



LODI CITY COUNCIL

Carnegie Forum
305 West Pine Street, Lodi

"SHIRTSLEEVE" SESSION

Date: November 18, 2014

Time: 7:00 a.m.

For information regarding this Agenda please contact:

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

Informal Informational Meeting

- A. Roll Call by City Clerk
- B. Topic(s)
 - B-1 First Quarter Fiscal Year 2014/15 Water, Wastewater and Electric Utility Department Financial Reports (CM)
- C. Comments by Public on Non-Agenda Items
- D. Adjournment

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Jennifer M. Robison
City Clerk

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**CITY OF LODI
COUNCIL COMMUNICATION**

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

MEETING DATE: November 18, 2014

PREPARED BY: Deputy City Manager

RECOMMENDED ACTION: Receive utility financial reports for the first 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 November 18, 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.

FUNDING AVAILABLE: Not applicable.

Jordan Ayers
Deputy City Manager

APPROVED: _____
Stephen Schwabauer, City Manager



Public Works Department Water/Wastewater

FY 15 Quarterly Update **(Ending September 30, 2014)**

City Council Shirtsleeve Session
November 18, 2014



Wastewater Fund Cash Flow Summary

(Ending September 30, 2014)

| | Budget | Actuals | % of Budget |
|---|-------------------|------------------|--------------------|
| Revenue | | | |
| Sales | 14,513,620 | 3,616,879 | 25% |
| Development Impact Mitigation Fees (wastewater & storm) | 128,860 | (3,561) | (3%) |
| Other (interest, septic, misc.) | 236,500 | 114,119 | 48% |
| Total Revenues | 14,878,980 | 3,727,437 | 25% |
| Expenses | | | |
| Operating | 6,133,870 | 1,370,224 | 22% |
| Capital | 9,986,823 | 661,108 | 7% |
| Debt Service | 3,684,380 | 1,938,159 | 53% |
| Cost of Services Payment To General Fund | 1,068,000 | 267,000 | 25% |
| Total Expenses | 20,873,073 | 4,236,491 | 20% |
| Beginning Cash (Operations Only) | | 1,130,789 | |
| Ending Cash (Operations Only) | | 2,272,441 | |
| Days Cash (Excluding Capital) | | 57 | |
| % of Target | | 63% | |



Wastewater Operating Results

(Ending September 30, 2014)

| | Budget | Actuals | % of Budget |
|---------------------------------|---------------------|---------------------|--------------------|
| Personnel | \$ 3,115,650 | \$ 713,325 | 23% |
| Supplies, Materials, Services | \$ 2,030,950 | \$ 376,001 | 19% |
| Equipment, Land, Structures | \$ 72,500 | \$ 11,593 | 16% |
| Other Payments | \$ 212,930 | \$ 121,001 | 57% |
| Utilities | \$ 696,840 | \$ 148,304 | 21% |
| Work for Others | \$ 5,000 | - | 0% |
| Total Operating Expenses | \$ 6,133,870 | \$ 1,370,224 | 22% |



Wastewater Funds
Cash Balances
(Ending September 30, 2014)

| Operating (170) | 2,272,441 |
|---|-------------------|
| Utility Capital / Infrastructure Replacement (171) | 11,116,621 |
| Capital Reserve (172) (Fund used to pay White Slough COP Debt Service) | (1,512,487) |
| Wastewater IMF (173) | 59,214 |
| Rate Stabilization Reserve (174) | 500,000 |
| Storm Drain IMF (175) | 684,143 |
| Total | 13,119,932 |



Water Fund Cash Flow Summary

(Ending September 30, 2014)

| | Budget | Actuals | % of Budget |
|---|-------------------|------------------|-------------|
| Revenue | | | |
| Sales | 13,070,870 | 3,714,663 | 28% |
| Development Impact Mitigation Fees | 130,250 | 0 | 0% |
| Other (interest, tap fees, water meters, misc.) | 968,330 | (28,464) | (3%) |
| Total Revenues | 14,169,450 | 3,686,199 | 26% |
| Expenses | | | |
| Operating | 5,601,270 | 1,679,205 | 30% |
| Capital | 7,978,335 | 723,316 | 9% |
| Debt Service | 2,969,860 | 0 | 0% |
| Cost of Services Payment To General Fund | 780,000 | 195,000 | 25% |
| Total Expenses | 17,329,465 | 2,420,866 | 14% |
| Beginning Cash (Operations Only) | | 5,045,957 | |
| Ending Cash (Operations Only) | | 6,891,023 | |
| Days Cash (Excluding Capital) | | 331 | |
| % of Target | | 368% | |



Water Operating Results

(Ending September 30, 2014)

| | Budget | Actuals | % of Budget |
|---------------------------------|---------------------|---------------------|--------------------|
| Personnel | \$ 2,082,630 | \$ 575,682 | 28% |
| Supplies, Materials, Services | \$ 1,283,580 | \$ 212,751 | 17% |
| Equipment, Land, Structures | \$ 73,000 | \$ 15,623 | 21% |
| Other Payments | \$ 1,402,660 | \$ 669,689 | 48% |
| Utilities | \$ 664,400 | \$ 205,460 | 31% |
| Work for Others | \$ 95,000 | \$ - | 0% |
| Total Operating Expenses | \$ 5,601,270 | \$ 1,679,205 | 30% |



**Water Funds
Cash Balances**
(Ending September 30, 2014)

| Operating (180) | 6,891,023 |
|--|-------------------|
| Utility Capital / Infrastructure Replacement (181) | (469,171) |
| IMF (182) | 44,056 |
| PCE/TCE Settlements | 10,870,788 |
| PCE/TCE Rates (185) | 4,337,763 |
| Total | 21,674,459 |



Bad Debt Write Off

(Through September 30, 2014)

| | # Of Accounts | Amount | % of Sales |
|------------|----------------------|---------------|-------------------|
| Wastewater | 214 | \$19,013 | 0.5% |
| Water | 214 | \$17,297 | 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 September 30, 2014)**

City Council Shirtsleeve Session
November 18, 2014



Electric Fund Cash Flow Summary (Ending September 30, 2014)

| | Budget | Actuals | % of Budget |
|--|-------------------|--------------------|-------------|
| Revenue | | | |
| Sales Revenues | 65,214,970 | 20,520,108 | 31% |
| Development Impact Fees | 100,000 | (294) | 0% |
| Other Revenues (interest, misc) | 2,902,080 | 873,441 | 30% |
| Total Revenues | 68,217,050 | 21,393,255 | 31% |
| Expenses | | | |
| Purchase Power | 39,552,170 | 11,112,059 | 28% |
| Non Power | 11,020,060 | 2,533,923 | 23% |
| Capital Projects | 2,607,160 | 238,283 | 9% |
| Debt Service | 8,196,050 | 4,964,010 | 61% |
| Cost of Service/transfer to GF Capital | 2,354,000 | 588,500 | 25% |
| In-lieu Transfer to General Fund | 7,033,360 | 1,758,340 | 25% |
| Total Expenses | 70,762,800 | 21,195,115 | 30% |
| Net Chg in Bal Sheet Accts | | (1,512,911) | |

| | | |
|-------------------------------------|--------------------|--------------------|
| Net Increase (Decrease) | (2,545,750) | (1,314,771) |
| Beginning Local Cash Balance | 12,632,503 | 12,632,503 |
| Ending Local Cash Balance | 10,086,753 | 11,317,732 |
| GOR Balance | | 9,291,599 |
| Total Reserve Balance | | 20,609,331 |
| Reserve Policy Target | | 23,680,000 |
| % of Target | | 87% |



Electric Utility Reserve Policy

(Ending September 30, 2014)

| Purpose | Basis | Target | Actual |
|--------------------------------|---|----------------------|----------------------|
| Operating Reserve | 90 Days Cash | \$ 17,080,000 | \$ 11,317,732 |
| Capital Reserve | Largest Distribution System Contingency | \$ 1,000,000 | |
| NCPA General Operating Reserve | NCPA Identified Items | \$ 5,600,000 | \$ 6,049,222 |
| NCPA MPP/GPP Balance | MPP/GPP Security Commitments | | \$ 3,242,377 |
| Total Target | | \$ 23,680,000 | \$ 20,609,331 |



**Electric Funds
Cash Balances**
(Ending September 30, 2014)

| Operating (160) | \$ 4,086,005 |
|---|-----------------------|
| Utility Outlay Reserve Fund (161) | \$ (3,452,986) |
| Electric Rate Stability Reserve (162) | \$ 2,171,622 |
| Public Benefits Fund (164) | \$ 4,729,148 |
| IMF EU Substation and Transmission (165) | \$ 749,159 |
| Solar Surcharge Fund (166) | \$ (4,437) |
| Environmental Compliance (168) | \$ 3,039,219 |
| NCPA – General Operating Reserve (GOR) | \$ 9,291,599 |
| Total | \$ 20,609,331 |



Power Sales

(Ending September 30, 2014)

| Power Sales (kWh) | | |
|-----------------------------------|--------------------|--------------------|
| Customer Class | Budget | Actual |
| Residential | 149,631,130 | 50,753,353 |
| Small Commercial | 158,637,238 | 47,212,180 |
| Large Commercial/Small Industrial | 46,038,101 | 12,945,063 |
| Industrial | 85,854,348 | 24,756,172 |
| TOTAL | 440,160,816 | 135,666,768 |

| Revenue (\$) | | | |
|-----------------------------------|----------------------|----------------------|------------------|
| Customer Class | Budget | Actual | Average Rate |
| Residential | \$ 25,778,344 | \$ 8,592,614 | \$ 0.1693 |
| Small Commercial | \$ 25,213,790 | \$ 7,515,074 | \$ 0.1592 |
| Large Commercial/Small Industrial | \$ 6,005,969 | \$ 1,821,805 | \$ 0.1407 |
| Industrial | \$ 8,216,867 | \$ 2,590,614 | \$ 0.1046 |
| TOTAL | \$ 65,214,970 | \$ 20,520,108 | \$ 0.1513 |



ECA Revenue

(Ending September 30, 2014)

| Customer Class | Q1 | Total |
|-----------------------------------|---------------------|---------------------|
| Residential | \$ (274,436) | \$ (274,436) |
| Small Commercial | \$ (234,844) | \$ (234,844) |
| Large Commercial/Small Industrial | \$ (65,304) | \$ (65,304) |
| Industrial | \$ (186) | \$ (186) |
| Total ECA Revenue | \$ (574,769) | \$ (574,769) |



Electric Fund Operating Results

(Ending September 30, 2014)

| | Budget | Actual | % of Budget |
|---------------------------------|----------------------|---------------------|-------------|
| Personnel | \$ 5,531,190 | \$ 1,531,187 | 28% |
| Supplies, Materials, Services | \$ 3,297,530 | \$ 484,276 | 15% |
| Equipment, Land, Structures | \$ 644,930 | \$ 446,653 | 69% |
| Other Payments | \$ 1,478,210 | \$ 60,183 | 4% |
| Utilities | \$ 68,200 | \$ 11,624 | 17% |
| Total Operating Expenses | \$ 11,020,060 | \$ 2,533,923 | 23% |



Power Supply Costs

(Ending September 30, 2014)

| | Budget | Actual | % of Budget |
|---------------------------------|----------------------|----------------------|-------------|
| Generation | \$ 30,360,720 | \$ 8,515,296 | 28% |
| Transmission | \$ 7,752,480 | \$ 2,100,698 | 27% |
| Management Services | \$ 1,438,970 | \$ 496,065 | 34% |
| Total Power Supply Costs | \$ 39,552,170 | \$ 11,112,059 | 28% |



Bad Debt Write Off

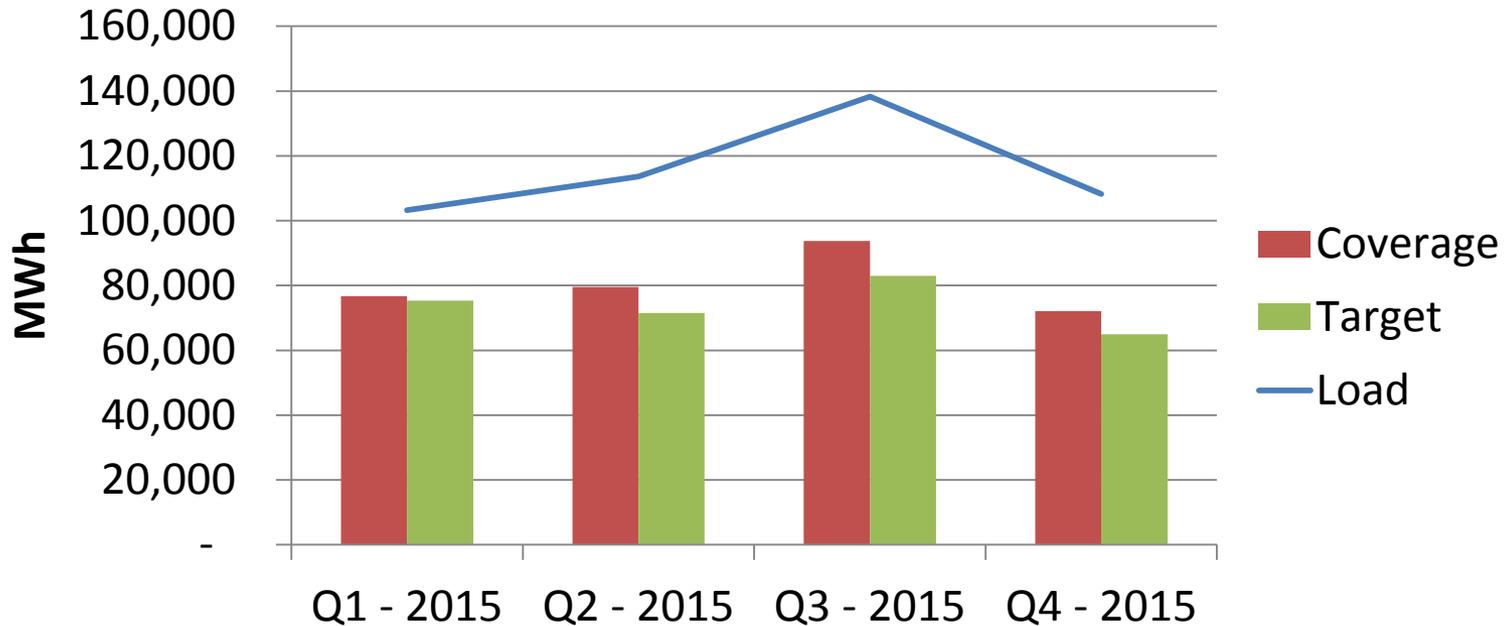
(Ending September 30, 2014)

| | # of Accounts | Amount | % of Sales |
|-----------------|----------------------|-----------------|-------------------|
| Electric | 214 | \$25,139 | 0.12% |



CY 15 Load Coverage

| | MWh Load | ROC Matrix Target | Load Coverage (Including Purchases) |
|-----------|----------|-------------------|-------------------------------------|
| Q1 - 2015 | 103,195 | 73.0% | 74.3% |
| Q2 - 2015 | 113,571 | 63.0% | 70.0% |
| Q3 - 2015 | 138,315 | 60.0% | 67.8% |
| Q4 - 2015 | 108,219 | 60.0% | 66.6% |



Load coverage exceeds Risk Policy targets in all quarters.



Electric Utility Activities

- 230 kV Interconnection Project
- Customer Programs Outreach
- Staffing
- New Residential / Commercial Developments
- Capital Improvement Program
- Large Commercial / Industrial Customer Outreach
- Rating Agency Reviews
- APPA Reliable Public Power Provider Review