



LODI CITY COUNCIL
Carnegie Forum
305 West Pine Street, Lodi

"SHIRTSLEEVE" SESSION

Date: October 10, 2006

Time: 7:00 a.m.

For information regarding this Agenda please contact:

Jennifer M. Perrin
Interim City Clerk
Telephone: (209) 333-6702

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 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.

Informal Informational Meeting

- A. Roll call by City Clerk**
- B. Topic(s)**
 - B-1 Utilities quarterly update (PW / EUD)
- 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. Perrin
Interim City Clerk



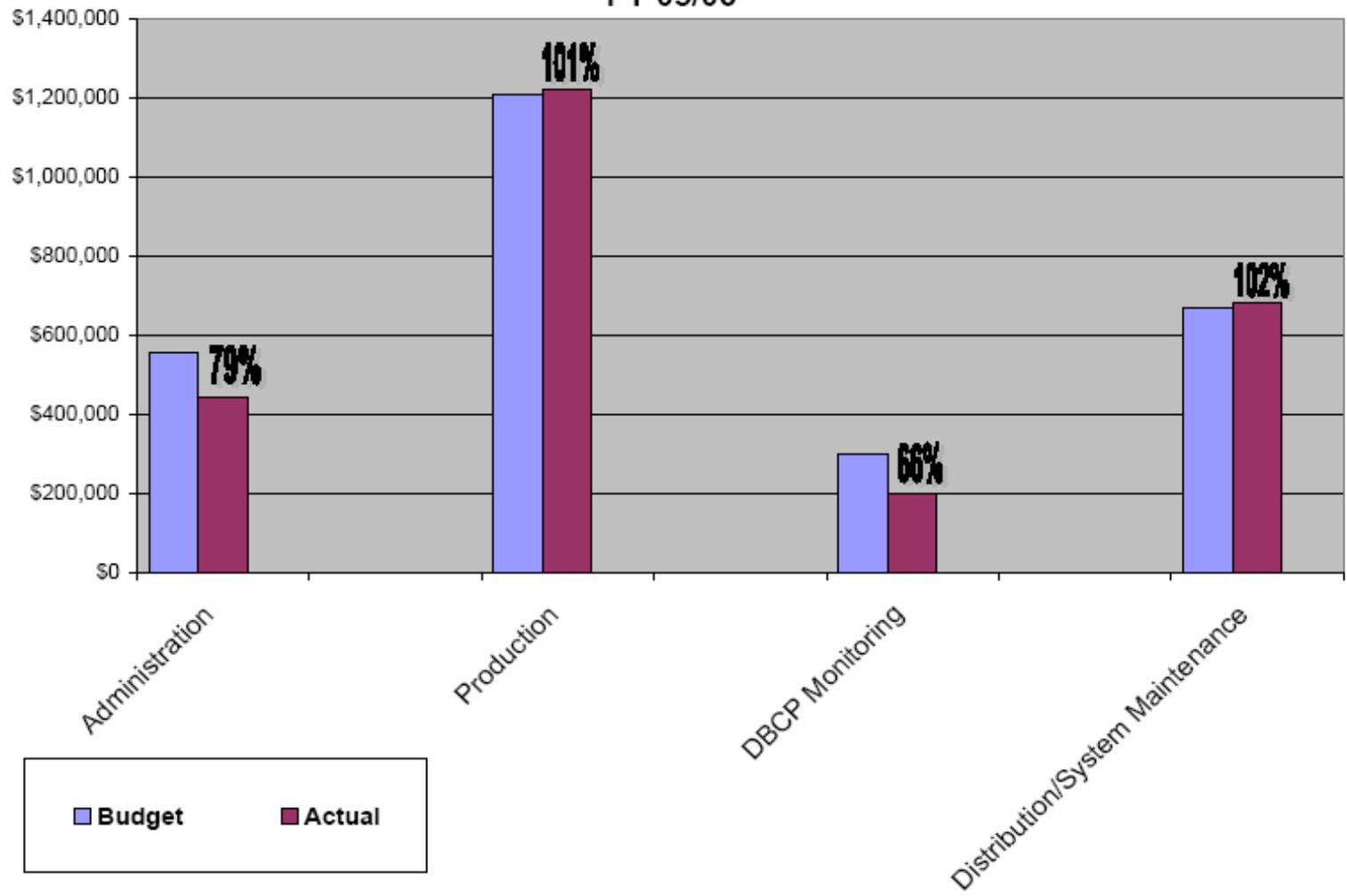
Public Works Department Water/Wastewater Quarterly Update

(Based on Preliminary, Unaudited FY 05/06 End of Year Reports)

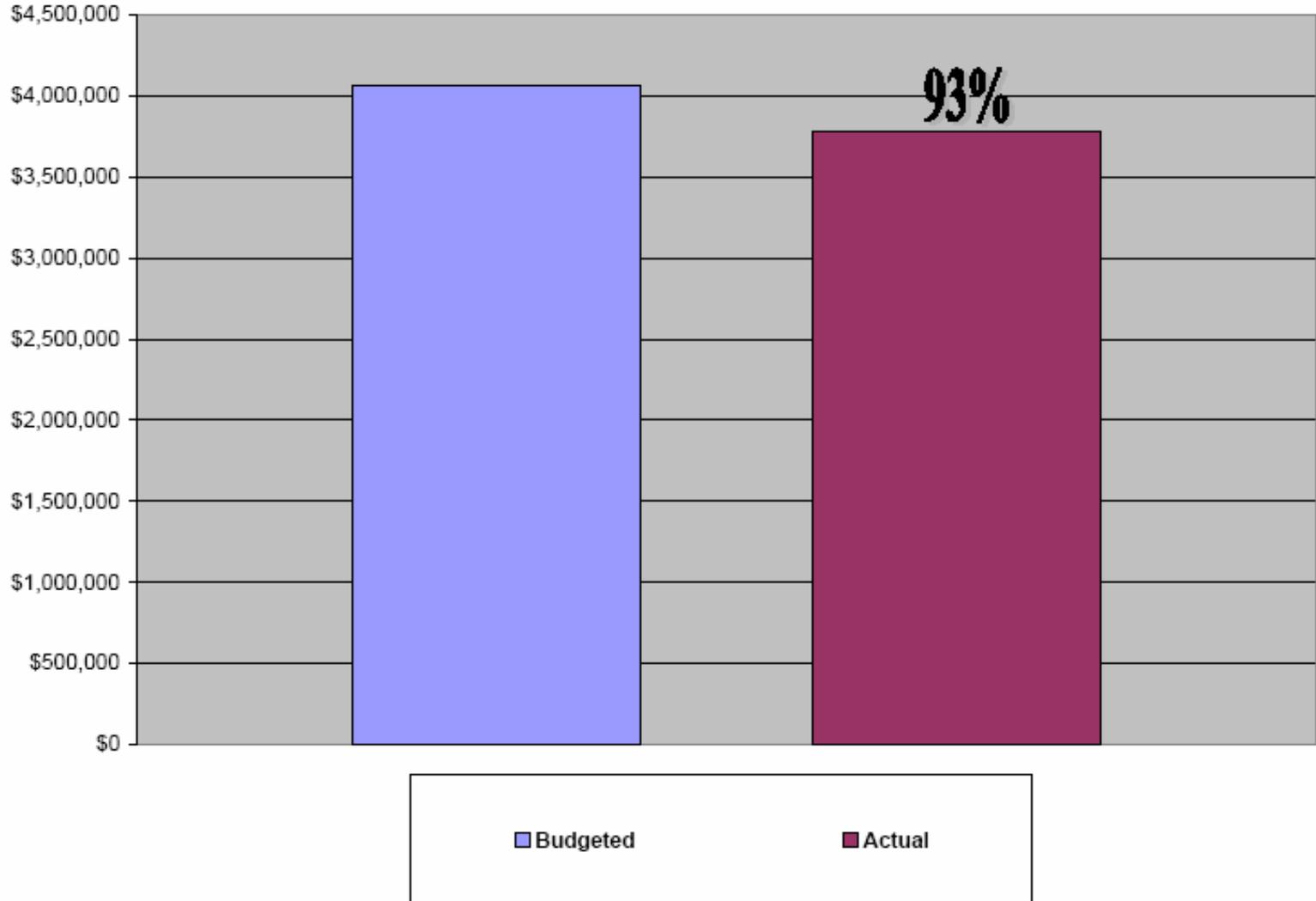
October 10, 2006

Shirtsleeve

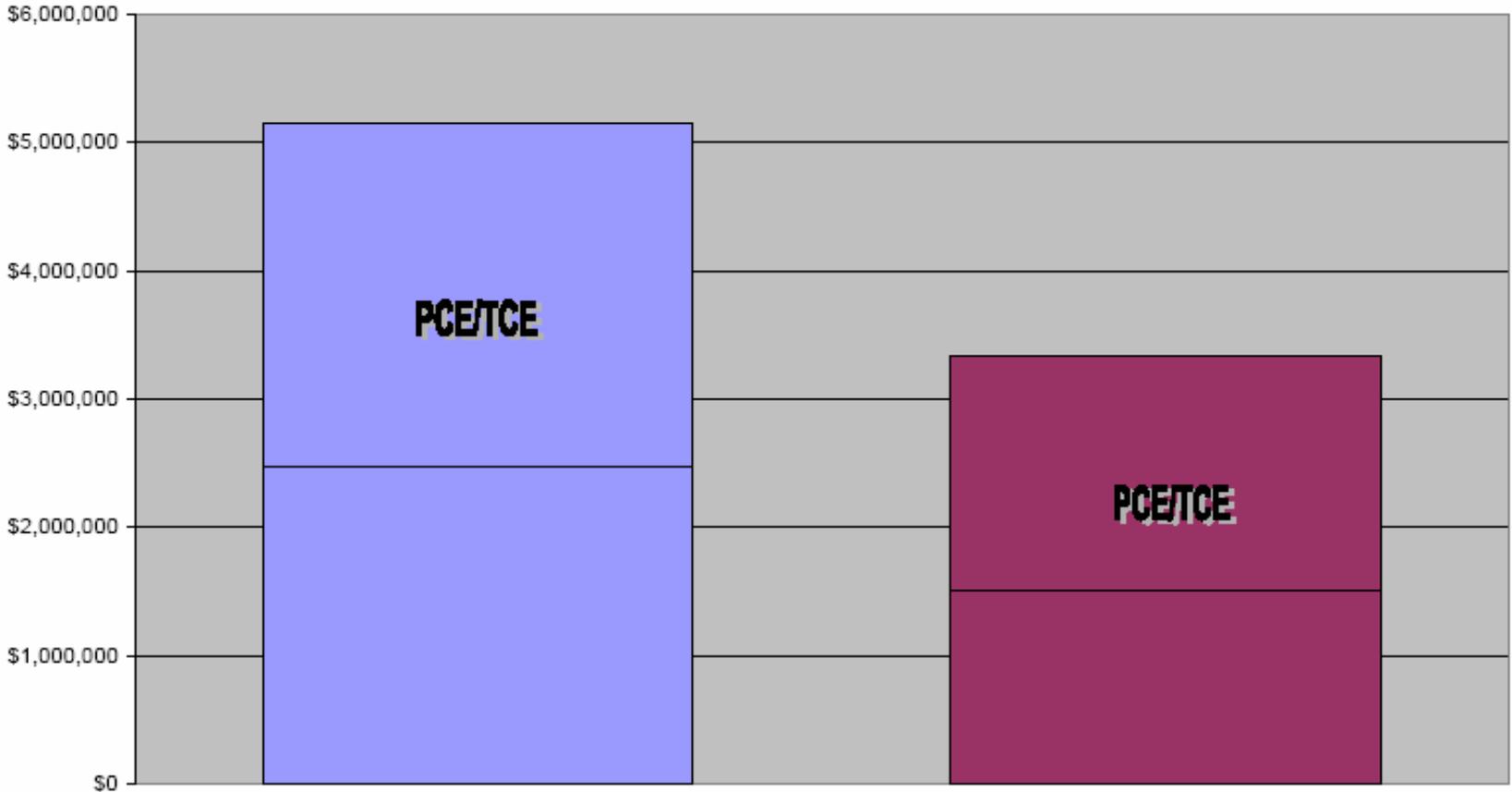
Water Operating Expense FY 05/06



**Water Operating Expense FY 05/06
(Total of All Accounts)**



Water Capital FY 05/06 (All Water Funds)



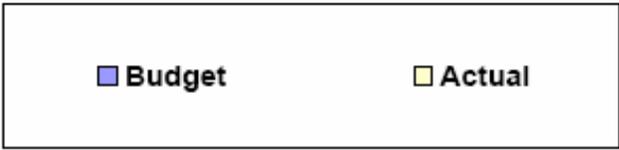
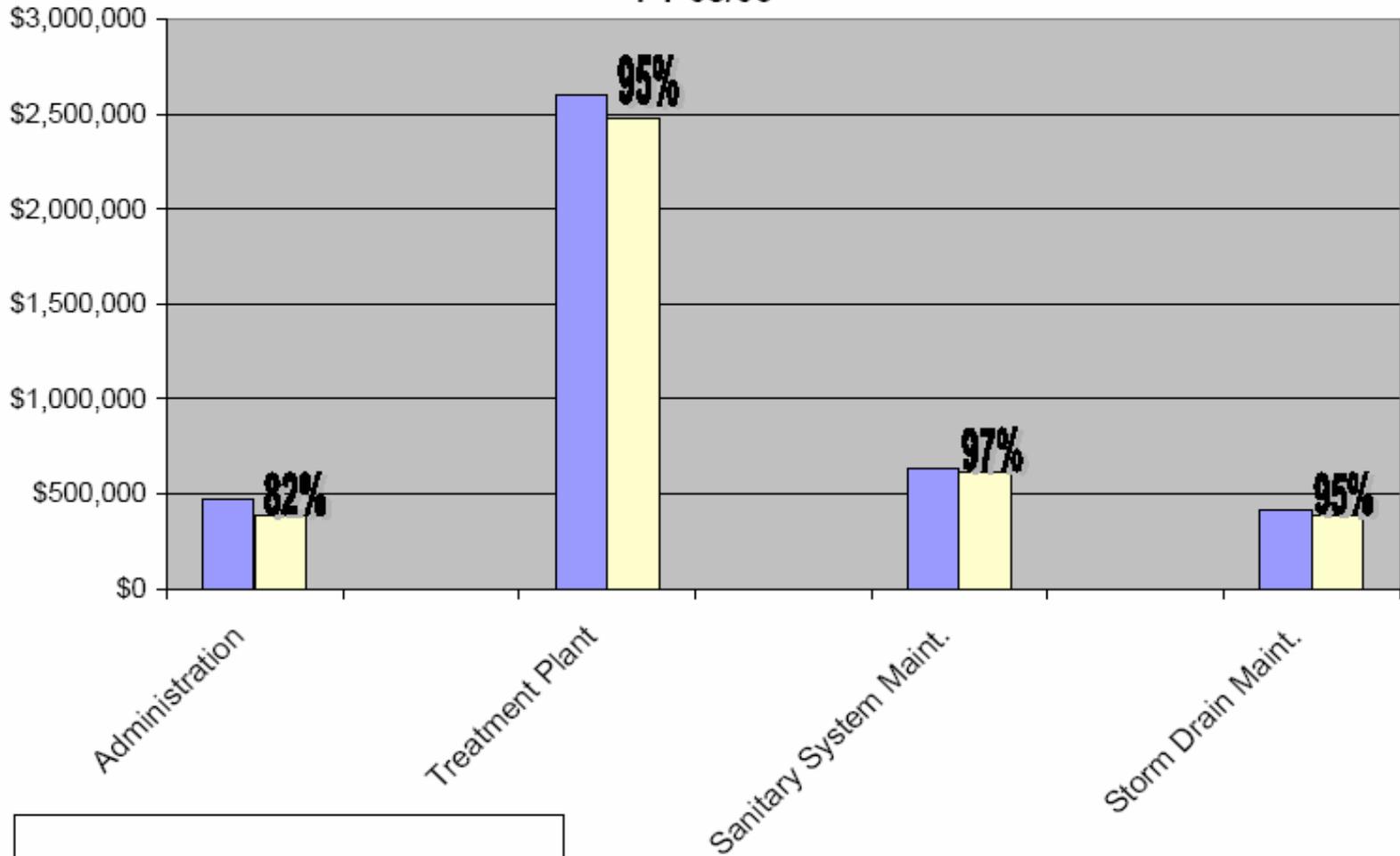
■ Appropriated ■ Actual

Water Capital Projects

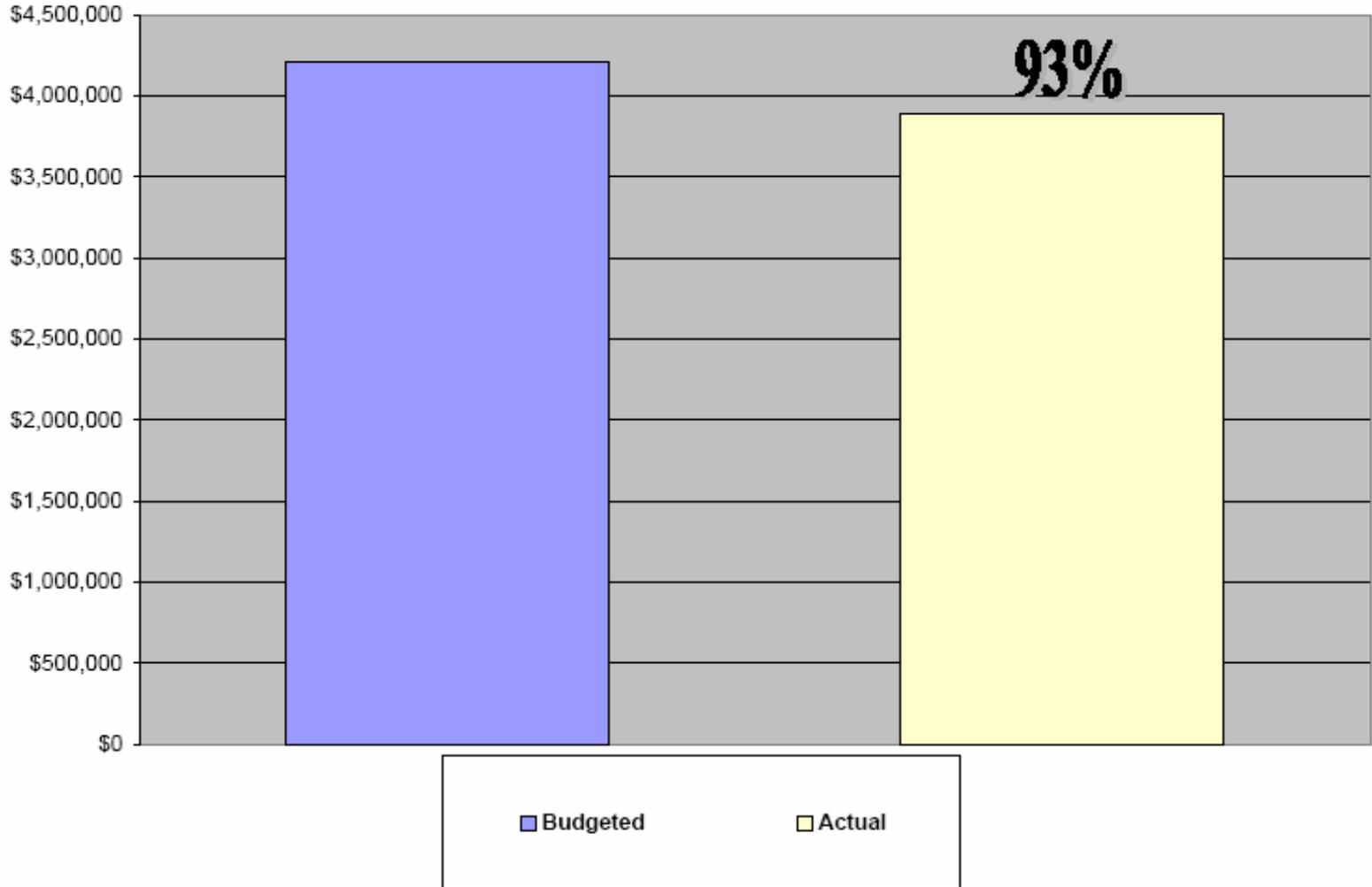
FY 05/06

- Water Main Replacement Project #2 - **\$209K**
- Olive/Lockeford Water Main - **\$335K**
- Well #22 Generator - **\$100K**
- Lower Sacramento Road South - **\$230K**
- Harney Lane Curve - **\$110K**

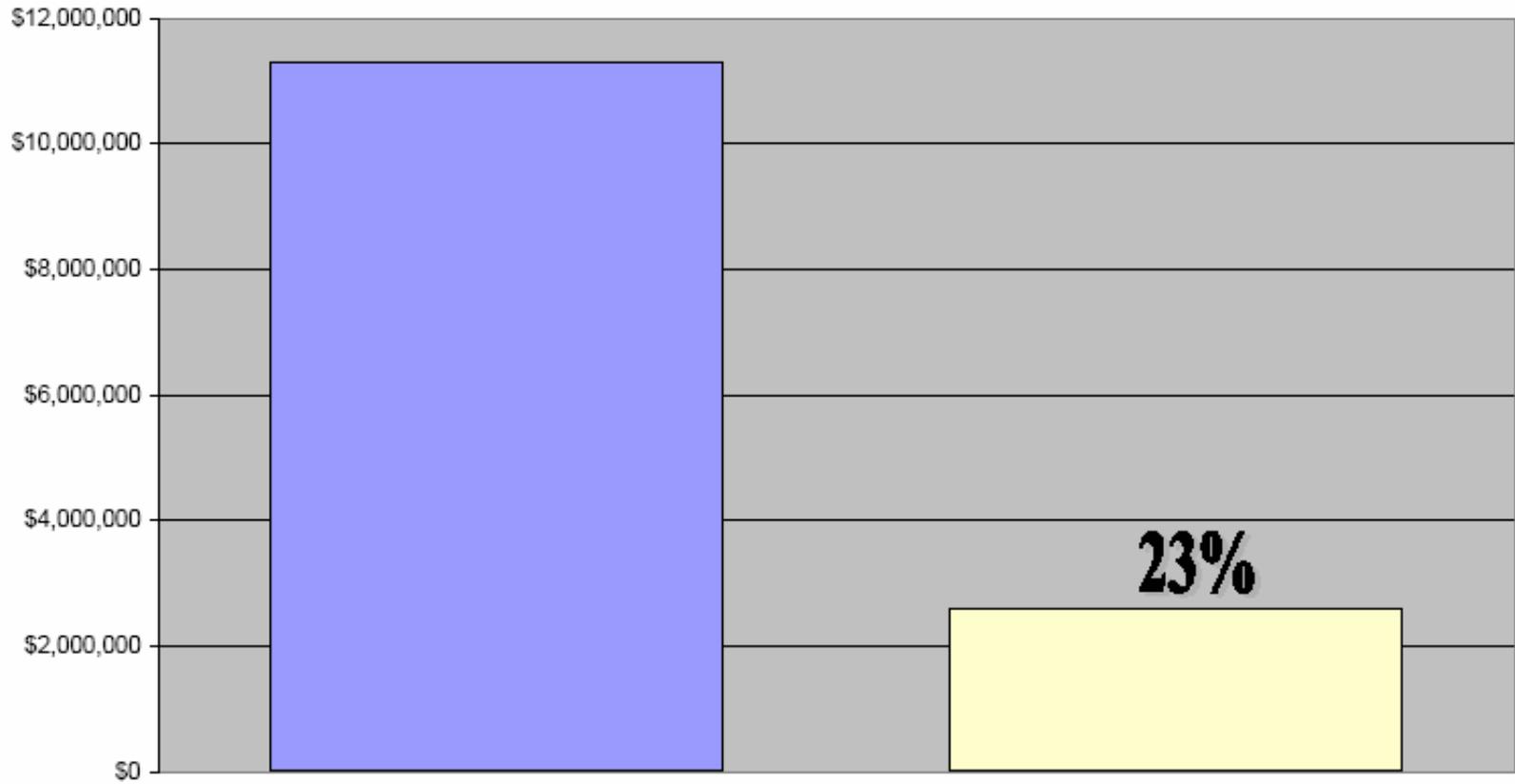
Wastewater Operating Expense FY 05/06



Wastewater Operating Totals FY 05/06 (Total of All Wastewater Accounts)



Wastewater Capital Projects FY 05/06 (All Wastewater Funds)



■ Appropriated

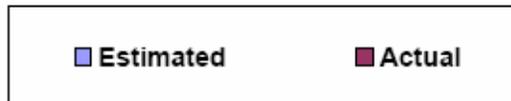
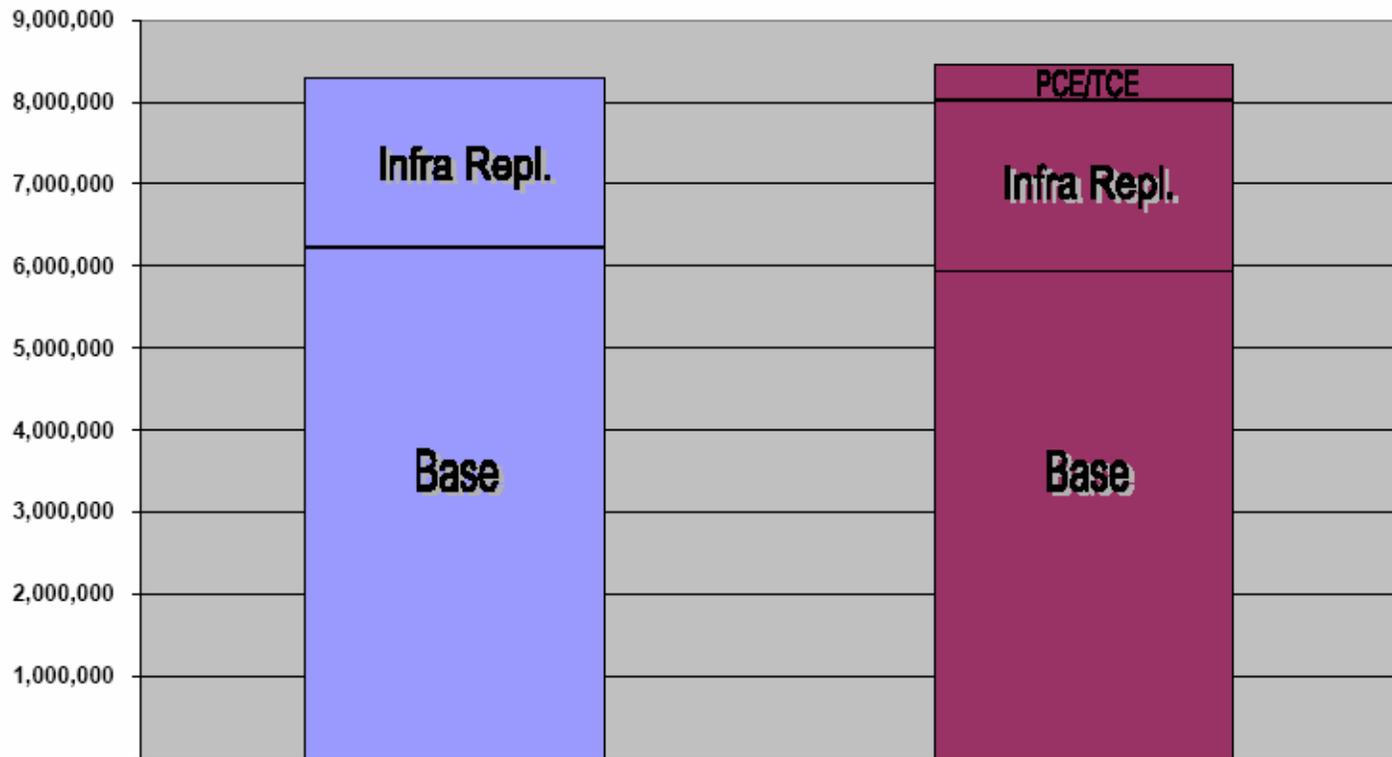
■ Actual

Wastewater Capital Projects

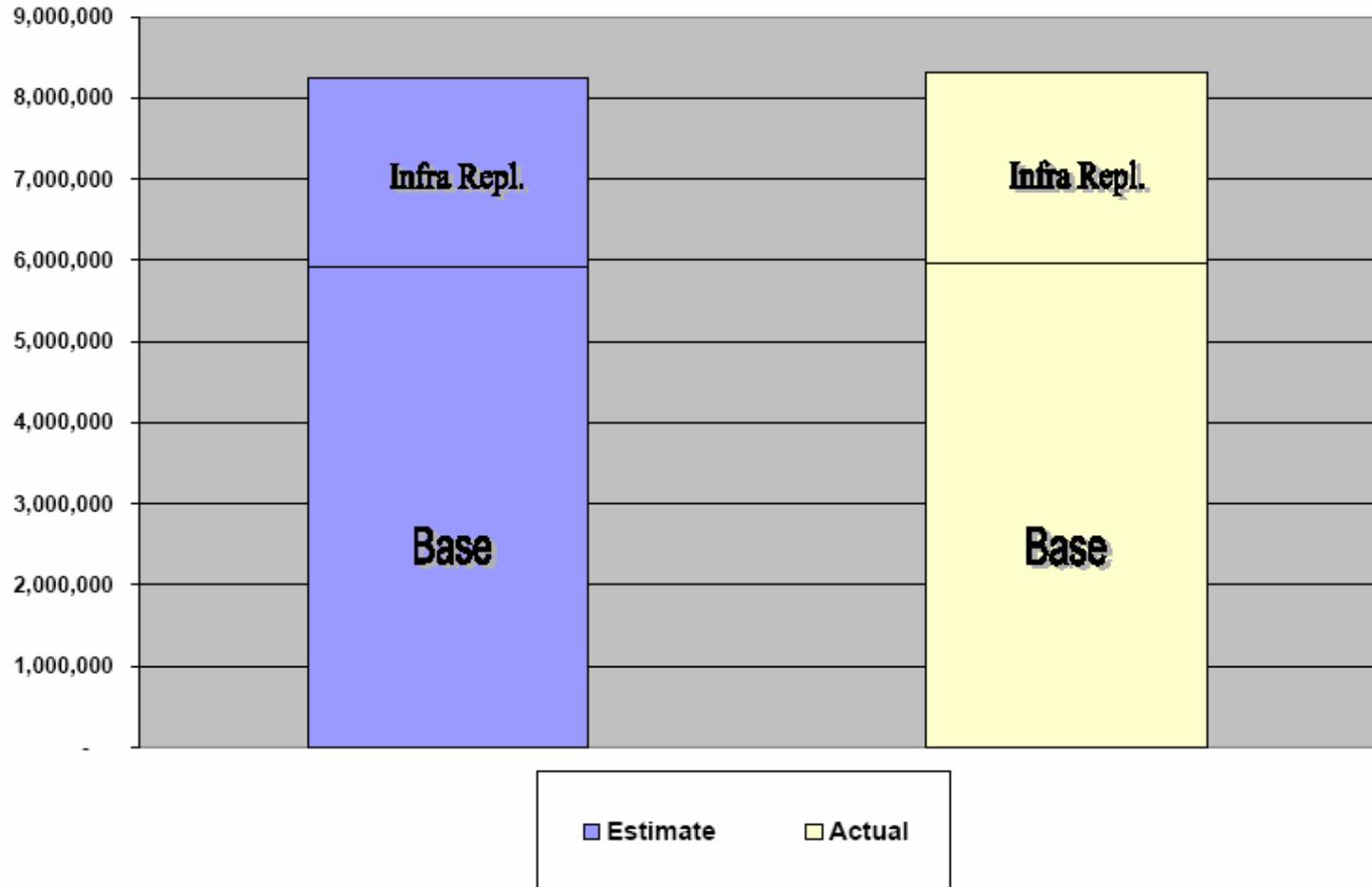
FY 05/06

- WSWPCF 2004 Improvements - **\$1.27m**
- WSWPCF Phase 3 Design - **\$533K**
- Lower Sacramento Road South - **\$138K**
- Harney Lane Curve - **\$100K**

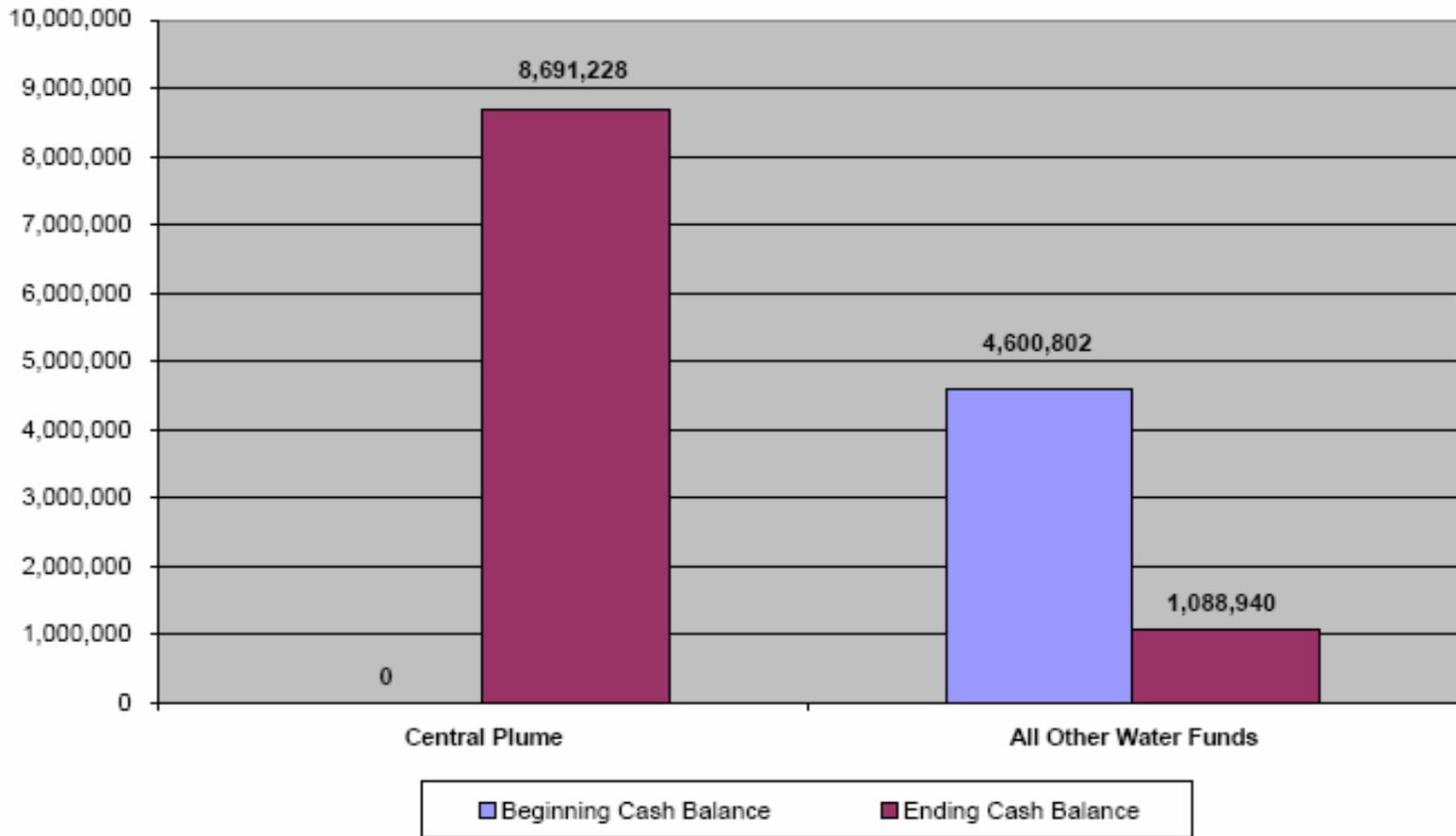
Water Revenue FY 05/06



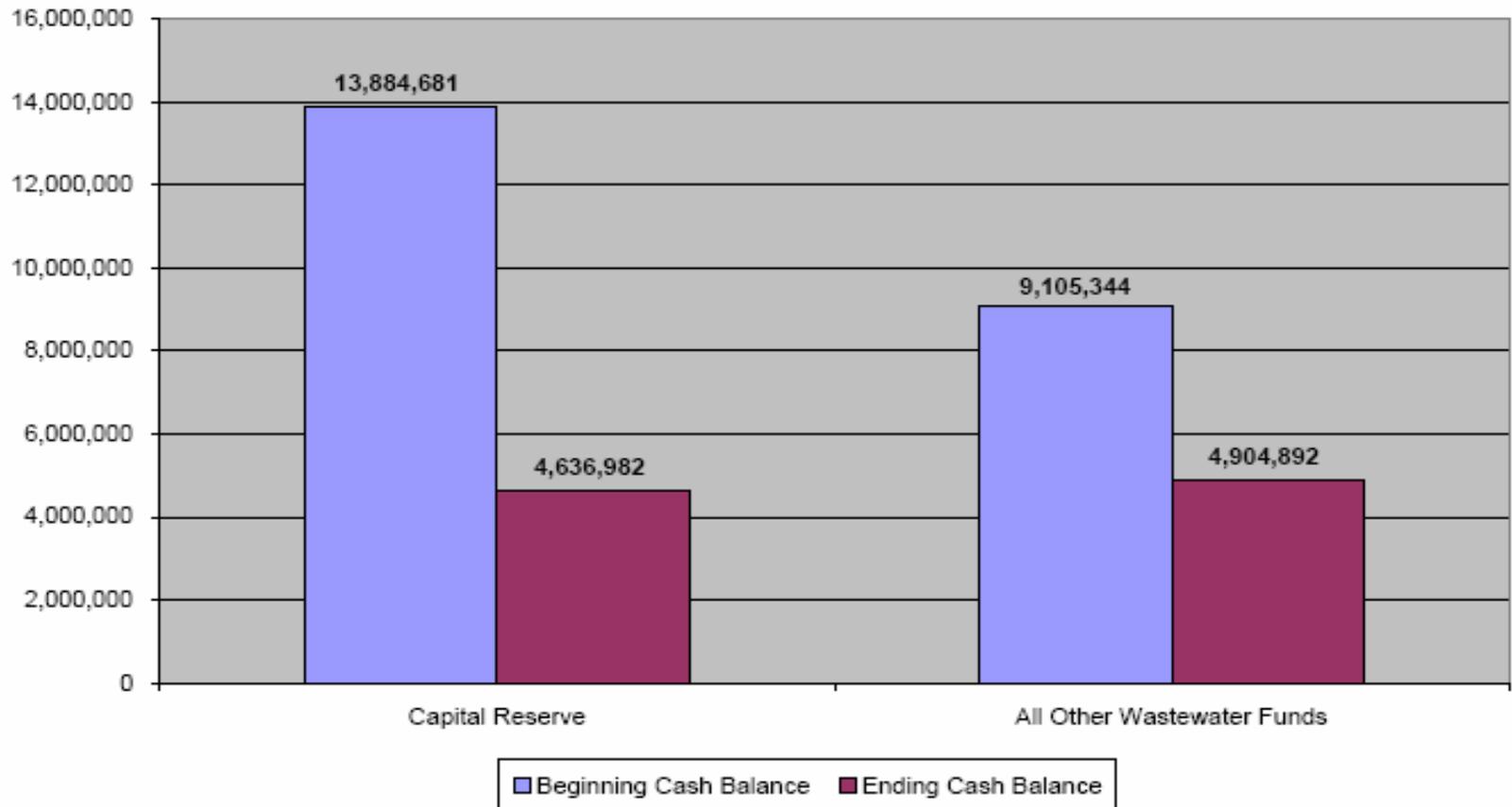
Wastewater Revenue FY 05/06



Water Funds
Change in Cash Balance FY 05/06



Wastewater Fund Change in Cash Balance FY 05/06



	FY '05/06	FY 05/06		
	Budget	Actual		
Administration (180451)				
Personnel	377,020	270,060		
Utilities	2,150	1,402		
Supplies, Materials & Services	106,387	124,729		
Equipment, Land & Structures	2,000	1,076		
Special Payments	66,580	42,482		
Total	554,137	439,748	79%	
Conservation (180413)				
Personnel	100,790	25,153		
Utilities	1,200	375		
Supplies, Materials & Services	5,650	3,455		
Total	107,640	28,983	27%	
Damage to Property (180152)				
Personnel	6,000	6,337		
Supplies, Materials & Services	3,000	210		
Special Payments	0	336		
Total	9,000	6,883	76%	-
Production (180453)				
Personnel	69,397	69,161		
Utilities	879,700	681,408		
Supplies, Materials & Services	78,097	92,839		
Work for Others	173,103	374,941		
Special Payments	8,000	36		
Total	1,208,297	1,218,385	101%	-
DBCP Monitoring (180454)				
Personnel	54,694	50,511		
Utilities	220	185		
Supplies, Materials & Services	244,900	145,943		
Total	299,814	196,639	66%	-
Distribution (180456)				
Personnel	579,174	582,128		
Utilities	0	38		
Supplies, Materials & Services	88,898	87,248		
Special Payments	0	13,581		
Total	668,072	682,995	102%	-
Fire Hydrants (180457)				
Personnel	17,954	6,380		
Supplies, Materials & Services	2,250	926		
Total	20,204	7,306	36%	-
WID Water Purchase (180459)				
Water Purchase	1,200,000	1,200,000.00		
Total	1,200,000	1,200,000.00		-
Total Personnel	1,205,029	1,009,729.13		
Total Utilities	883,270	683,408		
Total Supplies, Materials & Services	529,182	455,349.98		
Total Work for Others	173,103	374,941		
Total Equipment, Land & Structures	2,000	1,076		
Total Special Payments	74,580	56,435		
Total Water Purchase	1,200,000	1,200,000.00		
Total Water Budget	4,067,164	3,780,939.14	93%	

<u>Water Capital Project</u>	<u>FY 05/06 Approp</u>	<u>Actual Spent 05/06</u>
MSC Expansion	12,755	12,794
The Villas	25,500	0
Vintner's Square	52,500	0
Surface Water Design	167,000	0
Water System N/Harney	4,700	0
Lodi Ave Imprv	6,782	6,782
Harney Canal Crossing	35,280	31,848
1175 Guild Ave	2,960	2,960
	0	1,402
Water Master Plan	25,000	0
Lower Sac South	230,000	230,000
Harney Lane Curve	115,000	109,967
MSC Fleet Shop	27,500	0
Legacy Estates	14,000	2,566
Well #22 Generator	82,104	100,279
Well #27	173,521	41,337
1349 E Kettleman	7,500	0
Legacy Estates	5,500	0
Recycled Water Plan	10,000	5,975
Water Supply Planning	91,102	1,264
Surface Water Program	333,000	0
Water Transfer	10,000	6,190
Urban Water Mgmt Plan	50,000	47,302
Olive/Lockeford Water Main	350,000	335,062
Legal Fees - DBCP	0	67,030
MSC Fleet Shop	55,000	0
Water Taps	40,000	133,657
Misc Water Mains	54,293	23,986
Water Meters	180,000	117,774
Misc System Relocations	48,214	18,698
Water Main Repl #1	0	503
Well Generators	15,699	0
Repaint Water Tank	70,000	2,188
Water Main Repl #2	172,547	208,857
T&R Task 2	6,491	5,230
T&R Task 5	17,986	0
PCE/TCE Rate Analysis	0	25,176
PCE/TCE	744,600	1,214,208
PCE/TCE Central Oversight	32,000	22,097
T&R Task 2-Central Plume	36,622	12,822
T&R Task 3-Central Plume	23,503	146
T&R Task 4-Central Plume	30,626	17,071
T&R Task 5-Central Plume	83,272	135
T&R Task 6-Central Plume	73,005	42,302
T&R Task 7-Central Plume	101,680	95,651
T&R Task 8-Central Plume	380,000	20,207
T&R Task 2 - All Plumes	9,665	68,965
T&R Task 5 - All Plumes	35,971	406
T&R Task 9-South Central Western	129,390	14,749
PCE/TCE Central Oversight	0	116,298
T&R Task 2-Central Plume	23,800	8,663
T&R Task 3-Central Plume	23,357	0
T&R Task 4-Central Plume	15,380	664
T&R Task 5-Central Plume	83,137	0
T&R Task 6-Central Plume	171,502	57,826
T&R Task 7-Central Plume	6,029	15,018
T&R Task 8-Central Plume	661,793	82,847
PCE/TCE Total	2,689,809	1,820,481
Totals	5,157,266	3,328,902
Water Total	2,467,457	1,508,421

	FY '05/'06 Budget	FY '05/'06 Actuals	
Administration (170401)			
Personnel	361,736	264,466	
Utilities	2,000	1,408	
Supplies, Materials & Services	102,759	117,464	
Equipment, Land & Structures	3,500	1,076	
Special Payments	1,500	1,298	
Total	471,495	385,711	82%
Damage to Property (170152)			
Personnel	0	1,493	
Supplies, Materials & Services	4,000	0	
Special Payments	0	(143)	
Total	4,000	1,350	34%
Plant Maintenance (170403)			
Personnel	1,275,225	1,120,128	
Utilities	704,625	693,727	
Supplies, Materials & Services	443,574	458,608	
Work for Others	99,260	145,886	
Equipment, Land & Structures	16,900	9,443	
Special Payments	59,530	50,269	
Total	2,599,114	2,478,062	95%
Sanitary System Maint. (170404)			
Personnel	544,524	535,790	
Utilities	20,400	20,289	
Supplies, Materials & Services	46,054	44,886	
Work for Others	18,506	8,073	
Special Payments	0	1,257	
Total	629,484	610,295	97%
Storm Drain Maint. (170405)			
Personnel	196,974	206,216	
Utilities	28,900	5,716	
Supplies, Materials & Services	41,289	44,683	
Work for Others	15,800	20,394	
Equipment, Land & Structures	39,425	25,915	
Special Payments	87,150	85,884	
Total	409,538	388,808	95%
Supplement Enviro. (170413)			
Personnel	19,000	14,870	
Total	19,000	14,870	78%
Watershed Ed Grant (170414)			
Utilities	0	16	
Supplies, Materials & Services	60,000	33,026	
Special Payments	0	1,500	
Total	60,000	34,543	58%
Industrial System Maint. (170442)			
Personnel	4,972	1,597	
Utilities	5,550	2,231	
Supplies, Materials & Services	3,200	200	
Work for Others	1,400	0	
Total	15,122	4,028	27%
Total Personnel	2,402,431	2,144,560	
Total Utilities	761,475	723,387	
Total Supplies, Materials & Services	700,876	674,270	
Total Work for Others	134,966	174,353	
Total Equipment, Land & Structures	59,825	36,434	
Total Special Payments	148,180	140,065	
Total Wastewater Budget	4,207,753	3,893,070	93%

<u>Wastewater Capital Project</u>	<u>FY 05/06 Approp</u>	<u>Actual Spent 05/06</u>	
MSC Expansion	12,367	12,813	
Vintner's Square	17,500	0	
Lower Sac South	138,000	138,010	
G Basin excavation	150,000	0	
WW Collection Master Plan	25,000	0	
Harney Lane Curve	265,000	100,000	
MSC Fleet Shop	27,500	0	
T&R Task 2	11,577	3,173	
T&R Task 5	17,986	0	
Main Replacement #2	22,381	60,080	
PCE/TCE Rate Analysis	0	6,400	
Turner Road Pump Station	50,000	56	
Olive/Lockeford Water Main	30,000	25,124	
Lodi Ave Overlay	0	175,346	
MSC Fleet Shop	55,000	0	
PCE/TCE	744,600	82,564	
MSC Reconstruct Pavement	75,840	0	
Misc System Relocation	15,000	24,904	
Wastewater Taps	35,532	13,799	
Mainline Trunk CC Study	25,151	0	
Main Replacement #3	836,000	241	
WSWPCF Phase 1 Design	208,192	53,325	
WS Irrigation System Expansion	2,987	93	
Value Engineering	58,315	0	
Capacity Fee Update	16,490	8,886	
Standby Power Design	30,257	17,800	
Groundwater Investigation	310,000	94,405	
WSWPCF 2004 Improvements	2,941,040	1,270,137	
WSWPCF Phase 3 Design	1,600,000	533,286	
Land Acquisition	3,500,000	0	
Recycled Water	75,000	0	
Primary Sedimentation	34,225	11,155	
UV Disinfection Equip	200,981	0	
Aeration Panels	26,795	0	
Groundwater Monitoring	214,676	0	
Sphere of Influence	8,928	0	
WS Roadway Imprv	30,000	0	
Alternative Waste Discharge	176,021	34,129	
Bishop Cut Flow Monitoring	40,316	14,238	
Aeration Blower Replacement	10,922	0	
Telephone system upgrade	46,200	0	
PCE/TCE Total	774,163	92,137	
Totals	12,085,779	2,679,964	
Wastewater Capital	11,311,616	2,587,827	23%



Electric Utility Department

FY06 Quarterly Update **(Through June 30, 2006)**

City Council Shirtsleeve Session
October 10, 2006



Overview

- **FY06 Year-end Results** (unaudited)
- **Financial Forecast**
- **Power Supply Update**
- **Electricity & Natural Gas Trends**



FY06 Financial Results

	FY06 Actual	FY06 Target
Revenue		
Sales Revenues	59,112,591	60,072,000
Other Revenues	2,263,669	1,383,000
Total Revenues	61,376,260	61,455,000
Expenses		
Purchase Power	42,838,940	42,700,000
Non-Power Costs	11,969,730	10,660,000
Total Expenses	54,808,670	53,360,000
Net Revenue for Debt Service	6,567,590	8,095,000
Debt Service	5,963,454	5,619,000
Net Revenue	604,136	2,476,000
In-lieu Transfer To General Fund	6,050,000	6,550,000
Other changes in working capital	654,366	-
Net Increase (Decrease)	(6,100,230)	(4,074,000)
Working Capital BOY	7,342,000	7,343,000
NCPA GOR	668,035	
Bond Funds	1,721,597	
Working Capital FYE	3,631,402	3,269,000

Note: FY06 Actual Non-Power Costs include \$1.7M in capital expenses.



Electric Operating Expenses

	FY06 Actual	FY06 Budget*	FY07 Budget
Personnel	\$ 5,595,415	\$ 7,740,205	\$ 6,164,593
Supplies, Materials, Services	\$ 1,935,578	\$ 2,062,951	\$ 970,732
Equipment, Land, Structures	\$ 924,862	\$ 93,977	\$ 907,540
Other Payments	\$ 478,288	\$ 345,000	\$ 869,100
Communication & Transportation	\$ 67,944	\$ 88,280	\$ 66,070
Total Operating Expenses	\$ 9,002,087	\$ 10,330,413	\$ 8,978,035

Note: FY06 Budget does not include ~\$1 million in capital equipment costs



Bond Cash

	FY06
Beginning Balance	\$ 12,431,508
FY06 Capital Draw	\$ 1,721,597
Interest & Adjustments	\$ 329,455
Balance	\$ 10,380,456
Killelea Substation	\$ 3,678,444
60KV Westside Line	\$ 170,000
Net Bond Cash	\$ 6,532,012



FY06 Sales

Customer Class	kWh Sales	Revenue	Average Rate
Residential	159,540,557	24,303,550	\$ 0.1523
Small Commercial	160,758,313	22,823,294	\$ 0.1420
Large Commercial/Small Industrial	41,440,945	4,796,324	\$ 0.1157
Industrial	97,897,277	7,189,422	\$ 0.0734
TOTAL	459,637,092	59,112,591	\$ 0.1286



NCPA “GOR”

- **General Operating Reserve**
- **Provides funding for contingencies**
- **GOR levels**
 - \$266,603 (July 1, 2005)
 - \$3,113,432 (June 30, 2006)
- **Current GOR includes PG&E “refund”**
 - \$1,842,940 (August, 2006)
- **Will utilize GOR for FY07 liquidity**



Financial Forecast



Financial Forecast

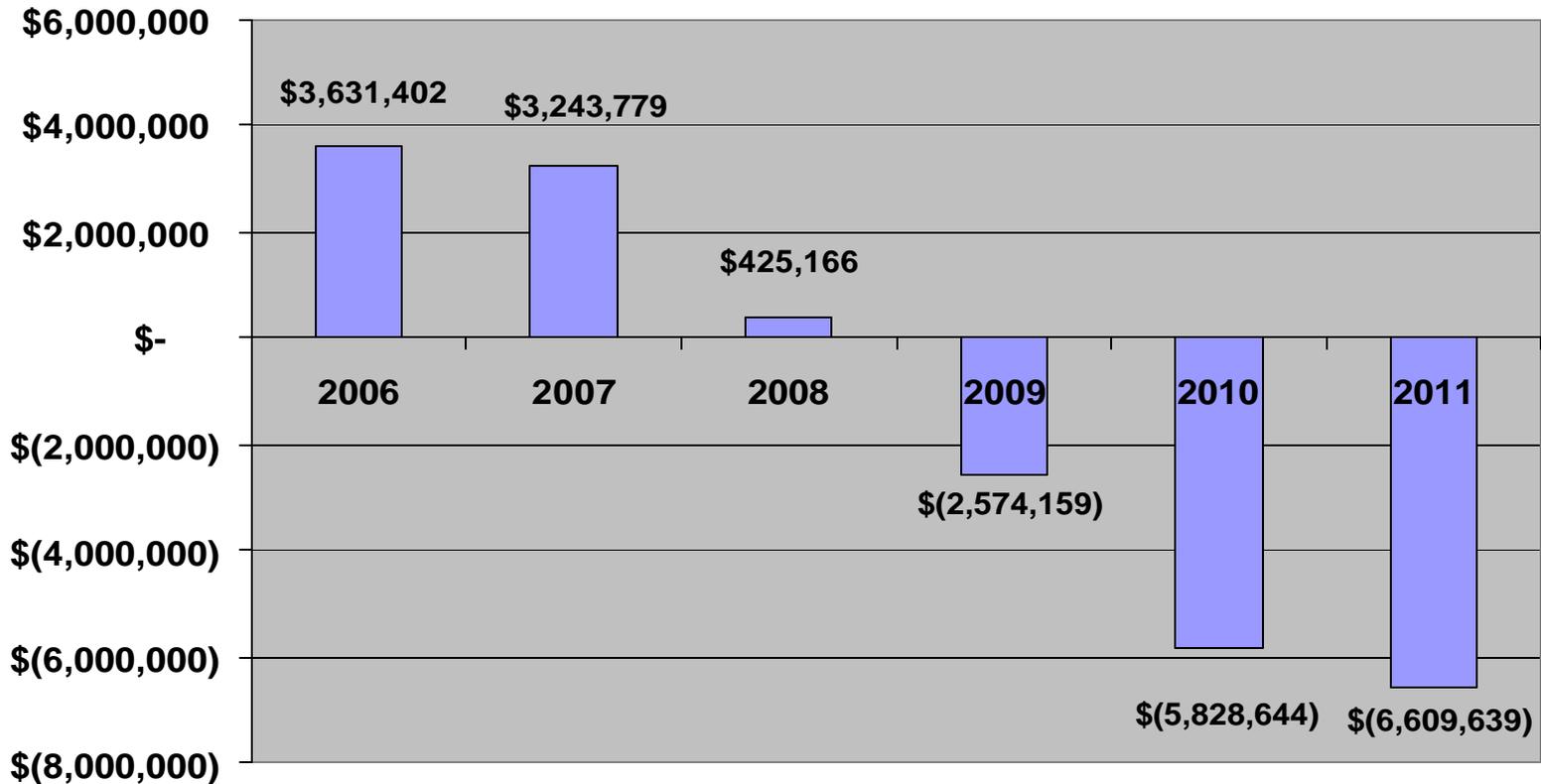
\$ in 1,000s	FY06	FY07	FY08	FY09	FY10	FY11
Revenue						
Sales revenues	59,113	66,707	67,950	69,444	71,033	72,477
Other Revenues	2,264	1,009	1,023	1,045	1,064	1,083
Total Revenues	61,377	67,715	68,972	70,489	72,097	73,560
Expenses						
Purchase Power	42,839	43,183	42,724	46,176	47,215	44,146
Non-Power Costs	11,970	11,874	13,062	13,715	14,401	15,121
Total Expenses	54,809	55,057	55,786	59,891	61,616	59,267
Net Revenue	6,568	12,658	13,186	10,598	10,481	14,293
Debt Service	5,963	6,266	9,132	6,628	6,670	7,909
Net Revenue Available for Other Purposes	604	6,392	4,055	3,969	3,811	6,383
In-lieu Transfer To General Fund	6,050	6,779	6,873	6,969	7,066	7,164
Other changes in working capital	(654)	-	-	-	-	-
Net Increase (Decrease) in Working Capital	(6,100)	(387)	(2,818)	(3,000)	(3,256)	(781)
Working Capital BOY	7,342	3,631	3,244	426	(2,574)	(5,830)
NCPA GOR (Change)	668					
Bond Funds	1,722					
Working Capital FYE	3,631	3,244	426	(2,574)	(5,830)	(6,610)



Electric Fund Balance

(Projected)

Fund Balance by Fiscal Year





Power Supply Update



FY07 “Open Position”

	Lodi Total			Lodi HLH			Lodi LLH		
	Surplus/(Deficit)	Load	% of Load	Surplus/(Deficit)	Load	% of Load	Surplus/(Deficit)	Load	% of Load
July 2006	(3,513)	53,047	-6.6%	(2,083)	33,241	-6.3%	(1,430)	19,807	-7.2%
August	(2,147)	50,317	-4.3%	(1,099)	33,577	-3.3%	(1,048)	16,740	-6.3%
September	(1,630)	43,514	-3.7%	(1,310)	27,873	-4.7%	(319)	15,642	-2.0%
October	1,034	38,032	2.7%	1,583	24,153	6.6%	(549)	13,878	-4.0%
November	(1,676)	35,704	-4.7%	(2,121)	22,530	-9.4%	445	13,175	3.4%
December	(1,396)	38,981	-3.6%	(1,291)	24,104	-5.4%	(105)	14,878	-0.7%
Jan 2007	2,089	37,596	5.6%	1,940	23,956	8.1%	149	13,640	1.1%
February	(894)	33,538	-2.7%	179	21,714	0.8%	(1,072)	11,824	-9.1%
March	(716)	36,706	-2.0%	(157)	24,249	-0.6%	(559)	12,457	-4.5%
April	(525)	35,749	-1.5%	(612)	22,653	-2.7%	86	13,096	0.7%
May	(2,891)	40,080	-7.2%	(1,866)	25,606	-7.3%	(1,025)	14,474	-7.1%
June	(26)	43,732	-0.1%	106	29,416	0.4%	(133)	14,316	-0.9%
Net Total	(12,291)	486,997	-2.5%	-6,730	313,071	-2.1%	-5,560	173,926	-3.2%



Power Supply Outlook

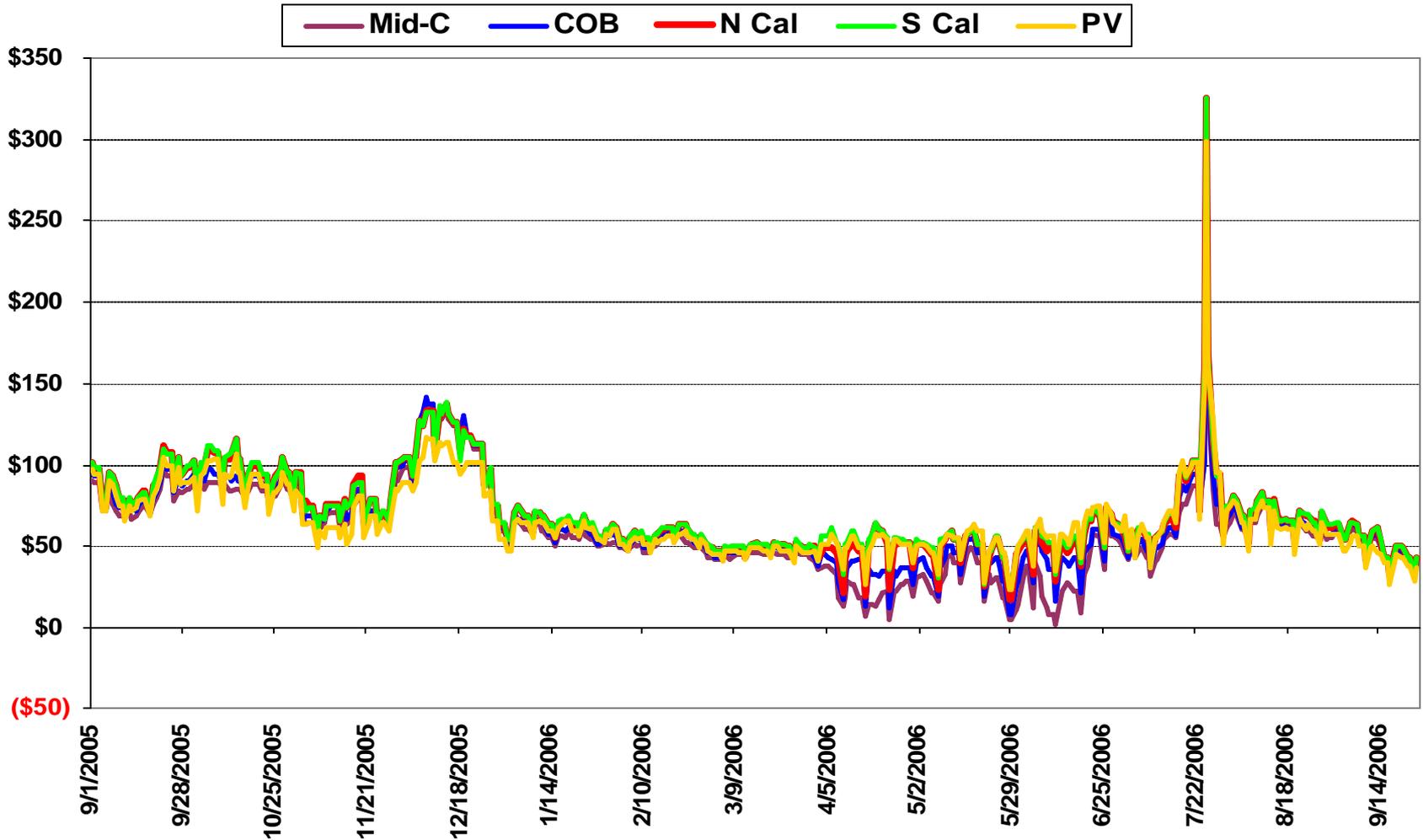
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Lodi Load	486,997	495,707	507,014	519,500	531,300
Generation	204,907	162,731	162,731	163,181	160,257
Surplus/(Deficit)	(282,090)	(332,976)	(344,283)	(356,319)	(371,043)
Purchases	269,800	0	0	0	0
Net Open Position	(12,291)	(332,976)	(344,283)	(356,319)	(371,043)
Cost to Fill	\$ (776,137)	\$ (23,095,987)	\$ (23,881,631)	\$ (23,818,240)	\$ (24,306,421)
\$/MWh	\$ 63.15	\$ 69.36	\$ 69.37	\$ 66.85	\$ 65.51



Energy Price Trends



Day Ahead Peak Electric Prices





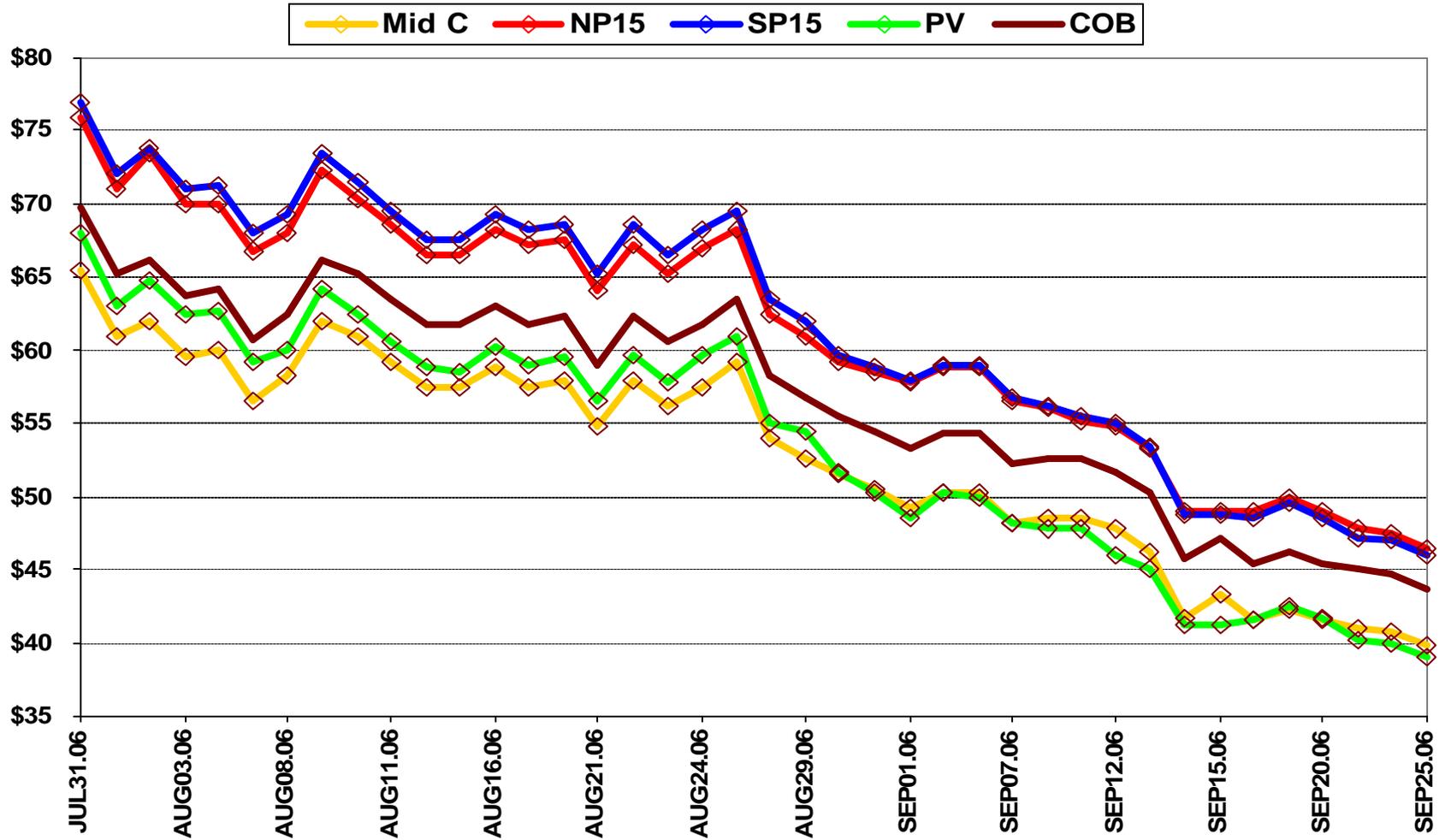
2006 Power Prices

NP-15 Peak



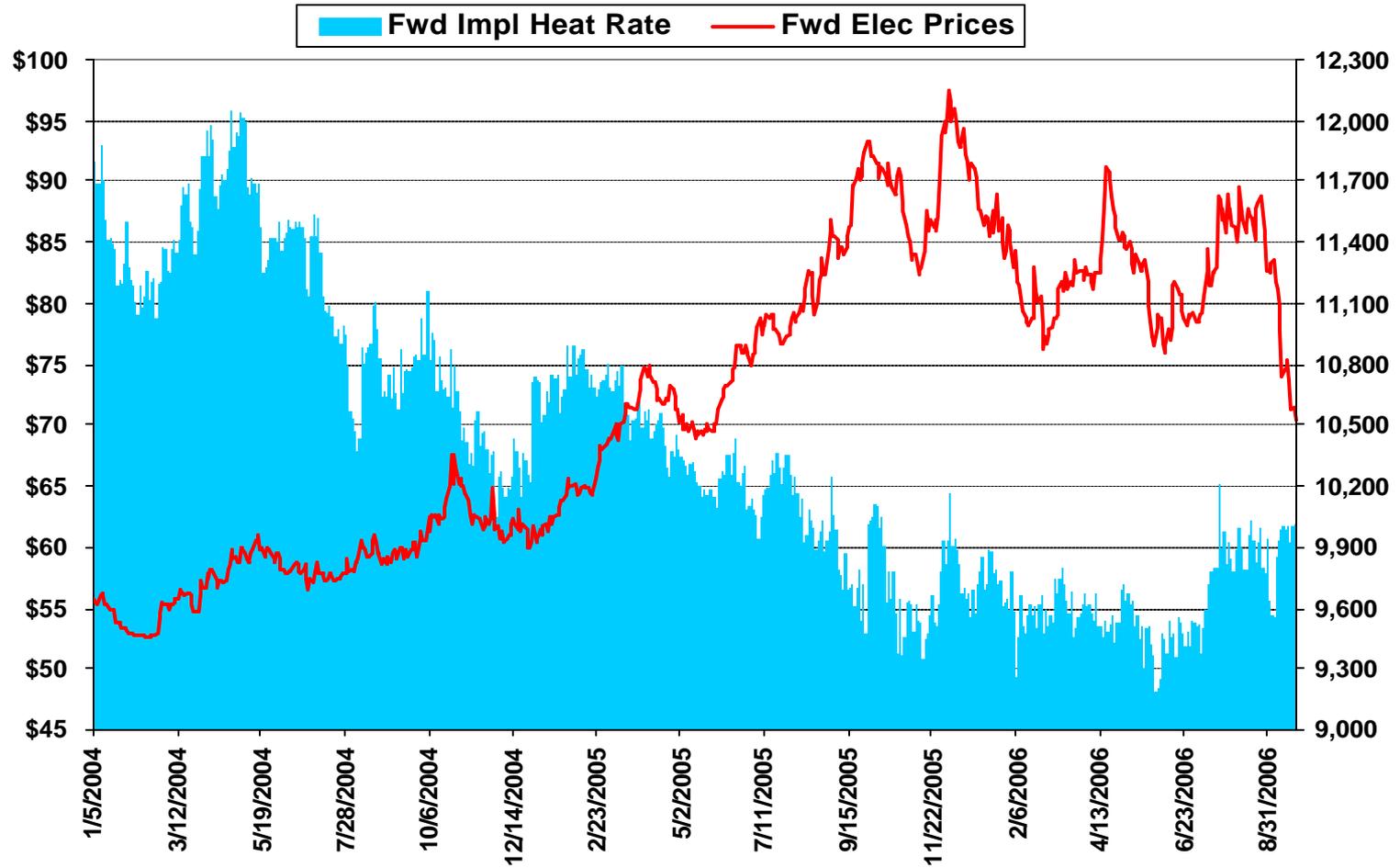


October 2006 Electric Prices



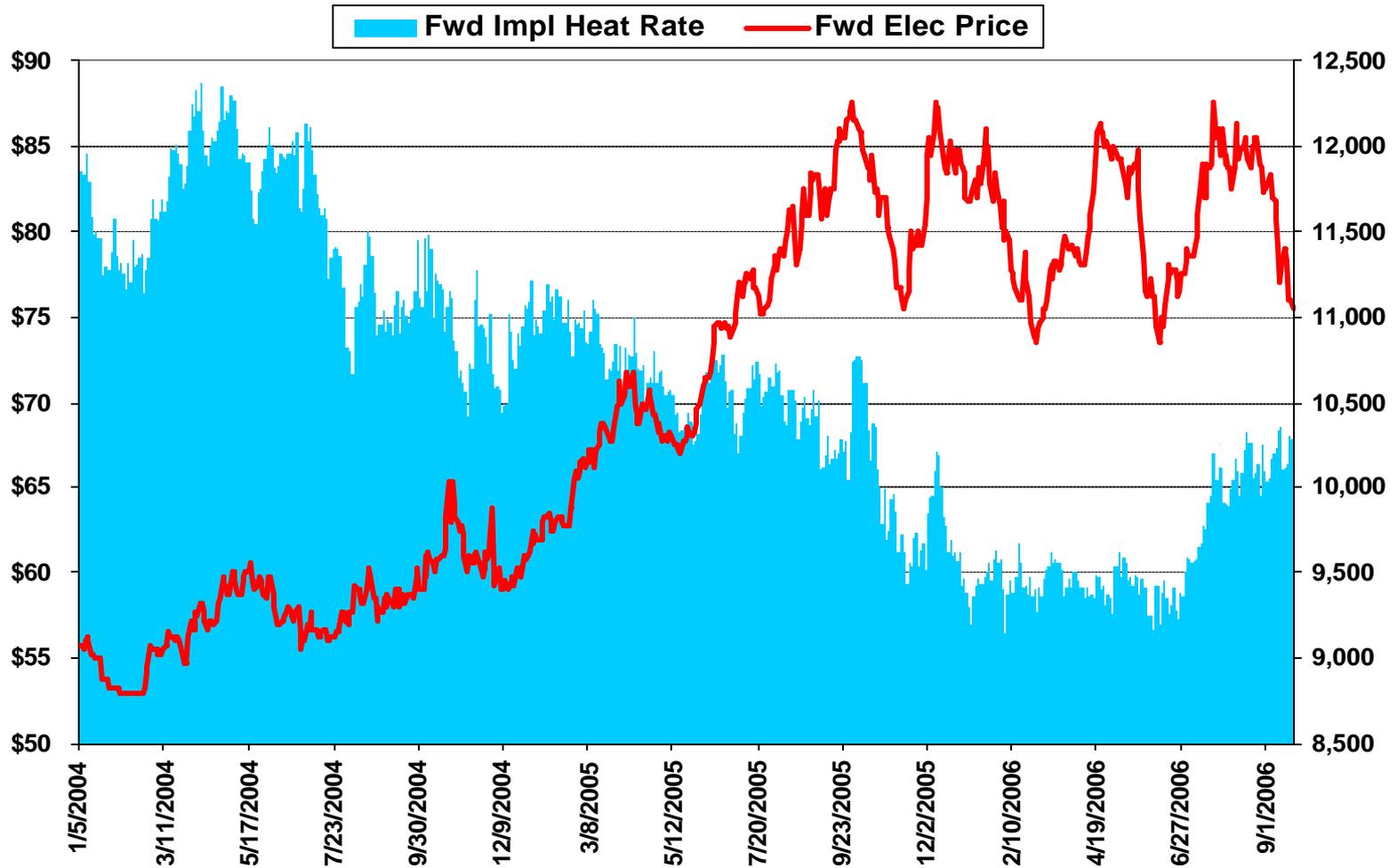


2007 Electric Prices





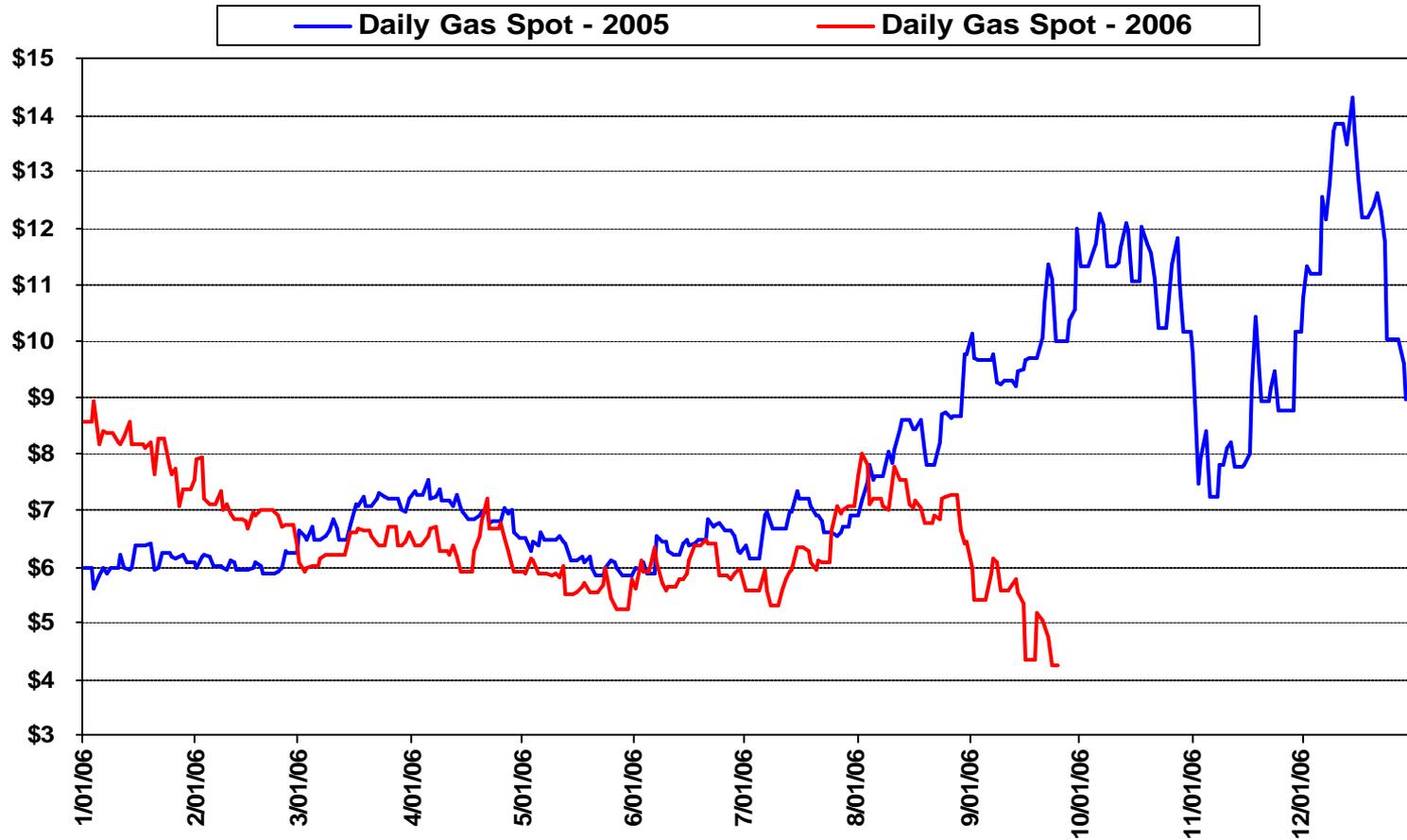
2008 Electric Prices





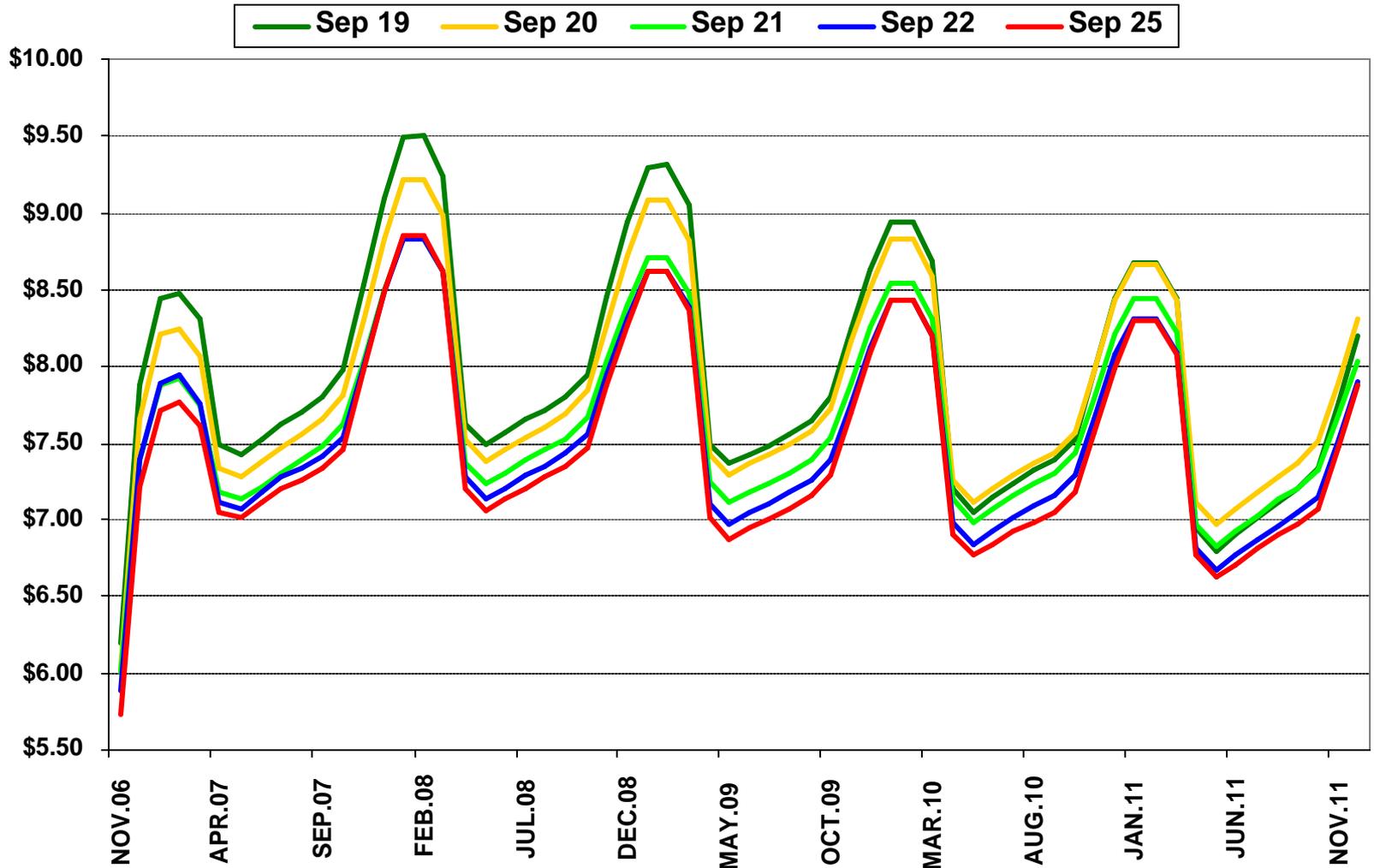
Natural Gas Spot Prices

2005 vs. 2006





Natural Gas Forward Price Curves





Summary

- EUD finished **FY06** with a \$3.6 million cash balance
 - Prior estimate of \$1.7 million
 - \$3.2 million rating agency target
- **FY07 Budget** projects nominal balance between revenues & expenses
- Financial forecast shows revenue/expense imbalance beginning in FY08 forward
 - Address in conjunction with FY08 budget development and completion of reserve study