



LODI CITY COUNCIL

Lodi Public Library

201 W. Locust Street, Lodi

SPECIAL "SHIRTSLEEVE" SESSION

Date: May 13, 2014

Time: 7:00 a.m.

For information regarding this agenda please contact:

Randi Johl-Olson

City Clerk

Telephone: (209) 333-6702

Special* Informal Informational Meeting

***NOTE: Location change**

- A. Roll call by City Clerk**

- B. Topic(s)**
 - B-1 Receive Presentation Regarding Fiscal Year 2014/15 Budget (CM)
 - B-2 Third Quarter Fiscal Year 2013/14 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.

Randi Johl-Olson
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 Randi Johl-Olson 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 Randi Johl-Olson (209) 333-6702.



**CITY OF LODI
COUNCIL COMMUNICATION**

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AGENDA TITLE: Receive Presentation Regarding Fiscal Year 2014/15 Budget
MEETING DATE: May 13, 2014
PREPARED BY: Deputy City Manager

RECOMMENDED ACTION: Receive presentation regarding Fiscal Year 2014/15 budget.

BACKGROUND INFORMATION: The Fiscal Year (FY) 2014/15 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 May 6, 2014 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.

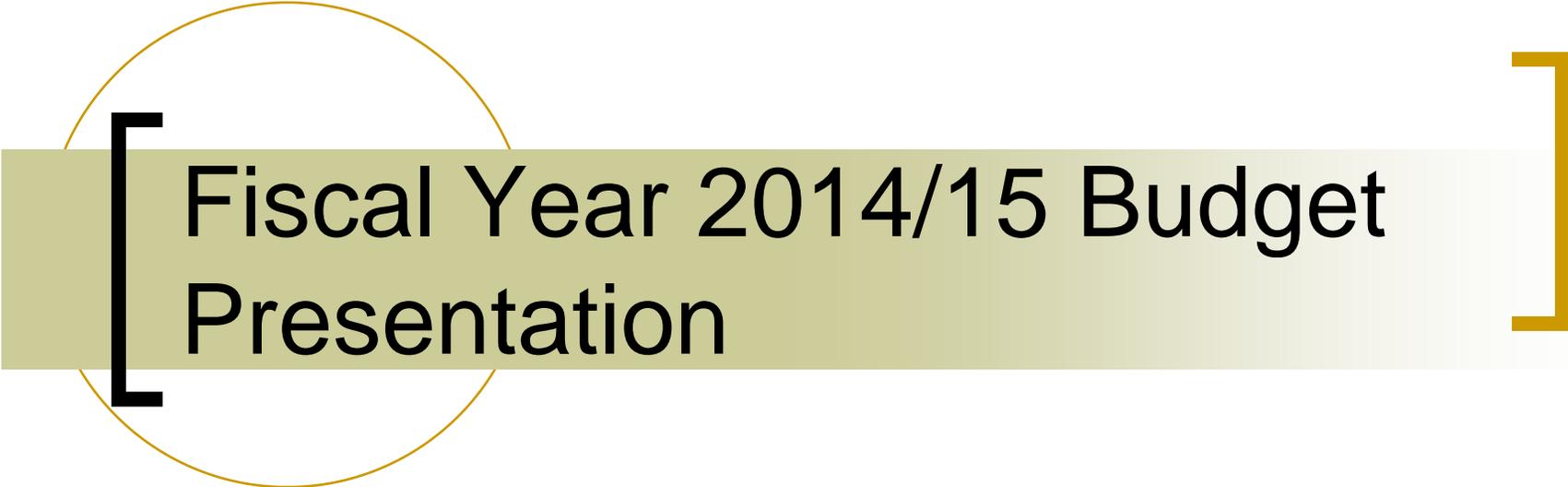
FISCAL IMPACT: Revenues, expenses and increases/decreases to reserves are as noted below:

Fund	Revenues	Expenses	Increase/(Decrease) to Reserves
Electric	\$68,217,050	\$70,762,800	(\$2,545,750)
Water	\$14,169,450	\$12,185,130	\$1,984,320
Wastewater	\$14,878,980	\$19,723,250	(\$4,844,270)

 Jordan Ayers
 Deputy City Manager

JA/ja

APPROVED: _____
 Stephen Schwabauer, Interim City Manager



Fiscal Year 2014/15 Budget Presentation

City Council Shirtsleeve
Session

May 13, 2014

[Overview]

- Utility Funds
 - Electric
 - Water
 - Wastewater

Electric Utility Overview

Electric Utility Enterprise Fund

Cash Balance

	Audited 2011-12 Actuals	Audited 2012-13 Actuals	2013-14 Budget	Estimated 2013-14 Actuals	2014-15 Budget
Beginning Cash Balance *	5,032,177	2,143,190	7,166,405	6,636,200	6,351,191
Revenues	65,646,115	71,679,622	71,127,990	69,345,510	68,217,050
Expenditures	<u>68,535,102</u>	<u>67,186,612</u>	<u>71,317,381</u>	<u>69,630,519</u>	<u>70,762,800</u>
Net Difference (Revenues Less Expenditures)	(2,888,987)	4,493,010	(189,391)	(285,009)	(2,545,750)

Cash Balance

Ending Cash Balance *	<u>2,143,190</u>	<u>6,636,200</u>	<u>6,977,014</u>	<u>6,351,191</u>	<u>3,805,441</u>
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* Local cash, excluding NCPA General Operating Reserve (GOR)

[Electric Utility]

- Revenues \$2,910,940 lower than FY 2013/14 budget
 - Customer charges 2.5% lower than prior year budget - \$1.6M lower
 - Work for Others - \$1.3M lower

[Electric Utility]

- Expenses \$234,900 lower than FY 2013/14 budget
 - Position Changes
 - Add Electrical Engineer (\$171,123)
 - Salary & benefits - \$331,000 lower
 - Service/Materials/Supplies - \$153,000 higher
 - Power costs - \$359,000 higher
 - Capital projects & equipment - \$28,000 lower
 - Transfers & special payments - \$331,000 lower

Electric Utility Capital Projects

Vehicles	\$165,000
Overhead capital maintenance	\$750,000
Underground capital maintenance	\$500,000
Streetlight grounding & fusing	\$507,000
Distribution capacity program	\$400,000
ERP/CIS replacement	\$250,000
250 kV Interconnection	\$250,000
Substation capital maintenance	\$35,000

[Electric Utility Reserves]

Purpose	Basis	2014/15 Target
Operating Reserve	90 days cash	\$17,080,000
Capital Reserve	Largest distribution system contingency	\$1,000,000
NCPA General Operating Reserve	NCPA identified Items	\$5,600,000
Total Target		\$23,680,000
Estimated FY 2014/15 Reserve		\$13,289,000

[Water Utility]

Water Utility Enterprise Fund

Cash Balance

	Audited 2011-12 Actuals	Audited 2012-13 Actuals	2013-14 Budget	Estimated 2013-14 Actuals	2014-15 Budget
Beginning Cash Balance	12,807,412	12,465,350	10,376,435	9,044,659	7,464,847
Revenues	13,678,648	14,894,809	14,484,970	15,040,230	14,169,450
Expenditures	<u>14,020,710</u>	<u>18,315,500</u>	<u>23,040,783</u>	<u>16,620,042</u>	<u>12,185,130</u>
Net Difference (Revenues Less Expenditures)	(342,062)	(3,420,691)	(8,555,813)	(1,579,812)	1,984,320

Cash Balance

Ending Cash Balance	<u>12,465,350</u>	<u>9,044,659</u>	<u>1,820,622</u>	<u>7,464,847</u>	<u>9,449,167</u>
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[Water Utility]

- Total revenue reduction - \$315,520
 - Revenue reduction associated with Water Meter Installation - \$650,000
 - Service Charge revenue up 3.0% over 2013/14 budgeted revenue - \$376,000
 - Includes \$614,380 interest subsidy on the Build America Bonds

[Water Utility]

- Total expense increase - \$1.1M
- Addition of Watershed Program Coordinator position (\$53,900)
 - Cost shared with Wastewater
- Service & supplies - \$355,000
- Special payments - \$194,000
- Capital projects - \$609,000

[Water Utility]

- Capital Projects

- Water Meter Program (\$325,000)
- Well Rehab/Replacements/Improvements (\$1.4M)
- ERP/CIS system replacement (\$250,000)
- Various taps, mains and other projects (\$100,000)
- PCE/TCE projects (\$660,000)

[Water Utility Reserves]

- Target is 25% of operating expenses
- Target for FY 2014/15 equals \$2,593,000
- FY 2014/15 Estimated Reserve is \$9,449,000

[Wastewater Utility]

Wastewater Utility Enterprise Fund	2011-12	2012-13	2013-14	2013-14	2014-15
	Actuals	Actuals	Budget	Actuals	Budget
<u>Cash Balance</u>					
Beginning Cash Balance	10,606,065	12,513,936	12,078,736	13,695,513	12,226,580
Revenues	15,947,883	14,346,216	15,035,170	14,634,840	14,878,980
Expenditures	<u>14,040,012</u>	<u>13,164,639</u>	<u>18,102,918</u>	<u>16,103,773</u>	<u>19,723,250</u>
Net Difference (Revenues Less Expenditures)	1,907,871	1,181,577	(3,067,748)	(1,468,933)	(4,844,270)
<u>Cash Balance</u>					
Ending Cash Balance	<u><u>12,513,936</u></u>	<u><u>13,695,513</u></u>	<u><u>9,010,988</u></u>	<u><u>12,226,580</u></u>	<u><u>7,382,310</u></u>

[Wastewater Utility]

- Total revenue decrease - \$156,000
 - Service Charge revenue up \$493,000
 - 3.0% over 2013/14 estimated receipts
 - Prior year budget included bond funds related to capital projects (\$677,000)

Wastewater Utility

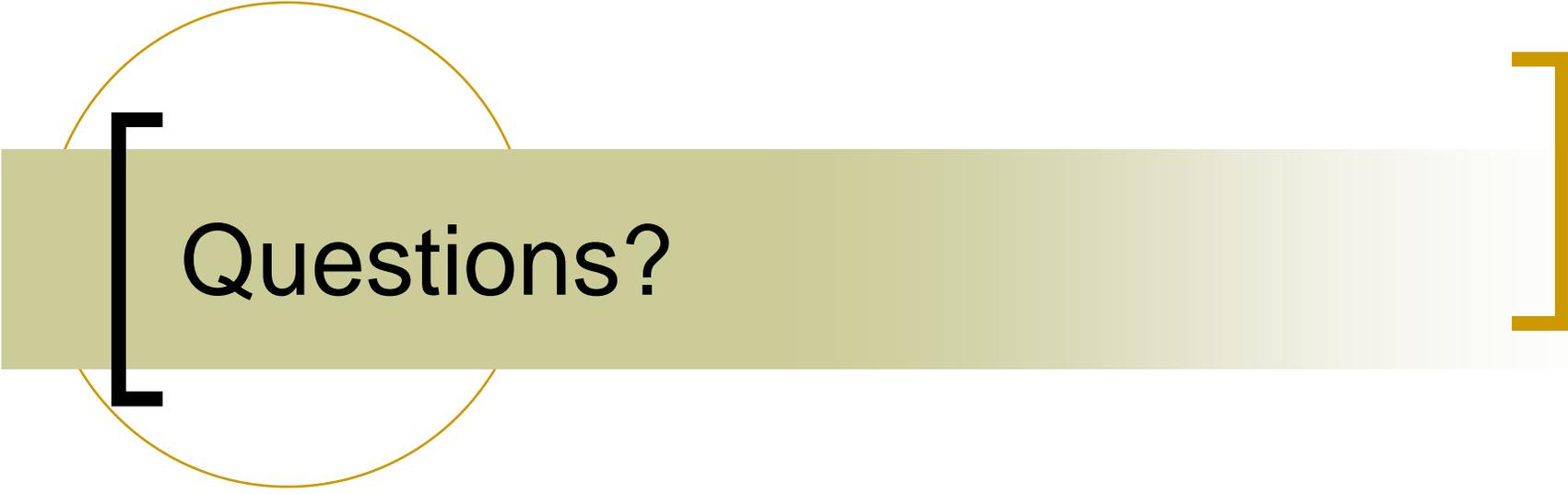
- Total expense increase - \$4.2M
 - Addition of Watershed Program Coordinator position (\$53,900)
 - Cost shared with Water
 - Debt Service decrease - \$3.2M
 - Early pay off of 2003 COPS
 - Capital projects and vehicles increase – \$7.4M

Wastewater Capital Projects

- Influent Screening/UV upgrade (\$2.3M)
- Microturbines (\$1.2M)
- Roadway and Building upgrades (\$1.75M)
- Irrigation Improvements (\$750,000)
- Pipe Realignment (\$650,000)
- Electrical Improvements (\$600,000)
- ERP/CIS replacement (\$250,000)
- Various other projects (\$427,000)
- Equipment/vehicle replacement (\$910,000)

[Wastewater Utility Reserves]

- Target is 25% of operating expenses
- Target for FY 2014/15 equals \$3,012,000
- FY 2014/15 Estimated Reserve is \$7,382,300



Questions?



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CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Third Quarter Fiscal Year 2013/14 Water, Wastewater and Electric Utility Department Financial Reports

MEETING DATE: May 13, 2014

PREPARED BY: Deputy City Manager

RECOMMENDED ACTION: Receive third quarter Fiscal Year 2013/14 Water, Wastewater and Electric Utility Department financial reports.

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 13, 2014.

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.

Jordan Ayers
Deputy City Manager

APPROVED: _____
Stephen Schwabauer, Interim City Manager



Public Works Department Water/Wastewater

FY 14 Quarterly Update (Ending March 31, 2014)

City Council Shirtsleeve Session
May 13, 2014



Wastewater Fund Cash Flow Summary

(Ending March 31, 2014)

	Budget	Actuals	% of Budget
Revenue			
Sales	14,020,580	10,680,752	76%
Development Impact Mitigation Fees (wastewater & storm)	161,870	159,182	98%
Other (interest, septic, misc.)	174,950	239,218	137%
Total Revenues	14,357,400	11,079,152	77%
Expenses			
Operating	6,455,914	4,646,081	72%
Capital	1,589,514	361,735	23%
Debt Service	6,904,490	6,217,403	90%
Cost of Services Payment To General Fund	1,068,000	801,000	75%
Total Expenses	15,635,580	12,025,859	77%
Beginning Cash (Operations Only)		5,055,217	
Ending Cash (Operations Only)		6,357,159	
Days Cash (Excluding Capital)		149	
% of Target		166%	



Wastewater Operating Results

(Ending March 31, 2014)

	Budget	Actuals	% of Budget
Personnel	\$ 3,360,494	\$ 2,481,063	74%
Supplies, Materials, Services	\$ 2,111,530	\$ 1,417,755	67%
Equipment, Land, Structures	\$ 79,000	\$ 65,075	82%
Other Payments	\$ 202,630	\$ 185,738	92%
Utilities	\$ 692,260	\$ 496,450	72%
Work for Others	\$ 10,000	\$ -	0%
Total Operating Expenses	\$ 6,455,914	\$ 4,646,081	72%



Wastewater Funds
Cash Balances
(Ending March 31, 2014)

Operating (170)	6,357,159
Utility Capital / Infrastructure Replacement (171)	8,984,050
Capital Reserve (172) (Fund used to pay White Slough COP Debt Service)	(3,931,791)
Wastewater IMF (173)	47,453
Rate Stabilization Reserve (174)	500,000
Storm Drain IMF (175)	682,440
Total	12,639,311



Water Fund Cash Flow Summary

(Ending March 31, 2014)

	Budget	Actuals	% of Budget
Revenue			
Sales	12,694,930	9,513,180	75%
Development Impact Mitigation Fees	149,860	60,001	40%
Other (interest, tap fees, water meters, misc.)	1,640,180	1,422,238	87%
Total Revenues	14,484,970	10,995,419	76%
Expenses			
Operating	5,824,036	4,479,820	77%
Capital	7,472,494	4,285,875	57%
Debt Service	2,969,610	896,476	30%
Cost of Services Payment To General Fund	780,000	585,000	75%
Total Expenses	17,046,140	10,247,171	60%
Beginning Cash (Operations Only)		10,805,906	
Ending Cash (Operations Only)		10,971,575	
Days Cash (Excluding Capital)		504	
% of Target		560%	



Water Operating Results

(Ending March 31, 2014)

	Budget	Actuals	% of Budget
Personnel	\$ 2,106,056	\$ 1,764,622	84%
Supplies, Materials, Services	\$ 1,388,810	\$ 884,196	64%
Equipment, Land, Structures	\$ 82,000	\$ 11,811	14%
Other Payments	\$ 1,382,420	\$ 1,328,735	96%
Utilities	\$ 754,750	\$ 490,456	65%
Work for Others	\$ 110,000	\$ -	0%
Total Operating Expenses	\$ 5,824,036	\$ 4,479,820	77%



**Water Funds
Cash Balances**
(Ending March 31, 2014)

Operating (180)	10,971,575
Utility Capital / Infrastructure Replacement (181)	(1,940,461)
Capital Reserve Restricted Assets (181) (Water Plant Bond Remaining Proceeds)	2,349,388
IMF (182)	60,392
PCE/TCE Settlements	11,225,160
PCE/TCE Rates (185)	4,396,541
Total	27,062,595



Bad Debt Write Off (Through March 31, 2014)

	# Of Accounts	Amount	% of Sales
Wastewater	645	\$52,152	0.5%
Water	645	\$56,815	0.6%



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 14 Quarterly Update (Ending March 31, 2014)

City Council Shirtsleeve Session
May 13, 2014



Electric Fund Cash Flow Summary (Ending March 31, 2014)

	Budget	Actuals	% of Budget
Revenue			
Sales Revenues	66,894,140	49,936,566	75%
Development Impact Fees	200,000	78,461	39%
Other Revenues (interest, misc)	4,033,850	1,117,001	28%
Total Revenues	71,127,990	51,132,027	72%
Expenses			
Purchase Power	39,408,270	30,350,998	77%
Non Power	11,947,910	7,021,352	59%
Capital Projects	2,012,700	482,988	24%
Debt Service	8,241,460	6,496,483	79%
Cost of Service	2,354,000	1,765,500	75%
In-lieu Transfer to General Fund	6,976,670	5,232,503	75%
Total Expenses	70,941,010	51,349,824	72%
Net Chg in Bal Sheet Accts		(1,065,242)	

Net Increase (Decrease)	186,980	(1,283,038)
Beginning Local Cash Balance	13,235,812	13,235,812
Ending Local Cash Balance	13,422,792	11,952,774
GOR Balance		9,483,172
Total Reserve Balance		21,435,946
Reserve Policy Target		23,232,000
% of Target		92%



Electric Utility Reserve Policy (Ending March 31, 2014)

Purpose	Basis	Target	Actual
Operating Reserve	90 Days Cash	\$ 17,232,000	\$ 11,952,774
Capital Reserve	Largest Distribution System Contingency	\$ 1,000,000	
NCPA General Operating Reserve	NCPA Identified Items	\$ 5,000,000	\$ 6,411,789
NCPA MPP/GPP Balance	MPP/GPP Security Commitments		\$ 3,071,383
Total Target		\$ 23,232,000	\$ 21,435,946



Electric Funds
Cash Balances
(Ending March 31, 2014)

Operating (160)	\$ 2,091,953
Utility Outlay Reserve Fund (161)	\$ 0
Electric Rate Stability Reserve (162)	\$ 2,162,369
Public Benefits Fund (164)	\$ 4,513,278
IMF EU Substation and Transmission (165)	\$ 738,273
Solar Surcharge Fund (166)	\$ 729
Environmental Compliance (168)	\$ 2,446,172
NCPA – General Operating Reserve (GOR)	\$ 9,483,172
Total	\$ 21,435,946



Power Sales

(Ending March 31, 2014)

	Budgeted Sales	Year to Date Sales	% Budget
kWh	442,186,628	330,958,687	75%
Revenue	\$ 66,894,140	\$ 49,936,566	75%

	Year	HDD	Normal	CDD	Normal
July	2013	0	0	388	363
August	2013	0	0	319	332
September	2013	6	0	204	222
October	2013	83	91	2	54
November	2013	310	360	0	0
December	2013	637	603	0	0
January	2014	464	595	0	0
February	2014	333	407	0	0
March	2014	199	324	0	0
FY14 Total		2032	2380	913	971



ECA Revenue

(Ending March 31, 2014)

Customer Class	Q1	Q2	Q3	Total
Residential	\$ (157,405)	\$ 302,855	\$ 776,041	\$ 921,491
Small Commercial	\$ (154,690)	\$ 308,120	\$ 829,634	\$ 983,065
Large Commercial/Small Industrial	\$ (45,706)	\$ 94,584	\$ 243,400	\$ 292,279
Industrial	\$ (169,465)	\$ 151,243	\$ 420,741	\$ 402,519
Total ECA Revenue	\$ (527,265)	\$ 856,803	\$ 2,269,816	\$ 2,599,353



Electric Fund
Operating Results
(Ending March 31, 2014)

	FY14 Budget	FY14 Actual	% of Budget
Personnel	\$ 5,862,530	\$ 4,382,229	75%
Supplies, Materials, Services	\$ 3,158,730	\$ 1,244,499	39%
Equipment, Land, Structures	\$ 1,267,800	\$ 541,563	43%
Other Payments	\$ 1,605,000	\$ 816,450	51%
Utilities	\$ 53,850	\$ 36,611	68%
Total Operating Expenses	\$ 11,947,910	\$ 7,021,352	59%



Power Supply Costs

(Ending March 31, 2014)

	Budgeted	Year to Date	% of Budget
Generation	\$ 32,670,010	\$ 29,097,509	89%
Transmission	\$ 9,544,450	\$ 5,683,071	60%
Management Services	\$ 1,333,500	\$ 1,074,898	81%
Third Party Revenue	\$ (4,139,690)	\$ (5,504,480)	133%
Adjustments			
TOTAL	\$ 39,408,270	\$ 30,350,998	77%



Billing Statistics

(Ending March 31, 2014)

Budgeted Sales FY14			
Customer Class	kWh Sales	Revenue	Average Rate
Residential	151,836,774	\$ 25,388,105	\$ 0.1672
Small Commercial	155,602,780	\$ 24,553,085	\$ 0.1578
Large Commercial/Small Industrial	40,860,621	\$ 6,375,542	\$ 0.1560
Industrial	93,886,453	\$ 10,577,408	\$ 0.1127
TOTAL	442,186,628	\$ 66,894,140	\$ 0.1513

Actual Sales FY14			
Customer Class	kWh Sales	Revenue	Average Rate
Residential	114,631,262	\$ 19,807,028	\$ 0.1728
Small Commercial	118,830,981	\$ 19,065,795	\$ 0.1604
Large Commercial/Small Industrial	33,760,006	\$ 4,735,364	\$ 0.1403
Industrial	63,736,438	\$ 6,328,379	\$ 0.0993
TOTAL	330,958,687	\$ 49,936,566	\$ 0.1509



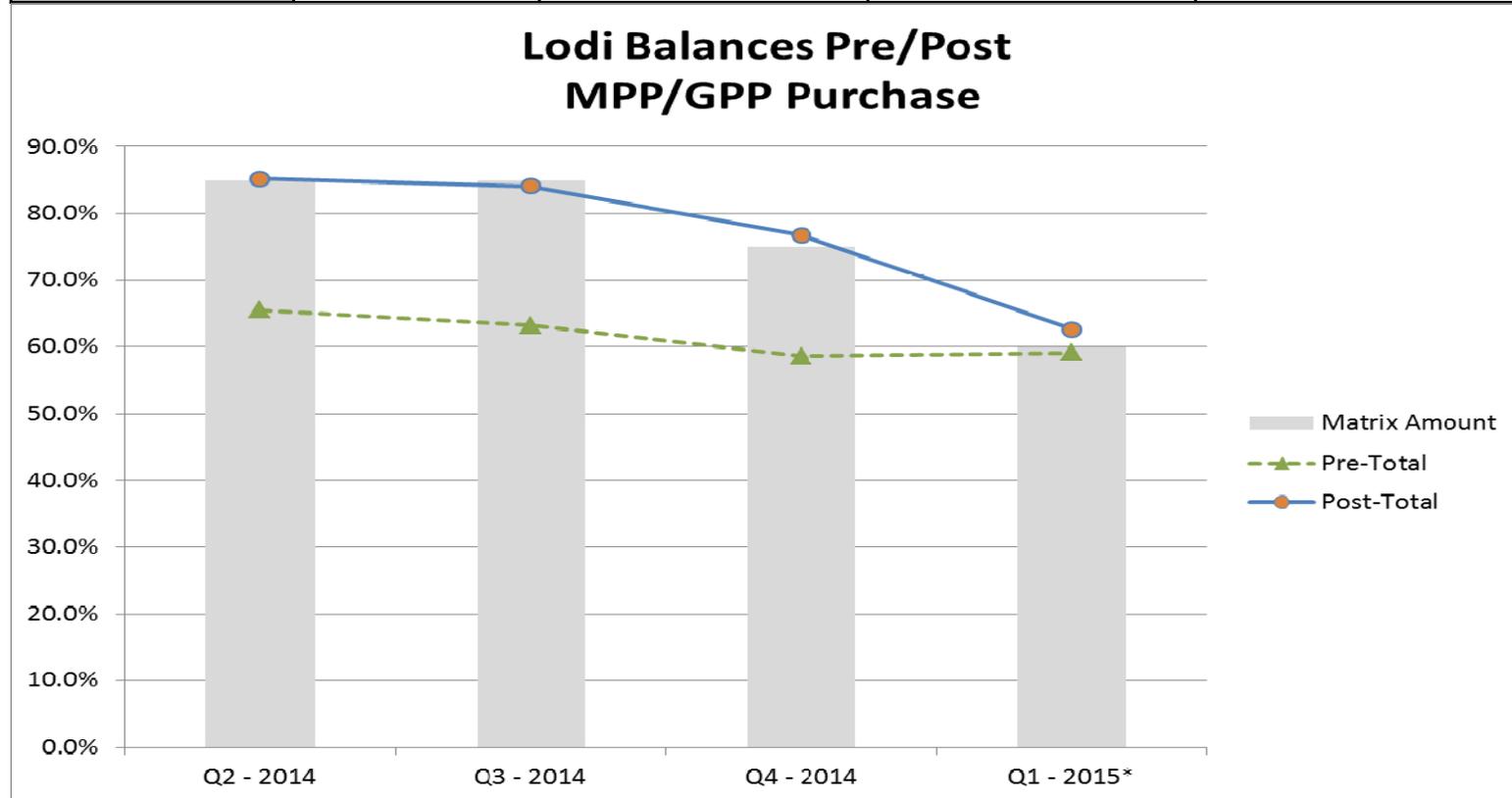
Bad Debt Write Off (Ending March 31, 2014)

	# Of Accounts	Amount	% of Sales
Electric	645	\$106,653	0.21%



12 Month Rolling Load Coverage

	MWh Load	Load Coverage Before Purchases	ROC Matrix Target	Load Coverage After Purchases
Q2 – 2014	111,660	65.5%	85.0%	85.2%
Q3 – 2014	136,228	63.2%	85.0%	84.1%
Q4 – 2014	106,025	58.6%	75.0%	76.8%
Q1 – 2015 *	36,174	59.1%	60.0%	62.6%



*Includes January 2015 Only



Electric Utility Activities

- Street Lights
- Safety Program
- Staffing
- Distribution System Capacity / Maintenance
- Financial Model / Cost of Service
- State-mandated Reports