



## LODI CITY COUNCIL

Carnegie Forum  
305 West Pine Street, Lodi

## "SHIRTSLEEVE" SESSION

Date: October 20, 2015

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 Fourth Quarter Fiscal Year 2014/15 Water, Wastewater, and Electric Utility Department Financial Reports (CM)

B-2 Receive Follow Up Information on the Sustainable Groundwater Management Act (PW)

**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.

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Jennifer M. Ferraiolo  
City Clerk

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# CITY OF LODI COUNCIL COMMUNICATION

**AGENDA TITLE:** Fourth Quarter Fiscal Year 2014/15 Water, Wastewater and Electric Utility Department Financial Reports

**MEETING DATE:** October 20, 2015

**PREPARED BY:** Deputy City Manager

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**RECOMMENDED ACTION:** Receive utility financial reports for the fourth quarter of Fiscal Year 2014/15.

**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 October 20, 2015. Note that the data contained in these reports is prior to our annual audit and is subject to change.

**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.

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Jordan Ayers  
Deputy City Manager

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



# Public Works Department Water/Wastewater

## **FY 15 Quarterly Update** (Ending June 30, 2015)

City Council Shirtsleeve Session  
October 20, 2015



# Wastewater Fund Cash Flow Summary

(Ending June 30, 2015)

	<b>Budget</b>	<b>Actuals</b>	<b>% of Budget</b>
<b>Revenue</b>			
Sales	14,513,620	14,714,404	101%
Development Impact Mitigation Fees (wastewater & storm)	128,860	183,994	143%
Other (interest, septic, misc.)	236,500	932,412	394%
<b>Total Revenues</b>	<b>14,878,980</b>	<b>15,830,810</b>	<b>106%</b>
<b>Expenses</b>			
Operating	6,381,720	6,449,159	105%
Capital	13,004,823	4,941,069	38%
Debt Service	3,671,530	3,618,800	99%
Cost of Services Payment To General Fund	1,068,000	1,068,000	100%
<b>Total Expenses</b>	<b>24,126,073</b>	<b>16,077,028</b>	<b>67%</b>
Beginning Cash (Operations Only)		5,806,584	
Ending Cash (Operations Only)		5,651,080	
Days Cash (Excluding Capital)		185	
% of Target		206%	



# Wastewater Operating Results

(Ending June 30, 2015)

	<b>Budget</b>	<b>Actuals</b>	<b>% of Budget</b>
Personnel	\$ 3,115,650	\$ 3,273,693	105%
Supplies, Materials, Services	\$ 2,230,950	\$ 2,223,256	100%
Equipment, Land, Structures	\$ 72,500	\$ 36,963	51%
Other Payments	\$ 260,780	\$ 291,182	112%
Utilities	\$ 696,840	\$ 593,065	85%
Work for Others	\$ 5,000	\$ 31,000	620%
<b>Total Operating Expenses</b>	<b>\$ 6,381,720</b>	<b>\$ 6,449,159</b>	<b>101%</b>



## Wastewater Funds Cash Balances (Ending June 30, 2015)

Operating (530)	5,651,080
Utility Capital / Infrastructure Replacement (531)	6,930,895
Capital Reserve (532) (Fund used to pay White Slough COP Debt Service)	49,163
Wastewater IMF (533)	8,872
Rate Stabilization Reserve (534)	500,000
Storm Drain IMF (535)	790,252
<b>Total</b>	<b>13,930,262</b>



## Water Fund Cash Flow Summary

(Ending June 30, 2015)

	Budget	Actuals	% of Budget
<b>Revenue</b>			
Sales	13,070,870	12,723,156	97%
Development Impact Mitigation Fees	130,250	20,299	16%
Other (interest, tap fees, water meters, misc.)	968,330	1,266,316	131%
Total Revenues	14,169,450	14,009,771	99%
<b>Expenses</b>			
Operating	5,834,152	5,424,183	93%
Capital	11,203,159	5,703,184	51%
Debt Service	2,969,860	2,971,395	100%
Cost of Services Payment To General Fund	780,000	780,000	100%
Total Expenses	20,787,171	14,878,762	72%
Beginning Cash (Operations Only)		9,338,320	
Ending Cash (Operations Only)		5,973,562	
Days Cash (Excluding Capital)		238	
% of Target		264%	



# Water Operating Results

(Ending June 30, 2015)

	<b>Budget</b>	<b>Actuals</b>	<b>% of Budget</b>
Personnel	\$ 2,315,512	\$ 2,309,986	100%
Supplies, Materials, Services	\$ 1,283,580	\$ 1,029,088	80%
Equipment, Land, Structures	\$ 73,000	\$ 30,566	42%
Other Payments	\$ 1,402,660	\$ 1,417,490	101%
Utilities	\$ 664,400	\$ 542,054	82%
Work for Others	\$ 95,000	\$ 95,000	100%
<b>Total Operating Expenses</b>	<b>\$ 5,834,152</b>	<b>\$ 5,424,183</b>	<b>93%</b>



**Water Funds  
Cash Balances**  
(Ending June 30, 2015)

Operating (560)	5,973,562
Utility Capital / Infrastructure Replacement (561)	735,179
IMF (562)	47,327
PCE/TCE Settlements	10,587,105
PCE/TCE Rates (565)	4,245,191
<b>Total</b>	<b>21,588,364</b>



## Bad Debt Write Off (Through June 30, 2015)

	<b># Of Accounts</b>	<b>Amount</b>	<b>% of Sales</b>
Wastewater	783	\$74,047	0.5%
Water	783	\$67,850	0.5%



# 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 15 Quarterly Update** (Ending June 30, 2015)

City Council Shirtsleeve Session  
October 20, 2015



# Electric Utility Fund Cash Flow Summary

(Ending June 30, 2015)

	Budget	Actuals	% of Budget
<b>Revenue</b>			
Sales Revenues	65,348,200	65,235,939	100%
Development Impact Fees	100,000	163,985	164%
Other Revenues (interest, misc)	2,902,080	3,873,520	133%
<b>Total Revenues</b>	<b>68,350,280</b>	<b>69,273,445</b>	<b>101%</b>
<b>Expenses</b>			
Purchase Power	39,810,110	39,381,796	99%
Non Power	12,206,230	11,298,133	93%
Capital Projects	3,788,858	2,766,533	73%
Debt Service	8,190,550	8,190,550	100%
Cost of Service/transfer to GF Capital	2,354,000	2,354,000	100%
In-lieu Transfer to General Fund	7,033,360	7,033,360	100%
<b>Total Expenses</b>	<b>73,383,108</b>	<b>71,024,372</b>	<b>97%</b>
<b>Net Chg in Bal Sheet Accts</b>		<b>2,183,827</b>	

<b>Net Increase (Decrease)</b>	<b>(5,032,828)</b>	<b>432,900</b>
<b>Beginning Local Cash Balance</b>	<b>12,632,503</b>	<b>12,632,503</b>
<b>Ending Local Cash Balance</b>	<b>7,599,675</b>	<b>13,065,403</b>
<b>GOR Balance</b>		<b>10,199,174</b>
<b>Total Reserve Balance</b>		<b>23,264,577</b>
<b>Reserve Policy Target</b>		<b>23,680,000</b>
<b>% of Target</b>		<b>98%</b>



## Electric Utility Reserve Policy

(Ending June 30, 2015)

Purpose	Basis	Target	Actual
Operating Reserve	90 Days Cash	\$ 17,080,000	\$ 13,065,403
Capital Reserve	Largest Distribution System Contingency	\$ 1,000,000	
NCPA General Operating Reserve	NCPA Identified Items	\$ 5,600,000	\$ 6,956,797
NCPA MPP/GPP Balance	MPP/GPP Security Commitments		\$ 3,242,377
<b>Total Target</b>		<b>\$ 23,680,000</b>	<b>\$ 23,264,577</b>



**Electric Utility Funds**  
**Cash Balances**  
(Ending June 30, 2015)

<b>Operating (500)</b>	<b>\$ 962,303</b>
<b>Utility Outlay Reserve Fund (501)</b>	<b>\$ 0</b>
<b>Electric Rate Stability Reserve (502)</b>	<b>\$ 2,179,794</b>
<b>Public Benefits Fund (504)</b>	<b>\$ 4,137,786</b>
<b>IMF EU Substation and Transmission (505)</b>	<b>\$ 906,568</b>
<b>Solar Surcharge Fund (506)</b>	<b>\$ 225,680</b>
<b>Environmental Compliance (508)</b>	<b>\$ 4,653,272</b>
<b>NCPA – General Operating Reserve (GOR)</b>	<b>\$ 10,199,174</b>
<b>Total</b>	<b>\$ 23,264,577</b>



## Power Sales

(Ending June 30, 2015)

Power Sales (kWh)		
Customer Class	Budget	Actual
Residential	149,631,130	148,950,428
Small Commercial	158,637,238	161,015,810
Large Commercial/Small Industrial	46,038,101	44,658,572
Industrial	85,854,348	84,156,101
<b>TOTAL</b>	<b>440,160,816</b>	<b>438,780,911</b>

Revenue (\$)			
Customer Class	Budget	Actual	Average Rate
Residential	\$ 25,917,611	\$ 25,165,194	\$0.1690
Small Commercial	\$ 25,233,378	\$ 25,651,824	\$0.1593
Large Commercial/Small Industrial	\$ 5,994,669	\$ 6,076,114	\$0.1361
Industrial	\$ 8,202,542	\$ 8,342,807	\$0.0991
<b>TOTAL</b>	<b>\$ 65,348,200</b>	<b>\$ 65,235,939</b>	<b>\$0.1487</b>



## ECA Revenue

(Ending June 30, 2015)

Customer Class	Q1	Q2	Q3	Q4	Total
Residential	\$ (274,436)	\$ 200,057	\$ 527,001	\$ 52,547	\$ 505,169
Small Commercial	\$ (234,844)	\$ 242,966	\$ 571,871	\$ 100,334	\$ 680,328
Large Commercial/Small Industrial	\$ (65,304)	\$ 75,774	\$ 159,882	\$ 32,302	\$ 202,654
Industrial	\$ (186)	\$ 151,167	\$ 253,721	\$ 73,990	\$ 478,692
<b>Total ECA Revenue</b>	<b>\$ (574,769)</b>	<b>\$ 669,964</b>	<b>\$ 1,512,475</b>	<b>\$ 259,173</b>	<b>\$ 1,866,843</b>



## Electric Utility Fund Operating Results (Ending June 30, 2015)

	<b>FY15 Budget</b>	<b>FY15 Actual</b>	<b>% of Budget</b>
<b>Personnel</b>	\$ 5,531,190	\$ 6,398,576	116%
<b>Supplies, Materials, Services</b>	\$ 3,419,780	\$ 2,329,901	68%
<b>Equipment, Land, Structures</b>	\$ 815,930	\$ 284,368	35%
<b>Other Payments</b>	\$ 2,372,630	\$ 2,231,307	94%
<b>Utilities</b>	\$ 66,700	\$ 53,981	81%
<b>Total Operating Expenses</b>	\$ 12,206,230	\$ 11,298,133	93%



## Power Supply Costs

(Ending June 30, 2015)

	<b>Budgeted</b>	<b>Year to Date</b>	<b>% of Budget</b>
Generation	\$ 30,618,660	\$ 28,965,686	95%
Transmission	\$ 7,752,480	\$ 8,401,525	108%
Management Services	\$ 1,438,970	\$ 2,014,585	140%
<b>Total Power Supply Costs</b>	<b>\$ 39,810,110</b>	<b>\$ 39,381,796</b>	<b>99%</b>



## **Bad Debt Write Off**

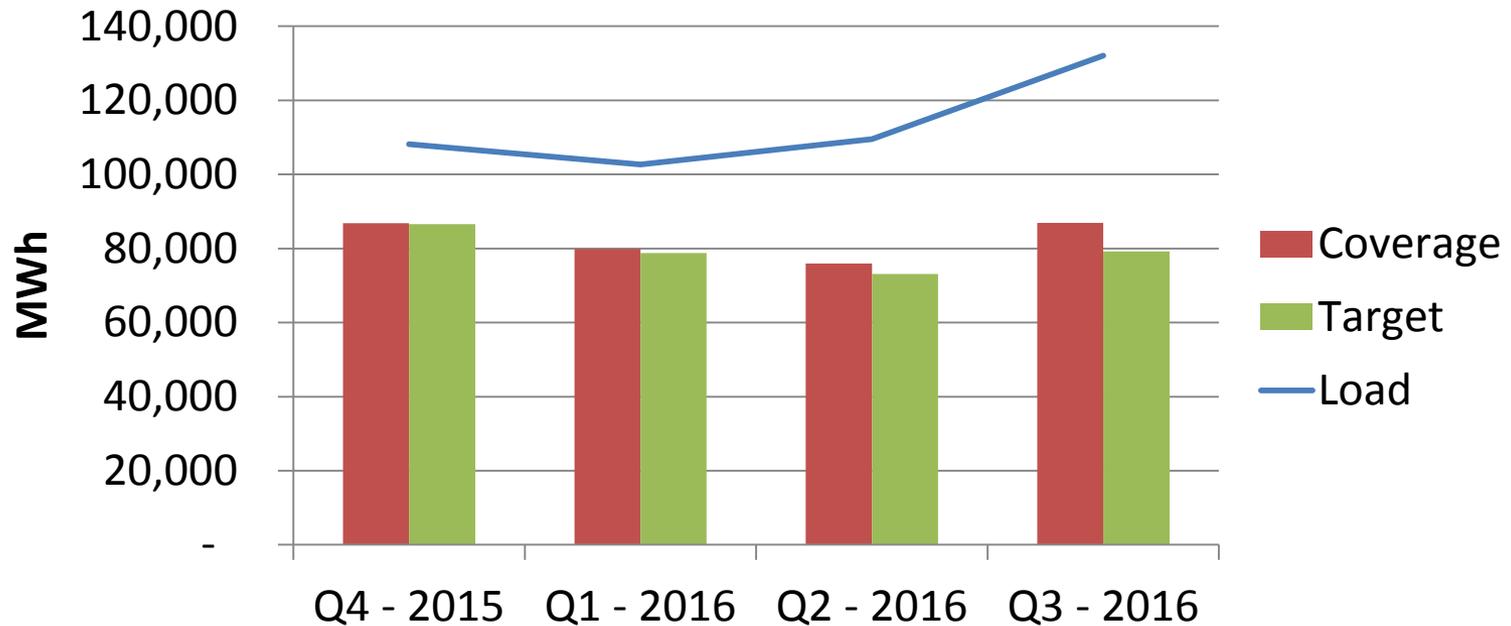
(Ending June 30, 2015)

	<b># of Accounts</b>	<b>Amount</b>	<b>% of Sales</b>
<b>Electric</b>	<b>783</b>	<b>\$ 97,587</b>	<b>0.15%</b>



## Load Coverage

	MWh Load	ROC Matrix Target	Load Coverage (Including Purchases)
Q4 – 2015	108,156	80.0%	80.3%
Q1 – 2016	102,675	76.7%	77.8%
Q2 – 2016	109,559	66.7%	69.3%
Q3 – 2016	132,019	60.0%	65.8%



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



# Electric Utility Activities

- Staffing
- Rate Restructure
- Residential Energy Audit / Direct Install Program
- NCPA Emergency Assistance
- Residential / Commercial Developments
- Capital Improvements / Maintenance
- Meter Data Management
- New RPS Resources
- Joint Services Agreement with SCPPA



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# CITY OF LODI COUNCIL COMMUNICATION

**AGENDA TITLE:** Receive Follow Up Information on the Sustainable Groundwater Management Act  
**MEETING DATE:** October 20, 2015 (Shirtsleeve)  
**PREPARED BY:** Public Works Director

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**RECOMMENDED ACTION:** Receive follow up information on the Sustainable Groundwater Management Act.

**BACKGROUND INFORMATION:** During the September 22, 2015 presentation on the Sustainable Groundwater Management Act, the Council requested follow up information regarding the formation process and approximate costs of Groundwater Sustainability Agencies (GSA's). In addition, Council requested additional information regarding the scope and approximate costs of preparing a Groundwater Sustainability Plan.

This presentation will provide the Council with the follow up information requested and offer the recommendation to proceed with forming a GSA with Woodbridge Irrigation District.

**FISCAL IMPACT:** Not applicable.

**FUNDING AVAILABLE:** Not applicable.

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F. Wally Sandelin  
Public Works Director

Prepared by Charlie Swimley, City Engineer / Deputy Public Works Director  
FWS/CS/tb

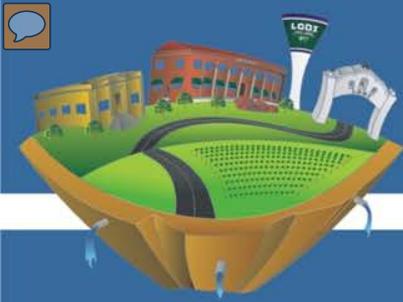
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APPROVED: \_\_\_\_\_  
Stephen Schwabauer, City Manager

The City of Lodi  
**Public Works**



Sustainable Groundwater  
Management Act (SGMA) –  
Follow Up  
Shirtsleeve Meeting  
October 20, 2015



# SGMA Follow Up

## Groundwater Sustainability Agencies (GSA's)

More detail regarding formation

Governance Alternatives

Approximate Costs

## Groundwater Sustainability Plans (GSP's)

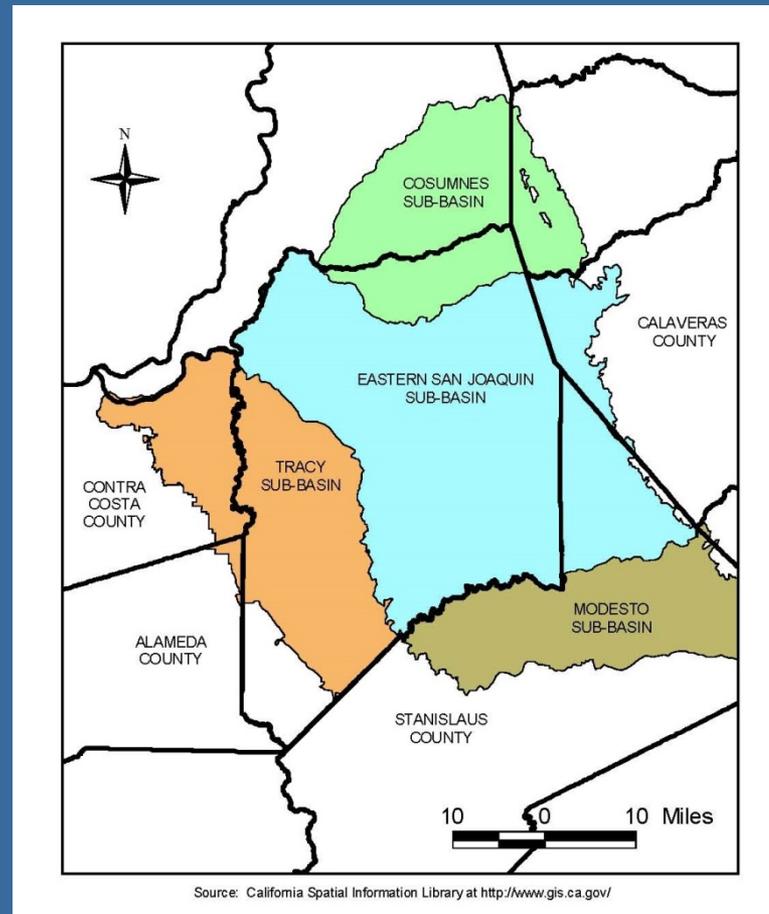
General Scope of a GSP

Approximate Costs

Provide Staff with “Nod” to begin planning the framework for forming a GSA

# Basin Identification and Boundaries

- Basin boundaries defined by State Bulletin 118-03



# SGMA Timeline

Sept. 16 2014: Groundwater management legislation becomes law

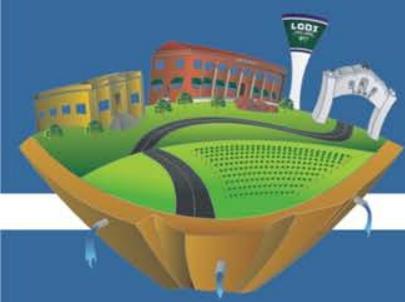
Jan. 1, 2015: Legislation goes into effect

Jan. 31, 2015: Department of Water Resources (DWR) established initial groundwater basin priority

**June 30, 2017: Deadline to form a Groundwater Sustainability Agency**

Jan. 31, 2020: Groundwater Sustainability Plan required for all critically overdrafted basins

Jan. 31, 2040-2042: Basins must achieve sustainability



# GSA Formation



Any local agency, or combination of local agencies, overlying a high- or medium-priority groundwater basin may form a GSA.

- 1) Regulate extractions
- 2) Authorized groundwater transfers
- 3) Impose fees and fines
- 4) Acquire property
- 5) Manage compliance

# Options for GSA Formations

## Centralized GSA

- Covers entire basin
- Assumes all authorities and responsibilities
- New or existing agency

## Distributed GSA

- Each GSA assumes all responsibilities for their service area
- Requires Memorandum of Agreement (MOA) or Joint Powers Agreement (JPA)

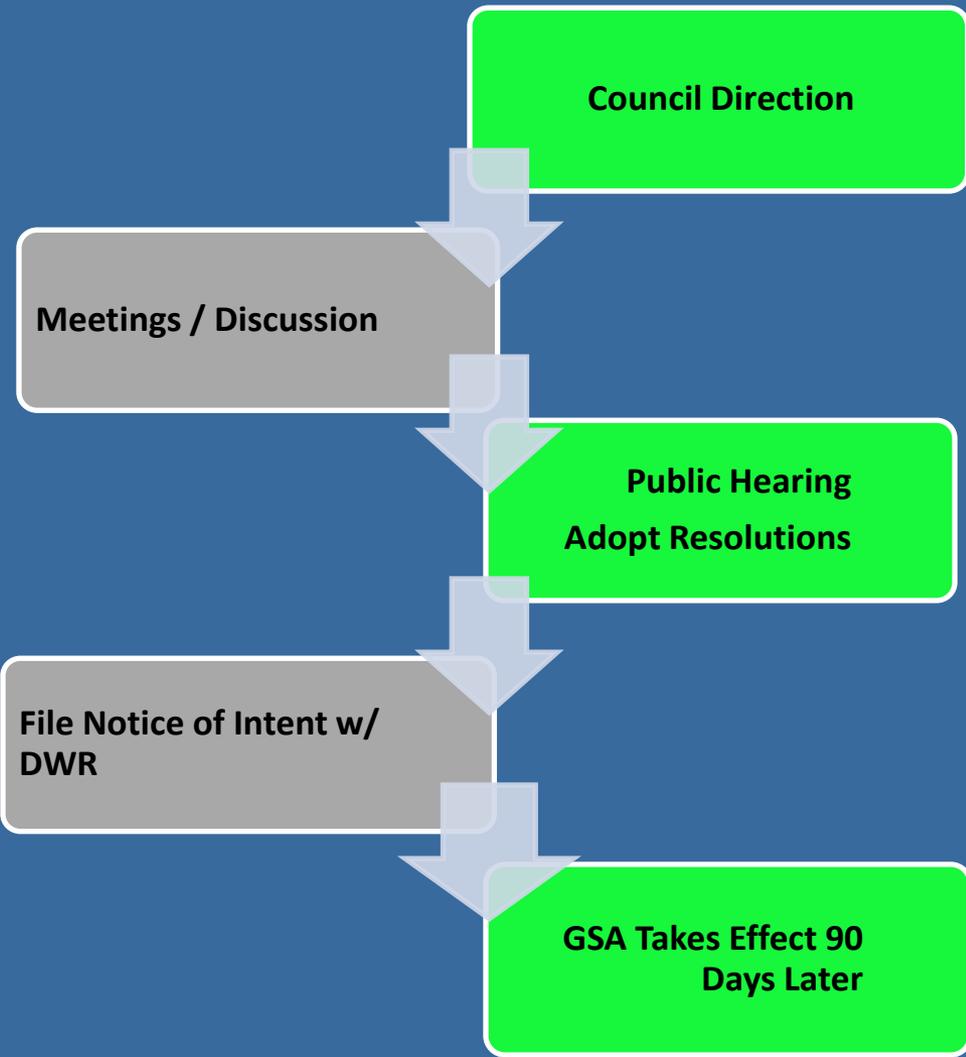
## Combination of centralized and distributed

- Centralized GSA: assumes some shared responsibilities
- Multiple GSAs: assume remaining responsibilities
- Multiple agreements





# GSA Formation Process



# Estimated Cost (GSA)

## Task 1:

- Establishing the boundary map of the GSA
- Legal Counsel advisement on procedural matters
- Estimated Cost: Less than \$5,000 (Staff time)

## Task 2: Drafting the Agreement

- Legal : \$20,000 (Staff time)
  - Engineering : \$ 5,000 (Staff time)
- \$25,000

TOTAL ESTIMATED COST: \$30,000

# General GSP Scope

## Draft Topics Include:

- Pre-SGMA Conditions and Undesirable Results
- Measurable Objectives and Interim Milestones
- Land Use and County Involvement
- Alternative GSP Submittals
- Boundaries – Overlapping and Unmonitored Areas
- Intra Basin Coordination Agreements
- Water Budgets and Coordination
- State Agency Coordination
- Data Collection, Management and Reporting
- Adaptive Management and Focus Areas

*Similar to Urban Water Management Plans*

# Estimated Cost (GSP)

➤ Legal Counsel : \$ 25,000

➤ Engineering Consultants: \$ 75,000  
\$100,000

➤ Very rough estimate

➤ Does not include in-house annual operating/administration costs



Questions?