	\$ 930,341	61%
Equipment, Land, Structures	\$ 122,000	\$ 30,810	25%
Other Payments	\$ 1,479,560	\$ 1,406,672	95%
Utilities	\$ 706,650	\$ 391,748	55%
Work for Others	\$ 108,850	\$ -	0%
Total Operating Expenses	\$ 6,408,790	\$ 4,774,984	75%

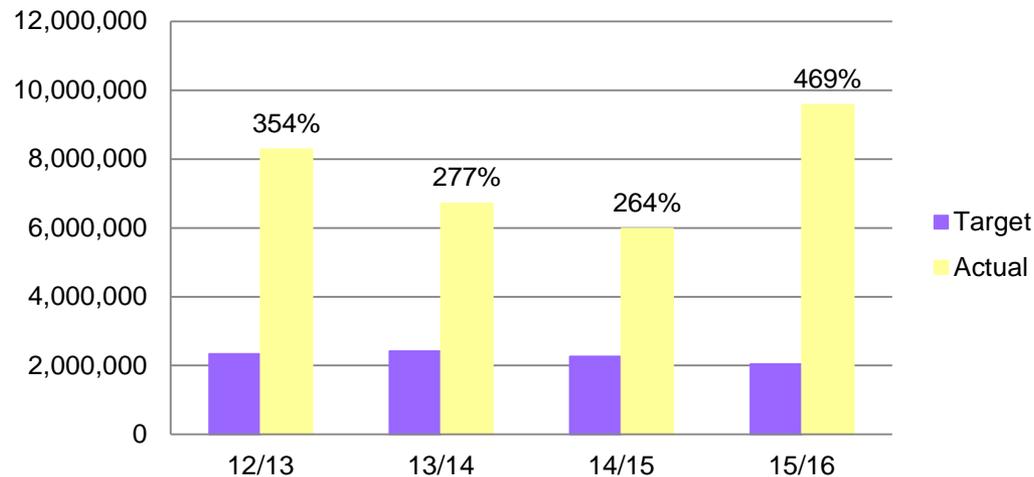


Water Funds Cash Balances

(Ending March 31, 2016)

Operating (560)	9,577,506
Utility Capital / Infrastructure Replacement (561)	(2,424,345)
IMF (562)	140,315
PCE/TCE Settlements	10,499,799
PCE/TCE Rates (565)	4,178,779
Total	24,154,054

Days Cash (Operating)





Bad Debt Write Off (Through March 31, 2016)

	# Of Accounts	Amount	% of Sales
Wastewater	543	\$34,767	0.3%
Water	543	\$31,591	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 March 31, 2016)

City Council Shirtsleeve Session
May 10, 2016



Electric Utility Fund Cash Flow Summary (Ending March 31, 2016)

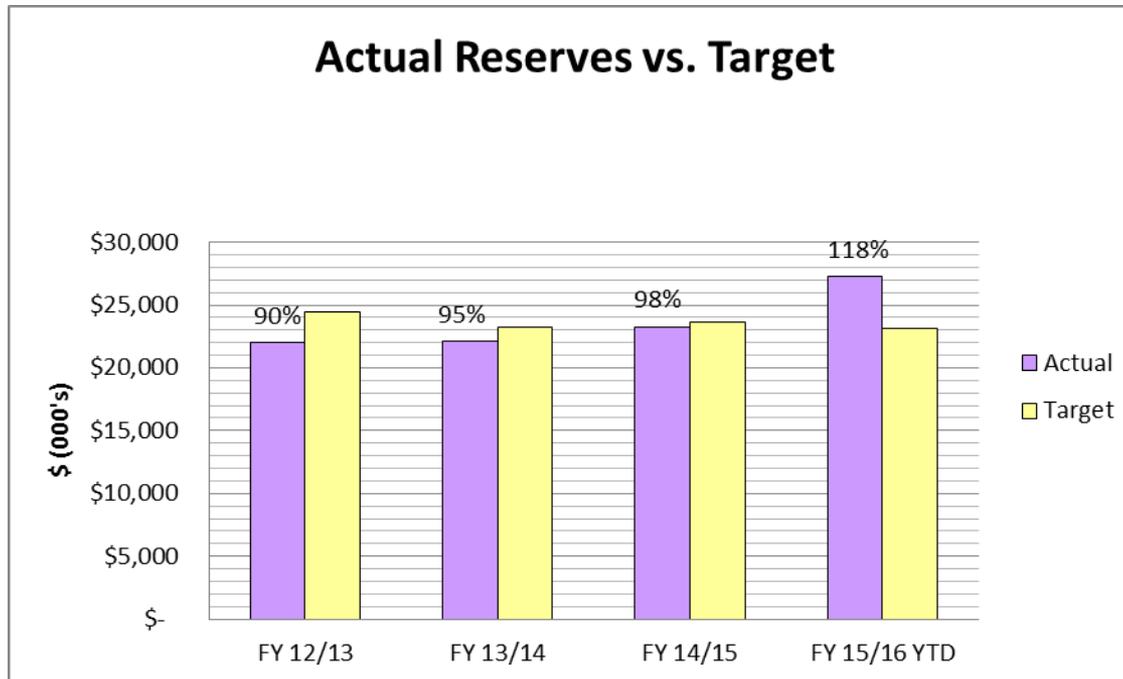
	Budget	Actuals	% of Budget
Revenue			
Sales Revenues	68,406,500	53,007,466	77%
Development Impact Fees	126,620	99,299	78%
Other Revenues (interest, misc)	4,153,660	3,908,505	94%
Total Revenues	72,686,780	57,015,270	78%
Expenses			
Purchase Power	40,511,240	30,167,194	74%
Non Power	12,927,730	7,669,688	59%
Capital Projects	5,401,070	2,004,806	37%
Debt Service	8,393,280	8,168,594	97%
Cost of Service/Capital Xfer	2,354,000	1,765,500	75%
In-lieu Transfer to General Fund	7,082,070	5,311,553	75%
Total Expenses	76,669,390	55,087,334	72%
Net Chg in Bal Sheet Accts		1,261,530	

Net Increase (Decrease)	(3,982,610)	3,189,466
Beginning Local Cash Balance	13,065,403	13,065,403
Ending Local Cash Balance	9,082,793	16,254,869
GOR Balance		11,020,331
Total Reserve Balance		27,275,200
Reserve Policy Target		23,155,000
% of Target		118%



Electric Utility Reserve Policy (Ending March 31, 2016)

Purpose	Basis	Target	Actual
Operating Reserve	90 Days Cash	\$ 17,776,000	\$ 16,254,869
Capital Reserve	Largest Distribution System Contingency	\$ 1,000,000	
NCPA General Operating Reserve	NCPA Identified Items	\$ 4,379,000	\$ 8,052,995
NCPA MPP/GPP Balance	MPP/GPP Security Commitments		\$ 2,967,336
Total Target		\$ 23,155,000	\$ 27,275,200





Electric Utility Funds Cash Balances

(Ending March 31, 2016)

Operating (500)	\$ 13,622,938
Utility Outlay Reserve Fund (501)	\$ (5,767,013)
Public Benefits Fund (504)	\$ 1,162,635
IMF EU Substation and Transmission (505)	\$ 811,621
Solar Surcharge Fund (506)	\$ 334,904
Environmental Compliance (508)	\$ 6,089,783
NCPA – General Operating Reserve (GOR)	\$ 11,020,331
Total	\$ 27,275,200



Power Sales

(Ending March 31, 2016)

Power Sales (kWh)		
Customer Class	Budget	Actual
Residential	156,193,116	117,731,451
Small Commercial	158,882,854	122,465,110
Large Commercial/Small Industrial	43,630,792	34,019,653
Industrial	84,113,304	64,057,554
TOTAL	442,820,066	338,273,768

Revenue (\$)			
Customer Class	Budget	Actual	Average Rate
Residential	\$ 28,115,151	\$ 20,992,164	\$ 0.1783
Small Commercial	\$ 26,507,615	\$ 20,376,888	\$ 0.1664
Large Commercial/Small Industrial	\$ 5,996,382	\$ 4,969,499	\$ 0.1461
Industrial	\$ 7,787,352	\$ 6,668,915	\$ 0.1041
TOTAL	\$ 68,406,500	\$ 53,007,466	\$ 0.1567



ECA Revenue

(Ending March 31, 2016)

Customer Class	Q1	Q2	Q3	Total
Residential	\$ (204,936)	\$ 572,700	\$ 333,828	\$ 701,592
Small Commercial	\$ (211,688)	\$ 628,590	\$ 343,726	\$ 760,628
Large Commercial/Small Industrial	\$ (55,724)	\$ 178,043	\$ 100,397	\$ 222,716
Industrial	\$ (58,184)	\$ 298,607	\$ 152,945	\$ 393,368
Total ECA Revenue	\$ (530,532)	\$ 1,677,940	\$ 930,896	\$ 2,078,304



Electric Utility Fund Operating Results (Ending March 31, 2016)

	FY16 Budget	FY16 Actual	% of Budget
Personnel	\$ 7,683,990	\$ 5,175,925	67%
Supplies, Materials, Services	\$ 3,291,920	\$ 1,403,168	43%
Equipment, Land, Structures	\$ 146,000	\$ 77,167	53%
Other Payments	\$ 1,756,310	\$ 974,467	55%
Utilities	\$ 49,510	\$ 38,961	79%
Total Operating Expenses	\$ 2,927,730	\$ 7,669,688	59%



Power Supply Costs (Ending March 31, 2016)

	Budgeted	Year to Date	% of Budget
Generation	\$ 30,606,344	\$ 23,831,842	77.9%
Transmission	\$ 8,576,540	\$ 5,324,988	62.1%
Management Services	\$ 1,328,356	\$ 1,010,364	76.1%
Total Power Supply Costs	\$ 40,511,240	\$ 30,167,194	74.5%



Bad Debt Write Off

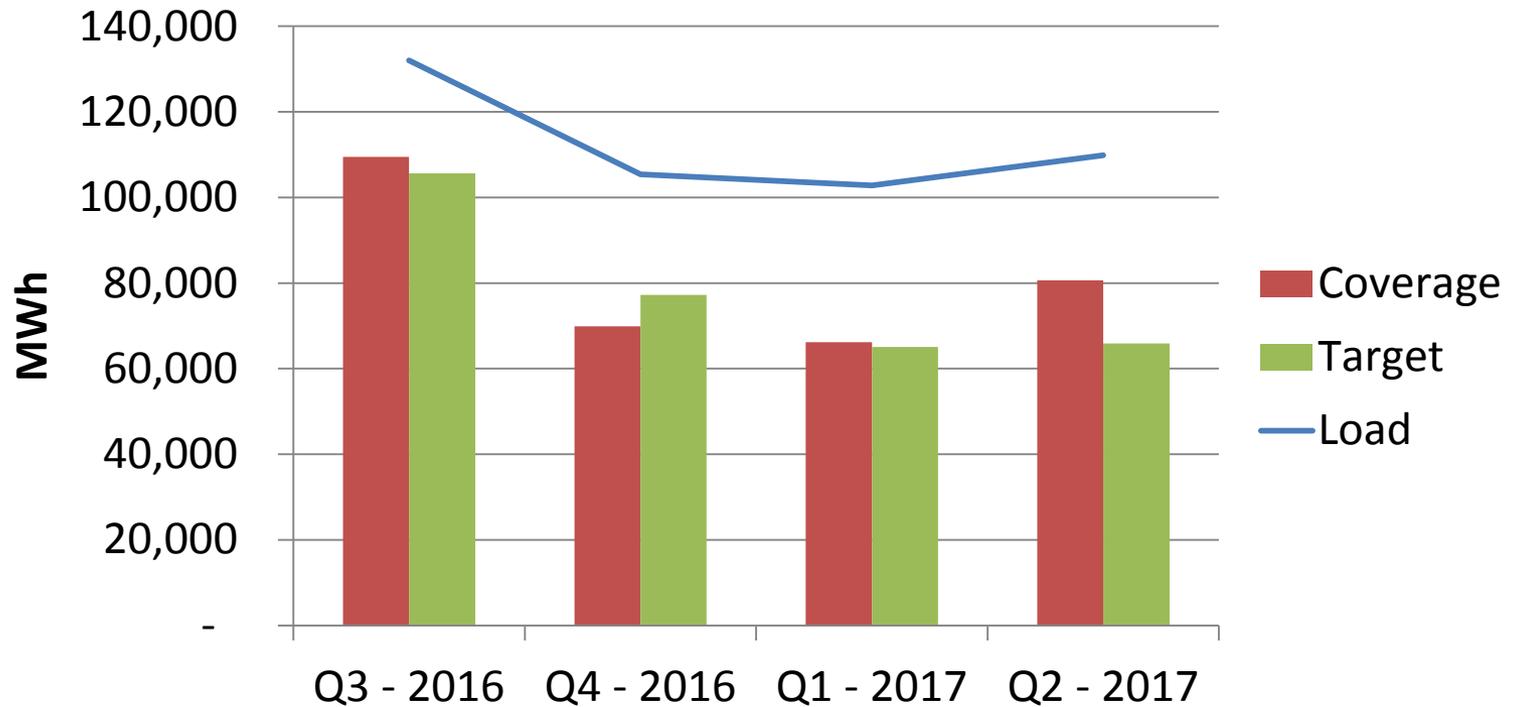
(Ending March 31, 2016)

	# of Accounts	Amount	% of Sales
Electric	543	\$61,200	0.12%



Load Coverage

	MWh Load	ROC Matrix Target	Load Coverage (Including Purchases)
Q3 – 2016	132,019	80.0%	82.9%
Q4 – 2016	105,363	73.3%	66.3%
Q1 – 2017	102,789	63.3%	65.6%
Q2 – 2017	109,848	60.0%	73.4%





Electric Utility Activities

- Safety
- Staffing
- Reliability
- Capital Improvement Program
- New Development
- Legislative & Regulatory
- Fiscal Health
- Customer Programs



**CITY OF LODI
COUNCIL COMMUNICATION**

TM

AGENDA TITLE: Receive Presentation Regarding Fiscal Year 2016/17 Budget
MEETING DATE: May 10, 2016
PREPARED BY: Deputy City Manager

RECOMMENDED ACTION: Receive presentation regarding Fiscal Year 2016/17 budget.

BACKGROUND INFORMATION: The Fiscal Year (FY) 2016/17 budget is built on a number of basic economic assumptions.

The budget is on schedule to be released for public review this week, with adoption of the document scheduled for early June.

In advance of publication of the document, staff is planning a series of presentations that will provide Council and the public with the basic parameters that form the foundation of the budget. The Shirtsleeve session on April 26, 2016 focused on general economic issues the City is addressing in the budget process along with general fund revenue projections.

Today's discussion will focus on the three utility funds of the City: the Electric Utility Fund, the Water Utility Fund and the Wastewater Utility Fund.

FISCAL IMPACT: Revenues, expenses and increases/decreases to reserves are as noted below:

Fund	Revenues FY 16/17	Expenses FY 16/17	Increase/(Decrease) to Reserves
Electric	\$72,281,240	\$73,705,900	(\$1,424,660)
Water	\$14,504,110	\$11,632,580	\$2,871,530
Wastewater	\$18,867,980	\$20,965,390	(\$2,097,410)

 Jordan Ayers
 Deputy City Manager

JA/ja

APPROVED: _____
 Stephen Schwabauer, City Manager



Fiscal Year 2016/17 Budget Presentation

City Council Shirtsleeve
Session

May 10, 2016

[Overview]

- Utility Funds
 - Electric
 - Water
 - Wastewater

Electric Utility Overview

Statement of Estimated Changes in Fund Balance

For the Fiscal Year Ended June 30, 2017

With Audited Actuals for FY 2013-14 and FY 2014-15 and Comparative Budget FY 2015-16

Electric Utility Enterprise Fund	Audited	Audited		Estimated	
	2013-14	2014-15	2015-16	2015-16	2016-17
	Actuals	Actuals	Budget	Actuals	Budget
<u>Cash Balance</u>					
Beginning Cash Balance *	6,636,200	5,929,528	6,140,828	6,383,017	3,267,477
Revenues	65,618,005	70,972,285	78,366,740	78,579,250	72,281,240
Expenditures	<u>66,324,677</u>	<u>70,518,796</u>	<u>82,349,350</u>	<u>81,694,790</u>	<u>73,705,900</u>
Net Difference (Revenues Less Expenditures)	(706,672)	453,489	(3,982,610)	(3,115,540)	(1,424,660)
<u>Cash Balance</u>					
Ending Cash Balance *	<u>5,929,528</u>	<u>6,383,017</u>	<u>2,158,218</u>	<u>3,267,477</u>	<u>1,842,817</u>

* Local cash, excluding NCPA General Operating Reserve (GOR)

[Electric Utility]

- Revenues \$6,085,500 lower than FY 2015/16 budget
 - Customer charges - \$155k higher
 - Operating/Intrafund Transfers - \$5.8M lower
 - Work for Others - \$440k lower

[Electric Utility]

- Expenses \$8,643,450 lower than FY 2015/16 budget
 - Salary & benefits - \$900k
 - Service/Materials/Supplies - \$220k
 - Operating Transfers - (\$5.6M)
 - Debt Service – (\$2.6M)
 - Capital projects and equipment – (\$1.5M)

[Electric Utility]

- Positions Recommended

- Distribution Operator I/II - \$165,550

- Restore pre-recession staffing; operational flexibility

- Lineperson - \$178,690

- Capital projects; system maintenance

- Metering Technician - \$157,100

- Replace contracted service

Electric Utility Capital Projects

Vehicles/equipment	\$350,000
Overhead capital maintenance	\$600,000
Underground capital maintenance	\$1,300,000
Streetlight repair & maintenance	\$325,000
Distribution capacity program	\$650,000
LED Streetlights	\$90,000
230 kV Interconnection	\$150,000
Killelea Bank 1 Replacement	\$350,000
Meter Data Management System	\$250,000
MSC Improvements	\$240,000

Electric Utility Reserves

Purpose	Basis	2016/17 Target
Operating Reserve	90 days cash	\$17,350,000
Capital Reserve	Largest distribution system contingency	\$1,000,000
NCPA General Operating Reserve	NCPA identified Items	\$4,426,000
Total Target		\$22,776,000
Estimated FY 2016/17 Reserve		\$12,863,000

Water Utility

Statement of Estimated Changes in Fund Balance

For the Fiscal Year Ended June 30, 2017

With Audited Actuals for FY 2013-14 and FY 2014-15 and Comparative Budget FY 2015-16

Water Utility Enterprise Fund	Audited	Audited		Estimated	
	2013-14	2014-15	2015-16	2015-16	2016-17
	Actuals	Actuals	Budget	Actuals	Budget
<u>Cash Balance</u>					
Beginning Cash Balance	9,044,659	7,027,567	7,432,927	6,755,522	7,807,772
Revenues	14,937,465	15,464,665	14,557,130	14,561,540	14,504,110
Expenditures	<u>16,954,557</u>	<u>15,736,710</u>	<u>20,552,139</u>	<u>13,509,290</u>	<u>11,632,580</u>
Net Difference (Revenues Less Expenditures)	(2,017,092)	(272,045)	(5,995,009)	1,052,250	2,871,530
<u>Cash Balance</u>					
Ending Cash Balance	<u>7,027,567</u>	<u>6,755,522</u>	<u>1,437,918</u>	<u>7,807,772</u>	<u>10,679,302</u>

[Water Utility]

- Total revenue decrease - \$53,020
 - Service Charges - \$142,780 decrease
 - Development Fees - \$101,310 increase
 - BABS Subsidy - \$45,020 decrease

[Water Utility]

- Total expense decrease - \$8.9M
 - Addition of Plant and Equip Mechanic - \$88,000
 - Salary and benefits - \$389,000
 - Service/Materials/Supplies – (\$50,000)
 - Operating Transfer – \$33,500
 - Capital projects – (\$9.3M)

Water Utility Capital Projects

- Water Meter Program (\$200,000)
- Well Rehab (\$150,000)
- Granulated Activated Carbon (\$300,000)
- Various taps, mains and other projects (\$125,000)
- MSC Improvements (\$75,000)
- PCE/TCE projects (\$150,000)
- Vehicles (\$115,000)

[Water Utility Reserves]

- Target is 25% of operating expenses
- Target for FY 2016/17 equals \$1,859,000
- FY 2016/17 Estimated Reserve is \$10,679,000

Wastewater Utility

Statement of Estimated Changes in Fund Balance

For the Fiscal Year Ended June 30, 2017

With Audited Actuals for FY 2013-14 and FY 2014-15 and Comparative Budget FY 2015-16

Wastewater Utility Enterprise Fund	Audited	Audited		Estimated	
	2013-14	2014-15	2015-16	2015-16	2016-17
	Actuals	Actuals	Budget	Actuals	Budget
<u>Cash Balance</u>					
Beginning Cash Balance	13,695,513	14,249,392	12,264,212	13,853,935	15,162,625
Revenues	14,990,584	15,796,825	16,426,930	16,404,260	18,867,980
Expenditures	<u>14,436,705</u>	<u>16,192,282</u>	<u>19,605,680</u>	<u>15,095,570</u>	<u>20,965,390</u>
Net Difference (Revenues Less Expenditures)	553,879	(395,457)	(3,178,750)	1,308,690	(2,097,410)
<u>Cash Balance</u>					
Ending Cash Balance	<u>14,249,392</u>	<u>13,853,935</u>	<u>9,085,462</u>	<u>15,162,625</u>	<u>13,065,215</u>

[Wastewater Utility]

- Total revenue increase - \$2,441,050
 - Service Charges - \$476,000 increase
 - Development Fees - \$412,000 decrease
 - State Grant - \$2,250,000 increase

[Wastewater Utility]

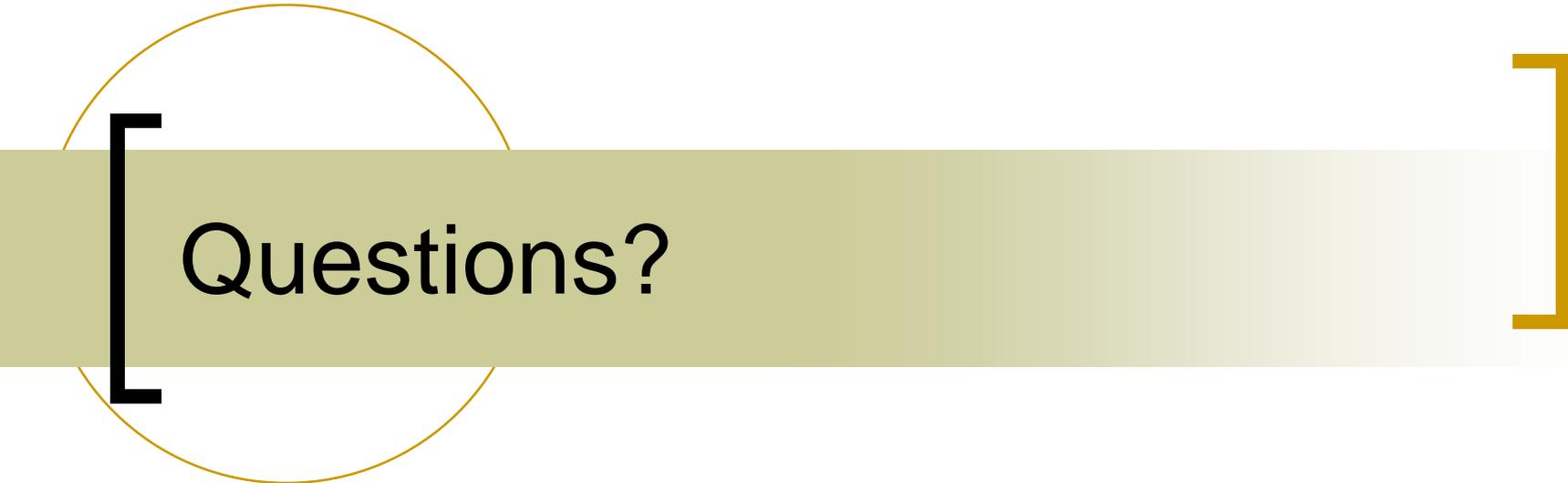
- Total expense increase - \$1.4M
 - Salaries & benefits – (\$324,000)
 - Service/Materials/Supplies – \$521,000
 - Operating Transfers – \$33,500
 - Debt Service – (\$556,000)
 - Capital projects/equipment – \$1.7M

Wastewater Capital Projects

- Electrical upgrades/coarse screen/SCADA design and construction (\$3.6M)
- Recycled water storage facilities (\$3.0M)
- Corrosion repairs (\$1.75M)
- Storm drain improvements (\$380,000)
- Vinewood storm pump rehab (\$200,000)
- Various other projects (\$200,000)
- Equipment/vehicle replacement (\$395,000)

[Wastewater Utility Reserves]

- Target is 25% of operating expenses
- Target for FY 2016/17 equals \$2,779,000
- FY 2016/17 Estimated Reserve is \$13,065,200



Questions?