LODI CITY COUNCIL

Carnegie Forum
305 West Pine Street, Lodi

TM

AGENDA – REGULAR MEETING

Date: **December 21, 2011**
Time: **Closed Session 5:30 p.m.**
Regular Meeting 7:00 p.m.

*and via conference call:
1331 Midvale Road
Lodi, CA

For information regarding this Agenda please contact:
Randi Johl, City Clerk
Telephone: (209) 333-6702

6:55 p.m. Invocation/Call to Civic Responsibility. Invocations/Calls may be offered by any of the various religious and non-religious organizations within and around the City of Lodi. These are voluntary offerings of private citizens, to and for the benefit of the Council. The views or beliefs expressed by the Speaker have not been previously reviewed or approved by the Council, and the Council does not endorse the beliefs or views of any speaker.

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, 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 24 hours prior to the meeting date.

C-1 Call to Order / Roll Call

C-2 Announcement of Closed Session

a) Conference with Stephen Schwabauer, City Attorney, and Dean Gualco, Human Resources Manager (Labor Negotiators), Regarding Unrepresented Executive Management, Lodi City Mid-Management Association, Unrepresented Confidential Employees, AFSCME General Services and Maintenance & Operators, International Brotherhood of Electrical Workers, Fire Mid-Managers, and Lodi Professional Firefighters Pursuant to Government Code §54957.6

b) Conference with Stephen Schwabauer, City Attorney (Labor Negotiator), Regarding Police Mid-Managers, Lodi Police Officers Association, and Lodi Police Dispatchers Association Pursuant to Government Code §54957.6

c) Conference with Legal Counsel – Anticipated Litigation – Significant Exposure to Litigation Pursuant to Subdivision (b) of Government Code §54956.9; Two Cases; Pursuant to Government Code §54956.9(b)(3)(A) Facts, Due to Not Being Known to Potential Plaintiffs, Shall Not Be Disclosed

C-3 Adjourn to Closed Session

NOTE: THE FOLLOWING ITEMS WILL COMMENCE NO SOONER THAN 7:00 P.M.

C-4 Return to Open Session / Disclosure of Action

A. Call to Order / Roll Call

B. Presentations

B-1 Presentation of Certificate of Recognition to Lodi Lake Nature Area Docents – 25 Years On The Trail (PRCS)

B-2 Quarterly Update by the Greater Lodi Area Youth Commission (PRCS)

C. Consent Calendar (Reading; Comments by the Public; Council Action)

C-1 Receive Register of Claims in the Amount of $9,579,246.19 (FIN)

C-2 Approve Minutes (CLK)
a) December 6 and 13, 2011 (Shirtsleeve Sessions)
b) December 7, 2011 (Special Meeting)
c) December 7, 2011 (Regular Meeting)

	C-3	Approve Plans and Specifications and Authorize Advertisement for Bids for Water Meter Program Phase 2 (PW)
	C-4	Approve Plans and Specifications and Authorize Advertisement for Bids for Roget Park Improvements, 2229 Tienda Drive (PW)
	C-5	Approve and Authorize Advertisement for Bids to Sell Surplus Electric Supplies, Conduits, and Related Accessories (EUD)
Res.	C-6	Adopt Resolution Awarding Contract for the Development Code Update to Raney Planning and Management, Inc., of Sacramento, and Appropriating Funds ($52,000) (CD)
Res.	C-7	Adopt Resolution Authorizing the City Manager to Execute Contract for 2011 GrapeLine Bus Stop Improvements with A. M. Stephens Construction Company, Inc., of Lodi ($53,059), and Appropriating Funds ($25,000) (PW)
Res.	C-8	Adopt Resolution Authorizing the City Manager to Execute Contract for Wastewater Main Rehabilitation Program, Project No. 5, with Michels Pipeline Construction, of Salem, Oregon ($859,428.25) (PW)
Res.	C-9	Adopt Resolution Authorizing the City Manager to Execute Contract with Berndt Tree Service, of Lodi, for Removal of 41 Modesto Ash Trees ($22,000) and Appropriating Funds ($15,000) (PW)
Res.	C-10	Accept Improvements Under Contract for Water Meter Program Phase 1 and Adopt Resolution Authorizing the City Manager to Execute Amendment No. 1 to Task Order No. 2 with RMC Water and Environment ($61,855) (PW)
	C-11	Accept Improvements Under Contract for Elm Street Asphalt Concrete Overlay Project, Hutchins Street to Church Street (PW)
Res.	C-12	Adopt Resolution Approving Amended Joint Powers Agreement Forming the California Transit Systems Joint Powers Authority and Authorizing the City Manager to Execute Amended Agreement (PW)
Res.	C-13	Adopt Resolution Authorizing the City Manager to Negotiate and Execute Cooperative Agreement with San Joaquin Council of Governments for GrapeLine Operating Services (Fiscal Year 2011/12 through 2013/14) (PW)
Res. Res.	C-14	Adopt Resolutions Approving Revised Deferred Compensation Plan Documents for Nationwide Retirement Solutions and The Hartford (CM)
Res.	C-15	Adopt Resolution to Grant Designated Period for Two Years Additional Service Credit (CM)
Res.	C-16	Adopt Resolution Adopting a Program for Enforcement of the Renewable Portfolio Standards Program (EUD)
	C-17	Authorize the Mayor, on Behalf of the City Council, to Send a Letter in Support of H.R. 1746, the “Community Access Preservation Act" (CM)

D. Comments by the Public on Non-Agenda Items

THE TIME ALLOWED PER NON-AGENDA ITEM FOR COMMENTS MADE BY THE PUBLIC IS LIMITED TO FIVE MINUTES.

The City Council cannot deliberate or take any action on a non-agenda item unless there is factual evidence presented to the City Council indicating that the subject brought up by the public does fall into one of the exceptions under Government Code Section 54954.2 in that (a) there is an emergency situation, or (b) the need to take action on the item arose subsequent to the agenda's being posted.

Unless the City Council is presented with this factual evidence, the City Council will refer the matter for review and placement on a future City Council agenda.

E. Comments by the City Council Members on Non-Agenda Items

F. Comments by the City Manager on Non-Agenda Items

G. Public Hearings

Res. G-1 Continued Public Hearing to Consider Adopting Resolution Approving Harney Lane Specific Plan and Certifying Negative Declaration as Adequate Environmental Documentation for the Harney Lane Specific Plan (PW)

Res. G-2 Public Hearing to Consider Adopting Resolution Setting Pre-Approved Engineering News Record Adjustment Index for Usage-Based and Flat Water Rates (PW)

H. Communications

H-1 Monthly Protocol Account Report (CLK)

I. Regular Calendar

Res. I-1 Adopt Resolution Supporting the Joint Resolution of Cities, County, and Other San Joaquin County Stakeholders Regarding Land Use, Water, and Other Delta Related Issues (CLK)

I-2 Review of City's Annual Financial Report (Fiscal Year 2010/11) by Macias, Gini & O'Connell, LLP (CM)

J. Ordinances

Ord. (Adopt) J-1 Adopt Ordinance No. 1855 Entitled, "An Ordinance of the Lodi City Council Amending Lodi Municipal Code Chapter 13.20 – Electrical Service – by Adding Section 13.20.020, 'Energy Theft Diversion/Field Services Fee Recovery Schedule'" (CLK)

K. Reorganization of the Following Agency Meetings:

Res. K-1 Lodi Public Improvement Corporation

Res. K-2 Industrial Development Authority

Res. K-3 Lodi Financing Corporation

Res. K-4 City of Lodi Redevelopment Agency

Res. K-5 Lodi Public Financing Authority

L. 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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Randi Johl
City Clerk

AGENDA ITEM B-01

CITY OF LODI
COUNCIL COMMUNICATION

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AGENDA TITLE: Lodi Lake Nature Area Docents – 25 Years on the Trail

MEETING DATE: December 21, 2011

PREPARED BY: Steve Dutra, Park Superintendent

RECOMMENDED ACTION: Mayor Mounce to present a certificate of recognition to the Lodi Lake Nature Area Docents for 25 years of service.

BACKGROUND INFORMATION: The Lodi Lake Nature Area docents will celebrate their 25th tour season beginning January 2012. Fifteen docents continue to lead nature tours for 1,500 students per year. Approximately 50 individuals have gone through the docent training over the years, with many still in the program for over a decade.

In 1986, Dave Mende, a Lodi Unified Science Specialist, and Ron Williamson, the City of Lodi Parks and Recreation Director, were awarded a State of California license plate grant to help develop a curriculum and docent program, interpreting the 58-acre Lodi Lake Nature Area. The Nature Area had been deeded to the City in 1972 and used for various educational endeavors but never with a volunteer program to assist teachers interpret the area.

Jay and Kathy Bell came on board with Lodi Unified School District in 1986 to write the new curriculum, train the first class of volunteers, and to coordinate tours with local schools. The Parks Division oversees the program with Steve Dutra, Park Superintendent, as the acting staff liaison. Kathy Grant, Docent Coordinator, provides hands-on assistance with scheduling tours, facilitating monthly docent meetings, tracking numbers of participants and fostering relationships with teachers, and other docent programs. Dan White, Program Coordinator, provides assistance with many facets of the program. Jay Bell remains involved as an advisor and to provide new docent training. Kathy Bell continues to work as an on-call artist and designer of the Discovery Centers various displays. The docents meet monthly and host educational speakers.

FISCAL IMPACT: Not applicable.

FUNDING AVAILABLE: Not applicable.

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James M. Rodems
Parks, Recreation and Cultural Services Director

cc: City Attorney

APPROVED: _____
Konradt Bartlam, City Manager

AGENDA ITEM B-02

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Quarterly Update by the Greater Lodi Area Youth Commission

MEETING DATE: December 21, 2011

PREPARED BY: Parks, Recreation, and Cultural Services Director

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RECOMMENDED ACTION: Receive quarterly update from Greater Lodi Area Youth Commission (LYC).

BACKGROUND INFORMATION: The LYC desires to stay more connected to the City Council and the community by having current commissioners provide a quarterly report on the activities of the Commission.

FISCAL IMPACT: Not applicable.

FUNDING AVAILABLE: Not applicable.

_____
James M. Rodems
Parks, Recreation, and Cultural Services Director

Prepared by: James M. Rodems
Parks, Recreation, and Cultural Services Director

APPROVED: _____
Konradt Bartlam, City Manager

AGENDA ITEM C-01

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Receive Register of Claims through December 1, 2011 in the Total Amount of $9,579,246.19

MEETING DATE: December 21, 2011

PREPARED BY: Financial Services Manager

RECOMMENDED ACTION: Receive the attached Register of Claims for $9,579,246.19.

BACKGROUND INFORMATION: Attached is the Register of Claims in the amount of $9,579,246.19 through 12/01/11. Also attached is Payroll in the amount of $1,332,632.74.

FISCAL IMPACT: Not applicable.

FUNDING AVAILABLE: As per attached report.

_____
Ruby R. Paiste, Financial Services Manager

RRP/rp

Attachments

APPROVED: _____
Konradt Bartlam, City Manager

As of Thursday	Fund	Name	Amount
12/01/11	00100	General Fund	1,204,851.68
	00123	Info Systems Replacement Fund	3,777.10
	00160	Electric Utility Fund	3,636,231.78
	00161	Utility Outlay Reserve Fund	34,401.05
	00164	Public Benefits Fund	38,331.40
	00166	Solar Surcharge Fund	75,000.00
	00170	Waste Water Utility Fund	42,779.80
	00171	Waste Wtr Util-Capital Outlay	15,482.11
	00172	Waste Water Capital Reserve	1,392,404.06
	00175	IMF Storm Facilities	105,358.44
	00180	Water Utility Fund	1,119,599.53
	00181	Water Utility-Capital Outlay	446,760.76
	00182	IMF Water Facilities	89.07
	00210	Library Fund	3,076.15
	00230	Asset Seizure Fund	2,049.99
	00234	Local Law Enforce Block Grant	6,211.72
	00260	Internal Service/Equip Maint	58,776.73
	00270	Employee Benefits	539,077.44
	00300	General Liabilities	302,329.41
	00310	Worker's Comp Insurance	36,980.43
	00321	Gas Tax-2105,2106,2107	12,517.21
	00325	Measure K Funds	60,317.86
	00331	Federal - Streets	53.53
	00332	IMF(Regional) Streets	19,644.86
	00337	Traffic Congestion Relf-AB2928	71,100.00
	00338	IMF-Regional Transportation	18,335.80
	00340	Comm Dev Special Rev Fund	893.07
	00347	Parks, Rec & Cultural Services	26,403.46
	00447	First Time Homebuyers-FTHB	31,002.00
	00459	H U D	91,376.45
	01211	Capital Outlay/General Fund	199.41
	01216	IMF Fire Facilities	2,154.42
	01217	IMF Parks & Rec Facilities	21,579.45
	01241	LTF-Pedestrian/Bike	3,331.87
	01250	Dial-a-Ride/Transportation	42,057.13
	01251	Transit Capital	844.40
	01410	Expendable Trust	106,208.66
Sum			9,571,588.23
	00184	Water PCE-TCE-Settlements	42.00
	00190	Central Plume	7,615.96
Sum			7,657.96
Total Sum			9,579,246.19

Payroll	Pay Per Date	Co	Name	Gross Pay
Regular	11/13/11	00100	General Fund	794,370.70
		00160	Electric Utility Fund	143,757.86
		00161	Utility Outlay Reserve Fund	9,821.04
		00164	Public Benefits Fund	3,783.78
		00170	Waste Water Utility Fund	102,146.75
		00180	Water Utility Fund	777.60
		00210	Library Fund	28,635.42
		00235	LPD-Public Safety Prog AB 1913	1,396.44
		00260	Internal Service/Equip Maint	16,840.20
		00321	Gas Tax-2105,2106,2107	26,963.40
		00340	Comm Dev Special Rev Fund	22,357.88
		00345	Community Center	125.89
		00346	Recreation Fund	425.00
		00347	Parks, Rec & Cultural Services	108,405.34
		01250	Dial-a-Ride/Transportation	7,120.05
Pay Period Total:				
Sum				1,266,927.35
Retiree	12/31/11	00100	General Fund	65,705.39
Pay Period Total:				
Sum				65,705.39

AGENDA ITEM C-02

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Approve Minutes
a) December 6, 2011 (Shirtsleeve Session)
b) December 7, 2011 (Special Meeting)
c) December 7, 2011 (Regular Meeting)
d) December 13, 2011 (Shirtsleeve Session)

MEETING DATE: December 21, 2011

PREPARED BY: City Clerk

RECOMMENDED ACTION: Approve the following minutes as prepared:
a) December 6, 2011 (Shirtsleeve Session)
b) December 7, 2011 (Special Meeting)
c) December 7, 2011 (Regular Meeting)
d) December 13, 2011 (Shirtsleeve Session)

BACKGROUND INFORMATION: Attached are copies of the subject minutes marked Exhibit A through D, respectively.

FISCAL IMPACT: None.

FUNDING AVAILABLE: None required.

Randi Johl
City Clerk

Attachments

APPROVED: _____
Konradt Bartlam, City Manager

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LODI CITY COUNCIL
SHIRTSLEEVE SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, DECEMBER 6, 2011

A. Roll Call by City Clerk

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, December 6, 2011, commencing at 7:00 a.m.

Present: Council Member Hansen, Council Member Katzakian, Council Member Nakanishi, Mayor Pro Tempore Mounce, and Mayor Johnson
Absent: None
Also Present: City Manager Bartlam, City Attorney Schwabauer, and City Clerk Johl

B. Topic(s)

B-1 Status Report on Westside 60kV Power Line Project (EUD)

Electric Utility Director Elizabeth Kirkley provided a PowerPoint presentation regarding the Westside 60kV Power Line Project. Specific topics of discussion included a status report on grid interconnection, capacity, reliability, transmission operating costs, aerial overview, PG&E and California Independent System Operator (CAISO) proposal, comparison of transmission costs, risk identification, project phases, and next steps.

In response to Mayor Johnson, City Manager Bartlam stated the previous route study is complete and awaiting public review and now they are finishing the remainder of the environmental study.

In response to Mayor Pro Tempore Mounce, Mr. Bartlam stated nothing has changed with respect to the actual route and it is the same as was previously presented to the Council.

In response to Council Member Hansen, Ms. Kirkley stated PG&E would not necessarily need to upgrade if the City does its project because there would be enough capacity.

In response to Council Member Hansen, Ms. Kirkley stated the City is not connected with the western grid.

In response to Mayor Johnson, Ms. Kirkley stated the low- and high-voltage charges are determined and collected by CAISO and then sent to PG&E.

In response to Council Member Katzakian, Mr. Bartlam and Ms. Kirkley stated Combustion Turbine ("CT") is serving some of the City's load, which is why less energy is needed from the grid. They stated CT is more expensive, however, and that is why it is not run all the time.

In response to Council Member Hansen, Ms. Kirkley stated the new Lodi Energy Center will handle a significant portion of the City's base load and the remainder will be picked up by the geysers and hydro.

In response to Mayor Pro Tempore Mounce, Consultant Mike Kellar stated if 230kV is built additional transmission costs on the Transmission Access Charge (TAC) forecast may be avoided.

In response to Council Member Hansen, Mr. Kellar stated the drivers of high costs in the forecast are existing transmission costs and new transmission costs to interconnect renewables for

portfolio requirements.

In response to Council Member Hansen, Mr. Kellar stated the TAC forecast chart is not definite and assumes cost projections including the mandates of AB 32.

A brief discussion ensued between Mayor Pro Tempore Mounce and Mr. Bartlam regarding what needs to be built to meet renewable requirements and related projections remotely located which have no connection to the grid.

In response to Council Member Nakanishi, Mr. Kellar stated based on the chart energy costs will likely rise by 30% due to the AB 32 mandates. Mr. Kellar stated today low and high voltage is fairly equal and represent $2.5 million per year on average with another $1 million in grid management.

In response to Mayor Pro Tempore Mounce, Mr. Bartlam provided an overview of the planned route, stating the Harney Lane piece is along the southwestern City boundary.

In response to Council Member Hansen, Mr. Bartlam stated the City cannot stack over the existing PG&E line because there has to be a separation between the lines.

In response to Mayor Johnson, Mr. Bartlam stated the conversation with PG&E is ongoing although the benefit to PG&E would be new poles and an offload of some of its reliability concerns.

In response to Council Member Hansen, Ms. Kirkley stated the City would need to pay for a 230kV upgrade for PG&E from the east.

In response to Council Member Nakanishi, Mr. Bartlam stated the City would be paying for the difference between a 60kV and 230kV upgrade and the exact amount is unknown at this time.

In response to Mayor Pro Tempore Mounce, Mr. Bartlam stated the westside concept is to bring in 60kV and not 230kV, which is a third or quarter of the cost.

A brief discussion ensued between Council Member Hansen and Ms. Kirkley regarding the concept of behind the meter costs.

In response to Mayor Johnson, Mr. Bartlam stated the savings projected by the new Lodi Energy Center coming on line are only relevant when it is running.

In response to Mayor Pro Tempore Mounce, Ms. Kirkley stated the $800,000 for direct delivery savings is a real number for the new Lodi Energy Center and will take a year of running time to capture.

In response to Council Member Hansen, Mr. Kellar stated the risk identification is a subjective opinion based on best available information at the time and includes project financing, land rights, reliability standards, interconnection to the ring bus, and environmental impacts.

In response to Council Member Hansen, Mr. Bartlam stated there is only one privately-owned property in question with a single owner.

In response to Council Member Hansen, Ms. Kirkley stated that, even though the City is only doing a 60kV project, the connection to the 230kV ring bus may trigger additional registration requirements.

In response to Mayor Johnson, Mr. Kellar stated the risk identification list is a live list and additional risks will be identified and added to the list as they come forward while others may be cleared off the list.

In response to Council Member Hansen, Mr. Bartlam stated the project would be permitted by a variety of agencies including the City, PG&E, Northern California Power Agency, and others.

In response to Myrna Wetzel, Ms. Kirkley stated the studies will include both eastside and westside considerations. Mr. Bartlam stated the load is a combination of both existing users utilizing more energy and new users coming on line.

C. Comments by Public on Non-Agenda Items

None.

D. Adjournment

No action was taken by the City Council. The meeting was adjourned at 8:17 a.m.

ATTEST:

Randi Johl
City Clerk

LODI CITY COUNCIL
SPECIAL CITY COUNCIL MEETING
CARNEGIE FORUM, 305 WEST PINE STREET
WEDNESDAY, DECEMBER 7, 2011

A. Call to Order / Roll Call

The Special City Council meeting of December 7, 2011, was called to order by Mayor Johnson at 6:45 p.m.

Present: Council Member Hansen, Council Member Katzakian, Council Member Nakanishi, Mayor Pro Tempore Mounce, and Mayor Johnson
Absent: None
Also Present: City Manager Bartlam, Deputy City Attorney Magdich, and City Clerk Johl

B. Closed Session

B-1 Threatened Litigation: Government Code §54956.9(b); One Case; Potential Suit by Ryon Wiley Against City of Lodi Based on Personal Injury

At 6:45 p.m., Mayor Johnson adjourned the meeting to a Closed Session to discuss the above matter. The Closed Session adjourned at 6:55 p.m.

C. Return to Open Session / Disclosure of Action

At 7:00 p.m., Mayor Johnson reconvened the City Council meeting, and City Attorney Schwabauer disclosed the following action.

Item B-1 was direction only with no reportable action.

D. Adjournment

There being no further business to come before the City Council, the meeting was adjourned at 6:55 p.m.

ATTEST:

Randi Johl
City Clerk

LODI CITY COUNCIL
REGULAR CITY COUNCIL MEETING
CARNEGIE FORUM, 305 WEST PINE STREET
WEDNESDAY, DECEMBER 7, 2011

C-1 Call to Order / Roll Call - N/A

C-2 Announcement of Closed Session - N/A

C-3 Adjourn to Closed Session - N/A

C-4 Return to Open Session / Disclosure of Action - N/A

A. Call to Order / Roll Call

The Regular City Council meeting of December 7, 2011, was called to order by Mayor Johnson at 7:00 p.m.

Present: Council Member Hansen, Council Member Katzakian, Council Member Nakanishi, Mayor Pro Tempore Mounce, and Mayor Johnson
Absent: None
Also Present: City Manager Bartlam, City Attorney Schwabauer, and City Clerk Johl

B. Presentations

B-1 Presentation to Retiring Members of Boards, Committees, Commissions, and Task Forces

Mayor Johnson presented certificates to the following retired members of boards, committees, commissions, and task forces:

Library Board of Trustees
Deane Savage, 2008 - 2011
George Neely, 2007 - 2011

Lodi Animal Advisory Commission
Gina Mendes, 2007 - 2010

Lodi Arts Commission
J. Mark Hamilton, 2008 - 2011

Lodi Improvement Committee
Rosie Ortiz, 2007 - 2011
Reyes Jaramillo, 2008 - 2011

Recreation Commission
Ken Sasaki, 1998 - 2010
Ed Wall, 1992 - 2010

Senior Citizens Commission
Kathryn Siddle, 2005 - 2010

Site Plan & Architectural Review Committee
Reyes Jaramillo, 2008 - 2011
Keith Selleseth, 1995 - 2010

B-2 Presentation of Mayor's Community Service Award

Mayor Johnson presented the Mayor's Community Service Awards to Lodi House, represented by Suzanne Mangum, Executive Director; and the Lodi Police Partners Program, represented by Police Chief Mark Helms and Management Analyst Jeanie Biskup.

C. Consent Calendar (Reading; Comments by the Public; Council Action)

Mayor Johnson made a motion, second by Mayor Pro Tempore Mounce, to approve the following items hereinafter set forth in accordance with the report and recommendation of the City Manager.

VOTE:
The above motion carried by the following vote:
Ayes: Council Member Hansen, Council Member Katzakian, Council Member Nakanishi, Mayor Pro Tempore Mounce, and Mayor Johnson
Noes: None
Absent: None

C-1 Receive Register of Claims in the Amount of $3,531,082.25 (FIN)

Claims were approved in the amount of $3,531,082.25.

C-2 Approve Minutes (CLK)

The minutes of November 15, 2011 (Shirtsleeve Session), November 16, 2011 (Regular Meeting), November 22, 2011 (Shirtsleeve Session), November 22, 2011 (Special Meeting), and November 29, 2011 (Shirtsleeve Session) were approved as written.

C-3 Accept Improvements Under Contract for Van Buskirk Park Playground Replacement Project, 600 North Pleasant Avenue (PW)

Accepted the improvements under contract for Van Buskirk Park Playground Replacement Project, 600 North Pleasant Avenue.

C-4 Notice of Cost to Grant Two Years Additional Service Credit Under Government Code Section 20903 (CM)

Accepted the Notice of Cost to grant two years additional service credit under Government Code Section 20903.

D. Comments by the Public on Non-Agenda Items
THE TIME ALLOWED PER NON-AGENDA ITEM FOR COMMENTS MADE BY THE PUBLIC IS LIMITED TO FIVE MINUTES. The City Council cannot deliberate or take any action on a non-agenda item unless there is factual evidence presented to the City Council indicating that the subject brought up by the public does fall into one of the exceptions under Government Code Section 54954.2 in that (a) there is an emergency situation, or (b) the need to take action on the item arose subsequent to the agenda's being posted. Unless the City Council is presented with this factual evidence, the City Council will refer the matter for review and placement on a future City Council agenda.

David Aiken spoke in regard to his trip to Lodi, Italy, one of the sister cities for the City of Lodi, California, and presented Mayor Johnson with a gift from Lodi, Italy.

Vincent Sayles spoke in regard to the importance of prayer.

E. Comments by the City Council Members on Non-Agenda Items

Council Member Hansen spoke in regard to remembering Pearl Harbor and thanked the members of the armed services.

Mayor Pro Tempore Mounce spoke in regard to the importance of volunteerism and serving the Lodi community.

Mayor Johnson spoke in regard to his meeting with business representatives from Shanghai, China.

F. Comments by the City Manager on Non-Agenda Items

None.

G. Public Hearings - None

H. Communications

H-1 Appointment to Lodi Arts Commission (CLK)

Mayor Johnson made a motion, second by Mayor Pro Tempore Mounce, to make the following appointment:

Lodi Arts Commission
Rosa Flores-Alcaraz, term to expire July 1, 2015

VOTE:
The above motion carried by the following vote:
Ayes: Council Member Hansen, Council Member Katzakian, Council Member Nakanishi, Mayor Pro Tempore Mounce, and Mayor Johnson
Noes: None
Absent: None

I. Regular Calendar - None

J. Ordinances

J-1 Adopt Ordinance No. 1855 Entitled, "An Ordinance of the Lodi City Council Amending Lodi Municipal Code Chapter 13.20 - Electrical Service - by Adding Section 13.20.020, 'Energy Theft Diversion/Field Services Fee Recovery Schedule'" (CLK)

This item will be brought back at the December 21, 2011, meeting for second reading and a vote.

K. Reorganization of the City Council

K-1 Presentation to Outgoing Mayor

City Manager Bartlam presented a plaque to outgoing Mayor Johnson, recognizing him for his service to the community.

K-2 Reorganization of the Lodi City Council

NOMINATION(S) FOR MAYOR:
Council Member Nakanishi made a motion, second by Council Member Hansen, to nominate Council Member Mounce to the office of Mayor. There being no further nominations for the office of Mayor, the nominations were closed.

VOTE:
In regard to the nomination of Council Member Mounce to the office of Mayor, the motion carried by the following vote, thereby adopting Resolution No. 2011-186.

Ayes: Council Member Hansen, Council Member Katzakian, Council Member Mounce, and Council Member Nakanishi
Noes: Council Member Johnson
Absent: None

NOMINATION(S) FOR MAYOR PRO TEMPORE:
Council Member Johnson made a motion, second by Council Member Hansen, to nominate Council Member Nakanishi to the office of Mayor Pro Tempore. There being no further nominations for the office of Mayor Pro Tempore, the nominations were closed.

VOTE:
In regard to the nomination of Council Member Nakanishi to the office of Mayor Pro Tempore, the motion carried by the following vote, thereby adopting Resolution No. 2011-187.

Ayes: Council Member Hansen, Council Member Johnson, Council Member Katzakian, Council Member Nakanishi, and Mayor Mounce
Noes: None
Absent: None

L. Adjournment

There being no further business to come before the City Council, the meeting was adjourned at 7:41 p.m.

ATTEST:

Randi Johl
City Clerk

LODI CITY COUNCIL
SHIRTSLEEVE SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, DECEMBER 13, 2011

A. Roll Call by City Clerk

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, December 13, 2011, commencing at 7:00 a.m.

Present: Council Member Hansen, Council Member Johnson, Council Member Katzakian, Mayor Pro Tempore Nakanishi, and Mayor Mounce
Absent: None
Also Present: City Manager Bartlam, City Attorney Schwabauer, and City Clerk Johl

B. Topic(s)

B-1 Discuss Utility Billing Ordinance and Processes (CM)

Deputy City Manager Jordan Ayers provided a PowerPoint presentation regarding the utility billing ordinance. Specific topics of discussion included the current ordinance codified in Lodi Municipal Code Chapter 13.04, billing requirements in Section 13.04.030, challenges with the current billing process, current and proposed time line, and proposed changes.

In response to Council Member Johnson, Mr. Ayers stated staff will also consider proposed delayed service through the U.S. Postal Service with respect to the postmark date.

In response to Mayor Mounce, Mr. Ayers stated annual bad debt write-off at $545,000 is a little less than previous years. He stated based on averages of other Northern California Power Agency (NCPA) cities Lodi's debt is a little less.

In response to Council Member Johnson, Mr. Ayers stated terms and extensions are considered on a case-by-case basis and on average one-third of the terms default.

In response to Mayor Mounce, Mr. Ayers stated considerations regarding staffing were taken into account in the proposed time line.

In response to Council Member Johnson, Mr. Ayers stated the current process gets the City to where it is today with a 26-day window and $545,000 in annual bad debt write-off. Mr. Ayers stated most complaints regarding the process are related to the lack of a due date and not what the due date should be.

In response to Council Member Katzakian, Mr. Ayers stated billing is sent out at various times depending upon the service cycle.

In response to Mayor Pro Tempore Nakanishi, Mr. Bartlam stated the City has an obligation to reduce its debt write-off and to ensure its practices are consistent with the ordinance.

In response to Council Member Johnson, Mr. Ayers stated if the proposed time line is used a specific due date can be included on the billing.

In response to Mayor Mounce, Mr. Ayers confirmed a five-day grace period can be put back in for a total of a 46-day cycle.

In response to Council Member Hansen, Mr. Ayers stated customers are currently notified at the time a deposit is collected that 12 months of timely payments will allow them to use the deposit for the 13th month of payment although this practice is not codified.

In response to Council Member Hansen, Mr. Ayers stated the five-day grace period will bring the initial 21 days to 26 days.

In response to Council Member Johnson, Electric Utility Director Elizabeth Kirkley stated it is more effective to have shut-offs continue on one day a week, preferably on Wednesday, to ensure all data is timely received prior to the shut-off. Customer Services and Programs Manager Rob Lechner confirmed that the department averages approximately 60 shut-offs per week, of which many are repeat shut-offs, and they are located all over town and not concentrated in any particular area.

In response to Mayor Pro Tempore Nakanishi, Mr. Ayers confirmed the approximate cycle days for Sacramento Municipal Utility District is 50, Pacific Gas & Electric is 40, and Roseville is 30.

In response to Council Member Hansen, Mr. Lechner stated that, of the 60 shut-offs per week, approximately 50% are turned back on after they pay the reconnection fee during the same week and several others are turned on during the following week.

In response to Mayor Pro Tempore Nakanishi, Mr. Lechner stated staff uses judgment to find a balance and in the event of a medical emergency would not turn off the power.

In response to Council Member Hansen, Mr. Ayers stated term refers to a flexibility in the payment schedule and currently the practice and ordinance do not align.

A brief discussion ensued between Mayor Mounce, Council Member Hansen, Mr. Ayers, and City Manager Bartlam regarding staffing consideration in tightening up the ordinance, internal training and customer service needs, and public outreach efforts.

In response to Council Member Hansen, Mr. Ayers stated 46 days represents two and a half months of service prior to shut off. Mr. Ayers stated the City receives approximately $800,000 in late fees annually.

Council Member Johnson requested that other NCPA cities be looked at when comparing billing cycles.

In response to Council Member Katzakian, Mr. Ayers stated that, if a deposit is not already required, it may be required at reconnection and in April 2009 the deposit went from $50 to two months of service.

In response to Council Member Hansen, Mr. Ayers stated eventually the people who are playing the system do end up paying more than their monthly bill over the long run.

In response to Ed Miller, Mr. Ayers stated he would expect that the annual bad debt write-off would decrease over time with a shorter cycle and two months of deposit on hand.

In response to Myrna Wetzel, Mr. Ayers stated partial payments are allowed through terms but may still go into the shut-off process if it is an ongoing issue and various agencies do offer assistance programs.

In response to Council Member Hansen, Ms. Kirkley confirmed electric utility does have a low-income discount.

C. Comments by Public on Non-Agenda Items

None.

D. Adjournment

No action was taken by the City Council. The meeting was adjourned at 8:08 a.m.

ATTEST:

Randi Johl
City Clerk

AGENDA ITEM C-03

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Approve Plans and Specifications and Authorize Advertisement for Bids for Water Meter Program Phase 2

MEETING DATE: December 21, 2011

PREPARED BY: Public Works Director

RECOMMENDED ACTION: Approve plans and specifications and authorize advertisement for bids for Water Meter Program Phase 2.

BACKGROUND INFORMATION: At the May 2, 2007 City Council meeting, the Water Meter Retrofit Policy was adopted. The primary objectives of the Water Meter Retrofit Policy were to accelerate the installation of residential water meters and shorten the time period during which customers would be paying for water on flat rate versus on usage base.

At the October 20, 2010 City Council meeting, a seven-year construction phasing was approved and the property owner meter payment was capped at $300 per parcel. The first of seven construction projects was awarded by Council in March 2011 and included the installation of 3,698 meters and the replacement of 4,220 feet of water main. The project area for Phase 2 is presented in Exhibit A and includes the installation of 2,111 meters and the replacement of 26,350 feet (five miles) of water main. The estimated construction cost of $6.553 million (including the cost of the water meters and ERTs) is in line with previous estimates. Construction is expected to begin in April and conclude in October 2012.

Plans and specifications for the project are on file in the Public Works Department. The planned bid opening date is February 8, 2012.

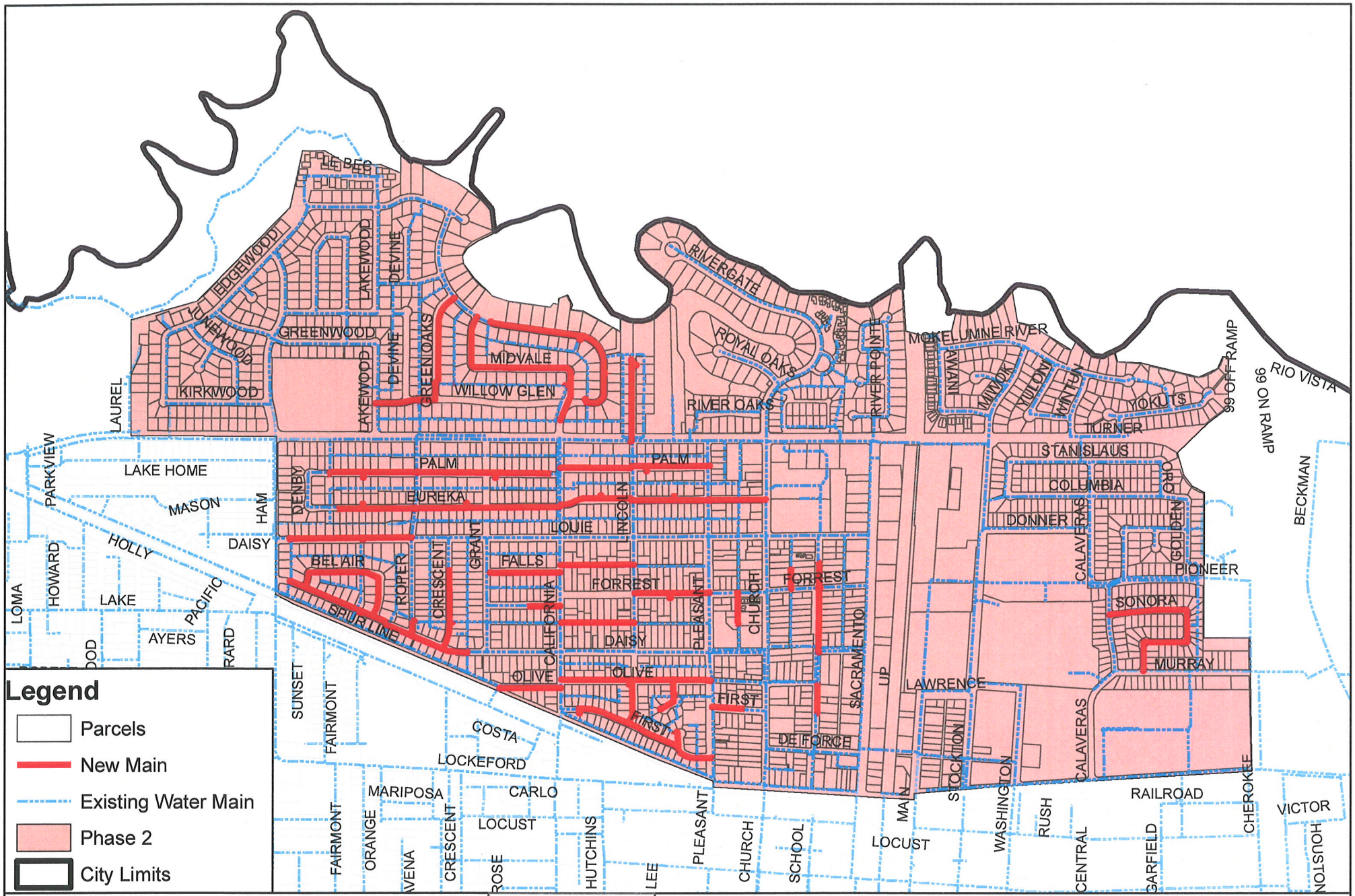
FISCAL IMPACT: Water main leak and service repairs will be reduced. No additional costs will be incurred for reading of the meters as they are automatically read concurrent with the reading of the electric meters.

FUNDING AVAILABLE: Funding for the construction and procurement of water meters and ERTs is in the Water Capital Fund (181).

F. Wally Sandelin
Public Works Director

FWS/pmf
Attachment
cc: Charles Swimley, Deputy Public Works Director
Tony Valdivia, RMC Water and Environment

APPROVED: _____
Konradt Bartlam, City Manager



City of Lodi: Water Meter Program Phase 2

AGENDA ITEM **C-04**

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Approve Plans and Specifications and Authorize Advertisement for Bids for Roget Park Improvements, 2229 Tienda Drive

MEETING DATE: December 21, 2011

PREPARED BY: Public Works Director

RECOMMENDED ACTION: Approve plans and specifications and authorize advertisement for bids for the Roget Park Improvements, 2229 Tienda Drive.

BACKGROUND INFORMATION: This project consists of developing four and one-half acres of park land. The existing land will be re-graded and landscaped to tie into the design concept of the proposed Eden Housing – Senior Housing Project adjacent to the park property. Park development work shall include the installation of new concrete walkways, bocce courts, horseshoe pits, game tables, security lighting, park benches, trash receptacles, par-course equipment, park sign, five-horsepower variable frequency drive irrigation booster pump, automatic irrigation system, hydro-seeded turf, native planting materials, underground utilities and other incidental and related work.

The completion of this project will allow the Parks and Recreation Department to develop the land that was donated to the City from Dr. Gordon Roget many years ago in which the family requested the parcel be developed into a passive park site.

Staff requests the City Council approve plans and specifications and authorize advertisement for bids for the project. The plans and specifications are on file in the Parks and Recreation Department. The planned bid opening date is March 7, 2012.

FISCAL IMPACT: There is no direct impact to the Parks and Recreation Department budget for the park development improvements at Roget Park. The Parks and Recreation Impact Fees will fully fund the park development improvements.

FUNDING AVAILABLE: Funds will be appropriated at the time of contract award.

F. Wally Sandelin
Public Works Director

James M. Rodems
Parks, Recreation and Cultural Services Director

FWS\JMR:tl
cc: City Clerk

APPROVED: _____
Konradt Bartlam, City Manager

AGENDA ITEM C-05

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Approve and Authorize the Advertisement For Bids to Sell Surplus Electric Supplies, Conduits and Related Accessories

MEETING DATE: December 21, 2011

PREPARED BY: Electric Utility Director

RECOMMENDED ACTION: Approve and authorize the advertisement for bids to sell surplus electric supplies, conduits and related accessories.

BACKGROUND INFORMATION: The Electric Utility purchased 35,000 feet of 350kcmil underground triplex low voltage wiring, conduits and their accessories in anticipation of new developments in the 2005 timeframe. These projects were not built due to the economic slowdown in general and housing market in particular. The materials have been stored in the utility yard unprotected from the elements since 2005. As a result the life span of these materials is being compromised. The current economic conditions are expected to continue for the next few years therefore staff recommends selling the materials as listed below:

Item	Unit	Quantity
350kcmil UG Triplex Low Voltage Conductors	feet	35,000
3” P&C DB 120 Conduit	feet	4,000
2” PVC Sch. 40 Couplings	each	550
2” P&C 90 Deg DB 120 Elbow	each	40
3” 22.5 Deg PVC Sch. 40 Elbow	each	40

FISCAL IMPACT: Converting surplus inventory to cash is prudent.

FUNDING: Not applicable.

Elizabeth A. Kirkley
Electric Utility Director

Prepared by: Weldat Haile, Senior Power Engineer

APPROVED: _____
Konradt Bartlam, City Manager

AGENDA ITEM C-06

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Adopt Resolution Awarding Contract for the Development Code Update to Raney Planning and Management, Inc., of Sacramento, and Appropriating Funds ($52,000)

MEETING DATE: December 21, 2011

PREPARED BY: Community Development Department

RECOMMENDED ACTION: Adopt Resolution awarding contract for the Development Code update to Raney Planning and Management, Inc., of Sacramento, and appropriating funds ($52,000).

BACKGROUND INFORMATION: On September 7, 2011, the City Council authorized the release of a Request for Proposals (RFP) for the update and implementation of the Development Code, which is intended to complete a process that was started in 1999.

In response to that RFP, proposals from the following five consulting firms were received:

- Raney Planning and Management, Inc. - Sacramento
- PMC – Rancho Cordova
- Jacobson & Wack - Bakersfield
- AECOM – Sacramento
- Lisa Wise Consulting – San Luis Obispo

After an initial review, the field was narrowed down to the top three firms listed above and each was contacted and interviewed by the City Manager, the Neighborhood Services Manager and the Associate Planner. At the completion of the interview process, the recommendation is to contract with Raney Planning and Management for the update and implementation of the Development Code.

FISCAL IMPACT: Staff time spent on this project goes toward the City's required in-kind contribution as matching funds.

FUNDING AVAILABLE: The project is funded for $52,000 from an allocation from the Sustainable Communities Planning Grant that was received in 2010.

_____
Jordan Ayers, Deputy City Manager

_____
Konradt Bartlam
Community Development Director

KB/jw
Attachment

APPROVED: _____
Konradt Bartlam, City Manager

AGREEMENT FOR PROFESSIONAL SERVICES

ARTICLE 1
PARTIES AND PURPOSE

Section 1.1 Parties

THIS AGREEMENT is entered into on January , 2012, by and between the CITY OF LODI, a municipal corporation (hereinafter "CITY"), and RANEY PLANNING AND MANAGEMENT, INC. (hereinafter "CONTRACTOR").

Section 1.2 Purpose

CITY selected the CONTRACTOR to provide the services required in accordance with attached Scope of Services, Exhibit A, attached and incorporated by this reference.

CITY wishes to enter into an agreement with CONTRACTOR for the review and revision of the existing preliminary draft Development Code Update and the preparation of a Public Review Draft Development Code Update for release to the public and Planning Commission, and ultimately for adoption by the Lodi City Council. (hereinafter "Project") as set forth in the Scope of Services attached here as Exhibit A. CONTRACTOR acknowledges that it is qualified to provide such services to CITY.

ARTICLE 2
SCOPE OF SERVICES

Section 2.1 Scope of Services

CONTRACTOR, for the benefit and at the direction of CITY, shall perform the Scope of Services as set forth in Exhibit A.

Section 2.2 Time For Commencement and Completion of Work

CONTRACTOR shall commence work pursuant to this Agreement, upon receipt of a written notice to proceed from CITY or on the date set forth in Section 2.6, whichever occurs first, and shall perform all services diligently and complete work under this Agreement based on a mutually agreed upon timeline or as otherwise designated in the Scope of Services.

CONTRACTOR shall submit to CITY such reports, diagrams, drawings and other work products as may be designated in the Scope of Services.

CONTRACTOR shall not be responsible for delays caused by the failure of CITY staff to provide required data or review documents within the appropriate time frames.

The review time by CITY and any other agencies involved in the project shall not be counted against CONTRACTOR's contract performance period. Also, any delays due to weather, vandalism, acts of God, etc., shall not be counted. CONTRACTOR shall remain in contact with reviewing agencies and make all efforts to review and return all comments.

Section 2.3 Meetings

CONTRACTOR shall attend meetings as may be set forth in the Scope of Services.

Section 2.4 Staffing

CONTRACTOR acknowledges that CITY has relied on CONTRACTOR's capabilities and on the qualifications of CONTRACTOR's principals and staff as identified in its proposal to CITY. The Scope of Services shall be performed by CONTRACTOR, unless agreed to otherwise by CITY in writing. CITY shall be notified by CONTRACTOR of any change of Project Manager and CITY is granted the right of approval of all original, additional and replacement personnel at CITY's sole discretion and shall be notified by CONTRACTOR of any changes of CONTRACTOR's project staff prior to any change.

CONTRACTOR represents it is prepared to and can perform all services within the Scope of Services (Exhibit A) and is prepared to and can perform all services specified therein. CONTRACTOR represents that it has, or will have at the time this Agreement is executed, all licenses, permits, qualifications, insurance and approvals of whatsoever nature are legally required for CONTRACTOR to practice its profession, and that CONTRACTOR shall, at its own cost and expense, keep in effect during the life of this Agreement all such licenses, permits, qualifications, insurance and approvals, and shall indemnify, defend and hold harmless CITY against any costs associated with such licenses, permits, qualifications, insurance and approvals which may be imposed against CITY under this Agreement.

Section 2.5 Subcontracts

Unless prior written approval of CITY is obtained, CONTRACTOR shall not enter into any subcontract with any other party for purposes of providing any work or services covered by this Agreement.

Section 2.6 Term

The term of this Agreement commences on January 1, 2012 and terminates upon the completion of the Scope of Services or on April 1, 2013, whichever occurs first.

ARTICLE 3
COMPENSATION

Section 3.1 Compensation

CONTRACTOR's compensation for all work under this Agreement shall conform to the provisions of the Fee Proposal, attached hereto as Exhibit B and incorporated by this reference.

CONTRACTOR shall not undertake any work beyond the scope of this Agreement unless such additional work is approved in advance and in writing by CITY.

Section 3.2 Method of Payment

CONTRACTOR shall submit invoices for completed work on a monthly basis, or as otherwise agreed, providing, without limitation, details as to amount of hours, individual performing said work, hourly rate, and indicating to what aspect of the Scope of Services said work is attributable. CONTRACTOR's compensation for all work under this Agreement shall not exceed the amount of the Fee Proposal.

Section 3.3 Costs

The Fee Proposal shall include all reimbursable costs required for the performance of the Scope of Services. Payment of additional reimbursable costs considered to be over and above those inherent in the original Scope of Services shall be approved in advanced and in writing, by CITY.

Section 3.4 Auditing

CITY reserves the right to periodically audit all charges made by CONTRACTOR to CITY for services under this Agreement. Upon request, CONTRACTOR agrees to furnish CITY, or a designated representative, with necessary information and assistance needed to conduct such an audit.

CONTRACTOR agrees that CITY or its delegate will have the right to review, obtain and copy all records pertaining to performance of this Agreement. CONTRACTOR agrees to provide CITY or its delegate with any relevant information requested and shall permit CITY or its delegate access to its premises, upon reasonable notice, during normal business hours for the purpose of interviewing employees and inspecting and copying such books, records, accounts, and other material that may be relevant to a matter under investigation for the purpose of determining compliance with this requirement. CONTRACTOR further agrees to maintain such records for a period of three (3) years after final payment under this Agreement.

ARTICLE 4
MISCELLANEOUS PROVISIONS

Section 4.1 Nondiscrimination

In performing services under this Agreement, CONTRACTOR shall not discriminate in the employment of its employees or in the engagement of any sub CONTRACTOR on the basis of race, color, religion, sex, sexual orientation, marital status, national origin, ancestry, age, or any other criteria prohibited by law.

Section 4.2 ADA Compliance

In performing services under this Agreement, CONTRACTOR shall comply with the Americans with Disabilities Act (ADA) of 1990, and all amendments thereto, as well as all applicable regulations and guidelines issued pursuant to the ADA.

Section 4.3 Indemnification and Responsibility for Damage

CONTRACTOR to the fullest extent permitted by law, shall indemnify and hold harmless CITY, its elected and appointed officials, directors, officers, employees and volunteers from and against any claims, damages, losses, and expenses (including reasonable attorney's fees), arising out of performance of the services to be performed under this Agreement, provided that any such claim, damage, loss, or expense is caused by the negligent acts, errors or omissions of CONTRACTOR, any subcontractor employed directly by CONTRACTOR, anyone directly or indirectly employed by any of them, or anyone for whose acts they may be liable, except those injuries or damages arising out of the active negligence of the City of Lodi or its officers or agents.

Section 4.4 No Personal Liability

Neither the City Council, nor any other officer or authorized assistant or agent or City employee shall be personally responsible for any liability arising under this Agreement.

Section 4.5 Responsibility of CITY

CITY shall not be held responsible for the care or protection of any material or parts of the work described in the Scope of Services prior to final acceptance by CITY, except as expressly provided herein.

Section 4.6 Insurance Requirements for CONTRACTOR

CONTRACTOR shall take out and maintain during the life of this Agreement, insurance coverage as set forth in Exhibit C attached hereto and incorporated by this reference.

Section 4.7 Successors and Assigns

CITY and CONTRACTOR each bind themselves, their partners, successors, assigns, and legal representatives to this Agreement without the written consent of the others. CONTRACTOR shall not assign or transfer any interest in this Agreement without the prior written consent of CITY. Consent to any such transfer shall be at the sole discretion of CITY.

Section 4.8 Notices

Any notice required to be given by the terms of this Agreement shall be in writing signed by an authorized representative of the sender and shall be deemed to have been given when the same is personally served or upon receipt by express or overnight delivery, postage prepaid, or three (3) days from the time of mailing if sent by first class or certified mail, postage prepaid, addressed to the respective parties as follows:

To CITY: City of Lodi
221 West Pine Street
P.O. Box 3006
Lodi, CA 95241-1910
Attn: Joseph Wood, Neighborhood Services Manager

To CONTRACTOR: Raney Planning & Management, Inc.
1501 Sports Drive
Sacramento, CA 95834
Attn: Tim Raney, President

Section 4.9 Cooperation of CITY

CITY shall cooperate fully and in a timely manner in providing relevant information it has at its disposal relevant to the Scope of Services.

Section 4.10 CONTRACTOR is Not an Employee of CITY

CONTRACTOR agrees that in undertaking the duties to be performed under this Agreement, it shall act as an independent contractor for and on behalf of CITY and not an employee of CITY. CITY shall not direct the work and means for accomplishment of the services and work to be performed hereunder. CITY, however, retains the right to require that work performed by CONTRACTOR meet specific standards without regard to the manner and means of accomplishment thereof.

Section 4.11 Termination

CITY may terminate this Agreement, with or without cause, by giving CONTRACTOR at least ten (10) days written notice. Where phases are anticipated within the Scope of Services, at which an intermediate decision is required concerning whether to proceed further, CITY may terminate at the conclusion of any such phase.

Upon termination, CONTRACTOR shall be entitled to payment as set forth in the attached Exhibit B to the extent that the work has been performed. Upon termination, CONTRACTOR shall immediately suspend all work on the Project and deliver any documents or work in progress to CITY. However, CITY shall assume no liability for costs, expenses or lost profits resulting from services not completed or for contracts entered into by CONTRACTOR with third parties in reliance upon this Agreement.

Section 4.12 Confidentiality

CONTRACTOR agrees to maintain confidentiality of all work and work products produced under this Agreement, except to the extent otherwise required by law or permitted in writing by CITY. CITY agrees to maintain confidentiality of any documents owned by CONTRACTOR and clearly marked by CONTRACTOR as "Confidential" or "Proprietary", except to the extent otherwise required by law or permitted in writing by CONTRACTOR. CONTRACTOR acknowledges that CITY is subject to the California Public Records Act.

Section 4.13 Applicable Law, Jurisdiction, Severability, and Attorney's Fees

This Agreement shall be governed by the laws of the State of California. Jurisdiction of litigation arising from this Agreement shall be venued with the San Joaquin County Superior Court. If any part of this Agreement is found to conflict with applicable laws, such part shall be inoperative, null, and void insofar as it is in conflict with said laws, but the remainder of this Agreement shall be in force and effect. In the event any dispute between the parties arises under or regarding this Agreement, the prevailing party in any litigation of the dispute shall be entitled to reasonable attorney's fees from the party who does not prevail as determined by the San Joaquin County Superior Court.

Section 4.14 City Business License Requirement

CONTRACTOR acknowledges that Lodi Municipal Code Section 3.01.020 requires CONTRACTOR to have a city business license and CONTRACTOR agrees to secure such license and pay the appropriate fees prior to performing any work hereunder.

Section 4.15 Captions

The captions of the sections and subsections of this Agreement are for convenience only and shall not be deemed to be relevant in resolving any question or interpretation or intent hereunder.

Section 4.16 Integration and Modification

This Agreement represents the entire understanding of CITY and CONTRACTOR as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered hereunder. This Agreement may not be modified or altered except in writing, signed by both parties.

Section 4.17 Contract Terms Prevail

All exhibits and this Agreement are intended to be construed as a single document. Should any inconsistency occur between the specific terms of this Agreement and the attached exhibits, the terms of this Agreement shall prevail.

Section 4.18 Severability

The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision of this Agreement.

Section 4.19 Ownership of Documents

All documents, photographs, reports, analyses, audits, computer media, or other material documents or data, and working papers, whether or not in final form, which have been obtained or prepared under this Agreement, shall be deemed the property of CITY. Upon CITY's request, CONTRACTOR shall allow CITY to inspect all such documents during CONTRACTOR's regular business hours. Upon termination or completion of services under this Agreement, all information collected, work product and documents shall be delivered by CONTRACTOR to CITY within ten (10) calendar days.

CITY agrees to indemnify, defend and hold CONTRACTOR harmless from any liability resulting from CITY's use of such documents for any purpose other than the purpose for which they were intended.

Section 4.20 Authority

The undersigned hereby represent and warrant that they are authorized by the parties to execute this Agreement.

Section 4.21 Federal Transit Funding Conditions

☐ If the box at left is checked, the Federal Transit Funding conditions attached as Exhibit apply to this contract. In the event of a conflict between the terms of this contract or any of its other exhibits, and the Federal Transit Funding Conditions, the Federal Transit Funding Conditions will control.

IN WITNESS WHEREOF, CITY and CONTRACTOR have executed this Agreement as of the date first above written.

CITY OF LODI, a municipal corporation

ATTEST:

RANDI JOHL
City Clerk

KONRADT BARTLAM, City Manager

APPROVED AS TO FORM:

D. STEPHEN SCHWABAUER, City Attorney
JANICE D. MAGDICH, Deputy City Attorney

By: _____

CONTRACTOR:
Raney Planning & Management, Inc.

By: _____
Name:Tim Raney
Title:President

Attachments:
Exhibit A – Scope of Services
Exhibit B – Fee Proposal
Exhibit C – Insurance Requirements

Doc ID:

CA:rev.01.2011

AGREEMENT FOR PROFESSIONAL SERVICES

EXHIBIT A

SCOPE OF SERVICES

DEVELOPMENT CODE UPDATE

RANEY PLANNING AND MANAGEMENT, INC.

RANEY
PLANNING & MANAGEMENT, INC.

WWW.RANEYMANAGEMENT.COM

NORTHERN CALIFORNIA
1501 SPORTS DRIVE
SACRAMENTO, CA 95834
TEL: 916.372.6100 · FAX: 916.419.6108

SOUTHERN CALIFORNIA
2280 MARKET STREET, SUITE 220
RIVERSIDE, CA 92501
TEL: 951.328.0300 · FAX: 951.328.0401

October 14, 2011

Mr. Joseph Wood, Neighborhood Services Manager
City of Lodi Community Development Department
221 W. Pine Street
Lodi, CA 95240

Re: Proposal to Prepare a Development Code Update

Dear Mr. Wood:

On behalf of Raney Planning & Management, Inc. (Raney), I am pleased to submit the following scope of work for preparation of a Development Code Update.

Raney's approach is to serve as planning consultants to the City, providing the most efficient, cost effective, and legally defensible document and process possible. Raney has relevant experience preparing similar planning documents, including the Oakley Zoning Ordinance, Oakley General Plan Update, Wheatland General Plan Update, and the APA award-winning Wheatland Community Vision.

In addition, Raney's key management staff are expert planners and public facilitators. President Tim Raney, AICP and Vice President Cindy Gnos, AICP have over forty years of combined planning and environmental consulting experience. Mr. Raney currently serves as Community Development Director for the City of Wheatland and previously served as a Mayor of a City of 90,000 and Interim Community Development Director for the City of Oakley. Ms. Gnos currently provides contract planning services for the City of Woodland and previous served as a planner for the Cities of Sacramento and Dixon, and has planning history with the City of Lodi.

Raney's experience as local government planning staff gives Raney a unique understanding of the planning issues associated with Development Codes and other planning policies. Together with Raney staff, we believe that we have the ability to deliver a unique approach and quality product to the City of Lodi. Raney provides each client with the highest level of professionalism, while structuring tailor-made services for every project. It is our commitment to provide you with the highest quality document, to share our experience and expertise throughout the processing, and to meet proposed budgets and schedules.

Thank you for the opportunity to submit our proposal for your consideration. We look forward to working with you and the City of Lodi in providing quality planning consulting services. If you have any questions regarding our proposal or qualifications, please feel free to contact me.

Sincerely,

Cindy Gnos

Cindy Gnos, AICP
Vice President
cindygnos@raneymanagement.com

I. Project Understanding

Raney Planning & Management, Inc. (Raney) has prepared the following scope of services for the preparation of a Development Code Update for the City of Lodi, California.

PROJECT OVERVIEW

Project Location

The City of Lodi is located within San Joaquin County, California. As the northern most City in San Joaquin County, it is surrounded by the City of Galt to the north, the City of Stockton to the south, Interstate 5 (I-5) to the west, and Highway 99 (SR-99) to the east. The City encompasses approximately 13 square miles and has a population of approximately 63,000 people. Primary industries include wine, agribusiness, tourism, plastics, and manufacturing.

Project Description

Raney understands that the City's current Zoning Ordinance was adopted in mid-1950 and has since become outdated as a result of changes in regulations to development standards, adoption of State laws, and various amendments that have been made over many years since adoption.

The City of Lodi began the process of updating the City's Zoning Ordinance and Development Code in 1999. However, the process was halted in 2006 due to staffing and budget constraints. During the process, a Preliminary Draft and Draft Development Code were prepared. However, the draft Development Code was never finalized or released for public review.

Given the amount of time that has passed since the initial update process, the City of Lodi is seeking a consultant to review and revise the preliminary draft Development Code Update and prepare a Public Review Draft Development Code Update for release to the public and Planning Commission, and ultimately for adoption by City Council.

Raney understands that the City's goal is to update and upgrade the Development Code while maintaining a development pattern that would still be compatible with existing development in the City.

APPROACH

Raney proposes to prepare a Development Code Update in accordance with the regulations and requirements of the City of Lodi and the standard City of Lodi format. The Development Code will be prepared in an internally consistent format that is user-friendly to City staff and the public. Raney will review pertinent City documents, including the existing Zoning Ordinance and General Plan to ensure that the Development Code is consistent with the City's plans and policies.

Raney's approach is to serve as planning consultants to the City. Raney will coordinate extensively with City staff and the public throughout the Development Code Update process. In addition to the above documents, Raney will review the Preliminary Draft Development Code and associated City comments to identify any concerns or issue areas. Raney will also meet with

City staff to discuss any new information and discuss relevant laws or regulations, which should be incorporated in the Development Code.

Raney firmly believes that the level of coordination between the City and the local citizens is directly proportional to the success of the project. Raney will coordinate extensively with City staff during the public outreach process and will make ourselves available to assist the City in any way necessary to facilitate the process. President Tim Raney, AICP is an expert planner and facilitator and will be available to facilitate meeting and hearings, including presenting the different code options to assist decision makers in achieving their desired outcome. Mr. Raney has extensive experience facilitating such meetings as a Community Development Director and former Mayor of a City of 90,000. Mr. Raney will be assisted by Vice President Cindy Gnos, AICP. Ms. Gnos is also an expert planner and facilitator, with over twelve years of public sector planning experience and over eleven years of private sector planning and environmental experience. As an interesting side note, Ms. (Lauchland) Gnos previously worked part-time for the City of Lodi Planning Department over summer breaks during high school and while attending college to achieve her degree in City and Regional Planning.

Raney recognizes that individuals and groups may provide a high level of scrutiny during the planning process for the proposed project. Raney has extensive experience handling such controversies. Raney operates under a belief that some dissent and unrest regarding a new project may potentially be eliminated by the early involvement of project stakeholders and concerned citizens. This early involvement also provides Raney with an idea of which issues will be of greatest concern to the public. By identifying these issues, Raney can scrutinize the planning document to ensure that those issues are adequately addressed.

II. Technical Scope of Services

Raney has prepared the following technical scope of services for preparation of a Development Code Update for the City of Lodi, California. This scope of services identifies each task in the preparation of the necessary documents and includes an objective, approach, and work product associated with each task.

Task 1 Project Initiation

Objective
The objective of this task is to conduct a start-up meeting with representatives from the City of Lodi to coordinate and confirm assumptions regarding the proposed project and scope of the Development Code Update.

Approach
Raney will obtain any available information for the Development Code Update, including but not limited to, the current Zoning Code as well as any preliminary drafts updates and subsequent updates prepared from 1999 to 2006. Vice President Cindy Gnos, AICP and Division Manager Rod Stinson will meet with City staff for purposes of reviewing the refined scope of work for the Development Code Update, providing Raney with complete copies of all pertinent City documents and mapping, as well as materials and information prepared to date. The Raney team will review the project schedule and milestones, and will identify the role that each will play during the effort as well as a summary of meetings and products.

TASK 1 PRODUCTS
- Project Initiation Meeting.
- Refined Scope of Work, Schedule, and Budget, as necessary.

Task 2 Document Review

Objective
The objective of this task is to review the various drafts for the Development Code Update that were prepared as a result of the 1999 update effort.

Approach
Raney will review the various drafts and any other relevant information that was prepared for the Development Code Update from 1999 to 2006. Information to be reviewed will include, but not be limited to, the existing Zoning Ordinance, the 2006 Preliminary Draft Development Code, any subsequent revisions of the Preliminary Draft Development Code, and the City of Lodi General Plan.

In addition, Raney will attend one working meeting with City staff to review any issues associated with the Preliminary Draft Document as well as to discuss any new materials that the

City may want to incorporate into the Development Code Update. As requested in the RFP, Raney will prepare a detailed list of items that will require special attention or additional work in the revision of the Preliminary Draft Development Code.

TASK 2 PRODUCTS

- Review of 2006 Preliminary Draft Development Code and any subsequent revisions.
- Attendance at one (1) working meeting with City staff to discuss any issues or new information to be incorporated.
- Detailed list of items that will require special attention or additional work in the revision of the Preliminary Draft.

Task 3 Revise Preliminary Draft Development Code

Objective

The objective of this task is to revise the 2006 Preliminary Draft Development Code and to prepare a new Preliminary Development Code.

Approach

Raney will revise the 2006 Preliminary Draft Development Code and prepare a new Preliminary Draft Development Code for review by City staff. The Code will be updated to reflect new legislation and regulations related to planning and development standards since 1999. In addition, Raney will incorporate any new information as requested by the City and identified in Task 2 above.

Raney will coordinate extensively with City staff throughout the revision process to ensure that all issues have been adequately addressed and incorporated into the new Preliminary Draft Development Code. In addition, Raney will ensure that the Development Code is user friendly as well as consistent both internally and with the City's General Plan and any other relevant policy documents.

TASK 3 PRODUCTS

- Five (5) hard copies and one (1) CD copy of the new Preliminary Draft Development Code to the City of Lodi for review.
- Coordination with City staff throughout the revision process.

Task 4 Public Review of New Draft Development Code

Objective
The objective of this task is to revise the Preliminary Draft Development Code and prepare a Public Review Draft Development Code for distribution.

Approach
After City staff has reviewed the Preliminary Draft Development Code, Raney will attend one working meeting with staff to discuss City comments on Preliminary Draft Development Code.

Raney will revise the Preliminary Draft Development Code based on comments received and prepare a Public Review Draft Development Code for release to the public. In addition, Raney will conduct up to two (2) public meetings to present the Draft Development Code and gather public comments and answer any questions on the Draft Development Code, including revisions and alternatives.

During the public review process, Raney will utilize the meetings to educate the public on the purpose and content of the Development Code, highlight key areas of interest, and describe the approach. In addition, alternative approaches and the meaning of each will be described. Raney will coordinate with City staff on the best format for each meeting, which could range from a workshop setting with individual table group discussions to a more formal presentation type setting. In addition, Raney will coordinate with City staff to ensure all appropriate stakeholders have been identified.

Raney assumes that City staff will prepare the necessary noticing and will distribute the Draft Development Code to all interested parties. Raney will be available to assist City staff in noticing and distribution as necessary. Information regarding the Draft Development Code and public hearings will also be posted on the City website, as well as published in the local newspaper. Raney will coordinate with the City to be sure the best methods of public engagement are utilized.

TASK 4 PRODUCTS

- Ten (10) hard copies and twenty (20) CD copies of the Public Review Draft Development Code Update.
- Attendance at up to two (2) public meetings on the Draft Development Code Update to solicit comments.
- Assist the City in Community outreach, including but not limited to, direct mail, newspaper ads, and website posting.

Task 5 Planning Commission Review

Objective
The objective of this task is to revise the Preliminary Draft Development Code, as necessary, based on comments from the public and to present the Development Code before Planning Commission.

Approach
Raney will revise the Preliminary Draft Development Code based on comments from the public, as directed by City staff and prepare the document for presentation to Planning Commission. Raney will attend up to two (2) Hearings before Planning Commission to present the Development Code and answer questions regarding the proposed revisions, additions, alternatives, language, and the process.

Raney assumes the City will prepare the necessary noticing; however, Raney will be available to assist as necessary. Raney will prepare the staff reports and necessary materials for presentation of the Development Code, including PowerPoint, maps and graphics.

TASK 5 PRODUCTS

- Revise Preliminary Development Code, as necessary.
- Attendance at up to two (2) Planning Commission Hearings on the Development Code.
- Preparation of staff reports and presentation materials for Planning Commission Hearings.

Task 6 City Council Review / Adoption

Objective
The objective of this task is to assist City staff in presentation of the Development Code before City Council during an information study session as well as to attend the necessary City Council adoption Hearings for the Development Code.

Approach
Raney understands that City staff will conduct a minimum of one (1) information study session before City Council. Raney will assist City staff in preparing the necessary materials for the meeting, including staff reports as well as any handouts and presentation materials. Raney will be available to attend the study session to answer questions on the Development Code, if requested by the City.

In addition, Raney will attend up to two (2) City Council Hearings on the Development Code for adoption. Raney assumes that City staff will prepare the necessary noticing; however, Raney will be available to assist the City as necessary. Raney will prepare the staff reports and any necessary presentation materials for the Hearings.

TASK 6 PRODUCTS

- Preparation of staff reports and presentation materials for informational study session before City Council.
- Attendance at information study session before City Council, if requested by staff.
- Attendance at up to two (2) City Council Hearings for adoption of the Development Code.

Task 7 Prepare Final Development Code

Objective

The objective of this task is to make any final changes to the Development Code as a result of the City Council Adoption Hearings and prepare the Final Development Code for publication.

Approach

Upon adoption of the Development Code, Raney will make any necessary final revisions to the document, as directed by City Council. Raney will then prepare the Development Code for publication and display by City staff.

TASK 5 PRODUCTS

- Ten (10) hard copies and twenty (20) CD copies of the Final Development Code to City of Lodi.

III. Schedule

The following tentative schedule for preparation of the Lodi Development Code Update is based on experience preparing similar documents. This schedule could be lengthened or shortened, depending on the needs of the City of Lodi and will be finalized at the Project Initiation meeting. Factors that could lengthen or shorten the schedule include dates of receipt of project information, length of document reviews and unanticipated issues arising from City staff or public review of the documents.

TENTATIVE SCHEDULE LODI DEVELOPMENT CODE UPDATE PROJECT	
Task	**Target Date**
Notice to Proceed	December 1, 2011
Project Initiation	Week of December 5, 2011
Document Review and List of Pertinent Issues to City	January 20, 2012
Revised Preliminary Draft Development Code to City	March 30, 2012
Receipt of City comments on Revised Preliminary Draft Development Code	April 20, 2012
Public Review Draft of Development Code to City	May 4, 2012
Public Meetings on Draft Development Code	Week of May 21, 2012 through Week of June 18, 2012
Planning Commission Review	August 2012
City Council Review / Adoption	September 2012
Final Development Code to the City for Publication	October 2012

V. Firm Qualifications & The Raney Team

FIRM QUALIFICATIONS

Raney Planning & Management, Inc. (Raney) is proud to remain a local and privately owned planning and environmental consulting firm that continues to provide high quality services with the same key staff that it has had over the past decade.

Given the difficult economy over the past several years, the landscape of consultants providing planning services has changed. Local governments struggle to find consistent service and personnel from planning firms resulting in frustrating experience for their staff. The planning consulting industry has been diluted, company names have changed, key staff has disappeared, and the number of international corporations claiming they have experience in preparing planning documents has grown, while the quality of the process and product has diminished. Cities in the Sacramento region who desire truly local CEQA firms, where the project manager is also a key principal of the company and has full administrative authority over the contract, have had a difficult time in finding qualified firms that meet their needs.

In spite of this ever changing landscape, Raney has remained a locally owned firm since its establishment in 1999, dedicated to providing high-quality client services with a hands-on, direct, and problem-solving approach. Company President Tim Raney, AICP, together with Vice President Cindy Gnos, AICP, have built a reputation for Raney as one of the most trusted, experienced, and highly regarded small planning firms in the Sacramento region as well as in California. Raney is a highly professional, full-service firm providing public and private sector clients with a variety of services, including planning, project management, environmental review and documentation, CEQA and NEPA reports, affordable housing and community development consulting, and other municipal planning-related services.

During its over twelve years of service, Raney has completed projects in nearly half of the cities in California and has provided unmatched consulting services to over 1,000 clients. As part of our standard services, Raney has prepared and processed over 500 CEQA, NEPA, and planning documents, including Zoning Code Updates, General Plan Updates, Environmental Impact Reports, Negative Declarations, and Environmental Assessments. The staff at Raney has also provided on-call planning services to several jurisdictions, including project application review, policy and ordinance drafting, and staff report preparation and presentation.

Raney's executive management team and key staff members are expert planners and public facilitators, having made numerous presentations before community groups, Planning Commissions, City Councils, and Boards of Supervisors. Raney's planning services range from preparing land use and asset management plans, writing and facilitating the process for establishment of the award-winning Community Vision for the City of Wheatland, to providing contract planning services as an extension of City staff.

President Tim Raney and Vice President Cindy Gnos have both served as local government planning staff. Mr. Raney previously served as the Interim Community Development Director for the City of Oakley and is currently serving as the Community Development Director for the City of Wheatland. In addition, Ms. Gnos served as a planner for the City of Sacramento and the City of Dixon and currently provides planning and consulting services for the City of Woodland.

The wealth of experience outlined above enables Raney to complete the processes involved in planning, project management, and environmental review in both a timely and cost-efficient manner while ensuring that the needs and expectations of every client are satisfied. Raney's staff enables it to provide the quality, attention to detail, creative approaches, and successful on-schedule and on-budget processing that only a local firm can offer. Raney is committed to providing tailor-made services, to creating high quality, legally defensible documents, to sharing our experience and expertise throughout the process, and to meeting the proposed budget and schedule.

THE RANEY TEAM

Raney manages its staff in a very timely and cost-efficient manner. Mr. Raney and Ms. Gnos serve as the management team and oversee a staff of writers and administrative personnel. We provide a hands-on approach to providing planning services and in preparing each environmental document, serving as an extension of our client's staff. Unlike many of the larger environmental and planning firms, Raney provides each of its clients with the management core of the company. This provides our clients with the greatest level and depth of experience on each project, as well as specialized client services. Below, please find a brief description of qualifications for key management staff. Resumes are available in Appendix A.

Timothy Raney, AICP – President

As the President of Raney Planning & Management, Inc., Mr. Raney serves as the leader of the Raney team. Mr. Raney specializes in CEQA processing, planning, and facilitation, bringing over twenty years of experience to each project. Mr. Raney has managed projects for numerous clients, including the Cities of Dixon, Davis, Oakley, Sacramento, Coachella, and Wheatland as well as Placer and Imperial Counties. Mr. Raney has provided client services throughout California for the past decade and has served as a project manager for a variety of environmental documents and planning reports on projects ranging from residential and commercial development to infrastructure and roadway construction to unique projects such as marinas, military base conversion, and energy facilities. In addition, Mr. Raney has served as the Interim Community Development Director in Oakley and is currently the Community Development Director in Wheatland.

In addition, Mr. Raney has diverse experience in local government, including Mayor of a city of 90,000, Planner in the City of Sacramento's Planning Department, serving on the Board of the Sacramento Metro Chamber Metro PAC, and previously served on the Board of the Sacramento Tree Foundation. Mr. Raney has been involved in local government issues with the League of California Cities, the Commission on Local Governance for the 21st Century, and the Citrus Heights Chamber of Commerce. This experience gives Mr. Raney a better understanding of the

needs and requirements of local government. Mr. Raney has a Bachelor of Science degree in Agricultural Economics from the University of California, Davis.

Cindy Gnos, AICP – Vice President

As Raney's Vice President, Ms. Gnos brings over twenty years of experience in planning and management skills to every project. With Raney, Ms. Gnos has headed up projects in Oakley, Benicia, Brentwood, Sacramento, Woodland, Gridley, Galt, Suisun City, and Lathrop as well as in Sacramento and Yuba Counties. Ms. Gnos has managed the preparation of numerous environmental documents including program-level annexation EIRs and project-level EIRs. Ms. Gnos has also provided planning services for the Cities of Oakley, Sacramento, Wheatland, Gridley, Benicia, and Davis, as well as Sacramento County by managing the processing of development applications, preparing staff reports, and presenting at public hearings. As a planner, Ms. Gnos has managed several projects, including the Dixon Downtown Revitalization Plan and the Community Development Block Grants Program. Ms. Gnos has also overseen the planning, environmental review, and development of numerous residential, commercial, and industrial projects. As a planner for both the Cities of Dixon and Sacramento, Ms. Gnos brings a broad understanding of local government goals and objectives. With this combination of skills and knowledge, Ms. Gnos can create and implement effective strategies to complete a comprehensive environmental document and development review process. Ms. Gnos has a Bachelor of Science degree in City and Regional Planning from California Polytechnic State University, San Luis Obispo.

Roderick-Shane Stinson – Division Manager

Mr. Stinson brings experience from working at the San Luis Obispo County Air Pollution Control District to writing and designing Stormwater Pollution Prevention Plans. Mr. Stinson holds a Bachelor of Science degree in Forestry and Natural Resources Management with a concentration in Environmental Management from California Polytechnic State University, San Luis Obispo. Mr. Stinson brings a CEQA background with air and water resources experience to every project. Mr. Stinson is currently Division Manager at Raney Planning & Management, Inc. At Raney, Mr. Stinson has been involved in writing and managing the preparation of Initial Studies and Environmental Impact Reports, including the Galt Walmart, Manteca Terra Ranch, City of Sacramento's Cathedral Square and Capital Grand Tower, Teichert Marysville Surface Mining Permit Modification & PG&E Infrastructure Improvement Project Subsequent EIR, the Woodland Gateway Retail Center Subsequent EIR, Dutch Slough EIR, and the Vernalis East and West Mining Project EIR. In addition, Mr. Stinson is certified in River Restoration and Natural Channel Design.

Nick Pappani – Special Projects Manager

Nick Pappani served as the Division Manager of Raney Planning & Management, Inc. for the past several years. Recently, Mr. Pappani has relocated to southern California to pursue a Ph.D. in a different vocational arena. As part of this transition Mr. Pappani has become Special Projects Manager with Raney, serving in various management capacities, with a continued presence in the Sacramento area. Over the past several years Mr. Pappani has been involved in the writing and managing of numerous CEQA and NEPA documents, including but not limited to projects in the City of Davis, Clayton, Sacramento, Placer County, and Amador County. Mr.

Pappani currently serves as project manager for the Fairfax Conversion and Annapolis Timber Conversion projects in Sonoma County – vineyard projects involving very complex natural resources issues. Serving in this capacity, Mr. Pappani has worked closely with the lead agency, CAL FIRE, as well as involved resource agencies, such as the California Department of Fish and Game, Regional Water Quality Control Board, and California Geological Survey. Of particular noteworthiness is the comprehensive carbon sequestration analysis that Mr. Pappani spearheaded for the CEQA EIR prepared for the proposed vineyard project.

In addition, Mr. Pappani has also served as project manager for projects, including but not limited to the following: Davis Target EIR, Davis Wildhorse EIR, Commerce Station EIR, Natomas Crossing EIR, Pointe West Plaza EIR, and Amador County Pine Acres North EIR. Mr. Pappani has also served as the lead environmental consultant for the City of Clayton over the past four years. Mr. Pappani has a Bachelor of Science degree in Wildlife Biology from Humboldt State University, Arcata, California.

CURRENT PROJECTS & COMMITTMENTS

Raney has the staff and resources available to complete the Lodi Development Code Update within the proposed budget and schedule. In addition, the Laurin Associates Division of Raney has been cross trained and will be available to assist Raney staff as back-up, if necessary. Raney currently has several environmental projects underway in various stages, including Administrative Drafts, out for public review, and Final Drafts. Now is a good time to have a new project get started.

RELEVANT PROJECT HISTORY

The following is a brief description of some of the relevant projects that have been prepared and/or managed by Raney. As noted previously, Raney has prepared over 500 CEQA, NEPA, and planning documents throughout northern and southern California for both public and private sector clients. A complete detailed project history is available upon request.

Oakley Zoning Ordinance

Client: City of Oakley, California

Based on Raney's experiences with the Oakley 2020 General Plan and their successful public facilitation of the approval process for the General Plan, the City of Oakley contracted Raney to complete their new Zoning Ordinance. Raney proposed a series of five basic tasks to be repeated as necessary in order to complete a successful process for creation of a comprehensive Zoning Ordinance. The tasks included project initiation, workshops and facilitation, research, preparation of the Zoning Ordinance, and preparation of the Initial Study/Negative Declaration. Raney conducted several workshops in order to provide coordination with the Planning Commission and City Council on the key issues and to review draft portions of the Oakley Zoning Ordinance prepared by Raney. At the conclusion of each workshop, Raney conducted further research in order to provide the City several options for each issue area. The cycle of workshops and research will continue as needed in order to adequately address the issues and approaches to the City's Zoning Ordinance. Raney also prepared an Initial Study, which analyzed the potential impacts the Oakley Zoning Ordinance would have on the environment.

Oakley 2020 General Plan

Client: City of Oakley, California

Raney assisted with the General Plan review process for the City of Oakley. The City required assistance to facilitate the public, Planning Commission, and City Council critique of the draft General Plan document, which was prepared for the City by another consulting firm. Through its efforts, the Raney staff enabled the City to systematically receive comments and move through the review process and meet the state-mandated adoption deadline, which enabled the City to complete its General Plan ahead of schedule.

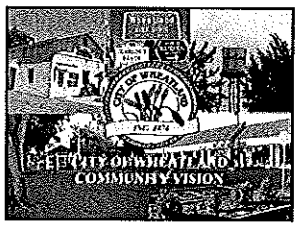
Raney utilized a two-phase approach to the services provided in conjunction with the General Plan process. The first phase included the review of the background information prepared for the General Plan and the draft General Plan document. Raney also attended the initial meetings regarding the General Plan with staff and the Planning Commission/City Council. The second phase involved the facilitation of the General Plan approval process.

Raney also facilitated the certification of the EIR and the adoption of the General Plan through the public review process. Raney facilitated meetings with the Planning Commission and City Council in order to review and obtain consensus on the General Plan.

City of Wheatland Planning Services/General Plan and EIR

Client: City of Wheatland, California

Raney is currently serving as planning staff for the City of Wheatland. This includes taking the day-to-day planning phone calls as well as processing entitlement requests. In addition, the City of Wheatland recently updated its General Plan, which was adopted in July 2006. Raney prepared the EIR to evaluate the potential environmental impacts associated with implementation of the General Plan Land Use Diagram. More specifically, the General Plan EIR evaluated the potential environmental impacts associated with the Preferred Land Use Alternative. The Preferred Land Use Alternative was selected by the General Plan Steering Committee after the completion of several community meetings to discuss the multiple land use scenarios being considered for the Update process. The General Plan EIR certified along with the adoption of the General Plan Update Policy Document.



Wheatland Community Vision – *2009 APA Merit Award Winner for Outstanding Planning Achievement*

Client: City of Wheatland, California

Raney assisted Wheatland City Council in establishing a long-term vision for future long-term development of the City of Wheatland, including public facilitation and drafting the Wheatland Community Vision document. Raney facilitated a series of workshops between City Council, Planning Commission, and the local citizens to produce a vision statement and guiding policies in terms of progressive urban planning and Smart Growth principles. Throughout the visioning process, citizens were encouraged to take ownership of the document and the process by incorporating their feedback in establishing a vision for the future of the City.

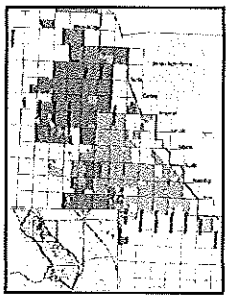
The Community Vision provides a comprehensive guide to the long-term treatment in the areas of Environmental Resources, Community Development and Design, Economic Development, Mobility, Education, Governance, Infrastructure, Public Safety, and Green Space and Recreation.

The intent of the Community Vision is to serve as a guide to City staff in making planning and policy decisions for future development of the City as well as a tool for the public to evaluate the actions of their City government as the City continues to grow. The document is further intended to be a "living" document that will continue to develop and be updated with relation to new laws, new technology, arising challenges, and ever changing needs of the community. Raney completed the draft and final Community Vision, which has been adopted by City Council.

City of Gridley Planning Services

Client: City of Gridley, California

Raney served as Planning Director while the Director was on medical leave. Raney attended the weekly project meetings and assisted staff in responding to public inquiries. In addition, Raney prepared the staff reports and attended Planning Commission and City Council meetings as needed.



Westlands Water District Land Use & Asset Management Plan

Client: Westlands Water District

Raney is assisted Westlands Water District to prepare and adopt a policy document that provides guidance on the management of 92,000 acres owned by the District. In order to provide the District with a highly useful document, the Plan includes a comprehensive review of the existing land use background information, appropriate mapping, and a description of assumed land use opportunities and constraints. As its primary focus, the policy document contains a set of goals, objectives, and implementation measures to be considered by the current and future Westlands' Board of Directors, Westlands' staff, and the public. Raney prepared the Land Use and Asset Management Plan, which has been approved by the District.

VI. References

Raney Planning & Management, Inc. has provided planning, environmental, and project management services throughout California. The following is a list (though not exhaustive) of three references for which Raney has served as the project management team.

1) **City of Wheatland**
   Enita Elphick, Mayor
   enita.elphick@unityforest.com
   (530) 671-7152x100

   Projects:
   - Wheatland General Plan
   - General Plan EIR
   - Wheatland Community Vision
   - Contract Planning Services

   Raney Project Team Members:
   - Tim Raney, AICP – Project Director
   - Nick Pappani – Project Manager
   - Rod Stinson – Assistant to Project Manager
   - Associate staff – Technical Writers

2) **City of Oakley**
   Rebecca Willis, Former Community Development Director (Currently Planning Director for Calaveras County)
   rlwillis@co.calaveras.ca.us
   (209) 754-6394

   Projects:
   - Oakley Zoning Ordinance
   - Oakley General Plan Update
   - Planning Services

   Raney Project Team Members:
   - Cindy Gnos, AICP – Project Director
   - Tim Raney, AICP – Planning Consultant

3) **City of Gridley**
Andrea Redamonti, Community Development Director
aredamonti@gridley.ca.us
(530) 846-3631

Projects:

- Contract Planning Services

Raney Project Team Members

- Cindy Gnos, AICP – Planning Consultant

Appendix A: Raney Resumes

TIM RANEY, AICP
President

EDUCATION
Graduate Studies, Agricultural Economics University of California, Davis

B.S., Agricultural and Managerial Economics University of California, Davis

AFFILIATIONS
American Institute of Certified Planners (AICP)
American Planning Association (APA)
Sacramento Metro Chamber

Mr. Raney has more than 20 years of local government, planning, and CEQA/NEPA experience, during which he has actively managed many of the regions most controversial projects.

PRESIDENT
Raney Planning & Management, Inc. (April 1999 – Present)

As President of Raney, Mr. Raney provides a wide range of planning, management, and economic development services to public and private sector clients. Mr. Raney specializes in project coordination and management, CEQA processing and documentation, land use analysis, business district information, and public facilitation. With years of planning experience, he has developed a diverse and expanding network of clients, including developers, agency representatives, and state and local decision-makers. His diverse background enables him to advise his clients on effective strategies regarding government permitting processing, public involvement, and agency coordination. Mr. Raney provides quality client services, ensuring legally and procedurally accurate documentation while strictly adhering to all schedules and budgets.

COMMUNITY DEVELOPMENT DIRECTOR
City of Wheatland (2004 – Present)

As the Community Development Director for the City of Wheatland, Mr. Raney provides professional guidance and technical assistance to the City Manager, City Council, Planning Commission, and the public regarding immediate and long-range planning while working extensively with the development community, local business owners, and community residents. Mr. Raney monitors City growth and oversees implementation of the City's General Plan, processing of development applications, and makes recommendation to City Council regarding applications and development projects. Over the past 4 years, Mr. Raney has been instrumental in developing the City's Infrastructure Work Program, Community Vision, and Capital Improvement Program as well as developing and implementing the City's General Plan.

COUNCILMEMBER/MAYOR
City of Citrus Heights, CA (1997 – 2002)

Elected to serve on the first City Council, Mr. Raney was instrumental in creating the initial government structure of the City of Citrus Heights. While on City Council, Mr. Raney participated in the preparation and adoption of the City's first General Plan as well as developing a city staff to be responsible for its implementation. Mr. Raney served as Mayor of Citrus Heights in 2000 winning numerous awards for his exceptional leadership skills. This experience behind the dais has given Mr. Raney the ability to understand projects from a variety of perspectives, thereby allowing him to provide a unique skill set to Raney's clients.

PROJECT MANAGER/LAND USE PLANNER
EIP Associates (April 1993 – May 1995, November 1996 – March 1999)

INDEPENDENT CONRACTOR/OWNER
Raney Consulting (June 1995 – November 1996)

PROJECT MANAGER/LAND USE PLANNER
City of Sacramento, CA (September 1990 – April 1993)

PROJECT MANAGER
Buzz Oates Enterprises/Massie & Co. (April 1988 – September 1990)

CINDY GNOS, AICP
Vice President

EDUCATION
Graduate Studies, Public Policy Administration
California State University, Sacramento

B.S., City and Regional Planning
California Polytechnic State University, San Luis Obispo

AFFILIATIONS
American Institute of Certified Planners (AICP)
American Planning Association (APA)

Ms. Gnos brings to Raney Planning & Management a wide range of public sector planning, management, and economic development services. Ms. Gnos specializes in land use analysis, project coordination and management, public facilitation, and CEQA processing and documentation. With nearly twelve years of public sector planning experience, she has developed an understanding of the diverse aspects of planning and community development within local governments. Her background enables her to advise clients on effective strategies regarding government permit processing, public involvement, and agency coordination.

VICE PRESIDENT/DIVISION MANAGER
Raney Planning & Management, Inc. (April 2000 – Present)

Since January 2003, Ms. Gnos has worked under the title Division Manager and is now responsible for the day-to-day coordination of the Raney team and its efforts. As the principal contact for most of Raney's projects, Ms. Gnos provides high-quality, uniquely personal services to Raney's clients. Serving as Project Manager for many of Raney's projects, Ms. Gnos is exceptionally organized and skilled at providing project management services to Raney's clients. In addition to project management, Ms. Gnos is responsible for the quality and content of Raney's documents, thoroughly reviewing every document before sending it out for client review. Ms. Gnos provides the energy that keeps the Raney team running in top condition, thereby ensuring that its clients receive the very best of what Raney has to offer.

SENIOR PLANNER
City of Dixon, CA (November 1994– March 2000)

Ms. Gnos served as a planner for the City of Dixon, overseeing the planning, environmental review, and development of numerous residential, commercial, and industrial projects. Ms. Gnos coordinated the City of Dixon's downtown revitalization efforts through the management of the creation of the Dixon Downtown Revitalization Plan, and through personal participation in special downtown events. She implemented the Downtown Facade Improvement Program using Redevelopment funds. Ms. Gnos also oversaw the Community Development Block Grant (CDBG) Program for the City of Dixon which included Planning/Technical Assistance Grants and a Business Revolving Loan Fund. Ms. Gnos served as the housing coordinator for implementation of the City's Housing Element, including the use of Redevelopment Funds and HOME funds in a first-time homebuyer program.

ASSOCIATE PLANNER
City of Sacramento, CA (October 1988 – November 1994)

As a land use planner for the City of Sacramento, Ms. Gnos was responsible for processing development applications. This included pre-application meetings, environmental review, coordination with the City, developer, and neighborhoods, as well as reports and presentations to the Planning Commission and City Council. During her tenure at the City of Sacramento, she also chaired the Subdivision Review Committee.

ROD STINSON
Division Manager

EDUCATION
B.S., Forestry and Natural Resources California Polytechnic State University, San Luis Obispo

CERTIFICATIONS
Certified in River Restoration and Natural Channel Design.

Mr. Stinson brings to Raney Planning & Management, Inc. his technical writing and project management skills to every project. As Division Manager with Raney, Mr. Stinson assists Vice President Cindy Gnos and company President Tim Raney in the day-to-day management of the office, which includes overseeing the processing of various environmental and planning projects, management of office staff, and coordination with agency personnel and project applicants.

DIVISION MANAGER/ASSISTANT DIVISION MANAGER/SENIOR ASSOCIATE/ASSOCIATE
Raney Planning & Management, Inc. (May 2005 – Present)

Since June 2010, Mr. Stinson has worked under the title Division Manager and is responsible for assisting Vice President Cindy Gnos and company President Tim Raney in the day-to-day coordination of the Raney team and its efforts. Since arriving at Raney, Mr. Stinson has been involved in the writing of numerous EIRs and has served as the project manager for EIRs such as the Gilbert Property EIR in Oakley, CA; the Woodland Gateway Retail Center EIR in Woodland, CA; the Cathedral Square EIR in Sacramento, CA; and the Vernalis Mine West and East EIR in San Joaquin County, CA. Mr. Stinson has also managed and written several Initial Studies for cities including but not limited to, Wheatland, Woodland, Sacramento, Oakley, Brentwood, Gridley, and Clayton. In addition to CEQA documentation experience, Mr. Stinson has also provided environmental and land use planning services for various jurisdictions during his time at Raney, including extensive use of GIS in the analysis and presentation of data.

ESTIMATOR/ENVIRONMENTAL SPECIALIST
Thunder Mountain Enterprises, Inc. (October 2003 to May 2005)

Mr. Stinson began at Thunder Mountain Enterprises, Inc. preparing Stormwater Pollution Prevention Plans utilizing erosion and sediment control Best Management Practices. In this position Mr. Stinson was trained in AutoCAD and expanded his knowledge of hydrology and fluvial processes. After four months with the company Mr. Stinson was promoted to department head of the Estimating Department where he developed and managed procedures for the department. Mr. Stinson was tasked to develop new markets for the company while maintaining their existing workflow market. In addition, Mr. Stinson set the budgets for the 2004 and 2005 fiscal years as well as secured over $600,000 of revenue in the first year of existence. As Estimator, Mr. Stinson performed sales, estimating, project management, and contract administration.

SUMMER INTERN
City of Yuma, AZ (June to September 2002)

STUDENT INTERN
San Luis Obispo County Air Pollution Control District (July to September 2001)

NICK PAPPANI
Special Projects Manager

EDUCATION
B.S., Wildlife Biology, cum laude
California State University, Humboldt

Mr. Pappani brings to Raney Planning & Management his technical writing and strong analytical skills to every project. Nick Pappani served as the Division Manager of Raney Planning & Management, Inc. for the past several years. Recently, Mr. Pappani has relocated to southern California to pursue a Ph.D. in a different vocational arena. As part of this transition Mr. Pappani has become Special Projects Manager with Raney, serving in various management capacities, with a continued presence in the Sacramento area. Mr. Pappani assists the core management team of Raney in the day-to-day management of special projects.

DIVISION MANAGER/SENIOR ASSOCIATE
Raney Planning & Management, Inc. (September 2002 – August 2010)

From January 2006 to August 2010, Mr. Pappani worked under the title Division Manager, being responsible for assisting Vice President, Cindy Gnos, and company President, Tim Raney, in the day-to-day coordination of the Raney team and its efforts. Since his arrival at Raney, Mr. Pappani has been involved in the writing of numerous EIRs and has served as the project manager for EIRs such as the Covell Village EIR and Target EIR in Davis, CA, the Woodland Gateway and Auto Center EIR in Woodland, CA, the Marseilles EIR in Brentwood, CA, as well as the Timberline at Auburn, Bohemia Retail, and Rancho Del Oro Estates EIRs in Placer County, CA. Mr. Pappani has also written several Initial Studies for Cities including but not limited to, Folsom, Woodland, Sacramento, Oakley, Brentwood, Stockton, and Clayton. In addition to CEQA documentation experience, Mr. Pappani has also provided planning services for various jurisdictions during his time at Raney, including but not limited to serving as a contract planner for the City of Wheatland, and Clayton, CA.

WILDLIFE TECHNICIAN
Grand Canyon National Park, AZ (May to August 1999 and 2000)

Mr. Pappani utilized his field research skills obtained at Humboldt State University to collect pertinent wildlife data for the Park Service. In addition to conducting numerous field studies for special-status species and keeping detailed records of all collected data, Mr. Pappani was appointed as crew leader in the absence of the acting crew leader, which involved appointing tasks to other staff and managing their workload.

FIELD TECHNICIAN
LBJ Enterprises, Eureka, CA (May to August 1998)

Mr. Pappani conducted research for an environmental consulting firm located in Eureka, CA. Mr. Pappani's primary duties included conducting detailed plant and animal surveys throughout Six Rivers National Forest. The animal surveys focused on detecting the presence/absence of the Federally Threatened Marbled Murrelet within Six Rivers National Forest.

AGREEMENT FOR PROFESSIONAL SERVICES

EXHIBIT B

FEE PROPOSAL

DEVELOPMENT CODE UPDATE

RANEY PLANNING AND MANAGEMENT, INC.

IV. Cost Proposal

The cost for completion of the Lodi Development Code Update is $47,800. The tasks are summarized in the Technical Scope of Services of this proposal and costs by task are shown in the attached spreadsheet. These costs are based on the estimates of time for each task provided in the chart on the following page. Costs for the Development Code preparation will be billed on a not-to-exceed basis, following Raney standard billing rates included in the attached spreadsheet. The following assumptions were used in the calculations:

- Raney will attend meetings with the City staff as well as public hearings as described in the scope of work. Raney assumes that the number of meetings required will be achieved within the hours allocated in the attached spreadsheet. Additional meetings and hearings are easily accommodated and will be billed on a time-and-materials basis, as directed.

- Raney costs are based on the assumption that the existing data and information for the City of Lodi and the Development Code will be provided by the City for the preparation of the Revised Development Code.

- Specific amounts of time for revisions to the Revised Development Code and Draft Development Code have been assumed. Raney expects that responding to comments will not exceed the budgeted time. If unanticipated comments result in additional time beyond that which has been budgeted, those items will need to be renegotiated.

- Raney will provide to the City of Lodi the number of copies of the documents as indicated in the technical scope of services. The cost for copying will be billed to the City at actual cost.

- Raney assumes that once a Notice to Proceed is issued, the preparation of the Development Code would be a continuous process without excessive delays. Raney would propose to renegotiate the contract with respect to schedule and cost should substantial delays occur in the processing of the proposed project.

- Factors that would increase the scope of work and estimated costs outlined in the proposal include: attendance at additional public meetings; printing of additional copies of reports; analysis of additional issues above those discussed in this proposal or a more detailed level of analysis than described in this proposal; changes in the project requiring reanalysis or rewriting of report sections; collection of data required for the documents beyond that described in this proposal; attendance at additional in-house meetings beyond those budgeted; and excessive comments on the planning documents. Raney would propose to renegotiate these items, if required, or charge on a time-and-materials basis.

COST PROPOSAL						
CITY OF LODI DEVELOPMENT CODE UPDATE						
		Tim Raney, AICP President	Cindy Gnos, AICP Vice President	Rod Stinson Division Manager	Associate	Cost Per Subtask
Task 1	Project Initiation	2	4	4		$ 1,284
Task 2	Document Review	8	26	10	20	$ 8,990
Task 3	Revise Preliminary Draft Development Code	6	32	12	40	$ 11,600
Task 4	Public Review of New Draft Development Code	24	20	8	4	$ 9,680
Task 5	Planning Commission Review	10	12	8	12	$ 6,180
Task 6	City Council Review/Adoption	10	12	8	12	$ 6,180
Task 7	Prepare Final Development Code for Publication		6	6	20	$ 2,760
	Total Hours	60	112	56	108	
	Hourly Rate	$ 210	$ 160	$ 135	$ 90	
	Total Labor	$ 12,600	$ 17,920	$ 7,560	$ 9,720	$ 47,800
Total Planning Services Budget						**$ 47,800**
Other Expenses						
	Copying/Printing/Travel/Postage/Etc.					Billed at Cost

AGREEMENT FOR PROFESSIONAL SERVICES

EXHIBIT C

INSURANCE REQUIREMENTS

DEVELOPMENT CODE UPDATE

RANEY PLANNING AND MANAGEMENT, INC.

EXHIBIT C

Insurance Requirements for Contractor The Contractor shall take out and maintain during the life of this contract, insurance coverage as listed below. These insurance policies shall protect the Contractor and any subcontractor performing work covered by this contract from claims for damages for personal injury, including accidental death, as well as from claims for property damages, which may arise from Contractor's operations under this contract, whether such operations be by Contractor or by any subcontractor or by anyone directly or indirectly employed by either of them, and the amount of such insurance shall be as follows:

1. COMPREHENSIVE GENERAL LIABILITY

   $1,000,000 Ea. Occurrence

   $2,000,000 Aggregate

2. COMPREHENSIVE AUTOMOBILE LIABILITY

   $1,000,000 Bodily Injury - Ea. Person
   $1,000,000 Bodily Injury - Ea. Occurrence

   $1,000,000 Property Damage - Ea. Occurrence

NOTE: Contractor agrees and stipulates that any insurance coverage provided to the City of Lodi shall provide for a claims period following termination of coverage which is at least consistent with the claims period or statutes of limitations found in the California Tort Claims Act (California Government Code Section 810 et seq.).

NOTE: (1) The street address of the **CITY OF LODI** must be shown along with (a) and (b) above: 221 West Pine Street, Lodi, California, 95241-1910; (2) The insurance certificate must state, on its face or as an endorsement, a description of the project that it is insuring.

A copy of the certificate of insurance with the following endorsements shall be furnished to the City:

(a) Additional Named Insured Endorsement
Such insurance as is afforded by this policy shall also apply to the City of Lodi, its elected and appointed Boards, Commissions, Officers, Agents, Employees, and Volunteers as additional named insureds.

(This endorsement shall be on a form furnished to the City and shall be included with Contractor's policies.)

(b) Primary Insurance Endorsement
Such insurance as is afforded by the endorsement for the Additional Insureds shall apply as primary insurance. Any other insurance maintained by the City of Lodi or its officers and employees shall be excess only and not contributing with the insurance afforded by this endorsement.

(c) Severability of Interest Clause
The term "insured" is used severally and not collectively, but the inclusion herein of more than one insured shall not operate to increase the limit of the company's liability.

(d) Notice of Cancellation or Change in Coverage Endorsement
This policy may not be canceled nor the coverage reduced by the company without 30 days' prior written notice of such cancellation or reduction in coverage to the Risk Manager, City of Lodi, 221 W. Pine St., Lodi, CA 95240.

Compensation Insurance The Contractor shall take out and maintain during the life of this contract, Worker's Compensation Insurance for all of Contractor's employees employed at the site of the project and, if any work is sublet, Contractor shall require the subcontractor similarly to provide Worker's Compensation Insurance for all of the latter's employees unless such employees are covered by the protection afforded by the Contractor. In case any class of employees engaged in hazardous work under this contract at the site of the project is not protected under the Worker's Compensation Statute, the Contractor shall provide and shall cause each subcontractor to provide insurance for the protection of said employees. This policy may not be canceled nor the coverage reduced by the company without 30 days' prior written notice of such cancellation or reduction in coverage to the Risk Manager, City of Lodi, 221 W. Pine St., Lodi, CA 95240. A Waiver of Subrogation against the City of Lodi is required.

NOTE: No contract agreement will be signed nor will **any** work begin on a project until the proper insurance certificate is received by the City.

1. AA# _____
2. JV# _____

CITY OF LODI
APPROPRIATION ADJUSTMENT REQUEST

TO:	Internal Services Dept. - Budget Division		
3. FROM:	**Joseph Wood**	5. DATE:	**12/21/11**
4. DEPARTMENT/DIVISION:	**Community Development /Neighborhood Services**		

6. REQUEST ADJUSTMENT OF APPROPRIATION AS LISTED BELOW

	FUND #	BUS. UNIT #	ACCOUNT #	ACCOUNT TITLE	AMOUNT
A. SOURCE OF FINANCING	**444**	**4441**	**5569**	**HUD-Sustainable Communities Grant**	**$52,000**
B. USE OF FINANCING	**444**	**444001**	**7323**	**Development Code Update**	**$52,000**

7. REQUEST IS MADE TO FUND THE FOLLOWING PROJECT NOT INCLUDED IN THE CURRENT BUDGET

Please provide a description of the project, the total cost of the project, as well as justification for the requested adjustment. If you need more space, use an additional sheet and attach to this form.

The Development Code Update is a project that is being funded through a Sustainable Communities Planning Grant that was received in 2010. The Grant funds are received as a reimbursement for eligible project expenses. $52,000 of the grant funds have been allocated to the Development Code Update project and will be used for contract services to Raney Planning and Management, Inc.

If Council has authorized the appropriation adjustment, complete the following:

Meeting Date: 12/21/11 Res No: _____ Attach copy of resolution to this form.

Department Head Signature: Joseph Wood

8. APPROVAL SIGNATURES

Deputy City Manager/Internal Services Manager Date

Submit completed form to the Budget Division with any required documentation.
Final approval will be provided in electronic copy format.

RESOLUTION NO. 2011-____

A RESOLUTION OF THE LODI CITY COUNCIL
AWARDING CONTRACT FOR THE DEVELOPMENT
CODE UPDATE TO RANEY PLANNING AND
MANAGEMENT, INC., AND APPROPRIATING FUNDS

==========

WHEREAS, in answer to the request for proposals that was duly approved by the City Council on September 7, 2011, proposals were received and opened on November 30, 2011 at 4:00 p.m. for contract services for the Development Code update; and

WHEREAS, based on the review of the proposals, three firms were invited to participate in the interview process. Based on the results of the interview process, staff has recommended that the contract for the Development Code update be awarded to Raney Planning and Management, Inc., of Sacramento, in an amount not to exceed $52,000.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby award the contract for professional services for the Development Code update to Raney Planning and Management, Inc., of Sacramento, in an amount not to exceed $52,000; and

BE IT FURTHER RESOLVED that the City Council does hereby authorize the City manager to execute the contract on behalf of the City of Lodi; and

BE IT FURTHER RESOLVED, that funds be appropriated from the Sustainable Communities Planning Grant for this project.

Dated: December 21, 2011

==========

I hereby certify that Resolution No. 2011-____ was passed and adopted by the City Council of the City of Lodi in a regular meeting held December 21, 2011, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

RANDI JOHL
City Clerk

AGENDA ITEM **C-07**

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Adopt Resolution Authorizing City Manager to Execute Contract for 2011 GrapeLine Bus Stop Improvements with A. M. Stephens Construction Company, Inc., of Lodi ($53,059) and Appropriating Funds ($25,000)

MEETING DATE: December 21, 2011

PREPARED BY: Public Works Director

RECOMMENDED ACTION: Adopt resolution authorizing City Manager to execute contract for 2011 GrapeLine bus stop improvements project with A. M. Stephens Construction Company, Inc., of Lodi, in the amount of $53,059 and appropriating funds in the amount of $25,000.

BACKGROUND INFORMATION: This project consists of constructing improvements at five bus stop locations on the GrapeLine's fixed-route bus system. Bus shelters with benches and amenities will be installed at all five locations, and new concrete will be placed at four locations to accommodate the shelter.

Specifications for this project were approved on October 19, 2011. The City received the following eight bids for this project on November 16, 2011.

Bidder	Location	Bid
Engineer's Estimate		$ 65,611.00
A. M. Stephens Construction Co., Inc.	Lodi	$ 53,059.00
Playscapes Construction, Inc.	Tracy	$ 64,372.50
Quimu Contracting, Inc.	Dixon	$ 65,000.00
PBM Construction, Inc.	Rocklin	$ 65,865.00
Biondi Paving, Inc.	Sacramento	$ 69,986.00
ND Electrical Construction, Inc.	Anaheim	$ 70,020.30
Diede Construction, Inc.	Lodi	$ 81,348.16
Andrew L. Lee, Inc.	Lodi	$102,150.00

An appropriation of $50,000 is included in the FY 2011/12 budget and an additional appropriation of $25,000 is requested for a total of $75,000. Staff is recommending the additional appropriation to cover construction costs, staffing and contingencies.

FISCAL IMPACT: There will be a slight increase in the long-term maintenance costs associated with these improvements, which will be included in future Transit Operations budgets.

APPROVED: _____

Konradt Bartlam, City Manager

FUNDING AVAILABLE:	Federal Transit Administration (CA-90-Y565 grant)/ Transportation Development Act Funds (125080):	$50,000
	Requested Appropriation: FTA/TDA (1251):	$25,000
	TOTAL:	$75,000

_____
Jordan Ayers
Deputy City Manager/Internal Services Director

_____
F. Wally Sandelin
Public Works Director

Prepared by Paula J. Fernandez, Transportation Manager/Senior Traffic Engineer

FWS/PJF/pmf

cc: Transportation Manager
MV General Manager
SJRTD Facilities Superintendent Wendell Krell

CITY OF LODI, CALIFORNIA

THIS CONTRACT made by and between the CITY OF LODI, State of California, herein referred to as the "City," and A. M. STEPHENS CONSTRUCTION COMPANY, INC., herein referred to as the "Contractor."

W I T N E S S E T H :

That the parties hereto have mutually covenanted and agreed, and by these presents do covenant and agree with each other, as follows:

The complete Contract consists of the following documents which are incorporated herein by this reference, to-wit:

Notice Inviting Bids	The July 2002 Edition,
Information to Bidders	Standard Specifications,
Certifications and Forms	State of California,
General Provisions	Business and Transportation Agency,
Federal Requirements	Department of Transportation
Special Provisions	
Bid Proposal	
Contract	
Contract Bonds	
Federal Minimum Wage Rates	
Plans	
Addenda	

All of the above documents, sometimes hereinafter referred to as the "Contract Documents," are intended to cooperate so that any work called for in one and not mentioned in the other is to be executed the same as if mentioned in all said documents.

ARTICLE I - That for and in consideration of the payments and agreements hereinafter mentioned, to be made and performed by the City and under the condition expressed in the two bonds bearing even date with these presents and hereunto annexed, the Contractor agrees with the City, at Contractor's cost and expense, to do all the work and furnish all the materials except such as are mentioned in the specifications to be furnished by the City, necessary to construct and complete in a good workmanlike and substantial manner and to the satisfaction of the City the proposed improvements as shown and described in the Contract Documents which are hereby made a part of the Contract.

ARTICLE II - The City hereby promises and agrees with the Contractor to employ, and does hereby employ, the Contractor to provide all materials and services not supplied by the City and to do the work according to the terms and conditions for the price herein, and hereby contracts to pay the same as set forth in Section 5.600, "Measurement, Acceptance and Payment," of the General Provisions, in the manner and upon the conditions above set forth; and the said parties for themselves, their heirs, executors, administrators, successors and assigns, do hereby agree to the full performance of the covenants herein contained.

ARTICLE III - The Contractor agrees to conform to the provisions of Chapter 1, Part 7, Division 2 of the Labor Code. The Contractor and any Subcontractor will pay the general prevailing wage rate and other employer payments for health and welfare, pension, vacation, travel time, and subsistence pay, apprenticeship or other training programs. The responsibility for compliance with these Labor Code requirements is on the prime contractor.

ARTICLE IV - And the Contractor agrees to receive and accept the following prices as full compensation for furnishing all materials and for doing all the work contemplated and embraced in this agreement; also for all loss or damage arising out of the nature of the work aforesaid or from the action of the elements, or from any unforeseen difficulties or obstructions which may arise or be encountered in the prosecution of the work until its acceptance by the City, and for all risks of every description connected with the work; also for all expenses incurred by or in consequence of the suspension or discontinuance of work and for well and faithfully completing the work, and the whole thereof, in the manner and according to the Plans and Contract Documents and the requirements of the Engineer under them, to-wit:

Perform the work necessary to furnish and install bus shelters, benches and amenities at five bus stop locations and other incidental and related work, all as shown on the plans and specifications for " GrapeLine Bus Stop Improvements 2011, Various Locations".

CONTRACT ITEMS

ITEM NO.	DESCRIPTION	UNIT	EST'D. QTY	UNIT PRICE	TOTAL PRICE
1.	Clearing and Grubbing	LS	1	$ 2,000.00	$ 2,000.00
2.	Remove Sidewalk	SF	39	$ 10.00	$ 390.00
3.	Remove Sign post	LS	1	$ 50.00	$ 50.00
4.	Remove and Salvage Bench	EA	4	$ 100.00	$ 400.00
5.	Concrete Subgrade Compaction	SF	383	$ 5.00	$ 1,915.00
6.	Install Concrete Retaining Wall	LF	83	$ 31.00	$ 2,573.00
7.	Install Concrete Pad	SF	340	$ 8.90	$ 3,026.00
8.	Install Sidewalk	SF	58	$ 10.00	$ 580.00
9.	Install Sign on Shelter Panel	EA	5	$ 25.00	$ 125.00

ITEM NO.	DESCRIPTION	UNIT	EST'D. QTY	UNIT PRICE	TOTAL PRICE
10.	Landscape Modifications	LS	1	$ 1,500.00	$ 1,500.00
11.	Furnish and Install Shelter, Bench, and Amenities	EA	5	$ 8,100.00	$40,500.00
				TOTAL	$53,059.00

ARTICLE V - By my signature hereunder, as Contractor, I certify that I am aware of the provisions of Section 3700 of the Labor Code, which requires every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the work of this contract.

ARTICLE VI - It is further expressly agreed by and between the parties hereto that, should there be any conflict between the terms of this instrument and the Bid Proposal of the Contractor, then this instrument shall control and nothing herein shall be considered as an acceptance of the said terms of said proposal conflicting herewith.

ARTICLE VII - The City is to furnish the necessary rights-of-way and easements and to establish lines and grades for the work as specified under the Special Provisions. All labor or materials not mentioned specifically as being done by the City will be supplied by the Contractor to accomplish the work as outlined in the specifications.

ARTICLE VIII - The Contractor agrees to commence work pursuant to this contract within 15 calendar days after the City Manager has executed the contract and to diligently prosecute to completion within 70 WORKING DAYS.

WHEN SIGNING THIS CONTRACT, THE CONTRACTOR AGREES THAT THE TIME OF COMPLETION FOR THIS CONTRACT IS REASONABLE AND THE CONTRACTOR AGREES TO PAY THE CITY LIQUIDATED DAMAGES AS SET FORTH IN SECTION 6-04.03 OF THE SPECIAL PROVISIONS. CONTRACTOR AGREES THAT THIS AMOUNT MAY BE DEDUCTED FROM THE AMOUNT DUE THE CONTRACTOR UNDER THE CONTRACT.

IN WITNESS WHEREOF, the parties to these presents have hereunto set their hands the year and date written below.

CONTRACTOR:

_____

By:_____

_____
Title

(CORPORATE SEAL)

CITY OF LODI

By:_____
Konradt Bartlam
City Manager

Date:_____

Attest:

_____
City Clerk

Approved As To Form:

_____
D. Stephen Schwabauer
City Attorney

1. AA# _____
2. JV# _____

CITY OF LODI
APPROPRIATION ADJUSTMENT REQUEST

TO:	Internal Services Dept. - Budget Division		
3. FROM:	Rebecca Areida-Yadav	5. DATE:	12/09/2011
4. DEPARTMENT/DIVISION:	Public Works		

6. REQUEST ADJUSTMENT OF APPROPRIATION AS LISTED BELOW

	FUND #	BUS. UNIT #	ACCOUNT #	ACCOUNT TITLE	AMOUNT
A. SOURCE OF FINANCING	1250		5496	FTA	$ 20,000.00
	1250		5493	TDA	$ 5,000.00
B. USE OF FINANCING	1251	1251080	7720	Bus Stop Shelters	$ 25,000.00

7. REQUEST IS MADE TO FUND THE FOLLOWING PROJECT NOT INCLUDED IN THE CURRENT BUDGET

Please provide a description of the project, the total cost of the project, as well as justification for the requested adjustment. If you need more space, use an additional sheet and attach to this form.

Contract with AM Stephens for 2011 GrapeLine bus stop improvements.

If Council has authorized the appropriation adjustment, complete the following:

Meeting Date: 12/21/2011 Res No: _____ Attach copy of resolution to this form.

Department Head Signature: Stacy Sandor

8. APPROVAL SIGNATURES

Deputy City Manager/Internal Services Manager Date

Submit completed form to the Budget Division with any required documentation.
Final approval will be provided in electronic copy format.

RESOLUTION NO. 2011-____

A RESOLUTION OF THE LODI CITY COUNCIL
AWARDING CONTRACT FOR 2011 GRAPELINE BUS
STOP IMPROVEMENTS, AUTHORIZING THE
CITY MANAGER TO EXECUTE CONTRACT, AND
FURTHER APPROPRIATING FUNDS

==========

WHEREAS, in answer to notice duly published in accordance with law and the order of this City Council, sealed bids were received and publicly opened on November 16, 2011, at 11:00 a.m., for the 2011 GrapeLine Bus Stop Improvements, described in the specifications therefore approved by the City Council on October 19, 2011; and

WHEREAS, said bids have been checked and tabulated and a report thereof filed with the City Manager as follows:

Bidder	**Bid**
A. M. Stephens Construction Co., Inc.	$ 53,059.00
Playscapes Construction, Inc.	$ 64,372.50
Quimu Contracting, Inc.	$ 65,000.00
PBM Construction, Inc.	$ 65,865.00
Biondi Paving, Inc.	$ 69,986.00
ND Electrical Construction, Inc.	$ 70,020.30
Diede Construction, Inc.	$ 81,348.16
Andrew L. Lee, Inc.	$ 102,150.00

WHEREAS, staff recommends awarding the contract for the 2011 GrapeLine Bus Stop Improvements to the low bidder, A. M. Stephens Construction Company, Inc., of Lodi, California, in the amount of $53,059, and the appropriation of an additional $25,000 to cover construction costs, staffing and contingencies.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby award the contract for the 2011 GrapeLine Bus Stop Improvements to the low bidder, A. M. Stephens Construction Company, Inc., of Lodi, California, in the amount of $53,059; and

BE IT FURTHER RESOLVED that the City Manager is hereby authorized to execute the contract; and

BE IT FURTHER RESOLVED that funds in the amount of $25,000 be appropriated from Federal Transit Administration/Transportation Development Act funds for this project.

Dated: December 21, 2011

==========

I hereby certify that Resolution No. 2011-____ was passed and adopted by the City Council of the City of Lodi in a regular meeting held December 21, 2011, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

RANDI JOHL
City Clerk

AGENDA ITEM **C-08**

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Adopt Resolution Authorizing City Manager to Execute Contract for Wastewater Main Rehabilitation Program, Project No. 5, with Michels Pipeline Construction, of Salem, Oregon ($859,428.25)

MEETING DATE: December 21, 2011

PREPARED BY: Public Works Director

RECOMMENDED ACTION: Adopt resolution authorizing City Manager to execute contract for Wastewater Rehabilitation Program, Project No. 5 with Michels Pipeline Construction, of Salem, Oregon, in the amount of $859,428.25.

BACKGROUND INFORMATION: This project includes in-place (trenchless) rehabilitation of approximately 17,000 linear feet of 6-inch diameter wastewater main, the rehabilitation of approximately 61 manholes and the reconnection of 452 wastewater laterals. The project also includes upsizing approximately 1,455 linear feet of 6-inch wastewater pipe to 8-inch using pipe-bursting technology. The project area is shown on the attached map.

Plans and specifications for this project were approved on October 19, 2011. The City received the following five bids for this project on November 16, 2011. The low bidder, Michels Pipeline Construction, has provided the City certification that its subcontractor, Pacific Underground Construction Inc., is qualified to perform the pipe bursting operation as specified in the project specifications.

Bidder	Location	Bid
Engineer's Estimate		$ 1,557,758.00
Michels Pipeline Construction	Salem, OR	$ 859,428.25
RePipe	Ontario, CA	$ 924,435.75
SAK Construction of California	O'Fallon, MO	$ 931,104.00
Southwest Pipeline & Trenches	Gardena, CA	$ 1,122,375.85
Insituform Technologies	Chesterfield, MO	$ 1,489,142.20

FISCAL IMPACT: Completion of this project will reduce future maintenance costs and increase the performance and reliability of the wastewater system.

FUNDING AVAILABLE: Wastewater Main Replacement Fund (171680): $1,118,000

_____
Jordan Ayers
Deputy City Manager/Internal Services Director

_____
F. Wally Sandelin
Public Works Director

Prepared by Lyman Chang, Senior Civil Engineer
Attachment
cc: Deputy Public Works Director – Utilities
Senior Civil Engineer
Michels Pipeline

APPROVED: _____
Konradt Bartlam, City Manager

Wastewater Main Rehabilitation Project
Project No. 5, Project Area

City of Lodi

N
W E
S

1,100 550 0 1,100 Feet

CITY OF LODI, CALIFORNIA

THIS CONTRACT made by and between the CITY OF LODI, State of California, herein referred to as the "City," and MICHELS PIPELINE CONSTRUCTION, herein referred to as the "Contractor."

W I T N E S S E T H :

That the parties hereto have mutually covenanted and agreed, and by these presents do covenant and agree with each other, as follows:

The complete Contract consists of the following documents which are incorporated herein by this reference, to-wit:

Notice Inviting Bids	The July 1992 Edition,
Information to Bidders	Standard Specifications,
General Provisions	State of California,
Special Provisions	Business and Transportation Agency,
Bid Proposal	Department of Transportation
Contract	
Contract Bonds	
Plans	

All of the above documents, sometimes hereinafter referred to as the "Contract Documents," are intended to cooperate so that any work called for in one and not mentioned in the other is to be executed the same as if mentioned in all said documents.

ARTICLE I - That for and in consideration of the payments and agreements hereinafter mentioned, to be made and performed by the City and under the condition expressed in the two bonds bearing even date with these presents and hereunto annexed, the Contractor agrees with the City, at Contractor's cost and expense, to do all the work and furnish all the materials except such as are mentioned in the specifications to be furnished by the City, necessary to construct and complete in a good workmanlike and substantial manner and to the satisfaction of the City the proposed improvements as shown and described in the Contract Documents which are hereby made a part of the Contract.

ARTICLE II - The City hereby promises and agrees with the Contractor to employ, and does hereby employ, the Contractor to provide all materials and services not supplied by the City and to do the work according to the terms and conditions for the price herein, and hereby contracts to pay the same as set forth in Section 5.600, "Measurement, Acceptance and Payment," of the General Provisions, in the manner and upon the conditions above set forth; and the said parties for themselves, their heirs, executors, administrators, successors and assigns, do hereby agree to the full performance of the covenants herein contained.

ARTICLE III - The Contractor agrees to conform to the provisions of Chapter 1, Part 7, Division 2 of the Labor Code. The Contractor and any Subcontractor will pay the general prevailing wage rate and other employer payments for health and welfare, pension, vacation, travel time, and subsistence pay, apprenticeship or other training programs. The responsibility for compliance with these Labor Code requirements is on the prime contractor.

ARTICLE IV - And the Contractor agrees to receive and accept the following prices as full compensation for furnishing all materials and for doing all the work contemplated and embraced in this agreement; also for all loss or damage arising out of the nature of the work aforesaid or from the action of the elements, or from any unforeseen difficulties or obstructions which may arise or be encountered in the prosecution of the work until its acceptance by the City, and for all risks of every description connected with the work; also for all expenses incurred by or in consequence of the suspension or discontinuance of work and for well and faithfully completing the work, and the whole thereof, in the manner and according to the Plans and Contract Documents and the requirements of the Engineer under them, to-wit:

Perform the work necessary to complete trenchless rehabilitation of approximately 17,000 linear feet of existing 6-inch diameter wastewater main; internally reinstating approximately 468 wastewater laterals and the rehabilitation of 61 wastewater manholes and other incidental and related work, all as shown on the plans and specifications for the Wastewater Main Rehabilitation Program Project No. 5.

CONTRACT ITEMS

ITEM NO.	DESCRIPTION	UNIT	EST'D. QTY	UNIT PRICE	TOTAL PRICE
1.	Mobilization	LS	1	$ 48,000.00	$48,000.00
2.	Construction Photography	LS	1	$ 1,750.00	$ 1,750.00
3.	Traffic Control	LS	1	$ 12,080.00	$12,080.00
4.	Construction Notification	LS	1	$ 1,669.00	$ 1,669.00
5.	Storm Water Pollution Control	LS	1	$ 555.00	$ 555.00
6.	Clean and CCTV Existing Wastewater Pipe	LF	17,027	$ 2.75	$46,824.25
7.	Rehabilitate 6-Inch Wastewater Pipe	LF	17,027	$ 25.00	$425,675.00
8.	Repair 16-Inch Wastewater Pipe	LF	20	$ 599.00	$11,980.00
9.	Upsize Wastewater Pipe (6-Inch to 8-Inch) Method: Pipe Bursting	LF	1,455	$ 85.00	$123,675.00

ITEM NO.	DESCRIPTION	UNIT	EST'D. QTY	UNIT PRICE	TOTAL PRICE
10.	Internal Lateral Reinstatement	EA	414	$ 146.00	$60,444.00
11.	Lateral Reinstatement (Open Cut)	EA	38	$ 445.00	$16,910.00
12.	Point Repair – Open Cut Method	EA	10	$ 3,325.00	$33,250.00
13.	Manhole Rehabilitation	EA	61	$ 1,256.00	$76,616.00
				TOTAL	$859,428.25

ARTICLE V - By my signature hereunder, as Contractor, I certify that I am aware of the provisions of Section 3700 of the Labor Code, which requires every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the work of this contract.

ARTICLE VI - It is further expressly agreed by and between the parties hereto that, should there be any conflict between the terms of this instrument and the Bid Proposal of the Contractor, then this instrument shall control and nothing herein shall be considered as an acceptance of the said terms of said proposal conflicting herewith.

ARTICLE VII - The City is to furnish the necessary rights-of-way and easements and to establish lines and grades for the work as specified under the Special Provisions. All labor or materials not mentioned specifically as being done by the City will be supplied by the Contractor to accomplish the work as outlined in the specifications.

ARTICLE VIII - The Contractor agrees to commence work pursuant to this contract within 15 calendar days after the City Manager has executed the contract and to diligently prosecute to completion within **150 WORKING DAYS**.

WHEN SIGNING THIS CONTRACT, THE CONTRACTOR AGREES THAT THE TIME OF COMPLETION FOR THIS CONTRACT IS REASONABLE AND THE CONTRACTOR AGREES TO PAY THE CITY LIQUIDATED DAMAGES AS SET FORTH IN SECTION 6-04.03 OF THE SPECIAL PROVISIONS. CONTRACTOR AGREES THAT THIS AMOUNT MAY BE DEDUCTED FROM THE AMOUNT DUE THE CONTRACTOR UNDER THE CONTRACT.

IN WITNESS WHEREOF, the parties to these presents have hereunto set their hands the year and date written below.

IN WITNESS WHEREOF, the parties to these presents have hereunto set their hands the year and date written below.

CONTRACTOR:

_____

By:_____

_____
Title

(CORPORATE SEAL)

CITY OF LODI

By:_____
City Manager

Date:_____

Attest:

_____
City Clerk

Approved As To Form

_____
D. Stephen Schwabauer
City Attorney

RESOLUTION NO. 2011-____

A RESOLUTION OF THE LODI CITY COUNCIL
AUTHORIZING THE CITY MANAGER TO EXECUTE
CONTRACT FOR WASTEWATER MAIN
REHABILITATION PROGRAM, PROJECT NO. 5

==========

WHEREAS, in answer to notice duly published in accordance with law and the order of this City Council, sealed bids were received and publicly opened on November 16, 2011, at 11:00 a.m., for the Wastewater Main Rehabilitation Program, Project No. 5, described in the plans and specifications therefore approved by the City Council on October 19, 2011; and

WHEREAS, said bids have been checked and tabulated and a report thereof filed with the City Manager as follows:

Bidder	**Bid**
Michels Pipeline Construction	$ 859,428.25
RePipe	$ 924,435.75
SAK Construction of California	$ 931,104.00
Southwest Pipeline & Trenches	$ 1,122,375.85
Insituform Technologies	$ 1,489,142.20

WHEREAS, staff recommends awarding the contract for Wastewater Main Rehabilitation Program, Project No. 5, to the low bidder, Michels Pipeline Construction, of Salem, Oregon, in the amount of $859,428.25.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby award the contract for Wastewater Main Rehabilitation Program, Project No. 5, to the low bidder, Michels Pipeline Construction, of Salem, Oregon, in the amount of $859,428.25; and

BE IT FURTHER RESOLVED, that the City Manager is hereby authorized to execute the contract.

Dated: December 21, 2011

==========

I hereby certify that Resolution No. 2011-____ was passed and adopted by the City Council of the City of Lodi in a regular meeting held December 21, 2011, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

RANDI JOHL
City Clerk

AGENDA ITEM **C-09**

CITY OF LODI
COUNCIL COMMUNICATION

AGENDA TITLE: Adopt Resolution Authorizing City Manager to Execute Contract with Berndt Tree Service, of Lodi, for Removal of 41 Modesto Ash Trees ($22,000) and Appropriating Funds ($15,000)

MEETING DATE: December 21, 2011

PREPARED BY: Public Works Director

RECOMMENDED ACTION: Adopt resolution authorizing City Manager to execute contract with Berndt Tree Service, of Lodi, for removal of 41 Modesto Ash trees in the amount of $22,000 and appropriating funds ($15,000).

BACKGROUND INFORMATION: Trees are a benefit to the urban environment. Healthy trees reduce air and noise pollution, provide energy-saving shade and cooling, furnish habitat for wildlife, and provide an important aesthetic value to the landscape. As a result, the City removes trees only when it is in the interest of the public's safety or expense. In 2002, the City hired a company to inventory and evaluate Lodi's urban forest. One of the company's recommendations was to eliminate Modesto Ash trees from our inventory because they are prone to 1) mistletoe; 2) a condition known as "included" bark, which leads to major limb splits; and 3) excessive pruning requirements that over time results in disfigured trees.

This project includes the removal of 41 Modesto Ash trees from various streets within the City of Lodi.

Specifications for this project were approved on October 5, 2011. The City received the following five bids for this project on November 3, 2011.

Bidder	Location	Bid
Engineer's Estimate		$30,000
Berndt Tree Service	Lodi	$22,000
West Coast Arborists	Anaheim	$28,470
A-Plus Tree Service	Vallejo	$29,970
Grover Landscape	Modesto	$46,760
Jensen Tree Services	Roseville	$64,982

FISCAL IMPACT: The trees are in poor condition and are a liability to the City.

FUNDING AVAILABLE: Budgeted FY 2010/11
Street Measure K Maintenance (325314): $15,000

Additional Appropriation
Street Measure K Maintenance (325314): $15,000
$30,000

_____
Jordan Ayers
Deputy City Manager/Internal Services Director

_____
F. Wally Sandelin
Public Works Director

Prepared by Kathryn E. Garcia, Compliance Engineer
FWS/KEG/pmf
cc: Deputy Public Works Director – Utilities

APPROVED: _____
Konradt Bartlam, City Manager

THIS CONTRACT, made by and between the CITY OF LODI, State of California, herein referred to as "**City**" and BERNDT TREE SERVICE herein called "**Contractor**."

WITNESSETH:

That the parties hereto have mutually covenanted and agreed, and by these presents do covenant and agree with each other, as follows:

The complete contract consists of the following documents, which are filed in the Public Works Department, which are incorporated herein by this reference, to-wit:

Notice Inviting Bids
Information to Bidders
General Provisions
Special Provisions
Bid Proposal
Contract
Contract Bond

The July 1992 Edition Standard Specifications, State of California Business and Transportation Agency, Department of Transportation

All of the above documents, sometimes hereinafter referred to as the "Contract Documents," are intended to cooperate so that any work called for in one and not mentioned in the other is to be executed the same as if mentioned in all said documents.

ARTICLE I That for and in consideration of the payments and agreements hereinafter mentioned to be made and performed by the City and under the condition expressed in the bond bearing even date with these presents and hereunto annexed, the Contractor agrees with the City, at Contractor's cost and expense, to do all the work and furnish all the materials except such as are mentioned in the specifications to be furnished by the City, necessary to perform and complete in a good workmanlike and substantial manner and to the satisfaction of the City as shown and described in the Contract Documents which are hereby made a part of the Contract.

ARTICLE II The City hereby promises and agrees with the Contractor to employ, and does hereby employ, the Contractor to provide all services not supplied by the City and to do the work according to the terms and conditions for the price herein, and hereby contracts to pay the same as set forth in Section 5-100, of the General Stipulations, in the manner and upon the conditions above set forth; and the said parties for themselves, their heirs, executors, administrators, successors and assigns, do hereby agree to the full performance of the covenants herein contained.

ARTICLE III The Contractor agrees to conform to the provisions of Chapter 1, Part 7, Division 2 of the Labor Code. The Contractor and any Subcontractor will pay the general prevailing wage rate and other employer payments for health and welfare, pension, vacation, travel time, and subsistence pay, apprenticeship or other training programs. The responsibility for compliance with these Labor Code requirements is on the prime contractor.

ARTICLE IV And the Contractor agrees to receive and accept the following prices as full compensation for furnishing the work contemplated and embraced in this agreement; also for all loss or damage arising out of the nature of the work aforesaid or from the action of the elements, or from any unforeseen difficulties or obstructions which may arise or be encountered in the prosecution of the work until it's acceptance by the City, and for all risks of every description connected with the work; also for all expenses incurred by or in consequence of the suspension or discontinuance of work; and for well and faithfully completing the work, and the whole thereof, in the manner and according to the Contract Documents and the requirements of the Engineer under them, to-wit:

Perform the work necessary to complete the bid item tree and stump removal as specified in the bid summary. All work shall be completed in accordance with the standards set forth by the International Society of Arboriculture Pruning Standards (Best Management Practices) and the ANSI A300 Standards.

MODESTO ASH REMOVAL 2011-2012

ITEM 1. TREE & STUMP REMOVAL

Item 1 consists of removing forty-one (41) Modesto Ash trees at the locations reflected below, including property owner notification, mobilization, tree removal, off haul and disposal of all cuttings and stump grindings; included stump grindings shall be performed to a depth of 18 inches below existing grade; including the backfill and compaction of all depressions resulting from the stump grinding work and repair/replacement of any irrigation system components damaged as a result of the work.

Location	Quantity	Address	Diameter at Breast Height (DBH) (inches)	Cost Per Location
1	2	22 S California St	21 to 31	$1,400
2	1	420 S Central Ave.	28	$800
3	3	912 S Central Ave.	13 to 24	$1,000
4	1	706 S Church St.	18	$350
5	1	724 S Church St.	25	$850
6	1	734 S Church St.	21	$500
7	2	1000 S Church St.	33	$1,900
8	1	1206 S Church St.	19	$400
9	1	1210 S Church St.	19	$300
10	1	209 W Eureka Ave.	26	$500
11	1	209 W Eureka Ave.	26	$500
12	1	504 W Falls Ave.	25	$500
13	1	508 W Falls Ave.	21	$400
14	1	509 W Falls Ave.	20	$500
15	2	512 W Falls Ave.	30 to 24	$1,200
16	4	515 W Falls Ave.	25 to 27	$1,900
17	1	224 N Garfield St.	24	$750

Location	Quantity	Address	Diameter at Breast Height (DBH) (inches)	Cost Per Location
18	2	810 N Grant Ave.	28	$1,200
19	1	501 W Locust St	19	$750
20	2	805 W Locust St	23 to 29	$1,200
21	5	340 W Louie Ave.	12 to 19	$1,500
22	1	508 W Pine St	32	$750
23	2	622 W Pine St	16 to 25	$900
24	1	226 S Pleasant Ave.	23	$750
25	2	29 S Washington St	26 to 29	$1,200
			Total	**$22,000**

References must be submitted with bid proposal as described in Section 2.1400

ARTICLE V By my signature hereunder, as Contractor, I certify that I am aware of the provisions of Section 3700 of the Labor Code, which requires every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the work of this contract.

ARTICLE VI It is further expressly agreed by and between the parties hereto that, should there be any conflict between the terms of this instrument and the Bid Proposal of the Contractor, then this instrument shall control and nothing herein shall be considered as an acceptance of the said terms of said proposal conflicting herewith.

ARTICLE VII The City is to furnish the necessary rights-of-way and easements and to establish lines and grades for the work as specified under the Special Provisions. All labor or materials not mentioned specifically as being done by the City will be supplied by the Contractor to accomplish the work as outlined in the specifications.

ARTICLE VIII The Contractor agrees to commence work pursuant to this contract within 15 calendar days after the City Manager has executed the contract and to diligently prosecute to completion within the allotted number of working days:

Ninety (90) Calendar Days after receipt of the Notice to Proceed.

WHEN SIGNING THIS CONTRACT, THE CONTRACTOR AGREES THAT THE TIME OF COMPLETION FOR THIS CONTRACT IS REASONABLE AND THE CONTRACTOR AGREES TO PAY THE CITY LIQUIDATED DAMAGES AS SET FORTH IN SECTION 6-04.03 OF THE SPECIAL PROVISIONS. CONTRACTOR AGREES THAT THIS AMOUNT MAY BE DEDUCTED FROM THE AMOUNT DUE THE CONTRACTOR UNDER THE CONTRACT.

IN WITNESS WHEREOF, the parties to these presents have hereunto set their hands the year and date first written below.

_____ Dated:_____
CONTRACTOR

_____
Authorized Signature

_____
Title

_____
TYPE OF ORGANIZATION
Individual, Partnership or Corporation (Affix corporate seal if Corporation)

_____
Address

_____ (_____)_____
Telephone

CITY OF LODI
a Municipal corporation

_____
Konradt Bartlam
City Manager

Attest:

_____
Randi Johl, City Clerk

Approved as to Form:

_____
D. Stephen Schwabauer
City Attorney

1. AA# _____
2. JV# _____

CITY OF LODI
APPROPRIATION ADJUSTMENT REQUEST

TO:	Internal Services Dept. - Budget Division		
3. FROM:	Rebecca Areida-Yadav	5. DATE:	12/07/2011
4. DEPARTMENT/DIVISION:	Public Works		

6. REQUEST ADJUSTMENT OF APPROPRIATION AS LISTED BELOW

	FUND #	BUS. UNIT #	ACCOUNT #	ACCOUNT TITLE	AMOUNT
A. SOURCE OF FINANCING	325	325000	7700	Capital Projects New	$ 15,000.00
	325		3205	Fund Balance	$ 15,000.00
B. USE OF FINANCING	325	325314	7323	Tree Removal	$ 30,000.00

7. REQUEST IS MADE TO FUND THE FOLLOWING PROJECT NOT INCLUDED IN THE CURRENT BUDGET

Please provide a description of the project, the total cost of the project, as well as justification for the requested adjustment. If you need more space, use an additional sheet and attach to this form.

FY 11/12 Contract for Modesto Ash tree removals. Reallocate $15,000 approved in the budget to the appropriate capital business unit and appropriate additional $15,000.

If Council has authorized the appropriation adjustment, complete the following:

Meeting Date: 12/21/2011 Res No: _____ Attach copy of resolution to this form.

Department Head Signature: Shelly Sanders

8. APPROVAL SIGNATURES

Deputy City Manager/Internal Services Manager Date

Submit completed form to the Budget Division with any required documentation.
Final approval will be provided in electronic copy format.

RESOLUTION NO. 2011-____

A RESOLUTION OF THE LODI CITY COUNCIL
AUTHORIZING THE CITY MANAGER TO EXECUTE
CONTRACT FOR REMOVAL OF 41 MODESTO ASH
TREES, AND FURTHER APPROPRIATING FUNDS

==========

WHEREAS, in answer to notice duly published in accordance with law and the order of this City Council, sealed bids were received and publicly opened on November 3, 2011, at 11:00 a.m., for the removal of 41 Modesto Ash trees, described in the specifications therefore approved by the City Council on October 5, 2011; and

WHEREAS, said bids have been checked and tabulated and a report thereof filed with the City Manager as follows:

Bidder		**Bid**
Engineer's Estimate	$	30,000
Berndt Tree Service	$	22,000
West Coast Arborists	$	28,470
A-Plus Tree Service	$	29,970
Grover Landscape	$	46,760
Jensen Tree Services	$	64,982

WHEREAS, staff recommends awarding the contract for the removal of 41 Modesto Ash trees, to the low bidder, Berndt Tree Service, of Lodi, California, in the amount of $22,000.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby award the contract for the removal of 41 Modesto Ash trees, to the low bidder, Berndt Tree Service, of Lodi, California, in the amount of $22,000; and

BE IT FURTHER RESOLVED, that the City Manager is hereby authorized to execute the contract on behalf of the City of Lodi; and

BE IT FURTHER RESOLVED, that additional funds in the amount of $15,000 be appropriated from Street Measure K Maintenance for this project.

Dated: December 21, 2011

==========

I hereby certify that Resolution No. 2011-____ was passed and adopted by the City Council of the City of Lodi in a regular meeting held December 21, 2011, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

RANDI JOHL
City Clerk

AGENDA ITEM **C-10**

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Accept Improvements Under Contract for Water Meter Program Phase 1 and Adopt Resolution Authorizing City Manager to Execute Amendment No. 1 to Task Order No. 2 With RMC Water and Environment ($61,885)

MEETING DATE: December 21, 2011

PREPARED BY: Public Works Director

RECOMMENDED ACTION: Accept improvements under contract for Water Meter Program Phase 1 and adopt resolution authorizing the City Manager to execute Amendment No. 1 to Task Order No. 2 with RMC Water and Environment in the amount of $61,885.

BACKGROUND INFORMATION: The project was awarded to Knife River, of Stockton, on March 16, 2011, in the amount of $1,872,285. The contract has been completed in substantial conformance with the plans and specifications approved by City Council.

The project consisted of the installation of 3,698 meters and the replacement of 4,220 feet of water main.

The contract completion date was November 30, 2011 and the actual completion date was November 30, 2011. The final contract price was $1,999,379.98. The difference between the contract amount and the final contract price is mainly due to work added to reconstruct the water facilities within the area of the 2011 Alley Reconstruction Project (the alley north of Tokay Street from Stockton Street to Washington Street and the alley north of Eden Street from Washington Street to Garfield Street) because the existing facilities were too shallow. Additionally, the difference in the contract amount is due to six new services installed on Hutchins Street between Lodi Avenue and Oak Street; greater width concrete collars placed around 193 water meter installations; and a reduction in overall contract quantities installed in the field.

Task Order No. 2 with RMC Water and Environment was approved by the City Council on March 16, 2011 for construction administration services. The work included administration of the construction contract, observation of pipeline and water meter installations, and coordination of the project with the City's customers and water maintenance staff crews. The required efforts exceeded initial estimates of labor for inspection of each water meter inspection, coordination with contractor and City crews to implement main shut downs, and interacting with the City's customers. The contractor utilized the entire time allowed for construction. We had estimated the construction work would be substantially complete by the beginning of September. Due to these conditions, we are recommending Amendment No. 1 to Task Order No. 2, increasing the contract amount by $61,885 be authorized for execution by the City Manager. A copy of the task order amendment is provided as Exhibit A.

Following acceptance by the City Council, as required by law, the City Engineer will file a Notice of Completion with the County Recorder's office. The notice serves to notify vendors and subcontractors

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APPROVED: _____

Konradt Bartlam, City Manager

that the project is complete and begins their 30-day period to file a stop notice requiring the City to withhold payments from the prime contractor in the event of a payment dispute.

FISCAL IMPACT: Water main leak and service repairs will be reduced. No additional costs will be incurred for reading of the meters as they are automatically read concurrent with the reading of the electric meters.

FUNDING AVAILABLE: Water Fund (181464): $61,855

_____
Jordan Ayers
Deputy City Manager/Internal Services Director

_____
F. Wally Sandelin
Public Works Director

FWS/pmf

cc: Charlie Swimley, Deputy Public Works Director – Utilities

DRAFT

Exhibit A

City of Lodi Water Meter Program

Task Order No. 2
WMP Phase 1 Construction Management Services

Amendment No. 1 – Contract Close Out

Task Order No. 2 with RMC Water and Environment was approved by the City Council on March 16, 2011 for Construction Administration services associated with the Water Meter Program Phase 1 construction project. The work included administration of the construction contract, observation of pipeline and water meter installations, and coordination of the project with the City's customers and water maintenance staff crews. The required efforts exceeded initial estimates for the following reasons:

- Increased labor required for inspection of each water meter installation due to widely varying field conditions and subsequent surface restoration work.
- Additional coordination with contractor and City crews and interacting with affected customers to implement main shut downs required to address deteriorated polybutylene service line restoration.
- Increased field time due to the contractor utilizing the entire time allowed for construction. We had estimated the construction work would be substantially complete by the beginning of September.
- Late issuance of the contract Notice-to-Proceed extended the original contract administrative and inspection duration by approximately two months.
- Varying field conditions and decision/direction making process were underestimated resulting in the increase to regulate and observe the contractor activities, and process change orders.
- Initial Field Intern Observer (FIO) hours (2000-hours) were under estimated with actual FIO hours exceeding 20%.
- Compilation of post meter installation data, and increased coordination with National Meter associated with correlation of installed meters to APN/Service addresses.

This proposed Amendment No. 1 to Task Order No. 2 would increase the contract authorized amount by $61,885 to address the higher level of effort and extended construction duration (beyond that assumed in Task Order No. 2). The additional effort is described further below by task.

Task 1 – Engineering Services during Construction (ESDC)

Original Scope: The Consultant will provide engineering services during construction for the City to address Contractor submittals, record drawings and to provide overall technical support. The ESDC effort will be led by Tom Dugan (Resident Engineer - RE) and supported by the WMP Phase 1 design team of Mike Matson (Senior Review), Tony Valdivia (Project Manager), Kevin Smith (Project Engineer), and Victor Alaniz (CAD Production). The level of effort for ESDC activities is limited to the budgeted hours.

Amendment No. 1 Modifications: *Task 1 level of effort increased as a result of more RFIs than originally assumed due to widely varying field conditions. These included additional surface restoration requirements and additional service line piping modifications. These contractor and City issued RFIs caused additional engineer review time beyond what was originally estimated.*

Task 2 – Contract Administration

Original Scope: The Consultant will provide construction contract administration services throughout the WMP Phase 1 construction period. Services will include conducting construction meetings, supporting contract execution and modification process with the City, reporting and coordinating with City staff on construction issues and progress, reviewing and recommending action on contractor progress payment requests, negotiating and preparing construction change order documentation, reviewing the contractor's progress schedule, administering and coordinating engineering reviews and responses to RFIs, supporting the contractor's public notification activities, managing and coordinating the meter procurement vendor activities, and project closeout activities. Contract administration will be performed by Tom Dugan (RE) and supported by RMC and Nolte staff.

Amendment No. 1 Modifications: *The following modifications are made to the original scope:*

1. *The duration of contract administration activities was extended by approximately one month due to late issuance by City of contractor NTP. The late NTP resulted in a contract end date of November 30, 2011. Close out activities have been extended to mid-December, 2011. This has resulted in additional effort beyond that assumed in Task Order No. 2.*
2. *The level of effort associated with contract administration was higher than anticipated in the original scope of services. Increased contract administration effort was required to address unanticipated field conditions and associated contract quantity changes and change orders. The actions of the City's contractor also required effort to enforce contract requirements and document non-compliance, including extensive negotiation of the SWPPP requirements and resolution of a dispute on meter box lid requirements, increased coordination with City personnel regarding mainline shut downs to repair deteriorated polybutylene service lines and leaking valves, and increase coordination with the City's meter vendor National Meter, the contractor and City Information Service Division (ISD) to correlate the installed meters with the APN/Service Address.*

Task 3 – Field Observation Activities

Original Scope: The Consultant will provide limited inspection services throughout the construction period. Services will include general field observation and inspection tasks, mainline and meter installation inspection, and providing and coordinating specialty inspections for the project. The task lead will be Tom Dugan (RE) supported by Ryan Wilson (Lead Inspector).

Amendment No. 1 Modifications: *Field observation services performed by Nolte Vertical Five (NV5) Lead Inspector were budgeted to be complete by the end of September 2011. Field work was completed on November 30, 2011, two months past the originally scoped construction period. This extended work duration resulted in additional field inspection time by the Lead Inspector to verify that the contractual obligations of the contractor were met and to address resident complaints, provide more prompt in-field resolution to unforeseen field condition changes, and track forced account work.*

Similarly, the meter inspection period for the field intern observers (FIOs) were initially budgeted for 2,000-hours under the Task Order No. 3 scope and budget. ;At the direction of the City, RMC maintained the FIOs on the meter installation work until it was complete on November 30, 2011. The total FIO labor was over 2,400-hours (+20% increase) to monitor the 3,698 meter installations and maintain the meter

installation database that serves the dual purpose of processing the contractor's pay requests and provides utility asset management data for the City. The hours exceeding the Task Order No. 3 budget are included in this amendment at the direction of the City.

Task 4 – Document Control Management and Project Closeout Services

Original Scope: The Consultant will provide document management services, including project closeout activities. This task will be led by Tom Dugan (RE) and supported by the inspection team.

Amendment No. 1 Modifications: *The Task 4 level of effort increased as a result of the unanticipated number of change order items that required processing (e.g. twenty two force account work items to address differing field conditions, the 2011 Alley Reconstruction Project, and six additional service connections within Hutchins Street) and the increased effort to provide quality assurance on the meter installation database and the correlated installed meter to APN/Service Address data collected by National Meter.*

RMC WATER AND ENVIRONMENT

Signature

Michael H. Matson
Sr. Vice President

Date

CITY OF LODI

Signature

Printed Name

Title

Date

ATTEST:

RANDI JOHL
City Clerk

APPROVED AS TO FORM:

D. STEPHEN SCHWABAUER
City Attorney

RMC
Water and Environment

Fee Estimate

City of Lodi - Water Meter Program Phase 1
Construction Management Services (Task Order 2, Amendment No. 1)

Tasks	Labor									Nolte Vertical Five				ODCs			Total
	Mike Matson	Kevin Smith	Tom Dugan	Mike Silva	Garrett Wiman	Whitney Sandelin	Desiree Ayala	Total Hours	Total Labor Costs (1)	NV5	Subtotal	Sub Markup	Sub Consultant Total Cost (2)	ODCs	ODC Markup	Total ODCs (3)	Total Fee
	PM	PE	PE	PE	PE	PE	Graphics and Support Team					10%			10%		
	$255	$185	$150	$41	$41	$41	$95										
Task 1: Engineering Services during Construction																	
1.1 Engineering Services During Construction	12	9						21	$4,725		$0	$0	$0		$0	$0	$4,725
Subtotal Task 1:	12	9	0	0	0	0	0	21	$4,725	$0	$0	$0	$0	$0	$0	$0	$4,725
Task 2: Contract Administration																	
2.1 Contract Administration			53					53	$7,913		$0	$0	$0		$0	$0	$7,913
Subtotal Task 2:	0	0	53	0	0	0	0	53	$7,913	$0	$0	$0	$0	$0	$0	$0	$7,913
Task 3: Field Observation Activities																	
3.1 Field Observation Activities			24	252	64	7	6	352	$17,466	$21,141	$21,141	$2,114	$23,255	$558	$56	$614	$41,335
Subtotal Task 3:	0	0	24	252	64	7	6	352	$17,466	$21,141	$21,141	$2,114	$23,255	$558	$56	$614	$41,335
Task 4: Document Control Management																	
4.1 Document Control Management			53					53	$7,913		$0	$0	$0		$0	$0	$7,913
Subtotal Task 4:	0	0	53	0	0	0	0	53	$7,913	$0	$0	$0	$0	$0	$0	$0	$7,913
TOTAL	12	9	130	252	64	7	6	479	$38,016	$21,141	$21,141	$2,114	$23,255	$558	$56	$614	$61,885

1. The individual hourly rates include salary, overhead and profit.
2. Subconsultants will be billed at actual cost
3. Other direct costs (ODCs) such as reproduction, delivery, mileage (rates will be those allowed by current IRS guidelines), and travel expenses, will be billed at actual cost plus 10%.
4. RMC reserves the right to adjust its hourly rate structure and ODC markup at the beginning of the calendar year for all ongoing contracts.

RESOLUTION NO. 2011-____

A RESOLUTION OF THE LODI CITY COUNCIL
AUTHORIZING THE CITY MANAGER TO EXECUTE
AMENDMENT NO. 1 TO TASK ORDER NO. 2 FOR
WATER METER PROGRAM PHASE 1
CONSTRUCTION ADMINISTRATION SERVICES

==========

WHEREAS, Task Order No. 2 with RMC Water and Environment, of Walnut Creek, California, was approved by the City Council on March 16, 2011, for construction administration services for Water Meter Program Phase 1, and the work included administration of the construction contract, observation of pipeline and water meter installations, and coordination of the project with the City's customers and water maintenance staff crews; and

WHEREAS, the required efforts exceeded initial estimates of labor, and staff recommends authorizing the City Manager to execute Amendment No. 1 to Task Order No. 2, increasing the contract amount by $61,885.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby approve Amendment No. 1 to Task Order No. 2 for Water Meter Program Phase 1 Construction Administration Services with RMC Water and Environment, of Walnut Creek, California, in the amount of $61,885; and

BE IT FURTHER RESOLVED that the City Council does hereby authorize the City Manager to execute the task order amendment on behalf of the City.

Dated: December 21, 2011

==========

I hereby certify that Resolution No. 2011-____ was passed and adopted by the City Council of the City of Lodi in a regular meeting held December 21, 2011, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

RANDI JOHL
City Clerk

AGENDA ITEM **C-11**

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Accept Improvements Under Contract for Elm Street Asphalt Concrete Overlay Project, Hutchins Street to Church Street

MEETING DATE: December 21, 2011

PREPARED BY: Public Works Director

RECOMMENDED ACTION: Accept improvements under contract for Elm Street asphalt concrete overlay project, Hutchins Street to Church Street.

BACKGROUND INFORMATION: The project was awarded to Biondi Paving, Inc., of Sacramento, on September 7, 2011, in the amount of $129,977. The contract has been completed in substantial conformance with the plans and specifications approved by City Council.

The project consisted of the installation of an asphalt concrete overlay with pavement fabric and an on-street van-accessible handicap parking stall on Elm Street, all as shown on the plans and specifications for the project.

The contract completion date was November 3, 2011 and the actual completion date was October 26, 2011. The final contract price was $139,133.34. The difference between the contract amount and the final contract price is due to Contract Change Order No. 1, in the amount of $11,156.34, which provided for costs above estimated quantities.

Following acceptance by the City Council, as required by law, the City Engineer will file a Notice of Completion with the County Recorder's office. The notice serves to notify vendors and subcontractors that the project is complete and begins their 30-day period to file a stop notice requiring the City to withhold payments from the prime contractor in the event of a payment dispute.

FISCAL IMPACT: The project will reduce the street maintenance costs in the area.

FUNDING AVAILABLE: This project utilized Proposition 42 (337), Measure K (325) and Measure K Bike/Ped (325) funds.

F. Wally Sandelin
Public Works Director

Prepared by Jerry Dewalt, Public Works Inspector
FWS/JD/pmf
cc: Charlie Swimley, Deputy Public Works Director – Utilities

---

APPROVED: _____
Konradt Bartlam, City Manager

AGENDA ITEM **C-12**

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Adopt Resolution Approving Amended Joint Powers Agreement Forming the California Transit Systems Joint Powers Authority and Authorizing City Manager to Execute Amended Agreement

MEETING DATE: December 21, 2011

PREPARED BY: Public Works Director

RECOMMENDED ACTION: Adopt resolution approving amended joint powers agreement forming the California Transit Systems Joint Powers Authority and authorizing City Manager to execute amended agreement.

BACKGROUND INFORMATION: The City of Lodi joined California Transit Systems Joint Powers Authority (CalTIP or Authority) in 1990 to obtain liability coverage, vehicle physical damage coverage and risk management services by jointly pooling resources with the other transit agencies that are members of CalTIP. CalTIP has provided needed risk management services and competitive and stable rates over the years. CalTIP was formed, as were many other self-insurance pools, in 1987, during a difficult time for public entities to obtain coverage from the insurance market. Although the difficulty of obtaining insurance from the standard markets eventually waned, the coverage provided by the insurance industry usually was not tailored to the specific needs of the public entities and did not provide the tailored risk management services.

CalTIP was formed with the signing of a joint powers agreement by each of its members. This agreement was drafted in 1987 and has not been changed since. Although the agreement has not changed, CalTIP has. It has added a vehicle physical damage program; a more robust safety and loss control program; and a more refined detailed accounting of funds, expenses and claims costs. It now participates in a larger public entity self-insurance pool for higher limits of liability. Because of the growth, committees were formed with certain authorities that align with the current activities of the Authority. In addition there have been changes in the laws pertaining to joint powers authorities, such as specifically allowing distribution of excess contributions based on the claims and losses paid and acknowledging that the withdrawal of one member does not cancel the contract for the other signatories or parties to the agreement. Also, the original joint powers agreement was restrictive in that it provided detailed information on the liability program, for which the joint powers authority was initially created. It did not specifically recognize the addition of new programs developed to meet the needs of the members. Consequently, the Board of Directors of CalTIP decided it was time to update the agreement to reflect the changes that have occurred in the last 24 years and have drafted an amended agreement that will be responsive to future changes in CalTIP, the legal environment, and its members. The amendments will bring the agreement up to date with current laws and best practices within the risk management joint powers authorities and will also provide flexibility to the Board of Directors to adjust its structure and function from time to time, as needed.

APPROVED: _____
Konradt Bartlam, City Manager

The proposed amendments to the agreement were reviewed by the CalTIP Oversight Committee and the Board of Directors, and members were given the chance to comment. The amended agreement now needs to be adopted by at least three-fourths of the members of CalTIP. Although not required, CalTIP believes it is best for all members to adopt the amended agreement.

All members of CalTIP are transit agencies with similar interests to the City of Lodi, and each member has representation on the CalTip Board of Directors. CalTIP will continue to provide benefits to the City and therefore staff recommends City Council adopt a resolution approving the amended joint powers agreement.

The amended CalTIP joint powers agreement (Exhibit A), a comparison between the current and amended agreements (Exhibit B), and current CalTIP joint powers agreement (Exhibit C) are attached.

FISCAL IMPACT: Not Applicable.

FUNDING AVAILABLE: Not Applicable.

_____
F. Wally Sandelin
Public Works Director

Prepared by Paula Fernandez, Transportation Manager/Senior Traffic Engineer
FWS/PJF/pmf
Attachments
cc: City Attorney

EXHIBIT A

CALIFORNIA TRANSIT SYSTEMS

JOINT POWERS AUTHORITY

JOINT POWERS AUTHORITY AGREEMENT

May 2011

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JOINT POWERS AUTHORITY AGREEMENT

CALIFORNIA TRANSIT SYSTEMS JOINT POWERS AUTHORITY (CalTIP)

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This Agreement is executed in the State of California by and among those public entities which are parties signatory to this Agreement. All parties signatory to this Agreement shall hereinafter be called "Party" [collectively "Parties"].

RECITALS

Whereas, Article 1, Chapter 5, Division 7, Title 1 of the California Government Code (Section 6500 et seq.) permits two or more public entities, by agreement, to exercise jointly powers common to the contracting parties; and

Whereas, it is the mutual benefit of the Parties and in the public interest that the Parties join together to provide:

- Pooling of their self-insured losses caused by injury to, or disease of, a person or damage to property;
- Sharing the cost of excess insurance or reinsurance, if any, or pooling with other joint powers authorities or public entity pooling arrangement; and
- Sharing the administration of the Authority created by this document.

Whereas, each Party desires to enter into this Agreement with each of the other Parties for the purpose of joint risk sharing and/or insuring against various risk of loss jointly, rather than individually;

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

AGREEMENT

This amended Agreement replaces the original Agreement and any prior amendments that may exist.

This Agreement is made under the authority of Government Code Section 6500 et seq. between the undersigned public entities, after the governing boards of the entities determine that it is in their best interest to execute this Agreement.

ARTICLE I - PURPOSE

The purpose of this Agreement is to exercise jointly powers common to each Party by:

- Creating an authority under Government Code Section 6500 et seq., a public entity that is separate and apart from the Parties, to be known as the California Transit System Joint Powers Authority, to administer a self-insurance pool,
- Sharing losses and purchase as a group, insurance or reinsurance and participate in other joint powers authorities or other public entity pooling arrangements,
- Maintaining funds sufficient to pay the losses to which the Parties agree to share through a Coverage Program, and
- Purchasing jointly administrative and other services, including risk management, loss prevention, and legal defense in connection with the Coverage Programs.

ARTICLE II - CREATION OF THE CALIFORNIA TRANSIT SYSTEMS JOINT POWERS AUTHORITY

Pursuant to Government Code Section 6500 et seq., the Parties to this Agreement hereby create a public entity separate and apart from the Parties. This public entity created by this Agreement shall be known as the California Transit Systems Joint Powers Authority.

ARTICLE III - DEFINITIONS

1. "Authority" shall mean the California Transit Systems Joint Powers Authority.
2. "Board" or "Board of Directors" shall mean the governing board of the Authority.
3. "Coverage Programs" shall mean programs as defined and adopted by the Board which may, but need not be limited to pooled risk programs, group purchase of insurance or reinsurance, or participation in other public entity pooling programs.
4. "Coverage Program Documents" shall mean the Master Program Document defining the policies and procedures of the program and the Memorandum of Coverage defining the coverage provided by the program.
5. "Contributions" shall mean payments by Members to the Authority, for other than interest, penalties paid, or reimbursements for payments made on behalf of the Member, for which the Authority is not liable.
6. "Governing Documents" shall be those documents described in Article VII, Governing Documents.
7. "Member" or collectively "Members" shall mean a Party who is participating in a particular Coverage Program.
8. "Party" shall mean a signatory to this Agreement.
9. "Officer" shall mean an officer of the Authority as defined in Article XIII.

ARTICLE IV - PARTIES TO THIS AGREEMENT

Each Party to this Agreement certifies that it intends to, and does, contract with all other Parties who are signatories to this Agreement, and any signatories that may sign this Agreement in the future, pursuant to Article XVI. The withdrawal of any Party to this Agreement shall not affect this Agreement as respects the remaining Parties and those remaining Parties' intent to be bound by this Agreement.

ARTICLE V - TERM OF AGREEMENT

As authorized by Government Code Section 6510, this Agreement was effective from May 1, 1987 and shall stay in full force, as is, as amended on May 1, 2012 or any other subsequent amendments, until terminated in accordance with Article XX.

ARTICLE VI - POWERS OF THE AUTHORITY

The powers of the Authority shall be the powers enjoyed by the County of Nevada or, if the County of Nevada is no longer a Party to this Agreement then, the County of Siskiyou, and is authorized to do all acts necessary to fulfill the purposes of this Agreement including, but not limited to, the following:

1. Make and enter into contracts;
2. Incur debts, liabilities and obligations, but no debt, liability or obligation of the Authority is the debt, liability or obligation of any Party except as otherwise provided;
3. Acquire, hold or dispose of real and personal property;
4. Receive contributions and donations of property, funds, services and other forms of assistance from any source;
5. Assess Parties as deemed appropriate by the Board;
6. Sue and be sued in its own name;
7. Acquire, construct, manage and maintain buildings; and
8. Lease real or personal property including property of a Party, and receive, collect, invest and disburse monies.

These powers shall be executed in a manner provided by appropriate law and as set forth in this Agreement.

ARTICLE VII - GOVERNING DOCUMENTS

The Board of Directors shall adopt Bylaws consistent with this Agreement and applicable law to govern the operations of the Authority. The Board of Directors may adopt Coverage Program Documents, consistent with this Agreement and the Bylaws. These Coverage Program Documents define the Coverage Programs, the Members rights and duties, the Authority's rights and duties, and the operations of the programs. The Board may also adopt policies and procedures, consistent with this Agreement, the Bylaws, or Coverage Program Documents, to assist in the governance of the Authority's operations and activities. The Agreement, the Bylaws, Coverage Program Documents and policies and procedures adopted by the Board shall constitute the Governing Documents of the Authority.

Unless otherwise stated, a Governing Document may be amended by a majority of the Board of Directors at a duly noticed regular or special Board meeting.

ARTICLE VIII - RESPONSIBILITIES OF THE PARTIES

The Parties to this Agreement shall have the following responsibilities:

1. To abide by the terms of this Agreement and other Governing Documents;
2. To cooperate fully with the Authority in the settlement of claims;
3. To pay Contributions, assessments, or other charges promptly to the Authority when due; and
4. To appoint a Director and an Alternate to the Board of Directors and to reappoint those positions upon the departure of anyone from those positions.

ARTICLE IX - POWERS RESERVED UNTO THE PARTIES

The Parties reserve unto themselves the following powers:

1. To amend this Agreement;
2. Appoint the Representatives and Alternates to the Board of Directors; and
3. To terminate the Authority in accordance with Article XX.

ARTICLE X - BOARD OF DIRECTORS

There shall be a Board of Directors to govern the affairs of the Authority. The Board of Directors shall have all the powers of the Authority except those specifically reserved to the Parties. The Board of Directors shall have the authority to create committees as deemed necessary for the operations of the Authority. The Board has the power to delegate any and all of its powers, not specifically reserved exclusively to the Board, to a committee or an Officer of the Authority.

The Board of Directors shall consist of one Director and one Alternate from each Party to this Agreement. The Party shall appoint by official action an officer or employee of the Party to be the Director and such appointment shall remain in effect until such time as the Party appoints another to be the Director. The Party shall appoint by official action an officer or employee of the Party to be the Alternate and such appointment shall remain in effect until such time as the Party appoints another to be the Alternate. Each Director shall have one vote, and each Alternate shall have one vote only if the Director for which he/she is an Alternate is absent from the meeting.

ARTICLE XI - DUTIES OF THE BOARD NOT DELEGABLE

The Board may not delegate to any committee, office or person the authority to:

1. Adopt, amend or alter the Bylaws;
2. Adopt the Authority's Annual Budget;
3. Create a Coverage Program;
4. Accept a Party to this Agreement; or
5. Expel a Party to this Agreement.

ARTICLE XII - BOARD MEETINGS AND RECORDS

The Board of Directors shall hold at least one meeting each fiscal year. Regular and special meetings may be called in accordance with the Bylaws of this Authority and applicable laws. All meetings shall be open to the public except as permitted by Government Code Section 54950 et seq. The Secretary shall keep full and complete minutes of all Board meetings.

ARTICLE XIII - OFFICERS OF THE AUTHORITY

The Board shall elect one of its members as Chairperson and one as Vice Chairperson. The Board shall appoint a Secretary. The duties of the Chairperson, Vice Chairperson and Secretary shall be defined in the Bylaws.

In lieu of the designation of a treasurer and auditor as per Government Code Section 6505.6, the Board shall elect a Treasurer, who shall have, among other duties defined in the Bylaws, the duties of the treasurer and auditor as described in Government Code Section 6505.5.

The Board may appoint other officers of the Authority as described in the Bylaws.

ARTICLE XIV - ANNUAL BUDGET

Pursuant to Government Code Section 6508, the Board shall approve a budget for any given fiscal year prior to the inception of that year.

ARTICLE XV - ADMINISTRATION OF FUNDS

The Authority shall be responsible for the strict accountability of all funds and reports of all receipts and disbursements in conformity with Government Code Section 6505. All funds of the Authority may be held in common although there shall be a separate accounting for funds of each Coverage Program.

ARTICLE XVI - NEW PARTIES

Prospective Parties may apply to the Board of Directors at any time. The Board shall have the power to accept a prospective Party, after reviewing their application, with at least two-thirds affirmative vote of the entire Board. The membership shall become effective upon the Board's approval and the signing of this Agreement, participation in all mandatory Coverage Programs, and compliance with any and all other requirements imposed upon membership by the Bylaws or other Governing Documents.

ARTICLE XVII - WITHDRAWAL

A Party to this Agreement may not withdraw as a party to this Agreement prior to being a Party for at least three full fiscal years. A Party, who has been a Party for at least three full fiscal years, may withdraw from this Agreement only on the completion of a fiscal year. The Party must provide the Chairperson written notice of intent to withdraw at least six-months prior to withdrawal. The Party may rescind its notice of intent to withdraw at any time prior to ninety-days prior to the commencement of the next fiscal year. The Board may authorize rescission of the intent to withdraw upon a Party's request pursuant to the Bylaws at any time.

ARTICLE XVIII - EXPULSION

The Authority may expel a Party to this Agreement as a Party by a three-fourth vote of the entire Board. The Party shall be given written notice of such action of the Board at least ninety-days prior to the expulsion.

ARTICLE XIX - EFFECT OF EXPULSION OR WITHDRAWAL

Pursuant to Government Code Section 6512.2, termination of any Party to this Agreement as a Party shall not be construed to be completion of the purpose of the Agreement and shall not require the return of any Contributions, payments or advances made by the Party until the Agreement is rescinded or terminated by all Parties in accordance with Article XX.

Termination of a Party to this Agreement as a Party shall not terminate its continuing responsibilities defined in any Governing Document or Coverage Program Document for the period of time in which the Party participated, including, but not limited to:

1. Cooperate fully with the Authority in the investigation and settlement of a claim;
2. Pay any Contributions, retentions or deductibles, assessments or other charges which are due and payable; and
3. Provide any statistical or loss experience data and other information as may be necessary for the Authority to carry out the purpose of this Agreement.

ARTICLE XX - TERMINATION AND DISTRIBUTION

This Agreement may be terminated at any time with written consent of three-fourths of the Parties; provided, however, that this Agreement and the Authority shall exist for the purpose of disposing of all claims, distribution of assets and any other functions necessary to wind up the affairs of the Authority. The Board shall be vested with all the powers of the Authority for the purposes of winding down and dissolving the business affairs of the Authority, including the power to assess past and present Parties in accordance with Coverage Program Documents.

In accordance with Government Code Section 6512, all assets of the Authority shall be distributed among those who were Parties within ten years of termination, in proportion to the Parties' Contributions. The Board shall determine when claims and liabilities are sufficiently realized as to not jeopardize the payment of any claim or liability that may arise in the future.

ARTICLE XXI - LIABILITY AND INDEMNIFICATION

Pursuant to Government Code Section 6508.1, the debts, liabilities and obligations of the Authority shall not constitute debts, liabilities or obligations of any Party, except to the extent and in the proportions, imposed by the Bylaws or other Governing Documents. Each Party is independent of every other Party and of the Authority and not the agent of any Party or of the Authority. In contemplation of the provisions of Section 895.2 of the California Government Code, imposing certain tort liability jointly

upon public entities, solely by reason of a joint powers agreement as defined in Section 895 of that code, each Party, as between each other, pursuant to the authorization contained in Section 895.4 and 895.6 of that code, does hereby assume the full liability imposed upon it, or any of its officers, agents, or employees by law for injury caused by a negligent or wrongful act or omission occurring in the performance of this Agreement, to the same extent that such liability would be imposed in the absence of Section 895.2 of the California Government Code. To achieve the above-stated purpose, each Party shall indemnify and hold harmless each other Party for any loss, costs, or expense that may be imposed upon such other Party solely by virtue of Section 895.2. The provisions of Section 2778 of the California Civil Code are made a part of this Agreement as if set forth fully in this Agreement.

The members of the Board of Directors and the Officers and employees of the Authority shall act in good faith and in the best interests of the Authority in the performance of their duties. The members of the Board of Directors and Officers and employees shall be liable for an act or omission within the scope of their employment with the Authority as a public entity only in the event that they act or fail to act because of actual fraud, corruption, or malice. No member shall be liable for any actions taken or omissions by another member of the Board. Funds of the Authority shall be used to defend and indemnify members of the Board, Officers, and employees for any act or omission pursuant to the provisions of the Government Code Section 910 to 996.6, inclusive. The Authority may purchase insurance covering acts or omissions of the Board of Directors, Officers, and employees.

ARTICLE XXII - NOTICES

Notices to any or all Parties shall be sufficient if mailed to their respective addresses on file with the Authority. Notice to the Authority shall be sufficient if mailed to the official address of the Authority as established by Resolution.

ARTICLE XXIII - PROHIBITION AGAINST ASSIGNMENT

No Party may assign any right, claim, or interest it may have under this Agreement, and no creditor, assignee, or third party beneficiary of the Party shall have any right, claim or title to any part, share, interest, fund, premium, or asset of the Authority.

ARTICLE XXIV - ARBITRATION

Any controversy between the Parties hereto arising out of this Agreement shall be submitted to arbitration, and such arbitration shall comply with and be governed by the provisions of the California Arbitration Act, Sections 1280 through 1294.2 of the California Code of Civil Procedure.

ARTICLE XXV - AMENDMENTS

This Agreement may be amended at any time by approval of three-fourths of the Parties.

ARTICLE XXVI - AGREEMENT COMPLETE

The foregoing constitutes the full and complete agreement of the Parties. There are no oral understandings or agreements not set forth in writing herein.

In Witness Whereof, the undersigned Party hereto has executed this Agreement on the date indicated below:

Date: _____

By: _____
Printed Name of Authorized Signor

_____
Signature of Authorized Signor

_____
Title of Authorized Signor

_____
Name of Agency

California Transit Systems Joint Powers Authority

Comparison of JPA Agreements – Current versus Proposed

Current to Proposed:

Current JPA Reference	Changes in Proposed JPA	Proposed JPA Reference
Page 1, Line 6	References parties to the contract as "Properties". This reference has been eliminated.	
Page 1, Lines 11 - 12	Current JPA references Government Code §6502 allowing joint powers agreements. The Proposed JPA references §6500 et seq.	Page 1, Lines 7 - 9
Page 1, Lines 14 - 21	Reference to Government Code §990.4 and §990.8 has been eliminated to recognize the JPA's broader purpose of self-insurance and group purchase beyond just public liability.	Page 1, Lines 11 - 18
Page 1, Line 35	The Proposed JPA eliminates the definition of "Associate Member" because there are no provisions for associate members.	
Page 1, Line 38	The Proposed JPA deletes the word "insurance" from the definition of Authority to emphasize the fact that it is not insurance.	Page 2, Line 9
Page 1, Line 41	The Board of Directors definition was not changed.	Page 2, Line 10
Page 1, Line 43	The Proposed JPA eliminates the definition of "Claim". The word is not used in the document.	
Page 2, Line 1	The Proposed JPA defines "contributions" broader by stating it is all payments excluding amounts within the SIR, interest or penalties paid. This eliminates the monies paid by Program I members for losses within their SIR.	Page 2, Lines 17 - 19
Page 2, Line 4	The Proposed JPA eliminates the definition of "Cost Allocation Plan". The word is not used in the document.	
Page 2, Line 8	The Proposed JPA eliminates the definition of "Deposit". The word is not used in the document.	
Page 2, Line 11	The Proposed JPA eliminates the definition of "Excess Insurance". The word is used in the document in generic terms only.	
Page 2, Line 15	The Proposed JPA eliminates the definition of "Executive Committee". The requirement for an executive committee in the Proposed JPA has been eliminated. The Board is allowed to establish committees.	Page 4, Lines 12 -14
Page 2, Line 18	The Proposed JPA eliminates the definition of "Fiscal Year". The word is not used in the document. "Fiscal Year" is defined in the Bylaws.	
Page 2, Line 21	The Proposed JPA has changed the definition of "Joint Protection Program" by re-labeling it to a "Coverage Program", a more recognizable term in the industry.	Page 2, Lines 11-13
Page 2, Line 24	The Proposed JPA eliminates the definition of "Non-participating Property". The word is not used in the document.	

Current JPA Reference	Changes in Proposed JPA	Proposed JPA Reference
Page 2, Lines 27 - 42	The Proposed JPA has eliminated the use of the word "Properties" and its definition. "Parties" are used in place of the word "Properties" and the limitation to transportation activities will be addressed in the coverage programs. The reference to San Diego Transportation Company has been eliminated.	Page 2, Line 24
Page 2, Line 44	The Proposed JPA eliminates the definition of "Retrospective Adjustment". The word is not used in the document.	
Page 3, Lines 2 - 19	The Article of the Proposed JPA titled "Purpose" is more general than the Current JPA. It does not reference or limit to liabilities incurred under Government Code §990 et seq., but is broader to include property, workers' compensation and even employee benefits.	Page 1, Lines 33 - 45
Page 3, Lines 22 - 28	The "Parties to the Agreement" are essentially unchanged.	Page 2, Line 27 - 32
Page 3, Lines 31 - 35	The Proposed JPA states the day upon commencement of the contract and states termination upon the conditions stated in the "Termination" provision. It also references Government Code §6510 that allows the contract to be ongoing until such time. The original JPA only reference commencement upon two properties signing.	Page 2, Lines 34 -38
Page 4, Lines 2 - 6	The "Creation of Authority" Article is essentially unchanged except as respects the name. The word "insurance" was deleted from the name.	Page 2, Lines 1-5
Page 4, Lines 9 - 34	The Article titled "Powers of Authority" is essentially unchanged in the Proposed JPA except that the Proposed JPA makes it clear that the Authority has the power to assess its members.	Page 3, Lines 1 - 19
Page 4, Line 37 - Page 5, Line 21	The "Responsibilities of the Authority" have been eliminated in the Proposed JPA. This will be left to the Bylaws and the Board to define.	
Page 5, Line 26 – Page 6, Line 11	The Article titled "Responsibilities of the Properties" has been amended by eliminating the required appointment of one to be responsible for risk management. This can be addressed in the Bylaws. The Proposed JPA requires the Parties to abide by the Governing Documents.	Page 3, Lines 36 - 44
Page 5, Line 35	The Proposed JPA also eliminated the requirement that a Party appoint a safety officer or committee. This can be addressed in the Bylaws. The Proposed JPA requires the Parties to abide by the Governing Documents.	Page 3, Lines 36 - 44
Page 5, Line 38	The Proposed JPA eliminates the requirement upon the Properties to maintain records. The records requirements will be addressed in the Coverage Program Documents.	

Current JPA Reference	Changes in Proposed JPA	Proposed JPA Reference
Page 5, Line 42 - Page 6, Line 2	The exact days for payment of invoices is not stated in the Proposed JPA but rather states that they will be paid timely. It also opens the requirement to pay timely to any charge made against the member. Thus, invoices for reimbursement of Self-insured retentions will also be required to be paid promptly. The time of payment can be addressed in the Coverage Programs or the Bylaws.	Page 3, Line 42
Page 6, Line 8	The Proposed JPA requires the members to abide by the Bylaws, etc. as does the current JPA. But the Proposed JPA refers to those documents as the "governing documents".	Page 3, Line 40
Page 6,Line 17 – 18	The Board appointment and duty to govern are the same.	Page 4, Lines 17 - 23
Page 6, Lines 31 - 33	The Proposed JPA does not include cause for appointing a new Director if the Director has missed two consecutive meetings. The appointing Party needs no reason for appointing a new director.	
Page 6, Lines 35 - 42	The Proposed JPA has no provisions for a director or alternate of an associate member. Reference to associate member deleted.	
Page 7, Lines 6 - 11	The Proposed JPA does not specifically address an Executive Committee. The Board has the right to establish committees, including an Executive Committee, either in the Bylaws or by Board action.	Page 4, Lines 12 - 14
Page 7, Line 13 - 43	The Proposed JPA does not specifically state authorities and functions of the Board in detail. Rather it merely states the Board shall govern the affairs of the Authority and shall have the powers of the Authority.	Page 4, Lines 11 - 15
Page 8, Line 8	The Proposed JPA requires the Secretary to keep the minutes of the meetings. The current JPA requires the Board to keep the minutes and distribute to each Property. The Proposed Bylaws will address the distribution of the minutes.	Page 4, Lines 37 - 40
Page 8, Lines 12 - 15	The Proposed JPA is silent as to what constitutes a quorum for the Board. The default of a majority is controlling.	
Page 8, Line 24 – Page 9, Line 13	The Proposed JPA does not include any of the details for an Executive Committee, leaving the Board to decide whether an Executive Committee is needed and how it is to be structured.	
Page 9, Lines 15 - 18	The Proposed JPA does not have a separate section for Joint Protection Programs and does not require them to be specified in the Bylaws. Rather the Proposed JPA provides the Board with the power to create "Coverage Programs" and define them in whatever document is appropriate. Note, however, that the Proposed JPA does not allow the Board to delegate the authority to make programs.	Page 4, Line 31
Page 9, Lines 23 - 24	The Proposed JPA requires the budget to be adopted prior to the fiscal year, a little more precise than the Current JPA.	Page 5, Lines 15 - 16

Current JPA Reference	Changes in Proposed JPA	Proposed JPA Reference
Page 9, Lines 26 - 36	The Proposed JPA only refers to the Treasurer's responsibilities under Government Code Section 6505.5. This section essentially requires the Treasurer to provide all that is in the Current JPA.	Page 5, Lines 7 - 9
Page 9, Line 38 – Page 10, Line 3	The Proposed JPA does not specifically require the Board to have an audit by a CPA. However, the duties of the Treasurer per Section 65050.6, requires the Treasurer to have an audit prepared.	Page 5, Lines 7 - 9
Page 10, Lines 5 - 7	The Proposed JPA does not require a claims audit. A claims audit is specific to a Coverage Program and anticipated to be included in the documentation of such program.	
Page 10, Line 10 - 20	Strict accountability is required under the Proposed JPA as well as the current JPA. However, the Proposed JPA does not require the accounting to be on a full accrual basis.	Page 5, Lines 20 - 22
Page 10, Lines 22 - 24	The Proposed JPA does not comment on the Deposit but leaves that to be stated in the coverage program documents and the Bylaws as appropriate.	
Page 10, Lines 27 – 30	The Proposed JPA does not specifically discuss a Retrospective Adjustment but anticipates this will be addressed in each coverage program.	
Page 10, Line 33 - 40	The Proposed New Parties section does not specifically require payment of a deposit but by requiring the new member to meet all the requirements of the governing documents essentially imposes the same. The Proposed JPA does not specifically give the Board the option of applying additional terms and conditions. But their vote can be so phrased.	Page 5, Lines 26 - 30
Page 11, Line 13 - 18	The Proposed JPA does not provide for a $25,000 non-refundable deposit.	
Page 11, Line 23 - 28	The Proposed JPA does not provide for a member to drop out if the premium is higher than the estimated. The Coverage Program documents can address excessive costs.	
Page 11, Line 36 - 40	The Proposed JPA requires six months notice of withdrawal from the JPA. If the party wants to rescind that notice of withdrawal, it may do so up to 90 days prior to the date of withdrawal. The current JPA required confirmation of the intent to withdraw 90 days before the effective withdrawal. The three year initial requirement is not changed.	Page 5, Lines 34 - 40
Page 12, Lines 2 - 8	The Proposed JPA does not have a similar Cancellation provision because the ability to cancel ones participation in a specific program is expected to be defined in the coverage program documents. The provisions may vary depending upon the program and whether participation in such program is mandatory or voluntary.	
Page 12, Lines 13 - 16	The Proposed JPA, as does the Current JPA, states that the termination by one party does not terminate the contract as respects the other parties.	Page 6, Lines 9 - 12 and Lines 14 -22

Current JPA Reference	Changes in Proposed JPA	Proposed JPA Reference
Page 12, Lines 18 - 25	The Proposed JPA does not specifically state that a withdrawal does not affect its continuing obligation to a Joint Protection Program. Rather it anticipates this to be addressed in the program documents to which the party has agreed in the JPA to be bound.	Page 6, Lines 14 -23
Page 12, Line 30 - Page 13, Line 2	The Proposed JPA provides for the runoff and provides the Board with the same powers during Termination of the Agreement as the Current JPA.	Page 6, Lines 26 -31
Page 13, Line 9 - 11	Upon termination, the current Agreement requires the Board to distribute any assets to all past and present members within six months of the close of the last claim covered by the Joint Protection Plan. The Proposed JPA leaves it up to the Board to determine when to distribute the funds. But the funds are only distributed to those a party to the agreement within 10 years of termination. Note little funds will be distributed this way because the programs will distribute most of the funds through the retrospective adjustments.	Page 6, Lines 33 - 36
Page 13, Lines 14 - 18	The Proposed JPA does not require the Board to adopt Bylaws but merely provides the Board the authority to adopt Bylaws.	Page 4, Line 29
Page 13, Lines 21 - 37	Indemnification of parties is in essence the same in both the Proposed and Current JPA's.	Page 6, Lines 40 - 44 and Page 7, Lines 1 - 19
Page 14, Lines 2 - 6	The Notice provisions of both JPA's are essentially the same.	Page 7, Lines 23 - 25
Page 14, Lines 9 - 12	The three-fourths approval requirement for amendments to the JPA remains in the Proposed JPA.	Page 7, Line 41
Page 14, Lines 15 - 19	Prohibition against assignment exists in both JPA's.	Page 7, Lines 29 - 31
Page 14, Lines 22 - 25	Agreement Complete exists in both JPA's	Page 8, Lines 3 - 4

New Provisions in Proposed JPA:

Proposed JPA Reference	Additional Provisions Not in Current JPA
Page 2 Lines 11 - 13	Definition of Coverage Program rather than Protection Program
Page 2, Lines 20 - 21	Definition of Governing Documents is added.
Page 2, Lines 22 - 23	Definition of member is added.
Page 2, Line 25	Definition of Officer is added.
Page 3, Lines 24 - 31	Defines Governing Documents and establishes a priority of the documents.
Page 4, Lines 3 - 7	A section was added reserving certain powers to the parties.
Page 4, Lines 27 - 33	A section was added forbidding delegation of certain duties by the Board.
Page 6, Line 18	The proposed JPA adds a duty of a withdrawn or expelled member to cooperate in the investigation of claims.
Page 7, Lines 15 - 19	The proposed JPA includes a provision whereby the Authority will defend and indemnify the Board and the Officers of the Authority. This essentially bypasses any terms and conditions in a coverage document as well as eliminate the member's SIR should the coverage come back through an E&O of the member.

EXHIBIT C

JOINT POWERS AGREEMENT
CREATING
CALIFORNIA TRANSIT SYSTEMS
JOINT POWERS INSURANCE AUTHORITY

ORIGINAL EXECUTION COUNTERPART

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ORIGINAL EXECUTION COUNTERPART

JOINT POWERS AGREEMENT
CALIFORNIA TRANSIT SYSTEMS
JOINT POWERS INSURANCE AUTHORITY

THIS AGREEMENT is made and entered into in the County of Sacramento, State of California, by and among the California public agencies (referred to as "Properties" or as "Property"), which have become parties to this agreement by executing a counterpart of it.

RECITALS

WHEREAS, California Government Code Section 6502 provides that two or more public agencies may by agreement jointly exercise any power common to the contracting parties; and

WHEREAS, California Government Code Section 990.4 provides that a local public entity may self-insure, purchase insurance through an authorized carrier, or purchase insurance through a surplus line broker, or any combination of these; and

WHEREAS, California Government Code Section 990.8 provides that two or more local public entities may, by a joint powers agreement, provide insurance for any purpose by any one or more of the methods specified in Government Code Section 990.4; and

WHEREAS, each Property desires to join together with the other Properties for the purpose of a Joint Protection Program, as defined in this agreement; and

WHEREAS, it appears economically feasible and practical for the Properties to do so;

NOW, THEREFORE, for and in consideration of all of the mutual benefits, covenants and agreements contained herein, the Properties agree as follows:

ARTICLE 1

DEFINITIONS

The following definitions shall apply to the provisions of this agreement:

(a) "Associate Member" shall mean a California nonprofit corporation which operates a fixed route public transportation service.

(b) "Authority" shall mean the California Transit Systems Joint Powers Insurance Authority created by this agreement.

(c) "Board of Directors" or "Board" shall mean the governing body of the Authority.

(d) "Claim" shall mean a demand made against a Property which is within the Authority's Joint Protection Program as developed by the Board of Directors.

(e) "Contribution" shall mean the sum of a Property's Deposit and additional assessments determined by the Cost Allocation Plan for a fiscal year.

(f) "Cost Allocation Plan" shall mean the formula, adopted by the Board, to allocate the costs of losses, expenses and Contributions to a catastrophic fund or other reserve, to individual Properties.

(g) "Deposit" shall mean the amount determined by the Board annually, as necessary to fund the Joint Protection Program of the Authority.

(h) "Excess Insurance" shall mean that insurance which may be purchased by or on behalf of the Authority to protect the Properties against catastrophic losses or an unusual frequency of losses during a single year.

(i) "Executive Committee" shall mean the Executive Committee of the Board of Directors of the Authority.

(j) "Fiscal Year" shall mean that period of twelve months which is established as the fiscal year of the Authority by the Board of Directors.

(k) "Joint Protection Program" shall mean and include a program or programs of self-insurance or commercial insurance, or Excess Insurance, or both.

(l) "Non-participating Property" shall mean, in regards to a specific Joint Protection Program, a Property which is not participating in that Joint Protection Program.

(m) "Property" or "Properties" shall mean those public agencies organized and existing under the laws of California and empowered by law to provide public transportation service, including but not limited to transportation districts, cities, counties, and other local or regional governmental entities, which have executed this agreement. Public transportation service includes but is not limited to transportation services of all kinds, including service for the elderly and handicapped. The Authority may establish Associate Members, by separate agreement with the Authority, upon approval of the Board of Directors, provided that any prospective Associate Member shall not affect the financing capabilities or other powers of the Authority. An Associate Member which executes such agreement with the Authority shall be deemed to be included within the term Property except as otherwise provided in this agreement. An Associate Member shall not be considered a party to this agreement within the meaning of the provisions of California Government Code Section 6500 and following. An Associate Member shall have all of the responsibilities and obligations of a Property as provided in this agreement. The Properties hereby agree that the Long Beach Public Transportation Company and the San Diego Transit Corporation may become Associate Members by executing this agreement.

(n) "Retrospective Adjustment" shall mean the amount, determined by the Cost Allocation Plan adopted by the Board of Directors, as a Property's share of losses, expenses, and Contribution to a catastrophe fund or other reserve.

ARTICLE 2

PURPOSES

This Agreement is entered into by the Properties pursuant to the provisions of California Government Code Sections 990, 990.4, 990.8 and 6500 et seq. in order to provide comprehensive and economical public liability, workers' compensation, and property coverage, or coverage for other risks which the Board of Directors may include in a Joint Protection Program. Additional purposes of this agreement are to reduce the amount and frequency of losses and decrease the cost incurred by Properties in handling and litigating claims. These purposes shall be accomplished through the exercise of the powers of the Properties jointly in the creation of a separate entity, the California Transit Systems Joint Powers Insurance Authority, to administer Joint Protection Programs for the Properties, to pool their losses and Claims, jointly purchase commercial and Excess Insurance and administrative and other services, including claims adjusting, data processing, risk management consulting, loss prevention, legal, and related services.

It is also the purpose of this agreement to provide, to the extent permitted by law, for the inclusion at a subsequent date of such additional public agencies as may desire to execute this agreement and become Properties, subject to approval by the Board of Directors.

ARTICLE 3

PARTIES TO AGREEMENT

Each Property certifies that it intends to and does contract with all other Properties and, in addition, with such other parties as may later be added as Properties pursuant to Article 21. Each Property also certifies that the deletion of any party from this agreement pursuant to Articles 22 and 23 shall not affect this agreement or such Property's intent to contract with the Properties then remaining.

ARTICLE 4

TERM OF AGREEMENT

This agreement shall become effective of the date of execution by the second of two Properties and shall continue until and unless terminated as hereinafter provided. This agreement may be executed in counterparts.

ARTICLE 5

CREATION OF AUTHORITY

Pursuant to Section 6500 et seq. of the California Government Code, there is hereby created a public entity separate and apart from the parties hereto, to be known as the California Transit Systems Joint Powers Insurance Authority.

ARTICLE 6

POWERS OF AUTHORITY

The Authority shall have the powers common to the Properties and is hereby authorized to do all acts necessary for the exercise of those common powers, including, but not limited to, any or all of the following:

(a) To make and enter into contracts;

(b) To incur debts, liabilities or obligations, to issue bonds, notes, or other evidences of indebtedness, and make and enter into contracts and other instruments for the issuance and sale of certificates of participation to fund the purposes of this agreement and to secure the performance of related agreements, including reinsurance contracts and credit facilities;

(c) To acquire, receive, hold or dispose of property, Contribution and donations of property, funds, services and other forms of assistance from persons, firms, corporations and governmental entities;

(d) To sue and be sued in its own name; and

(e) To exercise all powers necessary and proper to carry out the terms and provisions of this agreement, or otherwise authorized by law.

The powers of the Authority shall be exercised pursuant to the terms of this agreement and in the manner provided by law. To comply with the provisions of Section 6509 of the California Government Code, the manner of exercising any power shall be subject only to the similar restrictions on the exercise of the powers of Central Contra Costa Transit Authority.

ARTICLE 7

RESPONSIBILITIES OF THE AUTHORITY

The Authority shall perform the following functions in discharging its responsibilities under this agreement:

(a) Provide Joint Protection Programs by negotiation or bid, and purchase, as determined necessary by the Board of Directors.

(b) Assist each Property's designated risk manager with the implementation of risk management functions relating to risks within the Property covered by the Joint Protection Program.

(c) Provide claims adjusting and subrogation services for Claims covered by the Joint Protection Program.

(d) Provide loss analysis and control services by the use of statistical analysis, data processing, and record and file keeping services, in order to identify high exposure operations and to evaluate proper levels of self-retention and deductibles.

(e) Conduct risk management audits to review the participation of each Property in the Joint Protection Program as deemed necessary by the Board of Directors.

(f) Such other responsibilities as deemed necessary by the Board of Directors.

(g) Issue Procedures Manual.

ARTICLE 8

RESPONSIBILITIES OF PROPERTIES

Properties shall have the following responsibilities:

(a) The governing body of each Property shall appoint a Director and at least one alternate Director to the Board of Directors, pursuant to Article 9 of this agreement.

(b) Each Property shall appoint an employee of the Property to be responsible for the risk management function within that Property and to serve as a liaison between the Property and the Authority as to risk management.

(c) Each Property shall maintain an active safety officer or safety committee, or both, and shall consider all recommendations of the Authority concerning unsafe practices.

(d) Each Property shall maintain a set of records, including a loss log, in all categories of risk covered by the Joint Protection Program, to insure the accuracy of the Authority's loss reporting system, until no longer deemed necessary by the Board of Directors.

(e) Each Property shall pay its Contribution, including any Retrospective Adjustment, within thirty (30) days of the invoice date. After withdrawal or termination, each Property shall pay promptly to the Authority its share of any additional Contribution, when and if required of it by the Board of Directors under Article 23 or 24 of this agreement.

The Board has the authority to assess interest or late penalties for payment of money in arrears, such as for overdue Contributions.

(f) Each Property shall provide the Authority with such other information or assistance as may be necessary for the Authority to carry out the Joint Protection Program under this agreement.

(g) Each Property shall in any and all ways cooperate with and assist the Authority, and any insurer of the Authority, in all matters relating to this agreement, the Joint Protection Program, and covered Claims and will comply with all bylaws, rules and regulations adopted by the Board of Directors.

ARTICLE 9

BOARD OF DIRECTORS

(a) The Authority shall be governed by the Board of Directors which is hereby established and which shall be composed of one representative from each Property. Each Property, by official action, shall appoint a Director of the Board and an alternate Director, each of whom shall be an officer or employee of that Property. The alternate appointed by a Property shall have the authority to attend, participate in and vote at any meeting of the Board when the regular Director for whom he or she is an alternate is absent from said meeting.

(b) Each Director or alternate of the Board shall serve until a successor is appointed. Each Director or alternate shall serve at the pleasure of the Property by which he or she has been appointed.

(c) Each Director or alternate shall have one vote. Directors or their alternates may not vote on issues concerning a Joint Protection Program for which the entity is a Non-Participating Property.

(d) The unexcused absence of a Director or alternate from two consecutive meetings of the Board shall be cause for the appointment of a new Director by the governing body of the appointing Property.

(e) The Director and alternate Director of an Associate Member shall be entitled to notice of all meetings of the Board of Directors and may attend and participate in any meeting of the Board, but may vote only on matters relating to a Joint Protection Program, as provided in such program or in the bylaws adopted by the Board of Directors. The Director and alternate Director of an Associate Member shall not be regarded as members of the governing body of the Authority or officers of the Authority; provided, however, that they shall comply with the Political Reform Act of 1974 and the Conflict of Interest Code adopted by the Board of Directors.

ARTICLE 10

POWERS OF THE BOARD OF DIRECTORS

The Board of Directors shall have the following powers and functions:

(a) To elect an Executive Committee from its Directors pursuant to Article 12 of this agreement.

(b) To review all acts of the Executive Committee and to modify or override any decision or action of the Executive Committee upon a majority vote of the entire Board of Directors.

(c) To receive and review periodic accountings of all funds and audits under Article 16 of this agreement.

(d) To conduct on behalf of the Authority all businesses of the Authority which the Authority may conduct under the provisions of this agreement and pursuant to law.

(e) To determine details of, select, and establish the Joint Protection Programs of the Authority.

(f) To determine and purchase all commercial insurance, including Excess Insurance, necessary to carry out the Joint Protection Programs of the Authority.

(g) To contract for or develop various services for the Authority, including, but not limited to, claims adjusting, loss control and risk management consulting.

(h) To cause to be prepared the operating budget of the Authority for each fiscal year.

(i) To receive and act upon reports of the Underwriting Committee, Claims Committee, Investment Committee, and other committees as may be created by action of the Board.

(j) To hire persons or entities as the Board deems necessary for the administration of the Authority and to exercise general supervisory and policy control over such persons or entities.

(k) To establish or appoint such offices, officers, and committees of the Board as deemed necessary; provided, however, that the Board shall appoint a Treasurer and Auditor or Controller, who may be the same person, as officers of the Authority.

(l) Such other powers and functions as are provided for in this agreement or in the bylaws.

ARTICLE 11

MEETING OF THE BOARD OF DIRECTORS

(a) Meetings. The Board shall provide for its regular, adjourned regular and special meetings or upon call of the chairperson of the Board; provided, however, that it shall hold at least one regular meeting annually as set forth in the bylaws.

(b) Minutes. The board shall cause minutes of regular, adjourned regular and special meetings to be kept and shall, as soon as possible after each meeting, cause a copy of the minutes to be forwarded to each Property.

(c) Quorum. A majority of the Directors of the Board shall constitute a quorum for the transaction of business, except that less than a quorum may adjourn from time to time. A vote of the majority of those Directors present at a meeting shall be sufficient to take action by the Board, except as otherwise specifically set forth in this agreement or in the bylaws.

(d) Compliance with the Brown Act. All meetings of the Board, including, without limitation, regular, adjourned regular and special meetings, shall be called, noticed, held and conducted in accordance with the provisions of the Ralph M. Brown Act, Government Code Section 54950 et seq.

ARTICLE 12

EXECUTIVE COMMITTEE

The Board of Directors may establish and appoint an Executive Committee.

(a) The Executive Committee, if established, may consist of up to 25 members. Officers of the Executive Committee shall be the Chairperson, Vice Chairperson, Secretary, and the Treasurer of the Board of Directors.

(b) The Chairperson of the Authority, or the Vice Chairperson in his or her absence, shall serve as the Chairperson of the Executive Committee.

(c) The unexcused absence of a member of the Executive Committee from two consecutive meetings shall be cause for the removal of said member and appointment of a new member to the Executive Committee.

(d) Vacancies on the Executive Committee shall be filled as provided in the bylaws.

(e) Alternate Directors may be members of the Executive Committee.

ARTICLE 13

DELEGATION OF POWERS TO THE EXECUTIVE COMMITTEE

The Board may delegate any of its powers to the Executive Committee, except those powers described in Articles 10(a), 10(b) and 10 (k).

ARTICLE 14

MEETINGS OF THE EXECUTIVE COMMITTEE

The meetings of the Executive Committee, if established by the Board of Directors, shall be held and conducted as provided in the bylaws. The Executive Committee shall make periodic reports to the Board of Directors, advising the Board of its decisions and activities.

ARTICLE 15

JOINT PROTECTION PROGRAM COVERAGE

The coverage of the Joint Protection Program provided by the Authority shall be specified in the bylaws.

ARTICLE 16

ACCOUNTS, RECORDS AND AUDITS

(a) Annual Budget. The Authority shall annually adopt an operating budget, pursuant to Article 10 (h) of this agreement.

(b) Funds and accounts. The Treasurer of the Authority shall be the custodian of the property and money of the Authority and shall establish and maintain such funds and accounts as required by the Board and as required by good accounting practice. The Treasurer shall file an official bond in an amount to be fixed by the Board of Directors, unless otherwise fixed by the Properties. Books and records of the Authority in the hands of the Treasurer shall be open to any inspection at all reasonable times by authorized representatives of Properties and as otherwise required by law.

(c) Treasurer's Report. The Treasurer shall make the reports required by law, and within 120 days after the close of each fiscal year, the Treasurer shall give a complete written report of all financial activities for such fiscal year to the Board and to each Property.

(d) Financial Audit. The Board shall cause an annual financial audit to be made with respect to all receipts, disbursements, or other transactions by a Certified Public Accountant. A report of such financial audit shall be filed as a public record with each of the Properties. Such

report shall be filed no later than required by law. All costs of such financial audit shall be paid by the Authority and shall be charged against the Properties in the same manner as all other administrative costs.

(e) Claims Audit. The Board shall cause a periodic audit of Claims, as deemed necessary. All costs of such Claims audit shall be paid by the Authority and shall be charged against the Properties in the same manner as all other administrative costs.

ARTICLE 17

ESTABLISHMENT AND ADMINISTRATION OF FUNDS

The Authority shall be responsible for the strict accountability of all funds and reports of all receipts and disbursements. It will comply with all provisions of law relating to the subject, particularly Section 6505 of the California Government Code. All of the funds of the Authority may be invested in common and each program year shall be accounted for separately on a full accrual basis.

The Treasurer shall receive, invest and disburse funds in accordance with the procedures established by the Board and bylaws and in conformity with applicable law.

ARTICLE 18

DEPOSIT

The Deposit for each Property shall be calculated and paid as stated in the bylaws.

ARTICLE 19

RETROSPECTIVE ADJUSTMENTS

Retrospective Adjustments to each year's Deposit shall be calculated and paid as stated in the bylaws.

ARTICLE 20

NEW MEMBERS

After the effective date of the initial Joint Protection Program is established by the Authority, additional Properties shall not be permitted to enter the Authority during the first year of operation, except that upon the three-fourths vote of the entire Board of Directors, the Board may establish a second entry date by which additional Properties may be permitted to enter the Authority upon execution of this agreement, the payment of the Deposit, as provided in this Article, and such other terms and conditions as the Board of Directors may deem necessary.

Following the first year of operation, the Authority shall allow entry into the Joint Protection Program of new Properties approved by the Board, at such times as approved by the Board. Properties entering under this Article will be required to pay their share of organizational expenses as determined by the Board, including expenses necessary to analyze their loss data and determine their Deposits.

During the Authority's first year, Properties may join the Joint Protection Program offered by the Authority after it has been established by:

(a) Executing this agreement before the effective date of the initial Joint Protection Program, and

(b) Paying to the Authority a non-refundable deposit equal to the Property's first year's estimated Deposit or $25,000, whichever is less, before the effective date of the initial Joint Protection Program.

The non-refundable deposit will be used to fund the entity's estimated Deposit if the entity becomes a participant in the Joint Protection Program.

ARTICLE 21

WITHDRAWAL

(a) A Property may withdraw as a party to this agreement any time prior to its consenting in writing to enter the Joint Protection Program.

(b) A Property whose actual Deposit exceeds one hundred ten percent (110 %) of its estimated Deposit may withdraw as a party to this agreement prior to the effective date of the Joint Protection Program.

(c) A Property which enters the Joint Protection Program may not withdraw as a party to this agreement for a three-year period commencing on the effective date of the Joint Protection Program, or commencing on the date of entry into the Joint Protection Program, or commencing on the date of entry into the Joint Protection Program for those Properties executing this agreement after the effective date of the initial Joint Protection Program.

(d) After the initial three-year noncancellable commitment to the Joint Protection Program, a Property may withdraw only at the end of any fiscal year, provided it has given the Authority a six-month written notice of its intent to withdraw from this agreement and the Joint Protection Program and a ninety (90) day final notice of intent of withdrawal from the Joint Protection Program of this agreement.

ARTICLE 22

CANCELLATION

Notwithstanding the provisions of Article 21, the Authority shall have the right to cancel any Property's participation in a Joint Protection Program upon a two-thirds vote of the entire Board of Directors. Any canceled Property shall be given a ninety day notice before such cancellation becomes effective, unless such cancellation is for non-payment of a Contribution, then ten days written notice applies.

ARTICLE 23

EFFECT OF WITHDRAWAL

(a) The withdrawal of any Property from this agreement shall not terminate this agreement and a Property by withdrawing shall not be entitled to payment or return of any Contribution, consideration or property paid, or donated by the Property to the Authority, or to any distribution of assets, except as provided in this Article and in Article 24 (c).

(b) The withdrawal or cancellation of any Property after the effective date of the Joint Protection Program shall not terminate its responsibility for Contributions to any fund or insurance

program created by the Authority until all Claims, or other unpaid liabilities, occurring or accruing during the period the Property was a party to this agreement have been finally resolved and a determination of the final amount of payments due by the Property or credits to the Property for that period has been made by the Board of Directors. In connection with its determination, the Board may exercise similar powers to those provided for in Article 24 (b) of this agreement.

ARTICLE 24

TERMINATION AND DISTRIBUTION

(a) This agreement may be terminated at any time during the first three (3) noncancellable years by the written consent of all Properties and thereafter by the consent of three-fourths of the Properties; provided, however, that this agreement and the Authority shall continue to exist for the purpose of the disposition of all Claims, distribution of assets and all other functions necessary to wind up the affairs of the Authority.

(b) The Board of Directors is vested with all powers of the Authority for the purpose of winding up and dissolving the business affairs of the Authority. These powers shall include the power to require Properties, including those which were a party at the time the Claim arose or was incurred, to pay their share of any additional amount of Contribution in accordance with loss allocation formulas for the final disposition of all claims and losses covered by the Joint Protection Program pursuant to this agreement. A Property's share of such additional

Contribution shall be determined on the same basis as that provided for Retrospective Adjustment.

(c) Upon termination of this agreement all assets of the Authority shall be distributed only among the Properties, including any of those Properties which previously withdrew pursuant to Article 21(d) or were canceled pursuant to Article 22 of this agreement, in accordance with and proportionate to their Contributions (including cash contributions and property at market value when received) in excess of the total amount of Retrospective Adjustments made during the term of this agreement. The Board of Directors shall determine such distribution within six months after disposal of the last pending Claim or loss covered by the Joint Protection Program pursuant to this agreement.

ARTICLE 25

PROVISION FOR BY-LAWS

At the first meeting of the Board of Directors, the Board shall adopt Authority bylaws to govern the day-to-day operations of the Authority. Each Property shall receive a copy of any bylaws adopted under this Article.

ARTICLE 26

LIABILITY AND INDEMNIFICATION

Pursuant to Government Code Section 6508.1, the debts, liabilities and obligations of the Authority shall not constitute debts, liabilities or obligation of any Property. Each Property is independent of every other Property and of the Authority and not the agent of any Property or of the Authority. In contemplation of the provisions of Section 895.2 of the California Government Code, imposing certain tort liability jointly upon public entities, solely by reason of a joint powers agreement as defined in Section 895 of that code, each Property, as between each other, pursuant to the authorization contained in Section 895.4 and 895.6 of that code, does hereby assume the full liability imposed upon it, or any of its officers, agents, or employees by law for injury caused by a negligent or wrongful act or omission occurring in the performance of this agreement, to the same extent that such liability would be imposed in the absence of Section 895.2 of the California Government Code. To achieve the above-stated purpose, each Property shall indemnify and hold harmless each other Property for any loss, costs, or expense that may be imposed upon such other Property solely by virtue of Section 895.2. The provisions of Section 2778 of the California Civil Code are made a part of this agreement as if set forth fully in this agreement.

ARTICLE 27

NOTICES

Notices to Properties hereunder shall be sufficient if delivered to the principal office of the respective Property. Notices to the Authority shall be sufficient if mailed to the address currently contained in the bylaws.

ARTICLE 28

AMENDMENT

This agreement may be amended at any time upon the three-fourths vote of all the Properties.

ARTICLE 29

PROHIBITION AGAINST ASSIGNMENT

No Property may assign any right, claim or interest it may have under this agreement, and no creditor, assignee or third party beneficiary of any Property shall have any right, claim or title to any part, share, interest, fund, premium or asset of the Authority.

ARTICLE 30

AGREEMENT COMPLETE

The foregoing constitutes the full and complete agreement of the Properties. There are no oral understandings or agreements not set forth in writing herein.

IN WITNESS WHEREOF, the Properties have first executed this agreement by authorized officials thereof on the dates indicated below.

RESOLUTION NO. 2011-____

A RESOLUTION OF THE LODI CITY COUNCIL APPROVING
AMENDED JOINT POWERS AGREEMENT FORMING THE
CALIFORNIA TRANSIT SYSTEMS JOINT POWERS AUTHORITY

==========

WHEREAS, in 1990, the City of Lodi entered into an agreement that provided for membership in the California Transit Systems Joint Powers Insurance Authority (hereinafter CalTIP) for the purpose of jointly funding tort liabilities and other losses and providing risk management services to reduce such losses; and

WHEREAS, CalTIP has provided the City of Lodi coverage for such liabilities, including losses to Transit vehicles, at stable and overall cost-effective pricing; and

WHEREAS, the Lodi City Council finds it in the best interest of the City of Lodi to continue its participation in CalTIP and obtain liability coverage and risk management services from CalTIP; and

WHEREAS, the joint powers agreement of CalTIP has retained its original form as drafted in 1987, and there have been changes in laws and the operation of CalTIP since that time; and

WHEREAS, the City Council recognizes these changes and the need to amend the CalTIP Joint Powers Agreement to enable CalTIP to benefit from the changes in laws, adapt to changes in the environment that CalTIP operates, and to benefit from the developments in managerial and operational techniques of the joint powers authority for the purpose of jointly funding tort liabilities and other losses facing the parties to the agreement in the future.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby approve the amended Joint Powers Agreement forming the California Transit Systems Joint Powers Authority; and

BE IT FURTHER RESOLVED that the City Council does hereby authorize the City Manager to execute the amended Joint Powers Agreement.

Dated: December 21, 2011

==========

I hereby certify that Resolution No. 2011-____ was passed and adopted by the City Council of the City of Lodi in a regular meeting held December 21, 2011, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

RANDI JOHL
City Clerk

AGENDA ITEM **C-13**

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Adopt Resolution Authorizing City Manager to Negotiate and Execute Cooperative Agreement with San Joaquin Council of Governments (SJCOG) for GrapeLine Operating Services (FY 2011/12 through FY 2013/14)

MEETING DATE: December 21, 2011

PREPARED BY: Public Works Director

RECOMMENDED ACTION: Adopt resolution authorizing City Manager to negotiate and execute cooperative agreement with San Joaquin Council of Governments (SJCOG) for the GrapeLine Operating Services (FY 2011/12 through FY 2013/14).

BACKGROUND INFORMATION: SJCOG administers the regional sales tax, Measure K. Measure K provides funding for a variety of projects, including transit funding. Previously the City of Lodi has received funding for the GrapeLine Express Routes and Dial-A-Ride Services.

Staff met with SJCOG staff to negotiate Measure K renewal (MKR) funds in the amount of $1,367,232, from the Bus Transit subcategory of the MKR Passenger Rail/ Bus Transit category. The term of this agreement (attached) is for three years. MKR funds will provide up to 75 percent of the operations funding during the three years of the cooperative agreement contract. City of Lodi will provide the local match (up to 25 percent) utilizing farebox revenues, Transportation Development Act, and other funding sources.

FISCAL IMPACT: Without approval of the cooperative agreement, the City of Lodi would not receive Measure K Transit funding.

FUNDING AVAILABLE: Not applicable.

F. Wally Sandelin
Public Works Director

Prepared by Paula J. Fernandez, Transportation Manager/Senior Traffic Engineer
FWS/PJF/pmf
Attachment
cc: Transportation Manager

APPROVED: _____
Konradt Bartlam, City Manager

MEASURE K RENEWAL
COOPERATIVE AGREEMENT
FOR CITY OF LODI GRAPELINE
OPERATIONS PROJECT

This Cooperative Agreement ("Agreement") is made and entered into this _____ day of _____, by and between the CITY OF LODI ("Sponsor") and the SAN JOAQUIN COUNCIL OF GOVERNMENTS acting as the Local Transportation Authority ("Authority").

RECITALS

WHEREAS, Authority and Sponsor desire to enter into a Cooperative Agreement for funding of transportation improvements in San Joaquin County pursuant to the authority provided by San Joaquin County Local Transportation Improvement Plan and Ordinance ("LTIP"), which was approved by the voters of San Joaquin County on November 7, 2006; and

WHEREAS, Sponsor desires to receive funding from the Authority for the particular transportation improvement project specified herein ("Project"); and

WHEREAS, the Project is eligible for funds (as specified in the Measure K Renewal Strategic Plan) from the **PASSENGER RAIL, BUS AND BICYCLE/PEDESTRIAN** funding category of the LTIP; and

WHEREAS, the Authority is authorized under the LTIP to issue Measure K Renewal funds to Sponsor for $1,367,232 over the three year period starting FY 11/12, 12/13, and 13/14 for the Grapeline Project as estimated by the Sponsor in Exhibit "A". This will total $485,282 in FY11/12, $462,977 in FY 12/13, and $418,973 in FY 13/14; and

WHEREAS, the Grapeline budget is estimated at $1,664,600 in FY 11/12, $1,714,500 in FY 12/13, and $1,765,900 in FY 13/14 of which the Measure K Renewal portion is $485,282 (29% of budget) in FY11/12, $462,977 (27% of budget) in FY 12/13, and $418,973 (24% of budget) in FY 13/14;

WHEREAS, Authority expects that the Sponsor will supplement Measure K Renewal funds with available revenues as specified in Exhibit "A". The Use of Funds is for operating costs only and not approved for capital; and

WHEREAS, Authority shall issue reimbursement payments as provided in Section 2.1 to Sponsor over the course of the Project and such funds shall be released to Sponsor pursuant to a request for reimbursement submitted by the Sponsor; however, the Sponsor understands that in no event shall reimbursement payments, when aggregated with previously approved reimbursement requests, exceed the Measure K Renewal commitment set forth in the Project Cooperative Agreement of $1,367,232; and

WHEREAS, Sponsor agrees to abide by the terms and conditions of the Authority as set forth herein for the receipt of Measure K Renewal funds; and

WHEREAS, Authority agrees to provide funding for the transportation improvements of the Sponsor's Project according to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual promises and undertakings herein

made and the mutual benefits to be derived therefrom, the parties hereto represent, covenant and agree as follows:

AGREEMENT

SECTION I
Covenants of Sponsor

1.1. Project Application. The Project description, scope of work, delivery schedule, corridor-specific cost by activity, anticipated amount and type of funds that will supplement Measure K Renewal funds, and the anticipated timing for release of Measure K Renewal funds and the Measure K Renewal "not to exceed" amount are specified in Exhibit "A," and incorporated herein by this reference.

1.2. Change In Project Scope. A change in the Project scope as described in Exhibit "A" may not be implemented until it has been approved by the Authority.

1.3. Major Change in Operating Project. Any change, as described below, to the Operating Project shall be considered a major change to the Project and may not be implemented without prior written notification to the Authority. Such notification shall be made within 3 days of the publishing of legal notice setting the date and time for public hearing (s). No such public hearings shall be held earlier than 15 calendar days following the initial publication of the legal notice. Written comments shall be accepted by the Sponsor on such major changes for a period of not less than 25 calendar days beyond initial publishing of the legal notice "Major changes" to an Operating Project are defined as any of the following:

(i) Any permanent change that increases fares;

(ii) Any permanent change that results in a 25 percent or more reduction of the number of daily transit revenue vehicle miles of a route for the day(s) of the week for which the change is made; or

(iii) Any permanent changes that results in a 25 percent or more reduction of the number of transit route miles of a route.

1.4 Minor Changes in Operating Project(s). A minor change in fare or service of an operating project does not require that the Authority be notified. Examples of minor changes would be: temporarily reduced or promotional fares, minor reroutes or minor schedule changes. Experimental or emergency service or fare changes expected to exist fewer than 180 days and standard seasonal in service are also exempt from notification requirement, unless these changes actually continue more than 180 days.

1.5. Eligible Reimbursement Costs. Eligible reimbursement costs shall be those costs as defined by the statues, rules and regulations of the Federal Transit Administration and State of California, for Projects as specified and approved in the Project Cooperative Agreement or as may be approved from time to time by the Authority pursuant to Section 1.2. In no event shall expenses incurred prior July 1, 2011 be considered eligible reimbursement costs.

1.6. Measure K Renewal Percentage Share Defined. For this Project, the estimated Measure K Renewal percentage share of eligible reimbursements shall not exceed the project total cost of $1,367,232 except as provided in Section 1.12.

1.7. Invoices and Progress Reports. Starting one month after the execution of this contract, Sponsor shall provide monthly progress reports and may provide invoices as often as monthly for activities conducted over the prior unbilled month(s). These documents shall include the following specified information:

1.7.a. Operating Expenses. Sponsor may include in operating expense invoices both direct and indirect costs relating to the Project, and shall include in such invoices expense classifications such as Salaries and Wages, Fringe Benefits, Services, Materials and Supplies, Utilities, Insurance, Taxes, Purchased Transportation, Miscellaneous Expense and Local Depreciation.

1.7.b. Bimonthly Progress Reports. The progress reports shall include a brief description of the status of the Project and the work completed to date. The progress report shall include year-to-date Passengers, Revenue Miles, Revenue Hours, Passengers per Revenue Hour, Farebox Recovery Ratio and On-Time Performance Data summarized by service type. This progress report will be included with invoices submitted to the Authority.

1.7.c. Biannual Reports for Bus Operating Project. Every six month, a Progress Report for Bus Operating Projects shall be prepared and shall include:

(i) Accumulated Data. In addition to the data specified in 1.7.c., the biannual report shall include accumulated data for the six month period for each data category outlined in 1.7.c. and shall provide a comparison to the corresponding six month period from the prior year.

1.8. Use of Funds. Sponsor shall use Measure K Renewal funds consistent with the Project scope of work, as described in Exhibit "A" or approved by the Authority pursuant to Section 1.2.

1.9. Submittal of Bid Documents. All consultant contracts entered into pursuant to this operations funding agreement shall follow a competitive bidding process or give justification for using a sole source in a manner substantially similar to that described in the *San Joaquin Council of Governments Financial Management & Accounting Processing Manual*. When the contract is awarded, Sponsor shall provide to the Authority one (1) copy of the bid tabulation, and the bid schedule of the successful bidder, complete with unit prices and total award amount. All awarded contracts shall include performance bonds, labor and material bonds, a provision for liquidated damages, and may include any other penalty clauses for nonperformance of the contract. Sponsor shall provide copies to the Authority of all other executed contracts which relate to the Project scope, as described in Exhibit "A" or approved by the Authority pursuant to Section 1.2. Sponsor shall retain records pertaining to the Project for a four (4) year period following completion of the Project.

1.10. Completion of Project. Sponsor shall be responsible for the timely completion of the Project and to provide management of consultant and contractor activities, including responsibility for schedule, budget and oversight of the services, consistent with the scope of work. The Co-operative agreement end date is June 30, 2014. Within 30 days of its adoption, Sponsor shall copy and forward to the Authority the resolution certifying that the Project has been accepted as complete.

1.11. Provision of Signs. Sponsor shall install signs approved by the Authority consistent with the specifications set forth in Exhibit "B" of this Agreement, attached hereto and incorporated herein by this reference. A sign which is at least 8.5" by 11" shall be posted in the interior of at least the number of busses for which Measure K Renewal operating funds have been provided, as indicated in the corresponding Project Cooperative Agreement. Such signs will remain posted for the duration of time Measure K Renewal is funding operations.

SECTION II
Covenants of Authority

2.1. Reimbursement Payments. The Authority shall make reimbursement payments to Sponsor for all eligible Project costs. To receive monthly reimbursement payments for work completed on the Project, Sponsor shall comply with the following reimbursement procedures:

2.1.a. Deadline to Submit Reimbursement Requests. All invoices and progress reports shall be submitted to Authority on or before 5:00 p.m. on the tenth (10th) calendar day of the month in which the Sponsor requests reimbursement payments. Authority shall issue reimbursement payments to Sponsor on or before the last day of the month for all timely submittals.

2.1.b. Late Submittals. If Sponsor fails to submit documents to Authority as set forth in Section 2.1.a, above, then Authority shall provide reimbursement payments for late submittals in the following calendar month.

2.1.c. Ineligible Costs. The Authority reserves the right to adjust current or future reimbursement payments to Sponsor if an invoice includes ineligible costs.

2.1.d. Reimbursement Amount. The amount of reimbursement payments to Sponsor shall be equivalent to the Measure K Renewal percentage share for each invoice submitted to the Authority. The reimbursement percentage share for this Project shall not exceed **100**%.

2.1.e. Suspension of Reimbursement. Reimbursement payments for the item(s) in question shall be suspended when a dispute arises as to whether or not the cost item(s) is eligible for reimbursement.

2.1.e.(1) Meeting. Once a dispute has occurred, the Authority shall arrange a meeting between the Authority and the Sponsor's staff to discuss and attempt to resolve the dispute. If the invoice was received on or before 5:00 p.m. on the 10th day of the month, the meeting shall be held no later than the 20th day of the same month. If the invoice was received after this date and time, then the meeting shall be held no later than the 20th day of the following month.

2.1.e.(2) Technical Advisory Committee. If an agreement cannot be reached at the meeting, then the Sponsor or the Authority shall have the option to take the dispute to the Authority's Technical Advisory Committee, with the understanding that by doing so the reimbursement for the disputed cost item(s) will be delayed until a resolution of the matter is reached.

2.1.e.(3) Board Decision. If the Sponsor or the Authority disagrees with the resolution by the Technical Advisory Committee then the dispute shall be submitted to the San Joaquin Council of Governments Board for resolution. If the Board determines that the disputed cost item(s) is ineligible, the Authority shall not provide reimbursement payment to the Sponsor for the disputed item(s). If the Board determines that the disputed cost item(s) is eligible, then the Authority shall provide reimbursement payment to the Sponsor for the disputed cost.

2.1.e.(4) Reservation of Rights. By utilizing the above procedures, the Sponsor does not surrender any rights to pursue available legal remedies if the Sponsor disagrees with the Board decision.

2.1.f. Acceptance of Work Does Not Result In Waiver. Reimbursement payments do not result in a waiver of the right of the Authority to require fulfillment of all terms of this Agreement.

2.2. Right to Conduct Audit. The Authority shall have the right to conduct an audit of all Sponsor's records pertaining to the Project at any time during the four (4) year period after completion of the Project.

SECTION III
Mutual Covenants

3.1. Term. This Agreement shall remain in effect until discharged or terminated as provided in Section 3.2 or Section 3.14.

3.2 Discharge. This Agreement shall be subject to discharge as follows

3.2.a. Breach of Obligation. If a party believes that the other is in breach of this agreement, that party shall provide written notice to the breaching party and the written notice shall identify the nature of the breach. The breaching party shall have thirty (30) days from the date of notice to initiate steps to cure any breach that is reasonably capable of being cured. If the breaching party diligently pursues cure, such party shall be allowed a reasonable time to cure, not to exceed sixty (60) days from the date of the initial notice, unless a further extension is granted by the non-breaching party. If the non-breaching party is not satisfied that there has been a cure by the end of the time for cure, the non-breaching party may seek available legal remedies.

3.2.b. Termination by Mutual Consent. This Agreement may be terminated at any time by mutual consent of the parties.

3.2.c. Discharge Upon Completion of Project. Except as to any rights or obligations which survive discharge as specified in Section 3.13, this Agreement shall be discharged, and the parties shall have no further obligation to each other, upon completion of the Project as certified by the Authority.

3.3. Indemnity. It is mutually understood and agreed, relative to the reciprocal indemnification of Authority and Sponsor:

3.3.a. That neither Authority, nor any officer or employee thereof, shall be responsible for, and Sponsor shall fully defend, indemnify and hold harmless Authority against any damage or liability occurring by reason of anything done or omitted to be done by Sponsor under the Agreement. It is also fully understood and agreed that, pursuant to Government Code Section 895.4, Sponsor shall fully defend, indemnify and hold the Authority harmless from any liability imposed for injury as defined by Government Code Section 810.8 occurring by reason of anything done or omitted to be done by Sponsor under this Agreement or in connection with any work, authority, or jurisdiction delegated to Sponsor under this Agreement.

3.3.b. That neither Sponsor nor any officer or employee thereof, shall be responsible for, and Authority shall fully defend, indemnify and hold harmless Sponsor against, any damage or liability occurring by reason of anything done or omitted to be done by Authority under or in connection with any work, authority or jurisdiction delegated to Authority under the Agreement. It is also understood and agreed that, pursuant to Government Code Section 895.4, Authority shall fully defend, indemnify and hold the Sponsor harmless from any liability imposed for injury as defined by Government Code Section 810.8 occurring by reason of anything done or omitted to be done by Authority under this Agreement or in connection with any work, authority, or jurisdiction delegated to Authority under this Agreement.

3.4. Notices. Any notice which may be required under this Agreement shall be in writing and shall be given by personal service, or by certified or registered mail, return receipt requested, to the addresses set forth below:

TO AUTHORITY:

Andrew T. Chesley
Executive Director
San Joaquin County
Transportation Authority
555 E. Weber Avenue
Stockton, CA 95202

TO SPONSOR:

Wally Sandelin
Director of Public Works
City of Lodi
211 West Pine St.
P.O. Box 3006
Lodi, CA 95241

Either party may change its address by giving notice of such change to the other party in the manner provided in this Section 3.4. All notices and other communications shall be deemed communicated as of actual receipt or after the second business day after deposit in the United States mail.

3.5. Additional Acts and Documents. Each party agrees to do all such things and take all such actions, and to make, execute and deliver such other documents and instruments, as shall be reasonably requested to carry out the provisions, intent and purpose of the Agreement.

3.6. Integration. This Agreement represents the entire Agreement of the parties with respect to the subject matter hereof. No representations, warranties, inducements or oral agreements have been made by any of the parties except as expressly set forth herein, or in other contemporaneous written agreements.

3.7. Amendment. This Agreement may not be changed, modified or rescinded except in writing, signed by all parties hereto, and any attempt at oral modification of this Agreement shall be void and of no effect.

3.8. Independent Agency. Sponsor renders its services under this Agreement as an independent agency and the Authority is also an independent agency under the Agreement. None of the Sponsor's agents or employees shall be agents or employees of the Authority and none of the Authorities' agents or employees shall be agents or employees of Sponsor.

3.9. Assignment. The Agreement may not be assigned, transferred, hypothecated, or pledged by any party without the express written consent of the other party.

3.10. Binding on Successors. This Agreement shall be binding upon the successor(s), assignee(s) or transferee(s) of the Authority or as the case may be. This provision shall not be construed as an authorization to assign, transfer, hypothecate or pledge this Agreement other than as provided above.

3.11. Severability. Should any part of this Agreement be determined to be unenforceable, invalid, or beyond the authority of either party to enter into or carry out, such determination shall not affect the validity of the remainder of this Agreement which shall continue in full force and effect; provided that, the remainder of this Agreement can, absent the excised portion, be reasonably interpreted to give effect to the intentions of the parties.

3.12. Counterparts. This Agreement may be executed in one or more counterparts and shall become effective when one or more counterparts have been signed by all of the parties; each counterpart shall be deemed an original but all counterparts shall constitute a single document.

3.13. Survival. The following provisions in this Agreement shall survive discharge:

3.13.a. Sponsor. As to Sponsor, the following sections shall survive discharge: Section 1.6 (obligation to apply funds to Project), Section 1.7 (obligation to provide copies and retain records), Section 1.8 (obligation to continue to manage Project).

3.13.b. Authority. As to Authority, the following section shall survive discharge: Section 2.2 (right to conduct audit).

3.13.c. Both Parties. As to both parties, the following sections shall survive discharge: Section 3.2.a. (obligation which survives termination), and Section 3.3 (mutual indemnities).

3.14. Limitation. All obligations of Authority under the terms of this Agreement are expressly contingent upon the Authority's continued authorization to collect and expend the sales tax proceeds provided by Measure K Renewal. If for any reason the Authority's right or ability to collect or expend such sales tax proceeds is terminated or suspended in whole or part so that it materially affects the Authority's ability to fund the project, the Authority shall promptly notify Sponsor, and the parties shall consult on a course of action. If, after twenty-five (25) working days, a course of action is not agreed upon by the parties, this Agreement shall be deemed terminated by mutual or joint consent. Any future obligation to fund this project or any other project or projects of Sponsor, not already specifically covered by separate Agreement, shall arise only upon execution of a new Agreement.

3.15. Attorneys' Fees. Should any litigation commence between the parties concerning

the rights and duties of any party pursuant to, related to, or arising from, this Agreement, the prevailing party in such litigation shall be entitled, in addition to such other relief as may be granted, to a reasonable sum as and for its attorneys' fees and costs of such litigation, or in a separate action brought for that purpose.

3.16. Time. Time is and shall be of the essence of this Agreement and each and all of its provisions in which performance is a factor.

3.17. Remedies Cumulative. No remedy or election of remedies provided for in this Agreement shall be deemed exclusive, but shall be cumulative with all other remedies at law or in equity. Each remedy shall be construed to give the fullest effect allowed by law.

3.18. Applicable Law. This Agreement shall be governed by, and construed and enforced in accordance with the laws of the State of California.

3.19. Captions. The captions in this Agreement are for convenience only and are not a part of this Agreement. The captions do not in any way limit or amplify the provisions of this Agreement and shall not affect the Project or interpretation of any of its provisions.

3.20. No Continuing Waiver. The waiver by any party of any breach of any of the provisions of this Agreement shall not constitute a continuing waiver or a waiver of any subsequent breach of the same, or of any other provision of this Agreement.

3.21. No Rights in Third Parties. Nothing in this Agreement, express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any third party, nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third party to any party to this Agreement, nor shall any provision of this Agreement give any third party any right of subrogation or action over or against any party to this Agreement.

3.22. Signator's Warranty. Each party warrants to each other that he or she is fully authorized and competent to enter into this Agreement in the capacity indicated by his or her signature and agrees to be bound by this Agreement as of the day and year first mentioned above upon the execution of this Agreement by each other party.

IN WITNESS WHEREOF, the undersigned parties have executed this Agreement on the day and year first written above.

CITY OF LODI

By:_____
KONRADT BARTLAM
City Manager

ATTEST:

By:_____
RANDI JOHL
City Clerk

APPROVED AS TO FORM:

By:_____
D. STEPHEN SCHWABAUER
City Attorney

SAN JOAQUIN COUNTY
TRANSPORTATION AUTHORITY

By:_____
CHUCK WINN
Chair

ATTEST:

By:_____
ANDREW T. CHESLEY
Executive Director

By:_____
STEVE DIAL
Deputy Executive Director/CFO

EXHIBIT A

City of Lodi Grapeline Service

1. Project Names, Locations: City of Lodi Grapeline Service
   Lodi City Limits with limited service to Woodbridge

2. Project Sponsor, Contact Person, Phone Number:

   City of Lodi
   Paula Fernandez,
   Transportation Manager
   333-6800 x2667

3. Project Scope of Work:

   Measure K Renewal funds will be utilized for the City of Lodi Grapeline Fixed Route services. These services are provided within Lodi city limits, Woodbridge, and specific destinations in Acampo. Grapeline Fixed Route service has five weekday and four weekend routes and four express routes. Weekly Fixed Route service operates Monday to Friday from 7:30 AM to 6:15 PM; Express routes operate weekdays from 6:10am to 7:46am and from 2:18 to 3:17pm. Weekend hours are Saturday from 7:45 AM to 3:09 PM and Sunday from 9:15 AM to 12:54 PM.

   The City of Lodi Grapeline services provide approximately 17,600 service hours annually. The project funds will cover the equivalent of approximately 5,400 revenue hours annually.

4. Expected Time of Delivery of Overall Project (indicate if task is already completed, and phasing of the project):

	Start Date	Completion Date
Grapeline Operations	July 2011	June 2014

5. Estimated Project Cost (as applicable)

	FY 11/12	FY 12/13	FY 13/14	Total
Grapeline Operations	$1,664,600	$1,714,500	$1,765,900	$5,145,000

6. Measure K Renewal Percentage Share, Expected Timing of Release of Funds by Month, and Measure K Renewal Not to Exceed Amount:

	FY 11/12	FY 12/13	FY 13/14	
Percent of Operations	29%	27%	24%	
July	$40,440	$38,581	$34,914	
August	$40,440	$38,581	$34,914	
September	$40,440	$38,581	$34,914	
October	$40,440	$38,581	$34,914	
November	$40,440	$38,581	$34,914	
December	$40,440	$38,581	$34,914	
January	$40,440	$38,581	$34,914	
February	$40,440	$38,582	$34,915	
March	$40,440	$38,582	$34,915	
April	$40,440	$38,582	$34,915	
May	$40,441	$38,582	$34,915	
June	$40,441	$38,582	$34,915	
Measure K Renewal Not to Exceed Amount	$485,282	$462,977	$418,973	$1,367,232

7. Source(s) and Amount(s) of Matching Funds:

	FY 11/12	FY 12/13	FY 13/14	Total
Fares	$130,500	$130,500	$130,500	
Federal	$621,200	$621,200	$621,200	
Other	$427,618	$499,823	$595,227	
Total	**$1,179,318**	**$1,251,523**	**$1,346,927**	

8. Funding Summary

	FY 11/12	FY 12/13	FY 13/14	Total
Measure K	$485,282	$462,977	$418,973	$1,367,232
Matching Funds	$1,179,318	$1,252,523	$1346,927	$3,777,768
Total	**$1,664,600**	**$1,714,500**	**$1,765,900**	$5,145,000

SJCOG

MEASURE K

KEEPS US MOVING

your transportation sales tax at work

RESOLUTION NO. 2011-____

A RESOLUTION OF THE LODI CITY COUNCIL
APPROVING COOPERATIVE AGREEMENT BETWEEN
SAN JOAQUIN COUNCIL OF GOVERNMENTS AND
CITY OF LODI FOR GRAPELINE OPERATING
SERVICES

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NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby approve the Cooperative Agreement between the San Joaquin Council of Governments and the City of Lodi for GrapeLine operating services for Fiscal Year 2011/2012 through Fiscal Year 2013/2014; and

BE IT FURTHER RESOLVED that the City Council does hereby authorize the City Manager to execute the agreement on behalf of the City.

Dated: December 21, 2011

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I hereby certify that Resolution No. 2011-____ was passed and adopted by the City Council of the City of Lodi in a regular meeting held December 21, 2011, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

RANDI JOHL
City Clerk

AGENDA ITEM C-14

CITY OF LODI
COUNCIL COMMUNICATION

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AGENDA TITLE: Adopt Resolutions Approving Revised Deferred Compensation Plan Documents for Nationwide Retirement Solutions and The Hartford

MEETING DATE: December 21, 2011

PREPARED BY: Deputy City Manager

RECOMMENDED ACTION: Adopt resolutions approving revised deferred compensation plan documents for Nationwide Retirement Solutions and The Hartford.

BACKGROUND INFORMATION: The City sponsors deferred compensation plans for City employees through Nationwide Retirement Solutions, The Hartford and ICMA Retirement Corporation. Nationwide Retirement Solutions and The Hartford have provided revised plan documents that incorporate a number of changes in federal law that need to be brought into the plan documents, such as the Pension Protection Act of 2006, the Heroes Earnings Assistance Act of 2008 and the Worker, Retiree and Employer Recovery Act of 2008. Staff has been advised that the new documents must be approved by December 31, 2011 for our plans with these providers to remain compliant with the Internal Revenue Services (IRS) rules and regulations.

Staff has contacted ICMA Retirement Solutions and been advised that they will bring forward revised plan documents at a later date.

FISCAL IMPACT: Compliance with IRS rules and regulations is critical to maintaining the tax-deferred status of these plans.

FUNDING AVAILABLE: Not applicable.

_____
Jordan Ayers
Deputy City Manager

JA/ja

Attachments

APPROVED: _____
Konradt Bartlam, City Manager

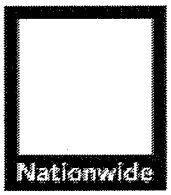
_____

(Name of Employer)

DEFERRED COMPENSATION PLAN FOR PUBLIC EMPLOYEES

457 GOVERNMENTAL PLAN AND TRUST

Document provided as a courtesy of:



Nationwide®
Retirement Solutions

On Your Side™

457 GOVERNMENTAL PLAN AND TRUST

The Employer adopts this 457 Governmental Plan and Trust. The Plan is intended to be an "eligible deferred compensation plan" as defined in Code §457(b) of the Internal Revenue Code of 1986 ("Eligible 457 Plan"). The Plan consists of the provisions set forth in this plan document and is applicable to the Employer and each Employee who elects to participate in the Plan. If the Employer adopts this Plan as a restated Plan in substitution for, and in amendment of, an existing plan, the provisions of this Plan, as a restated Plan, apply solely to an Employee on or after the execution of this Plan. The Plan is effective as to each Employee upon the date he/she becomes a Participant by entering into and filing with the Employer or the Administrative Services Provider a Participation Agreement or an Acknowledgement Form/Card.

ARTICLE I
DEFINITIONS

1.01 **"Account"** means the separate Account(s) which the Administrative Services Provider or the Trustee maintains under the Plan for a Participant's Deferred Compensation. The Administrative Services Provider or Trustee may establish separate Accounts for multiple Beneficiaries of a Participant to facilitate required minimum distributions under Section 4.03 based on each Beneficiary's life expectancy.

1.02 **"Accounting Date"** means the last day of the Plan Year.

1.03 **"Acknowledgement Form/Card"** means the application to the Administrative Services Provider to participate in the Plan when the Plan is a Social Security replacement plan.

1.04 **"Administrative Services Provider"** means Nationwide Retirement Solutions, Inc. which acts as the third party administrative services provider appointed by the Employer to carry out nondiscretionary administrative functions for the Plan.

1.05 **"Beneficiary"** means a person who the Plan or a Participant designates and who is or may become entitled to a Participant's Account upon the Participant's death. A Beneficiary who becomes entitled to a benefit under the Plan remains a Beneficiary under the Plan until the Beneficiary has received full distribution of his/her Plan benefit. A Beneficiary's right to (and the Administrative Services Provider's or a Trustee's duty to provide to the Beneficiary) information or data concerning the Plan does not arise until the Beneficiary first becomes entitled to receive a benefit under the Plan.

1.06 **"Code"** means the Internal Revenue Code of 1986, as amended.

1.07 **"Compensation"** for purposes of allocating Deferral Contributions means the employee's wages, salaries, fees for professional services, and other amounts received without regard to whether or not an amount is paid in cash for personal services actually rendered in the course of employment with the Employer, to the extent that the amounts are includible in gross income (or to the extent amount would have been received and includible in gross income but for an election under Code §§ 125(a), 132(f)(4), 402(e)(3), 402(h)(1)(B), 402(k), and 457(b), including an election to defer Compensation under Article III. See Section 1.16 as to Compensation for an Independent Contractor. Compensation also includes any amount that the Internal Revenue Service in published guidance declares to constitute compensation for purposes of an Eligible 457 Plan.

(A) Elective Contributions. Compensation under Section 1.07 includes Elective Contributions. "Elective Contributions" are amounts excludible from the Employee's gross income under Code §§125, 132(f)(4), 402(e)(3), 402(h)(1)(B), 403(b), 408(p) or 457, and contributed by the Employer, at the Employee's election, to a cafeteria plan, a qualified transportation fringe benefit plan, a 401(k) arrangement, a SARSEP, a tax-sheltered annuity, a SIMPLE plan or a Code § 457 plan.

(B) Differential wage payments. For years beginning after December 31, 2008, (i) an individual receiving a differential wage payment, as defined by Code § 3401(h)(2), shall be treated as an employee of the employer making the payment; (ii) the differential wage payment shall be treated as compensation; and (iii) the plan will not be treated as failing to meet the requirements of any provision described in Code §414(u)(1)(C) by reason of any contribution or benefit which is based on the differential wage payment.

1.08 **"Deferral Contributions"** means Salary Reduction Contributions, Nonelective Contributions and Matching Contributions. The Employer or the Administrative Services Provider (if applicable) in applying the Code § 457(b) limit will take into account Deferral Contributions in the Taxable Year in which deferred. The Employer or Administrative Services Provider (if applicable) in determining the amount of a Participant's Deferral Contributions disregards the net income, gain and loss attributable to Deferral Contributions.

1.09 **"Deferred Compensation"** means as to a Participant the amount of Deferral Contributions,

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Rollover Contributions and Transfers adjusted for allocable net income, gain or loss, in the Participant's Account.

1.10 **"Effective Date"** of this Plan is the date indicated on the execution line unless the Code, Treasury regulations, or other applicable guidance provides otherwise.

1.11 **"Employee"** means an individual who provides services for the Employer, as a common law employee of the Employer. See Section 1.16 regarding potential treatment of an Independent Contractor as an Employee.

1.12 **"Employer"** means an employer who adopts this Plan by executing the Plan.

1.13 **"Employer Contribution"** means Nonelective Contributions or Matching Contributions.

1.14 **"Excess Deferrals"** means Deferral Contributions to an Eligible 457 Plan for a Participant that exceed the Taxable Year maximum limitation of Code §§457(b) and (e)(18).

1.15 **"Includible Compensation"** means, for the Employee's Taxable Year, the Employee's total Compensation within the meaning of Code § 415(c)(3) paid to an Employee for services rendered to the Employer. Includible Compensation includes Deferral Contributions under the Plan, compensation deferred under any other plan described in Code §457, and any amount excludible from the Employee's gross income under Code §§401(k), 403(b), 125 or 132(f)(4) or any other amount excludible from the Employee's gross income for Federal income tax purposes. The Employer will determine Includible Compensation without regard to community property laws.

1.16 **"Independent Contractor"** means any individual who performs service for the Employer and who the Employer does not treat as an Employee or a Leased Employee. The Employer may permit Independent Contractors to participate in the Plan. To the extent that the Employer permits Independent Contractor participation, references to Employee in the Plan include Independent Contractors and Compensation means the amounts the Employer pays to the Independent Contractor for services.

1.17 **"Leased Employee"** means an Employee within the meaning of Code § 414(n).

1.18 **"Matching Contribution"** means an Employer fixed or discretionary contribution made or forfeiture allocated on account of Salary Reduction Contributions. The Employer may provide for matching contributions.

1.19 **"Nonelective Contribution"** means an Employer fixed or discretionary contribution not made as a result of a Participation Agreement and which is not a Matching Contribution. The Employer may provide for nonelective contributions.

1.20 **"Normal Retirement Age"** means the age designated by the Participant unless the Employer designates in writing a Normal Retirement Age. The Normal Retirement Age designated by the Participant or Employer shall be no earlier than age 65 or the age at which Participants have the right to retire and receive, under the basic defined benefit pension plan of the Employer (or a money purchase plan in which the Participant also participates if the Participant is not eligible to participate in a defined benefit plan), immediate retirement benefits without actuarial or similar reduction because of retirement before some later specified age. The Normal Retirement Age also shall not exceed age 70½.

Special Rule for Eligible Plans of Qualified Police or Firefighters. A Participant who is a qualified police officer or firefighter as defined under Code §415(b)(2)(H)(ii)(I) may designate a Normal Retirement Age between age 40 and age 70 ½.

1.21 **"Participant"** is an Employee who elects to participate in the Plan in accordance with the provisions of Section 2.01 or an individual who has previously deferred Compensation under the Plan by a Participation Agreement and has not received a complete distribution of his/her Account .

1.22 **"Participation Agreement"** means the agreement to enroll and participate in the Plan that is completed by the Participant and provided to the Administrative Services Provider. The Participation Agreement is the agreement, by which the Employer reduces the Participant's Compensation for contribution to the Participant's Account.

1.23 **"Plan"** means the 457 plan established or continued by the Employer in the form of this Plan and (if applicable) Trust Agreement. All section references within the Plan are Plan section references unless the context clearly indicates otherwise.

1.24 **"Plan Entry Date"** means the date on which an Employee completes and files a Participation Agreement with the Administrative Services Provider.

1.25 **"Plan Year"** means the calendar year.

1.26 **"Rollover Contribution"** means the amount of cash or property which an eligible retirement plan described in Code §402(c)(8)(B) distributes to an eligible Employee or to a Participant in an eligible rollover distribution under Code §402(c)(4) and which the eligible Employee or Participant transfers directly or indirectly to an

Eligible 457 Plan. A Rollover Contribution includes net income, gain or loss attributable to the Rollover Contribution. A Rollover Contribution excludes after-tax Employee contributions, as adjusted for net income, gain or loss.

1.27 **"Salary Reduction Contribution"** means a contribution the Employer makes to the Plan pursuant to a Participation Agreement.

1.28 **"Service"** means any period of time the Employee is in the employ of the Employer. In the case of an Independent Contractor, Service means any period of time the Independent Contractor performs services for the Employer on an independent contractor basis. An Employee or Independent Contractor terminates Service upon incurring a Severance from Employment.

(A) Qualified Military Service. Service includes any qualified military service the Plan must credit for contributions and benefits in order to satisfy the crediting of Service requirements of Code §414(u). A Participant whose employment is interrupted by qualified military service under Code §414(u) or who is on a leave of absence for qualified military service under Code §414(u) may elect to make additional Salary Reduction Contributions upon resumption of employment with the Employer equal to the maximum Deferral Contributions that the Participant could have elected during that period if the Participant's employment with the Employer had continued (at the same level of Compensation) without the interruption of leave, reduced by the Deferral Contributions, if any, actually made for the Participant during the period of the interruption or leave. This right applies for five years following the resumption of employment (or, if sooner, for a period equal to three times the period of the interruption or leave). The Employer shall make appropriate make-up Nonelective Contributions and Matching Contributions for such a Participant as required under Code §414(u). The Plan shall apply limitations of Article III to all Deferral Contributions under this paragraph with respect to the year to which the Deferral Contribution relates.

(B) "Continuous Service" means Service with the Employer during which the Employee does not incur a Severance from Employment.

(C) "Severance from Employment."

(1) **Employee.** An Employee has a Severance from Employment when the Employee ceases to be an Employee of the Employer. A Participant does not incur a Severance from Employment if, in connection with a change in employment, the Participant's new employer continues or assumes sponsorship of the Plan or accepts a Transfer of Plan assets as to the Participant.

(2) **Independent Contractor.** An Independent Contractor has a Severance from Employment when the contract(s) under which the Independent Contractor performs services for the Employer expires (or otherwise terminates), unless the Employer anticipates a renewal of the contractual relationship or the Independent Contractor becoming an Employee. The Employer anticipates renewal if it intends to contract for the services provided under the expired contract and neither the Employer nor the Independent Contractor has eliminated the Independent Contractor as a potential provider of such services under the new contract. Further, the Employer intends to contract for services conditioned only upon the Employer's need for the services provided under the expired contract or the Employer's availability of funds. Notwithstanding the preceding provisions of this Section 1.28, the Administrative Services Provider will consider an Independent Contractor to have incurred a Severance from Employment: (a) if the Administrative Services Provider or Trustee will not pay any Deferred Compensation to an Independent Contractor who is a Participant before a date which is at least twelve months after the expiration of the Independent Contractor's contract (or the last to expire of such contracts) to render Services to the Employer; and (b) if before the applicable twelve-month payment date, the Independent Contractor performs Service as an Independent Contractor or as an Employee, the Administrative Services Provider or Trustee will not pay to the Independent Contractor his/her Deferred Compensation on the applicable date.

(3) **Uniformed Services.** for purposes of distributions to an individual in the uniformed services, such individual will be treated as incurring a Severance from Employment during any period the individual is performing service in the uniformed services described in Code § 3401(h)(2)(A). However, the plan will not distribute the benefit to such an individual without that individual's consent, so long as the individual is receiving differential wage payments.

If an individual elects to receive a distribution under this provision, the individual may not make an elective deferral or employee contribution during the 6-month period beginning on the date of the distribution.

1.29 **"State"** means (a) one of the 50 states of the United States or the District of Columbia, or (b) a political subdivision of a State, or any agency or instrumentality of a State or its political subdivision. A State does not include the federal government or any agency or instrumentality thereof.

1.30 **"Taxable Year"** means the calendar year or other taxable year of a Participant.

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1.31 **"Transfer"** means a transfer of Eligible 457 Plan assets to another Eligible 457 Plan which is not a Rollover Contribution and which is made in accordance with Section 9.03.

1.32 **"Trust"** means the Trust created under the adopting Employer's Plan. The Trust created and established under the adopting Employer's Plan is a separate Trust, independent of the trust of any other Employer adopting this Eligible 457 Plan and is subject to Article VIII.

1.33 **"Trustee"** means the person or persons designated by the Employer to serve in the position of Trustee.

ARTICLE II
PARTICIPATION IN PLAN

2.01 ELIGIBILITY. Each Employee becomes a Participant in the Plan as soon as he/she completes and files a Participation Agreement. If this Plan is a restated Plan, each Employee who was a Participant in the Plan on the day before the Effective Date continues as a Participant in the Plan.

2.02 PARTICIPATION UPON RE-EMPLOYMENT. A Participant who incurs a Severance from Employment will re-enter the Plan as a Participant on the date of his/her re-employment.

2.03 SPECIAL ELIGIBILITY PROVISIONS FOR PARTICIPANTS IN A PLAN USED AS A SOCIAL SECURITY REPLACEMENT PLAN. Notwithstanding any provision to the contrary, the provisions of this Section 2.03 will apply if the Employer elects in a written agreement with the Administrative Services Provider to use the Plan as a Social Security replacement plan. If the Plan is used as a Social Security replacement plan, the provisions of Sections 4.05(a) and 5.03 will not apply.

(A) Eligibility to participate for new Employees. A new Employee shall, as a condition of employment participate in the Plan sign and file with the Administrative Services Provider an Acknowledgement Form/Card and thereby consenting to a reduction of salary by the amount of the Deferral Contribution specified in the Acknowledgement Form/Card. Contributions to the Participant's Account must equal at least 7.5% of the Participant's Compensation, or such other minimum amount as shall be required for the Plan to be considered a retirement system under Code §3121(b)(7)(F) and Treas. Reg. 31.3121(b)(7)-2, and the reduction in the Participant's salary shall begin immediately thereafter.

(B) Eligibility to participate for current Employees. An Employee who is newly eligible to participate in the Plan shall, prior to becoming eligible to participate in the Plan, sign and file with the Administrative Services Provider an Acknowledgement Form/Card and thereby consent to a reduction of salary by the amount of the Deferral Contribution specified in the Acknowledgement Form/Card. Allocations to the Participant's Account must equal at least 7.5% of the Participant's Compensation or such other minimum amount as shall be required for the Plan to be considered a retirement system under Code §3121(b)(7)(F) and Treas. Reg. §31.3121(b)(7)-2, and the reduction in the Participant's salary shall begin no earlier than the first pay period commencing during the first month after the date on which the Acknowledgement Form/Card is filed with the Administrative Services Provider.

(C) Takeover Plans. If the Plan is a restated Plan, an Employee who participated in the predecessor plan shall become a Participant in the Plan upon the Employer's execution of the enabling documents for this Plan. Allocations to each such Participant's Account must equal at least 7.5% of the Participant's Compensation, or such other minimum amount as shall be required for the Plan to be considered a retirement system under Code §3121(b)(7)(F) and Treas. Reg. §31.3121(b)(7)-2, and the reduction in the Participant's salary shall begin immediately thereafter.

ARTICLE III
DEFERRAL CONTRIBUTIONS/LIMITATIONS

3.01 AMOUNT.

(A) Contribution Formula. For each Plan Year, the Employer will contribute to the Plan the amount of Deferral Contributions the Employee elects to defer under the Plan.

(B) Return of Contributions. The Employer contributes to this Plan on the condition its contribution is not due to a mistake of fact. If any Participant Salary Reduction Contribution is due to a mistake of fact, the Employer or the Trustee upon written request from the Employer will return the Participant's contribution (adjusted for net income, gain or loss), within one year after payment of the contribution.

The Trustee may require the Employer to furnish it whatever evidence the Trustee deems necessary to enable the Trustee to confirm the amount the Employer has requested be returned is properly returnable.

(C) Time of Payment of Contribution. An Employer will deposit Salary Reduction Contributions to the Trust within a period that is not longer than is reasonable for the administration of Participant Accounts. Neither the Administrative Services Provider nor the Trustee is responsible for

the delay of deposits of Salary Reduction Contributions caused by the Employer.

3.02 SALARY REDUCTION CONTRIBUTIONS. The Plan does not apply any limitations on Salary Reduction Contributions other than the limitations applicable under the Code.

(A) Deferral from Sick, Vacation and Back Pay. Participants may make Salary Reduction Contributions from accumulated sick pay, from accumulated vacation pay or from back pay.

(B) Application to Leave of Absence and Disability. The Participation Agreement will continue to apply during the Participant's leave of absence or the Participant's disability (as the Employer shall establish), if the Participant has Compensation other than imputed compensation or disability benefits.

(C) Post-severance deferrals limited to Post-Severance Compensation. Deferral Contributions are permitted from an amount received following Severance from Employment only if the amount is Post-Severance Compensation.

Post-Severance Compensation defined. Post-Severance Compensation includes the amounts described in (1) and (2) below, paid after a Participant's Severance from Employment with the Employer, but only to the extent such amounts are paid by the later of 2½ months after Severance from Employment or the end of the calendar year that includes the date of such Severance from Employment.

(1) Regular pay. Post-Severance Compensation *includes* regular pay after Severance of Employment if: (i) the payment is regular compensation for services during the Participant's regular working hours, or compensation for services outside the Participant's regular working hours (such as overtime or shift differential), commissions, bonuses, or other similar payments; and (ii) the payment would have been paid to the Participant prior to a Severance from Employment if the Participant had continued in employment with the Employer.

(2) Leave cashouts. Post-Severance Compensation *includes* leave cashouts if those amounts would have been included in the definition of Compensation if they were paid prior to the Participant's Severance from Employment, and the amounts are payment for unused accrued bona fide sick, vacation, or other leave, but only if the Participant would have been able to use the leave if employment had continued.

(3) Salary continuation payments for military service Participants. Post-Severance Compensation includes payments to an individual who does not currently perform services for the Employer by reason of Qualified Military Service (as described in Code §414(u)(1)) to the extent those payments do not exceed the amounts the individual would have received if the individual had continued to perform services for the Employer rather than entering Qualified Military Service.

Limitation on Post-Severance Compensation. Any payment of Compensation paid after Severance of Employment that is not described in Section 3.02(C)(1) or 3.02(C)(2) is not Post-Severance Compensation, even if payment is made by the later of 2½ months after Severance from Employment or by the end of the calendar year that includes the date of such Severance of Employment.

3.03 NORMAL LIMITATION. Except as provided in Sections 3.04 and 3.05, a Participant's maximum Deferral Contributions (excluding Rollover Contributions and Transfers) under this Plan for a Taxable Year may not exceed the lesser of:

(a) The applicable dollar amount as specified under Code §457(e)(15) (or, beginning January 1, 2006) such larger amount as the Commissioner of the Internal Revenue may prescribe), or

(b) 100% of the Participant's Includible Compensation for the Taxable Year.

3.04 NORMAL RETIREMENT AGE CATCH-UP CONTRIBUTION. For one or more of the Participant's last three Taxable Years ending before the Taxable Year in which the Participant attains Normal Retirement Age, the Participant's maximum Deferral Contributions may not exceed the lesser of:

(a) Twice the dollar amount under Section 3.03 normal limitation, or (b) the underutilized limitation.

(A) Underutilized Limitation. A Participant's underutilized limitation is equal to the sum of: (i) the normal limitation for the Taxable Year, and (ii) the normal limitation for each of the prior Taxable Years of the Participant commencing after 1978 during which the Participant was eligible to participate in the Plan and the Participant's Deferral Contributions were subject to the normal limitation or any other Code § 457(b) limit, *less* the amount of Deferral Contributions for each such prior Taxable Year, excluding age 50 catch-up contributions.

(B) Multiple 457 Plans. If the Employer maintains more than one Eligible 457 Plan, the Plans may not permit any Participant to have more than one Normal Retirement Age under the Plans.

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(C) Pre-2002 Coordination. In determining a Participant's underutilized limitation, the coordination rule in effect under now repealed Code §457(c)(2) applies. Additionally, the normal limitation for pre-2002 Taxable Years is applied in accordance with Code § 457(b)(2) as then in effect.

3.05 AGE 50 CATCH-UP CONTRIBUTION. All Employees who are eligible to make Salary Reduction Contributions under this Plan and who have attained age 50 before the close of the Taxable Year are eligible to make age 50 catch-up contributions for that Taxable Year in accordance with, and subject to the limitations of, Code § 414(v). Such catch-up contributions are not taken into account for purposes of the provisions of the plan implementing the required limitations of Code § 457. If, for a Taxable Year, an Employee makes a catch-up contribution under Section 3.04, the Employee is not eligible to make age 50 catch-up contributions under this Section 3.05. A catch-up eligible Participant in each Taxable Year is entitled to the greater of the amount determined under Section 3.04 or Section 3.05 catch-up amount plus the Section 3.03 normal limitation.

3.06 CONTRIBUTION ALLOCATION. The Administrative Services Provider will allocate to each Participant's Account his/her Deferral Contributions.

3.07 ALLOCATION CONDITIONS. The Plan does not impose any allocation conditions.

3.08 ROLLOVER CONTRIBUTIONS. The Plan permits Rollover Contributions.

(A) Operational Administration. The Employer, operationally and on a nondiscriminatory basis, may elect to permit or not to permit Rollover Contributions to this Plan or may elect to limit an eligible Employee's right or a Participant's right to make a Rollover Contribution. If the Employer permits Rollover Contributions, any Participant (or as applicable, any eligible Employee), with the Employer's written consent and after filing with the Trustee the form prescribed by the Administrative Services Provider, may make a Rollover Contribution to the Trust. Before accepting a Rollover Contribution, the Trustee may require a Participant (or eligible Employee) to furnish satisfactory evidence the proposed transfer is in fact a "Rollover Contribution" which the Code permits an employee to make to an eligible retirement plan. The Trustee, in its sole discretion, may decline to accept a Rollover Contribution of property which could: (1) generate unrelated business taxable income; (2) create difficulty or undue expense in storage, safekeeping or valuation; or (3) create other practical problems for the Trust.

(B) Pre-Participation Rollover. If an eligible Employee makes a Rollover Contribution to the Trust prior to satisfying the Plan's eligibility conditions, the Administrative Services Provider and Trustee must treat the Employee as a limited Participant (as described in Rev. Rul. 96-48 or in any successor ruling). If a limited Participant has a Severance from Employment prior to becoming a Participant in the Plan, the Trustee will distribute his/her Rollover Contributions Account to the limited Participant in accordance with Article IV.

(C) Separate Accounting. If an Employer permits Rollover Contributions, the Administrative Services Provider must account separately for: (1) amounts rolled into this Plan from an eligible retirement plan (other than from another Eligible 457 plan); and (2) amounts rolled into this Plan from another Eligible 457 Plan. The Administrative Services Provider for purposes of ordering any subsequent distribution from this Plan may designate a distribution from a Participant's Rollover Contributions as coming first from either of (1) or (2) above if the Participant has both types of Rollover Contribution Accounts.

3.09 DISTRIBUTION OF EXCESS DEFERRALS. In the event that a Participant has Excess Deferrals, the Plan will distribute to the Participant the Excess Deferrals and allocable net income, gain or loss, in accordance with this Section 3.09.

The Administrative Services Provider will distribute Excess Deferrals from an Eligible 457 Plan as soon as is reasonably practicable following the Administrative Services Provider's or Employer's determination of the amount of the Excess Deferral.

(A) Plan Aggregation. If the Employer maintains more than one Eligible 457 Plan, the Employer must aggregate all such Plans in determining whether any Participant has Excess Deferrals.

(B) Individual Limitation. If a Participant participates in another Eligible 457 Plan maintained by a different employer, and the Participant has Excess Deferrals, the Administrative Services Provider may, but is not required, to correct the Excess Deferrals by making a corrective distribution from this Plan.

3.10 DOLLAR LIMITS. The table below shows the applicable dollar amounts described in paragraph 3.03(a) and limitations on age 50 catch-up contributions described in Section 3.05. These amounts are adjusted after 2006 for changes in the cost-of-living to the extent permitted in Code § 415(d).

Year	Applicable Dollar Amount	Age 50+ Catch-up Contribution Limitation
2002	$11,000	$1,000
2003	$12,000	$2,000
2004	$13,000	$3,000
2005	$14,000	$4,000
2006	$15,000	$5,000

ARTICLE IV
TIME AND METHOD OF PAYMENT OF BENEFITS

4.01 DISTRIBUTION RESTRICTIONS. Except as the Plan provides otherwise, the Administrative Services Provider or Trustee may not distribute to a Participant his/her Account prior to the Participant's Severance from Employment, or such other event for which federal legislation is enacted or regulatory relief granted permitting the Plan to make distributions to qualifying Participants.

(A) Distribution of Rollover Contributions. To the extent the Employer permits Rollover Contributions (but not Transfers) to this Plan, a Participant may receive a distribution of such Rollover Contributions without regard to the restrictions found in this Section 4.01.

4.02 TIME AND METHOD OF PAYMENT OF ACCOUNT. The Administrative Services Provider, or Trustee at the direction of the Administrative Services Provider, will distribute to a Participant who has incurred a Severance from Employment the Participant's Account under one or any combination of payment methods elected by the Participant. The Participant may elect one of the following methods of payment: (1) lump sum payment, (2) partial lump sum payment, (3) installment, or (4) an annuity. In no event will the Administrative Services Provider direct (or direct the Trustee to commence) distribution, nor will the Participant elect to have distribution commence, later than the Participant's required beginning date, or under a method that does not satisfy Section 4.03.

Subject to any restrictions imposed by the Participant's investment providers and the Administrative Services Provider, the Participant: (1) may elect to commence distribution no earlier than is administratively practical following Severance from Employment; (2) may elect to postpone distribution of his/her Account to any fixed or determinable date including, but not beyond, the Participant's required beginning date; and (3) may elect the method of payment. A Participant may elect the timing and method of payment of his/her Account no later than 30 days before the date the Participant first would be eligible to commence payment of the Participant's Account. The Administrative Services Provider must furnish to the Participant a form for the Participant to elect the time and a method of payment.

4.03 REQUIRED MINIMUM DISTRIBUTIONS. The Administrative Services Provider may not distribute nor direct the Trustee to distribute the Participant's Account, nor may the Participant elect any distribution his/her Account, under a method of payment which, as of the required beginning date, does not satisfy the minimum distribution requirements of Code § 401(a)(9) or which is not consistent with applicable Treasury regulations.

(A) General Rules.

(1) **Precedence**. The requirements of this Section 4.03 will take precedence over any inconsistent provisions of the Plan.

(2) **Requirements of Treasury Regulations Incorporated**. All distributions required under this Section 4.03 will be determined and made in accordance with the Treasury regulations under Code § 401(a)(9).

(B) Time and Manner of Distribution

(1) **Required Beginning Date.** The Participant's entire interest will be distributed, or begin to be distributed, to the Participant no later than the Participant's required beginning date.

(2) **Death of Participant Before Distribution Begins.** If the Participant dies before distributions begin, the Participant's entire interest will be distributed, or begin to be distributed, no later than as follows:

(a) Spouse Designated Beneficiary. If the Participant's surviving spouse is the Participant's sole designated Beneficiary, distributions to the surviving spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Participant dies, or by December 31 of the calendar year in which the Participant would have attained age 70½, if later.

(b) Non-Spouse Designated Beneficiary. If the Participant's surviving spouse is not the Participant's sole designated Beneficiary, then, distributions to the designated Beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died.

(c) No Designated Beneficiary. If there is no designated Beneficiary as of September 30 of the year following the year of the Participant's death, the Participant's entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

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(d) Death of Spouse. If the Participant's surviving spouse is the Participant's sole designated Beneficiary and the surviving spouse dies after the Participant but before distributions to the surviving spouse begin, this Section 4.03(B)(2) other than Section 4.03(B)(2)(a), will apply as if the surviving spouse were the Participant.

For purposes of this Section 4.03(B) and Section 4.03(D), unless Section 4.03(B)(2)(d) applies, distributions are considered to begin on the Participant's required beginning date. If Section 4.03(B)(2)(d) applies, distributions are considered to begin on the date distributions are required to begin to the surviving spouse under Section 4.03(B)(2)(a). If distributions under an annuity purchased from an insurance company irrevocably commence to the Participant before the Participant's required beginning date (or to the Participant's surviving spouse before the date distributions are required to begin to the surviving spouse under Section 4.03(B)(2)(a), the date distributions are considered to begin is the date distributions actually commence.

(3) **Forms of Distribution.** Unless the Participant's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the required beginning date, as of the first distribution calendar year distributions will be made in accordance with Sections 4.03(C) and 4.03(D). If the Participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of Section 4.01(a)(9) of the Code and the Treasury regulations.

(C) Required Minimum Distributions during Participant's Lifetime.

(1) **Amount of Required Minimum Distribution for Each Distribution Calendar Year.** During the Participant's lifetime, the minimum amount that will be distributed for each distribution calendar year is the lesser of:

(a) ULT. The quotient obtained by dividing the Participant's account balance by the number in the Uniform Life Table set forth in Treas. Reg. §1.401(a)(9)-9, using the Participant's attained age as of the Participant's birthday in the distribution calendar year; or

(b) Younger Spouse. If the Participant's sole designated Beneficiary for the distribution calendar year is the Participant's spouse, the quotient obtained by dividing the Participant's account balance by the number in the Joint and Last Survivor Table set forth in Treas. Reg. §1.401(a)(9)-9, using the Participant's and spouse's attained ages as of the Participant's and spouse's birthdays in the distribution calendar year.

(2) **Lifetime Required Minimum Distributions Continue Through Year of Participant's Death.** Required minimum distributions will be determined under this Section 4.03(C) beginning with the first distribution calendar year and up to and including the distribution calendar year that includes the Participant's date of death.

(D) Required Minimum Distributions after Participant's Death.

(1) **Death On or After Distributions Begin.**

(a) Participant Survived by Designated Beneficiary. If the Participant dies on or after the date distributions begin and there is a designated Beneficiary, the minimum amount that will be distributed for the distribution calendar year of the Participant's death is obtained by dividing the Participant's account balance by the remaining life expectancy of the Participant. The Participant's remaining life expectancy is calculated using the attained age of the Participant as of the Participant's birthday in the calendar year of death. For each distribution calendar year after the year of the Participant's death, the minimum amount that will be distributed is the quotient obtained by dividing the Participant's account balance by the remaining life expectancy of the Participant's designated Beneficiary.

(b) No Designated Beneficiary. If the Participant dies on or after the date distributions begin and there is no designated Beneficiary as of September 30 of the calendar year after the calendar year of the Participant's death, the minimum amount that will be distributed for each distribution calendar year after the calendar year of the Participant's death is the quotient obtained by dividing the Participant's account balance by the Participant's remaining life expectancy calculated using the attained age of the Participant as of the Participant's birthday in the calendar year of death, reduced by one for each subsequent calendar year.

(2) **Death before Date Distributions Begin.**

(a) Participant Survived by Designated Beneficiary. If the Participant dies before the date distributions begin and there is a designated Beneficiary, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's account balance by the remaining life expectancy of the Participant's designated Beneficiary, determined as provided in Section 4.03(D)(1).

(b) No Designated Beneficiary. If the Participant dies before the date distributions begin and there is no designated Beneficiary as of September 30 of the year following the year of the

Participant's death, distribution of the Participant's entire interest will be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(c) Death of Surviving Spouse Before Distributions to Surviving Spouse Are Required to Begin. If the Participant dies before the date distributions begin, the Participant's surviving spouse is the Participant's sole designated Beneficiary, and the surviving spouse dies before distributions are required to begin to the surviving spouse under Section 4.03(B)(2)(a), this Section 4.03(D)(2) will apply as if the surviving spouse were the Participant.

(E) Definitions

(1) **Designated Beneficiary.** The individual who is designated as the Beneficiary under the Plan and is the designated beneficiary under Code §401(a)(9) and Treas. Reg. §1.401(a)(9)-1, Q&A-4.

(2) **Distribution calendar year.** A distribution calendar year means a calendar year for which a minimum distribution is required. For distributions beginning before the Participant's death, the first distribution calendar year is the calendar year immediately preceding the calendar year which contains the Participant's required beginning date. For distributions beginning after the Participant's death, the first distribution calendar year is the calendar year in which the distributions are required to begin under Section 4.03(B)(2). The required minimum distribution for the Participant's first distribution calendar year will be made on or before the Participant's required beginning date. The required minimum distribution for other distribution calendar years, including the required minimum distribution for the distribution calendar year in which the Participant's required beginning date occurs, will be made on or before December 31 of that distribution calendar year.

(3) **Life expectancy.** Life expectancy as computed by use of the Single Life Table in Treas. Reg. §1.401(a)(9)-9.

(4) **Participant's account balance.** The account balance as of the last valuation date in the calendar year immediately preceding the distribution calendar year (valuation calendar year) increased by the amount of any contributions made and allocated or forfeitures allocated to the account balance as of dates in the valuation calendar year after the valuation date and decreased by distributions made in the valuation calendar year after the valuation date. The account balance for the valuation calendar year includes any Rollover Contributions or Transfers to the Plan either in the valuation calendar year or in the distribution calendar year if distributed or transferred in the valuation calendar year.

(5) **Required beginning date.** A Participant's required beginning date is the April 1 of the calendar year following the later of: (1) the calendar year in which the Participant attains age 70½, or (2) the calendar year in which the Participant retires or such other date under Code § 401(a)(9) by which required minimum distributions must commence.

(F) General 2009 waiver. The requirements of Code § 401(a)(9) and the provisions of the Plan relating thereto, will not apply for the distribution calendar year 2009.

(1) **Special rule regarding waiver period.** For purposes of Code § 401(a)(9) and the provisions of the Plan relating thereto: (a) the required beginning date with respect to any individual will be determined without regard to this Article IV for purposes of applying Code § 401(a)(9) for distribution calendar years other than 2009; and (b) if the 5-year rule of Code § 401(a)(9)(B)(ii) applies, the 5-year period described therein shall be determined without regard to calendar year 2009.

(2) **Eligible rollover distributions.** If all or any portion of a distribution during 2009 is treated as an eligible rollover distribution but would not be so treated if the minimum distribution requirements under Code § 401(a)(9) had applied during 2009, then the Plan will not treat such distribution as an eligible rollover distribution for purposes of the direct rollover rules of Code § 401(a)(31), the notice requirements of Code §402(f), or the 20% withholding requirement of Code §3405(c).

(3) **Participant may elect.** The Plan will permit an affected Participant to elect whether to receive his/her RMD distribution for 2009. If the Participant fails to notify the Administrative Services Provider of his/her waiver, the Plan will distribute the 2009 RMD to the Participant.

4.04 DEATH BENEFITS. Upon the death of the Participant, the Administrative Services Provider must pay or direct the Trustee to pay the Participant's Account in accordance with Section 4.03. Subject to Section 4.03, a Beneficiary may elect the timing and method of payment in the same manner as a Participant may elect under Section 4.02, if such elections apply.

In the case of a death occurring on or after January 1, 2007, if a participant dies while performing qualified military service (as defined in Code § 414(u)), the survivors of the Participant are entitled to any additional benefits (other than benefit accruals relating to the period of qualified military service) provided under the Plan as if the participant had resumed and then terminated employment on account of death.

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4.05 DISTRIBUTIONS PRIOR TO SEVERANCE FROM EMPLOYMENT. Notwithstanding the Section 4.01 distribution restrictions, the Plan permits the following in-service distributions in accordance with this Section.

(A) Unforeseeable Emergency. In the event of a Participant's unforeseeable emergency, the Administrative Services Provider may make a distribution to a Participant who has not incurred a Severance from Employment.

An unforeseeable emergency is a severe financial hardship of a Participant or Beneficiary resulting from: (1) illness or accident of the Participant, the Participant's Beneficiary, or the Participant's spouse or dependent (as defined in Code § 152, and, for taxable years beginning on or after January 1, 2005, without regard to Code § 152(b)(1), (b)(2), and (d)(1)(B)); (2) loss of the Participant's or Beneficiary's property due to casualty; (3) the need to pay for the funeral expenses of the Participant's spouse or dependent (as defined in Code § 152, and, for taxable years beginning on or after January 1, 2005, without regard to Code § 152(b)(1), (b)(2), and (d)(1)(B)); or (4) other similar extraordinary and unforeseeable circumstances arising from events beyond the Participant's or Beneficiary's control. The Administrative Services Provider will not pay the Participant or the Beneficiary more than the amount reasonably necessary to satisfy the emergency need, which may include amounts necessary to pay taxes or penalties on the distribution. The Administrative Services Provider will not make payment to the extent the Participant or Beneficiary may relieve the financial hardship by cessation of deferrals under the Plan, through insurance or other reimbursement, or by liquidation of the individual's assets to the extent such liquidation would not cause severe financial hardship.

The Participant's Beneficiary is a person who a Participant designates as a "primary beneficiary" and who is or may become entitled to a Participant's Plan account upon the Participant's death.

A Participant's unforeseeable emergency event includes a severe financial hardship of the participant's primary Beneficiary under the Plan, that would constitute an emergency event if it occurred with respect to the participant's spouse or dependent as defined under Code § 152.

(B) De minimis distribution. A Participant may elect to receive a distribution of his/her Account where: (1) the Participant's Account (disregarding Rollover Contributions) does not exceed $5,000 (or such other amount as does not exceed the Code § 411(a)(11)(A) dollar amount); (2) the Participant has not made or received an allocation of any Deferral Contributions under the Plan during the two-year period ending on the date of distribution; and (3) the Participant has not received a prior distribution under this Section 4.05(B).

(C) Distribution of Rollover Contributions. A Participant may request and receive distribution of his/her Account attributable to Rollover Contributions (but not to Transfers) before the Participant has a distributable event under Section 4.01.

4.06 DISTRIBUTIONS UNDER QUALIFIED DOMESTIC RELATIONS ORDERS (QDROs). Notwithstanding any other provision of this Plan, the QDRO provisions will apply. The Administrative Services Provider (and any Trustee) must comply with the terms of a QDRO, as defined in Code § 414(p), which is issued with respect to the Plan.

(A) Time and Method of Payment. This Plan specifically permits distribution to an alternate payee under a QDRO at any time, notwithstanding any contrary Plan provision and irrespective of whether the Participant has attained his/her earliest retirement age (as defined under Code § 414(p)) under the Plan. Nothing in this Section 4.06 gives a Participant a right to receive distribution at a time the Plan otherwise does not permit nor authorizes the alternate payee to receive a form of payment the Plan does not permit.

(B) QDRO Procedures. Upon receiving a domestic relations order, the Administrative Services Provider promptly will notify the Participant and any alternate payee named in the order, in writing, of the receipt of the order and the Plan's procedures for determining the qualified status of the order. Within a reasonable period of time after receiving the domestic relations order, the Administrative Services Provider must determine the qualified status of the order and must notify the Participant and each alternate payee, in writing, of the Administrative Services Provider's determination. The Administrative Services Provider must provide notice under this paragraph by mailing to the individual's address specified in the domestic relations order.

(C) Accounting. If any portion of the Participant's Account Balance is payable under the domestic relations order during the period the Administrative Services Provider is making its determination of the qualified status of the domestic relations order, the Administrative Services Provider may maintain a separate accounting of the amounts payable. If the Administrative Services Provider determines the order is a QDRO within 18 months of the date amounts first are payable following receipt of the domestic relations order, the Administrative Services Provider will distribute or will direct the Trustee to distribute the payable amounts in accordance with the QDRO. If the Administrative Services Provider does not make its determination of the qualified status of the order within the 18-month determination period,

the Administrative Services Provider will distribute or will direct the Trustee to distribute the payable amounts in the manner the Plan would distribute if the order did not exist and will apply the order prospectively if the Administrative Services Provider later determines the order is a QDRO.

To the extent it is not inconsistent with the provisions of the QDRO, the Administrative Services Provider may segregate or may direct the Trustee to segregate the QDRO amount in a segregated investment account. The Administrative Services Provider or Trustee will make any payments or distributions required under this Section 4.06 by separate benefit checks or other separate distribution to the alternate payee(s).

(D) Permissible QDROs. A domestic relations order that otherwise satisfies the requirements for a qualified domestic relations order ("QDRO") will not fail to be a QDRO: (i) solely because the order is issued after, or revises, another domestic relations order or QDRO; or (ii) solely because of the time at which the order is issued, including issuance after the annuity starting date or after the participant's death.

4.07 DIRECT ROLLOVER OF ELIGIBLE ROLLOVER DISTRIBUTIONS – GOVERNMENTAL PLAN.

(A) Participant Election. A Participant (including for this purpose, a former Employee) may elect, at the time and in the manner the Administrative Services Provider prescribes, to have any portion of his/her eligible rollover distribution from the Plan paid directly to an eligible retirement plan specified by the Participant in a direct rollover election. For purposes of this election, a "Participant" includes as to their respective interests, a Participant's surviving spouse and the Participant's spouse or former spouse who is an alternate payee under a QDRO.

(B) Rollover and Withholding Notice. At least 30 days and not more than 180 days prior to the Trustee's distribution of an eligible rollover distribution, the Administrative Services Provider must provide a written notice (including a summary notice as permitted under applicable Treasury regulations) explaining to the distributee the rollover option, the applicability of mandatory 20% federal withholding to any amount not directly rolled over, and the recipient's right to roll over within 60 days after the date of receipt of the distribution ("rollover notice").

(C) Non-spouse Beneficiary rollover right. A non-spouse Beneficiary who is a "designated beneficiary" under Code § 401(a)(9)(E) and the regulations thereunder, by a direct trustee-to-trustee transfer ("direct rollover"), may roll over all or any portion of his/her distribution to an individual retirement account the Beneficiary establishes for purposes of receiving the distribution. In order to be able to roll over the distribution, the distribution otherwise must satisfy the definition of an eligible rollover distribution.

(1) **Certain requirements not applicable.** Although a non-spouse Beneficiary may roll over directly a distribution, commencing with distributions after December 31, 2009, the distribution will be subject to the direct rollover requirements of Code § 401(a)(31) (including the automatic rollover provisions of Code § 401(a)(31)(B)), the notice requirements of Code § 402(f) and the mandatory withholding requirements of Code § 3405(c). If a non-spouse Beneficiary receives a distribution from the Plan, the distribution is not eligible for a "60-day" rollover.

(2) **Trust Beneficiary.** If the participant's named Beneficiary is a trust, the Plan may make a direct rollover to an individual retirement account on behalf of the trust, provided the trust satisfies the requirements to be a designated beneficiary within the meaning of Code § 401(a)(9)(E).

(3) **Required minimum distributions not eligible for rollover.** A non-spouse Beneficiary may not roll over an amount which is a required minimum distribution, as determined under applicable Treasury regulations and other Revenue Service guidance. If the participant dies before his/her required beginning date and the non-spouse Beneficiary rolls over to an IRA the maximum amount eligible for rollover, the Beneficiary may elect to use either the 5-year rule or the life expectancy rule, pursuant to Treas. Reg. § 1.401(a)(9)-3, A-4(c), in determining the required minimum distributions from the IRA that receives the non-spouse Beneficiary's distribution.

(D) Definitions. The following definitions apply to this Section:

(1) **Eligible rollover distribution.** An eligible rollover distribution is any distribution of all or any portion of a Participant's Account, except an eligible rollover distribution does not include: (a) any distribution which is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Participant or the joint lives (or joint life expectancies) of the Participant and the Participant's designated Beneficiary, or for a specified period of ten years or more; (b) any Code § 401(a)(9) required minimum distribution; (c) any unforeseeable emergency distribution; and (d) any distribution which otherwise would be an eligible rollover distribution, but where the total distributions to the Participant during that calendar year are reasonably expected to be less than $200.

(2) **Eligible retirement plan.** An eligible retirement plan is an individual retirement account

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described in Code § 408(a), an individual retirement annuity described in Code § 408(b), an annuity plan described in Code § 403(a), a qualified plan described in Code § 401(a), an annuity contract (or custodial agreement) described in Code § 403(b), or an eligible deferred compensation plan described in Code § 457(b) and maintained by an Employer described in Code § 457(e)(1)(A), which accepts the Participant's, the Participant's spouse or alternate payee's eligible rollover distribution. For distributions made after December 31, 2007, a Participant or Beneficiary may elect to roll over directly an eligible rollover distribution to a Roth IRA described in Code § 408A(b).

(3) **Direct rollover.** A direct rollover is a payment by the Plan to the eligible retirement plan specified by the distributee.

(4) **Mandatory distribution.** The Administrative Services Provider is directed to make a mandatory distribution, which is an eligible rollover distribution, without the Participant's consent provided that the Participant's Account is less than $1,000. A distribution to a Beneficiary is not a mandatory distribution.

(5) **401(a)(31)(B) Effective Date.** The § 401(a)(31)(B) Effective Date is the date of the close of the first regular legislative session of the legislative body with the authority to amend the Plan that begins on or after January 1, 2006.

4.08 ELECTION TO DEDUCT FROM DISTRIBUTION. For distributions in taxable years beginning after December 31, 2006, an Eligible Retired Public Safety Officer may elect annually for that taxable year to have the Plan deduct an amount from a distribution which the Eligible Retired Public Safety Officer otherwise would receive and include in income. The plan will pay such deducted amounts directly to the provider as described in Section 4.08(A).

(A) Direct payment. The Plan will pay directly to the provider of the accident or health insurance plan or qualified long-term care insurance contract the amounts the Eligible Retired Public Safety Officer has elected to have deducted from the distribution. Such amounts may not exceed the lesser of $3,000 or the amount the Participant paid for such taxable year for qualified healthcare premiums, and which otherwise complies with Code § 402(l).

(B) Definitions.

(1) **Eligible retired public safety officer.** An "Eligible Retired Public Safety Officer" is an individual who, by reason of disability or attainment of normal retirement age, has experienced a Severance from Employment as a Public Safety Officer with the Employer.

(2) **Public safety officer.** A "Public Safety Officer" has the same meaning as in § 1204(9)(A) of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. § 3796b(9)(A)).

(3) **Qualified health insurance premiums.** The term "qualified health insurance premiums" means premiums for coverage for the Eligible Retired Public Safety Officer, his/her spouse, and dependents, by an accident or health plan or qualified long-term care insurance contract (as defined in Code § 7702B(b)).

ARTICLE V
ADMINISTRATIVE SERVICES PROVIDER - DUTIES

5.01 TERM / VACANCY. The Administrative Services Provider will serve until his/her successor is appointed. In case the Employer has not appointed a successor Administrative Services Provider, the Employer will exercise any and all duties of the Administrative Services Provider pending the filling of the vacancy.

5.02 DUTIES. The Administrative Services Provider will have the following duties:

(a) To create administrative forms necessary for the proper and efficient administration of the Plan provided the forms are not inconsistent with the terms of the Plan;

(b) To enforce the terms of the Plan and its procedures, including this document and such other documents related to the Plan's operation;

(c) To make, at the direction of the Participant or Beneficiary or pursuant to Section 4.07(D)(4), distributions of an Account;

(d) To review in accordance with the Plan's procedures respecting a claim for (or denial of a claim for) a benefit under the Plan;

(e) To furnish the Employer with information which the Employer may require for tax or other purposes;

(f) To make distributions on account of unforeseeable emergency in accordance with the Plan's procedures;

(g) To accept Deferral Contributions, Employer Contributions, and Rollover Contributions;

(h) To accept Transfers;

(i) To accept Participant or, in the case of a deceased Participant, Beneficiary direction of investment;

(j) To comply with any reporting and disclosure rules applicable to the Plan;

(k) To make loans to Participants if elected by the Employer;

(l) To appoint agents to act for and in performing its third party administrative services to the Plan; and

(m) To undertake any other action the Administrative Services Provider deems reasonable or necessary to provide third party administrative services to the Plan.

5.03 LOANS TO PARTICIPANTS. The Employer may elect to permit the Administrative Services Provider and/or Trustee to make Plan loans to Participants by executing a participant loan program document with the Administrative Services Provider. Any loan by the Plan to a Participant shall be made in compliance with Code § 72(p). If Plan loans are permitted, the Administrative Services Provider, with the approval and direction of the Employer, may establish, amend or terminate from time to time, nondiscriminatory administrative procedures for administering loans. Such loan procedures must be a written document and must include: (1) the procedure for applying for a loan; (2) the criteria for approving or denying a loan; (3) the limitations, if any, on the types and amounts of loans available; and (4) the events constituting default and the steps the Plan will take to preserve Plan assets in the event of default. Any administrative procedures adopted under this Section 5.03 shall be construed as part of the Plan.

5.04 INDIVIDUAL ACCOUNTS / RECORDS. The Administrative Services Provider will maintain a separate Account in the name of each Participant to reflect the value of the Participant's Deferred Compensation under the Plan.

5.05 VALUE OF PARTICIPANT'S ACCOUNT. The value of each Participant's Account consists of his/her accumulated Deferred Compensation, as of the most recent Accounting Date or any later date as the Administrative Services Provider may determine.

5.06 ALLOCATION OF NET INCOME, GAIN OR LOSS. As of each Accounting Date (and each other valuation date determined under Section 5.04), the Administrative Services Provider will adjust Accounts to reflect net income, gain or loss, if any, since the last Accounting Date or Account valuation. The Administrative Services Provider will continue to allocate net income, gain and loss to a Participant's Account subject to an installment distribution, until the Account is fully distributed.

5.07 ACCOUNT CHARGED The Administrative Services Provider will charge all distributions made to a Participant or to his/her Beneficiary, or transferred under Section 9.03 from his/her Account, against the Account of the Participant when made.

5.08 PARTICIPANT DIRECTION OF INVESTMENT. Subject to the terms and conditions required by the Administrative Services Provider and the Trustee, if any, a Participant will have the right to direct the investment or re-investment of the assets comprising the Participant's Account. The Administrative Services Provider will account separately for the Participant-directed Accounts. The Participant's right to direct investment does not give the Participant any vested interest or secured or preferred position with respect to assets over which he/she has investment responsibility.

5. 09 VESTING / SUBSTANTIAL RISK OF FORFEITURE. Each Participant's Account will be immediately 100% vested.

5.10 PRESERVATION OF ELIGIBLE PLAN STATUS. The Employer may take any such necessary and appropriate action to preserve the status of the Plan as an Eligible 457 Plan.

5.11 LIMITED LIABILITY. The Employer will not be liable to pay plan benefits to a Participant in excess of the value of the Participant's Account as the Administrative Services Provider determines in accordance with the Plan terms. The Employer, the Administrative Services Provider, or the Trustee will not be liable for losses arising from depreciation or shrinkage in the value of any investments acquired under this Plan.

5.12 LOST PARTICIPANTS. If the Administrative Services Provider is unable to locate any Participant or Beneficiary whose Account becomes distributable (a "lost Participant"), the Administrative Services Provider will apply the provisions of this Section 5.12.

(A) Attempt to Locate. The Administrative Services Provider will attempt to locate a lost Participant and may use one or more of the following methods: (1) provide a distribution notice to the lost Participant at his/her last known address by certified or registered mail; (2) use the IRS letter forwarding program under Rev. Proc. 94-22; (3) use a commercial locator service, the internet or other general search method; (4) use the Social Security Administration or PBGC search program; or (5) use such other methods as the Administrative Services Provider believes prudent.

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(B) Failure to Locate. If a lost Participant is not located after 6 months following the date the Administrative Services Provider first attempts to locate the lost Participant using one or more of the methods described in Section 5.12(A), the Administrative Services Provider may employ the unclaimed property processes of the state of the lost Participant's last known address. Neither the Administrative Services Provider nor the Trustee shall be responsible for restoring the Account (including potential gains) if a lost Participant whose Account was deposited with a state later makes a claim for his/her Account.

(C) Nonexclusivity and Uniformity. The provisions of this Section 5.12 are intended to provide permissible but not exclusive means for the Administrative Services Provider to administer the Accounts of lost Participants. The Administrative Services Provider may utilize any other reasonable method to locate lost Participants and to administer the Accounts of lost Participants, including such methods as the Revenue Service or other regulatory agency may in the future specify. The Administrative Services Provider will apply Section 5.12 in a reasonable manner, but may in determining a specific course of action as to a particular Account, reasonably take into account differing circumstances such as the amount of a lost Participant's Account, the expense in attempting to locate a lost Participant, the Administrative Services Provider's ability to establish and the expense of establishing a rollover IRA, and other factors. The Administrative Services Provider may charge to the Account of a lost Participant the reasonable expenses incurred under this Section 5.12 and which are associated with the lost Participant's Account.

5.13 PLAN CORRECTION. The Administrative Services Provider, as directed by the Employer, may undertake such correction of Plan errors as the Employer deems necessary, including but not limited to correction to maintain the Plan's status as an "eligible deferred compensation plan" under the Code.

ARTICLE VI
PARTICIPANT ADMINISTRATIVE PROVISIONS

6.01 BENEFICIARY DESIGNATION. A Participant from time to time may designate, in writing, any person(s) (including a trust or other entity), contingently or successively, to whom the Administrative Services Provider or Trustee will pay the Participant's Account (including any life insurance proceeds payable to the Participant's Account) in the event of death. A Participant also may designate the method of payment of his/her Account. The Administrative Services Provider will prescribe the form for the Participant's written designation of Beneficiary and, upon the Participant's filing the form with the Administrative Services Provider, the form revokes all designations filed prior to that date by the same Participant. Provided the Administrative Services Provider has been provided reasonable notice thereof, a divorce decree, or a decree of legal separation, revokes the Participant's designation, if any, of his/her spouse as his/her Beneficiary under the Plan unless: (a) the decree or a QDRO provides otherwise; or (b) the Participant has re-designated his/her former spouse as Beneficiary following the date of the divorce decree, or other decree of legal separation. The foregoing revocation provision (if applicable) applies only with respect to a Participant whose divorce or legal separation becomes effective on or following the date the Employer executes the Plan.

6.02 NO BENEFICIARY DESIGNATION. If a Participant fails to name a Beneficiary in accordance with Section 6.01, or if the Beneficiary named by a Participant predeceases the Participant, then the Administrative Services Provider will pay the Participant's remaining Account to the Participant's estate.

If the Beneficiary survives the Participant, but dies prior to distribution of the Participant's entire Account, the Trustee will pay the remaining Account to the Beneficiary's estate unless: (1) the Participant's Beneficiary designation provides otherwise; or (2) the Beneficiary has properly designated a Beneficiary. A Beneficiary only may designate a Beneficiary for the Participant's Account Balance remaining at the Beneficiary's death, and the Beneficiary's designation otherwise complies with the Plan terms. The Administrative Services Provider will direct a Trustee if applicable as to the method and to whom the Trustee will make payment under this Section 6.02.

6.03 PARTICIPATION AGREEMENT.

(A) General. A Participant must elect to make Salary Reduction Contributions on a Participation Agreement form the Administrative Services Provider provides for this purpose. The Participation Agreement must be consistent with the procedures of the Administrative Services Provider. The Participation Agreement may impose such other terms and limitations as the Employer or Administrative Services Provider may determine.

(B) Election Timing. A Participation Agreement may not take effect earlier than the first day of the calendar month following the date the Participant executes the Participation Agreement and as to Compensation paid or made available in such calendar month. However, if an Employee is eligible to become a Participant during the Employee's calendar month of hire, the Employee may execute a Participation Agreement on or before the date he/she

becomes an Employee, effective for the month in which he/she becomes an Employee.

(C) Sick, Vacation and Back Pay. If the Employer adopts a policy that permits Participants to make Salary Reduction Contributions from accumulated sick pay, from accumulated vacation pay or from back pay, a Participant who will incur a Severance from Employment may execute a Participation Agreement before such amounts are paid or made available provided: (i) such amounts are paid or made available before the Participant incurs the Severance; and (ii) the Participant is an Employee in that month.

(D) Modification of Participation Agreement. A Participation Agreement remains in effect until a Participant modifies it or ceases to be eligible to participate in the Plan. A Participant may modify his/her Participation Agreement by executing a new Participation Agreement. Any modification will become effective no earlier than the beginning of the calendar month commencing after the date the Participant executes the new Participation Agreement. Filing a new Participation Agreement will revoke all Participation Agreements filed prior to that date. The Employer or Administrative Services Provider may restrict the Participant's right to modify his/her Participation Agreement in any Taxable Year.

6.04 PERSONAL DATA TO ADMINISTRATIVE SERVICES PROVIDER. Each Participant and each Beneficiary of a deceased Participant must furnish to the Administrative Services Provider such evidence, data or information as the Administrative Services Provider considers necessary or desirable for the purpose of administering the Plan. The provisions of this Plan are effective for the benefit of each Participant upon the condition precedent that each Participant will furnish promptly full, true and complete evidence, data and information when requested by the Administrative Services Provider, provided the Administrative Services Provider advises each Participant of the effect of his failure to comply with its request.

6.05 ADDRESS FOR NOTIFICATION. Each Participant and each Beneficiary of a deceased Participant must file with the Administrative Services Provider from time to time, in writing, his/her address and any change of address. Any communication, statement or notice addressed to a Participant, or Beneficiary, at his/her last address filed with the Administrative Services Provider, or as shown on the records of the Employer, binds the Participant, or Beneficiary, for all purposes of this Plan.

6.06 PARTICIPANT OR BENEFICIARY INCAPACITATED. If evidence is submitted to the Administrative Services Provider which supports an opinion that a Participant or Beneficiary entitled to a Plan distribution is not able to care for his/her affairs because of a mental condition, a physical condition, or by reason of age, the Administrative Services Provider or the Trustee may make the distribution to the Participant's or Beneficiary's guardian, conservator, trustee, custodian (including under a Uniform Transfers or Gifts to Minors Act) or to his/her attorney-in-fact or to other legal representative upon furnishing evidence of such status satisfactory to the Administrative Services Provider and to the Trustee. The Administrative Services Provider and the Trustee do not have any liability with respect to payments so made and neither the Administrative Services Provider nor the Trustee has any duty to make inquiry as to the competence of any person entitled to receive payments under the Plan.

ARTICLE VII
MISCELLANEOUS

7.01 NO ASSIGNMENT OR ALIENATION. A Participant or Beneficiary does not have the right to commute, sell, assign, pledge, transfer or otherwise convey or encumber the right to receive any payments under the Plan or Trust and the Administrative Services Provider and the Trustee will not recognize any such anticipation, assignment, or alienation. The payments and the rights under this Plan are non-assignable and nontransferable. Subject to Section 8.15, a Participant's or Beneficiary's interest in the Trust is not subject to attachment, garnishment, levy, execution or other legal or equitable process.

7.02 EFFECT ON OTHER PLANS. This Plan does not affect benefits under any other retirement, pension, or benefit plan or system established for the benefit of the Employer's Employees, and participation under this Plan does not affect benefits receivable under any such plan or system, except to the extent provided in such plan or system.

7.03 WORD USAGE. Words used in the masculine will apply to the feminine where applicable, and wherever the context of the Plan dictates, the plural will be read as the singular and the singular as the plural.

7.04 STATE LAW. The laws of the state of the Employer's principal place of business will determine all questions arising with respect to the provisions of this Prototype Plan, except to the extent Federal law supersedes State law.

7.05 EMPLOYMENT NOT GUARANTEED. Nothing contained in this Plan, or any modification or amendment to the Plan, or in the creation of any Account, or the payment of any benefit, gives any Employee, Participant or Beneficiary any right to continue employment, any legal or equitable right against the Employer, the

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Administrative Services Provider, the Trustee, any other Employee of the Employer, or any agents thereof except as expressly provided by the Plan.

7.06 NOTICE, DESIGNATION, ELECTION, CONSENT AND WAIVER. All notices under the Plan and all Participant or Beneficiary designations, elections, consents or waivers must be in writing and made in a form acceptable to the Administrative Services Provider. To the extent permitted by Treasury regulations or other applicable guidance, any Plan notice, election, consent or waiver may be transmitted electronically. Any person entitled to notice under the Plan may waive the notice or shorten the notice period except as otherwise required by the Code.

7.07 LIMITATIONS ON TRANSFERS AND EXCHANGES. The Employer and the Administrative Services Provider may adopt procedures to govern Participant elections and directions concerning a Participant's, Beneficiary's, or Alternate Payee's investment specifications and may impose limitations on transfers and exchanges from one investment option with the Plan to another. These procedures shall be in addition to any established by investment providers to the Plan. The Employer and the Administrative Services Provider may decline to implement any investment instructions for a Participant, Beneficiary, or Alternate Payee where either deems appropriate.

7.08 EMPLOYER RESPONSIBILITY FOR DISTRIBUTION OF PLAN RELATED INFORMATION. The Employer will distribute all Plan related amendments, restated plan documents, and deferred compensation plan tax related documentation to the Administrative Service Providers when there are multiple Administrative Service Providers of the Plan.

7.09 USE OF PLAN ASSETS THAT ARE NOT ATTRIBUTABLE TO AN ACCOUNT. If the Plan receives money that is not attributable to an Account, then the Employer will direct the Administrative Services Provider as to the use of these amounts. Examples include, but are not limited to, money received by the Plan as part of a settlement, litigation award or fee reimbursement. The Employer may use these amounts to offset Plan expenses or may allocate these amounts to Participants or as it deems appropriate

ARTICLE VIII
TRUST PROVISIONS

8.01 APPLICATION. The provisions of this Article VIII apply only if the Employer has not elected to substitute another trust, custodial accounts or annuity contracts in lieu of the Trust established under this Article VIII.

8.02 ACCEPTANCE / HOLDING. The Trustee accepts the Trust created under the Plan and agrees to perform the duties and obligations imposed. The Trustee must hold in trust under this Article VIII, all Deferred Compensation until paid in accordance with the Plan terms.

8.03 RECEIPT OF CONTRIBUTIONS. The Trustee is accountable to the Employer for the funds contributed to it by the Employer or the Administrative Services Provider, but the Trustee does not have any duty to see that the contributions received comply with the provisions of the Plan.

8.04 FULL INVESTMENT POWERS. The Trustee is authorized and empowered, but not by way of limitation, to exercise and perform the following duties:

(a) To invest any part or all of the Trust in any common or preferred stocks, open-end or closed-end mutual funds, put and call options traded on a national exchange, United States retirement plan bonds, corporate bonds, debentures, convertible debentures, commercial paper, U. S. Treasury bills, U. S. Treasury notes and other direct or indirect obligations of the United States Government or its agencies, improved or unimproved real estate situated in the United States, limited partnerships, insurance contracts of any type, mortgages, notes or other property of any kind, real or personal, and to buy or sell options on common stock on a nationally recognized options exchange with or without holding the underlying common stock, as a prudent person would do under like circumstances. Any investment made or retained by the Trustee in good faith will be proper but must be of a kind constituting a diversification considered by law suitable for trust investments;

(b) To retain in cash so much of the Trust as it may deem advisable to satisfy liquidity needs of the Plan and to deposit any cash held in the Trust in a bank account at reasonable interest;

(c) To invest, if the Trustee is a bank or similar financial institution supervised by the United States or by a State, in any type of deposit of the Trustee (or a bank related to the Trustee within the meaning of Code §414(b)) at a reasonable rate of interest or in a common trust fund as described in Code §584, or in a collective investment fund, the provisions of which the Trust incorporates by this reference, which the Trustee (or its affiliate, as defined in Code §1504) maintains exclusively for the collective investment of money contributed by the bank (or its affiliate) in its capacity as Trustee and which conforms to the rules of the Comptroller of the Currency;

(d) To manage, sell, contract to sell, grant options to purchase, convey, exchange, transfer, abandon, improve, repair, insure, lease for any term even though commencing in the future or extending beyond the term of the Trust, and otherwise deal with all property, real or personal, in such manner, for such considerations and on such terms and conditions as the Trustee decides;

(e) To credit and distribute the Trust as directed by the Administrative Services Provider of the Plan. The Trustee will not be obliged to inquire as to whether any payee or distributee is entitled to any payment or whether the distribution is proper or within the terms of the Plan, or as to the manner of making any payment or distribution. The Trustee will be accountable only to the Administrative Services Provider for any payment or distribution made by it in good faith on the order or direction of the Administrative Services Provider;

(f) To borrow money, to assume indebtedness, extend mortgages and encumber by mortgage or pledge;

(g) To compromise, contest, arbitrate or abandon claims and demands;

(h) To have with respect to the Trust all of the rights of an individual owner, including the power to exercise any and all voting rights associated with Trust assets, to give proxies, to participate in any voting trusts, mergers, consolidations or liquidations, to tender shares and to exercise or sell stock subscriptions or conversion rights;

(i) To lease for oil, gas and other mineral purposes and to create mineral severances by grant or reservation; to pool or unitize interest in oil, gas and other minerals; and to enter into operating agreements and to execute division and transfer orders;

(j) To hold any securities or other property in the name of the Trustee or its nominee, with depositories or agent depositories or in another form as it may deem best, with or without disclosing the trust relationship;

(k) To perform any and all other acts in its judgment necessary or appropriate for the proper and advantageous management, investment and distribution of the Trust;

(l) To retain any funds or property subject to any dispute without liability for the payment of interest, and to decline to make payment or delivery of the funds or property until a court of competent jurisdiction makes a final adjudication;

(m) To file all tax returns required of the Trustee;

(n) To furnish to the Employer and the Administrative Services Provider an annual statement of account showing the condition of the Trust and all investments, receipts, disbursements and other transactions effected by the Trustee during the Plan Year covered by the statement and also stating the assets of the Trust held at the end of the Plan Year, which accounts will be conclusive on all persons, including the Employer and the Administrative Services Provider, except as to any act or transaction concerning which the Employer or the Administrative Services Provider files with the Trustee written exceptions or objections within 90 days after the receipt of the accounts; and

(o) To begin, maintain or defend any litigation necessary in connection with the administration of the Trust, except that the Trustee will not be obliged or required to do so unless

8.05 RECORDS AND STATEMENTS. The records of the Trustee pertaining to the Trust will be open to the inspection of the Employer at all reasonable times and may be audited from time to time by any person or persons as the Employer may specify in writing. The Trustee will furnish the Administrative Services Provider whatever information relating to the Trust the Administrative Services Provider considers necessary.

8.06 FEES AND EXPENSES FROM FUND. The Trustee will receive reasonable annual compensation in accordance with its fee schedule as published from time to time. The Trustee will pay from the Trust all fees and expenses the Trustee reasonably incurs in its administration of the Trust, unless the Employer pays the fees and expenses.

8.07 PROFESSIONAL AGENTS. The Trustee may employ and pay from the Trust reasonable compensation to agents, attorneys, accountants and other persons to advise the Trustee as in its opinion may be necessary. The Trustee may delegate to any agent, attorney, accountant or other person selected by it any non-Trustee power or duty vested in it by the Trust, and the Trustee may act or refrain from acting on the advice or opinion of any agent, attorney, accountant or other person so selected.

8.08 DISTRIBUTION OF CASH OR PROPERTY. The Trustee may make distribution under the Plan in cash or property, or partly in each, at its fair market value as determined by the Trustee.

8.09 RESIGNATION AND REMOVAL. The Trustee or the Custodian may resign its position by giving written notice to the Employer and to the Administrative Services Provider. The Trustee's notice must specify the effective date of the Trustee's resignation, which date must be at least 30 days

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following the date of the Trustee's notice, unless the Employer consents in writing to shorter notice.

The Employer may remove a Trustee or a Custodian by giving written notice to the affected party. The Employer's notice must specify the effective date of removal which date must be at least 30 days following the date of the Employer's notice, except where the Employer reasonably determines a shorter notice period or immediate removal is necessary to protect Plan assets.

8.10 SUCCESSOR TRUSTEE.

(A) Appointment. In the event of the resignation or the removal of a Trustee, where no other Trustee continues to service, the Employer must appoint a successor Trustee if it intends to continue the Plan. If two or more persons hold the position of Trustee, in the event of the removal of one such person, during any period the selection of a replacement is pending, or during any period such person is unable to serve for any reason, the remaining person or persons will act as the Trustee. If the Employer fails to appoint a successor Trustee as of the effective date of the Trustee resignation or removal and no other Trustee remains, the Trustee will treat the Employer as having appointed itself as Trustee and as having filed the Employer's acceptance of appointment as successor Trustee with the former Trustee.

(B) Automatic Successor. Any corporation which succeeds to the trust business of the Trustee, or results from any merger or consolidation to which the Trustee is a party, or is the transferee of substantially all the Trustee's assets, will be the successor to the Trustee under this Trust. The successor Trustee will possess all rights, duties and powers under this Trust as if the successor Trustee were the original Trustee. Neither the Trustee nor the successor Trustee need provide notice to any interested person of any transaction resulting in a successor Trustee. The successor Trustee need not file or execute any additional instrument or perform any additional act to become successor Trustee.

8.11 VALUATION OF TRUST. The Trustee will value the Trust as of each Accounting Date to determine the fair market value of the Trust assets. The Trustee will value the Trust on such other date(s) the Administrative Services Provider may direct.

8.12 PARTICIPANT DIRECTION OF INVESTMENT. Consistent with the Administrative Services Provider's policy adopted under Section 5.02(i), the Trustee may consent in writing to permit Participants in the Plan to direct the investment to the Trust assets. The Administrative Services Provider will advise the Trustee of the portion of the Trust credited to each Participant's Account under the Plan, and subject to such Participant direction. As a condition of Participant direction, the Trustee may impose such conditions, limitations and other provisions as the Trustee may deem appropriate and as are consistent with the Administrative Services Provider's policy. The Trustee will report to the Administrative Services Provider the net income, gain or losses incurred by each Participant directed Account separately from the net income, gain or losses incurred by the general Trust during the Trust Year.

8.13 THIRD PARTY RELIANCE. No person dealing with the Trustee will be obliged to see to the proper application of any money paid or property delivered to the Trustee, or to inquire whether the Trustee has acted pursuant to any of the terms of the Trust. Each person dealing with the Trustee may act upon any notice, request or representation in writing by the Trustee, or by the Trustee's duly authorized agent, and will not be liable to any person whomsoever in so doing. The certificate of the Trustee that it is acting in accordance with the Trust will be conclusive in favor of any person relying on the certificate.

8.14 INVALIDITY OF ANY TRUST PROVISION. If any clause or provision of this Article VIII proves to be or is adjudged to be invalid or void for any reason, such void or invalid clause or provision will not affect any of the other provisions of this Article VIII and the balance of the Trust provisions will remain operative.

8.15 EXCLUSIVE BENEFIT. The Trustee will hold all the assets of the Trust for the exclusive benefit of the Participants and their Beneficiaries and neither the Employer nor the Trustee will use or divert any part of the corpus or income of the Trust for purposes other than the exclusive benefit of the Participants and Beneficiaries of the Plan. The Employer will not have any right to the assets held by the Trustee and the Trust assets will not be subject to the claims of the Employer's creditors or, except as provided in Section 4.06, of the creditors of any Participant or Beneficiary. No Participant or Beneficiary shall have any right to sell, assign, transfer or otherwise convey his/her Account or any interest in his/her Deferred Compensation. Notwithstanding the foregoing, the Administrative Services Provider may pay from a Participant's or Beneficiary's Account the amount the Administrative Services Provider finds is lawfully demanded under a levy issued by the Internal Revenue Service with respect to that Participant or Beneficiary or is sought to be collected by the United States Government under a judgment resulting from an unpaid tax assessment against the Participant or Beneficiary. The Trust created under the Employer's Plan is irrevocable and its assets will not inure to the benefit of the Employer.

8.16 SUBSTITUTION OF CUSTODIAL ACCOUNT OR ANNUITY CONTRACT. The

Employer may elect to use one or more custodial accounts or annuity contracts in lieu of or in addition to the Trust established in this Article VIII. Any such custodial account or annuity contract must satisfy the requirements of Code §457(g)(3) and applicable Treasury regulations.

8.17 GROUP TRUST AUTHORITY. Notwithstanding any contrary provision in this Plan, the Trustee may, unless restricted in writing by the Administrative Services Provider, transfer assets of the plan to a group trust that is operated or maintained exclusively for the commingling and collective investment of monies provided that the funds in the group trust consist exclusively of trust assets held under plans qualified under Code section 401(a), individual retirement accounts that are exempt under Code section 408(e), and eligible governmental plans that meets the requirements of Code section 457(b). For this purpose, a trust includes a custodial account that is treated as a trust under Code section 401(f) or under Code section 457(g)(3). For purposes of valuation, the value of the interest maintained by the Plan in such group trust shall be the fair market value of the portion of the group trust held for Plan, determined in accordance with generally recognized valuation procedures.

ARTICLE IX
AMENDMENT, TERMINATION, TRANSFERS

9.01 AMENDMENT BY EMPLOYER / SPONSOR. The Employer has the right at any time and from time to time:

(a) To amend this Plan and Trust Agreement in any manner it deems necessary or advisable in order to continue the status of this Plan as an Eligible 457 Plan; and

(b) To amend this Plan and Trust Agreement in any other manner, including deletion, substitution or modification of any Plan or Trust.

The Employer must make all amendments in writing. The Employer may amend the Plan by addenda, by separate amendment, or by restatement of the Plan. Each amendment must state the date to which it is either retroactively or prospectively effective. The Employer also may not make any amendment that affects the rights, duties or responsibilities of the Trustee or the Administrative Services Provider without the written consent of the affected Trustee or the Administrative Services Provider.

The Employer will accept amendments from the Administrative Services Provider (including adoption of a substitute Plan and Trust) without being required to re-execute the Plan, provided that the amendments are necessary to continue the Plan as an Eligible 457 Plan.

9.02 TERMINATION / FREEZING OF PLAN. The Employer has the right, at any time, to terminate this Plan or to cease (freeze) further Deferral Contributions to the Plan. Upon termination or freezing of the Plan, the provisions of the Plan (other than provisions permitting continued Deferral Contributions) remain operative until distribution of all Accounts. Upon Plan termination, the Administrative Services Provider or Trustee shall distribute to Participants and Beneficiaries all Deferred Compensation as soon as is reasonably practicable following termination.

9.03 TRANSFERS. The Plan: (a) may accept a Transfer of a Participant's Account in another employer's Eligible 457 Plan; or (b) may Transfer a Participant's (or Beneficiary's) Account in this Plan to the another employer's Eligible 457 Plan. The other plan involved in the Transfer must provide for Transfers. The Participant or Beneficiary, after the Transfer will have Deferred Compensation in the recipient plan at least equal to his/her Deferred Compensation in the transferring plan immediately before the Transfer. Any Transfer also must comply with applicable Treasury regulations, and in particular Treas. Reg. §§1.457-10(b)(2) as to post-severance transfers between Eligible 457 Plans; 1.457-10(b)(3) as to transfers of all assets between Eligible 457 Plans; and 1.457-10(b)(4) as to transfers between Eligible 457 Plans of the same Employer. The Administrative Services Provider will credit any Transfer accepted under this Section 9.03 to the Participant's Account and will treat the transferred amount as a Deferral Contribution for all purposes of this Plan except such Transfer will not be treated as a Deferral Contribution subject to the limitations of Article III. The Plan's Transfer of any Participant's or Beneficiary's Account under this Section 9.03 completely discharges the Employer, the Administrative Services Provider, the Trustee and the Plan from any liability to the Participant or Beneficiary for any Plan benefits.

9.04 PURCHASE OF PERMISSIVE SERVICE CREDIT. A Participant, prior to otherwise incurring a distributable event under Article IV, may direct the Trustee to transfer (as of January 1, 2002, or later) all or a portion of his/her Account to a governmental defined benefit plan (under Code §414(d)) for: (a) the purchase of permissive service credit (under Code §415(n)(3)(A)) under such plan, or (b) the repayment of contributions and earnings previously refunded with respect to a forfeiture of service credited under the plan (or under another governmental plan within the same State) to which Code §415 does not apply by reason of Code §415(k)(3).

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IN WITNESS WHEREOF, the undersigned has executed this Plan and Trust to become effective the _____ day of _____, 20___ for the:

_____
(Plan Name)

By: _____
(signature)

_____
(printed name)

_____
(title/role)

CITY OF LODI DEFERRED COMPENSATION PLAN

Effective Date of This Document December 31, 2011

Neither The Hartford nor any of its employees can provide legal or tax advice in connection with the execution of this specimen document. Prior to execution of this document, you should consult with your legal or tax advisor on whether this document is appropriate for your plan.

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457(b) PLAN DOCUMENT

DEFERRED COMPENSATION PLAN

PREAMBLE

Adoption of Plan

The City of Lodi Deferred Compensation Plan (hereinafter "the Plan"), an eligible deferred compensation plan within the meaning of Section 457(b) of the Internal Revenue Code of 1986, as amended (hereinafter the "Code"), of a State or local government as described in Code Section 457(e)(1)(A), adopted by City of Lodi (hereinafter the "Employer") effective December 31, 2011.

Purpose of Plan

The primary purpose of this Plan is to permit Employees of the Employer to enter into an agreement which will provide for deferral of payment of a portion of his or her current compensation until death, retirement, severance from employment, or other event, in accordance with the provisions of the Code Section 457(b), with other applicable provisions of the Code, and in accordance with the General Statutes of the State.

Status of Plan

It is intended that the Plan shall qualify as an eligible deferred compensation plan within the meaning of Code Section 457(b) sponsored by an eligible employer within the meaning of Code Section 457(e)(1)(A), i.e., a State, political subdivision of a State, and agency or instrumentality of a State or political subdivision of a State.

Tax Consequences of Plan

The Employer does not and cannot represent or guarantee that any particular federal or State income, payroll, or other tax consequence will occur by reason of participation in this Plan. A Participant should consult with his or her own counsel or other representative regarding all tax or other consequences of participation in this Plan.

SECTION I
DEFINITIONS

1.1 Plan Definitions

For purposes of this Plan, the following words and phrases have the meaning set forth below, unless a different meaning is plainly required by the context:

An **"Account Balance"** means the bookkeeping account maintained with respect to each Participant which reflects the value of the deferred Compensation credited to the Participant, including the Participant's Annual Deferrals, the earnings or loss of the Trust Fund (net of Trust Fund expenses) allocable to the Participant, any transfers for the Participant's benefit, and any distribution made to the Participant or the Participant's Beneficiary. If a Participant has more than one Beneficiary at the time of the Participant's death, then a separate Account Balance shall be maintained for each Beneficiary. The Account Balance includes any account established under Section VII for rollover contributions and plan-to-plan transfers made for a Participant, the account established for a Beneficiary after a Participant's death, and any account or accounts established for an alternate payee (as defined in Code Section 414(p)(8)).

The **"Administrator"** means the Employer. The term Administrator includes any person or persons, committee, or organization appointed by the Employer to administer the Plan.

An **"Annual Deferral"** means the amount of Compensation deferred in any calendar year.

The **"Beneficiary"** of a Participant means the person or persons (or, if none, the Participant's estate) who is entitled under the provisions of the Plan to receive a distribution in the event the Participant dies before receiving distribution of his or her entire interest under the Plan.

The **"Code"** means the Internal Revenue Code of 1986, as now in effect or as hereafter amended from time to time. Reference to a Code Section includes such section and any comparable section or sections of any future legislation that amends, supplements, or supersedes such section.

The **"Compensation"** of a Participant means all cash compensation for services to the Employer, including salary, wages, fees, commissions, bonuses, and overtime pay, that is includible in the Employee's gross income for the calendar year, including, as applicable, compensation attributable to services as an independent contractor, plus amounts that would be cash compensation for services to the Employer includible in the Employee's gross income for the calendar year but for a compensation reduction election under Code Section 125, 132(f), 401(k), 403(b), or 457(b) (including an election to defer compensation under Section II).

Any payments described below made to a Participant after a Severance from Employment shall qualify as Compensation for purposes of the Plan, but only if the payments are made by the later of (a) the end of the calendar year in which the Severance from Employment occurred or (b) within 2 ½ months of such Severance from Employment:

(a) Payments that, absent a Severance from Employment, would have been paid to the Participant while the Participant continued in employment with the Employer, but only if such payments constitute regular compensation for services during the Participant's regular working hours, compensation for services outside the Participant's regular working hours (such as overtime or a shift differential), commissions, bonuses or other similar compensation;

(i) Payments for accrued bona fide sick, vacation or other leave, but only if the Participant would have been able to use the leave if employment had continued; and

Any payment that is not described above shall not be considered Compensation if it is paid after the date of the Participant's Severance from Employment, even if it is paid within 2 ½ months of such date. Thus, for example, Compensation does not include severance pay.

For years beginning after December 31, 2008, (a) a Participant receiving a differential wage payment, as defined by Code §3401(h)(2), by reason of qualified military service (within the meaning of Code Section 414(u)), is treated as an Employee of the Employer making the payment and (b) the differential wage payment is treated as Compensation.

An "**Employee**" means each natural person who is employed by the Employer as a common law employee on a full time basis and any employee in an elected or appointed position; provided, however, that the term Employee shall not include a leased employee or any employee who is included in a unit of employees covered by a collective bargaining agreement that does not specifically provide for participation in the Plan.

Any individual who is not treated by the Employer as a common law employee of the Employer shall be excluded from Plan participation even if a court or administrative agency determines that such individual is a common law employee of the Employer, unless the Employer has included the individual in Plan participation as an independent contractor.

An "**Employer**" means the eligible employer (within the meaning of Code Section 457(e)(1)) that has adopted the Plan. In the case of an eligible employer that is an agency or instrumentality of a political subdivision of a State within the meaning of Code Section 457(e)(1)(A), the term Employer shall include any other agency or instrumentality of the same political subdivision that has adopted the Plan.

"Includible Compensation" means, with respect to a taxable year, the Participant's compensation as defined in Code Section 415(c)(3) and the regulations thereunder, for services performed for the Employer. The amount of Includible Compensation is determined without regard to any community property laws.

"**Normal Retirement Age**" means age 50.

In the event a Participant is a qualified police or firefighter (as defined under Code Section 415(b)(2)(H)(ii)(I)) Normal Retirement Age means age 50.

A Participant's Normal Retirement Age must be the same as his or her normal retirement age under any other eligible deferred compensation plan or plans sponsored by the Employer. The designation of a Normal Retirement Age under the Plan does not compel retirement with the Employer.

The "**Participant**" means an individual who is currently deferring Compensation, or who has previously deferred Compensation under the Plan by salary reduction and who has not received a distribution of his or her entire benefit under the Plan. Only individuals who perform services for the Employer as an Employee may defer Compensation under the Plan.

"**Severance from Employment**" means the date that the Employee dies, retires, or otherwise has a severance from employment with the Employer, as determined by the Administrator (and taking into account guidance issued under the Code). Solely for the purpose of determining whether the Participant is entitled to receive a distribution of his or her Account Balance pursuant to Section 6.2, a Participant shall be treated as having been severed from employment during any period the Participant is performing service in the uniformed services (as defined in chapter 43 of title 38, United States Code) while on active duty for a period of more than 30 days.

The "**State**" means the State that is the Employer or of which the Employer is a political subdivision, and any agency, or instrumentality, including any agency or instrumentality of a political subdivision of the State, or the State in which the Employer is located.

The "**Trust Fund**" means the trust fund created under and subject to a trust agreement or a custodial account or contract described in Code Section 401(f) held on behalf of the Plan.

The "**Valuation Date**" means each business day.

SECTION II
PARTICIPATION AND CONTRIBUTIONS

2.1 Eligibility

Each Employee shall be eligible to participate in the Plan and defer Compensation hereunder immediately upon becoming employed by the Employer.

2.2 Election

An Employee may elect to become a Participant by executing an election to defer a portion of his or her Compensation (and have that amount contributed as an Annual Deferral on his or her behalf) and filing it with the Administrator. This participation election shall be made on the deferral agreement provided by the Administrator under which the Employee agrees to be bound by all the terms and conditions of the Plan. Any such election shall remain in effect until a new election is filed. The Administrator may establish a minimum deferral amount, and may change such minimums from time to time. The deferral agreement shall also include designation of investment funds and a designation of Beneficiary.

(a) **Special Deferral Election of Sick, Vacation, or Back Pay:** A Participant who has not had a Severance from Employment may authorize a special election to defer accumulated sick pay, accumulated vacation pay, and back pay for any calendar month if an election to defer is entered into before the beginning of the month in which the amounts would otherwise be paid or made available and the Participant is an Employee on the date the amounts would otherwise be paid or made available. For this purpose, Compensation that would otherwise be paid for a payroll period that begins before Severance from Employment is treated as an amount that would otherwise be paid or made available before an Employee has a Severance from Employment. In addition, a Participant who is a former Employee may authorize a special election to defer accumulated sick pay, accumulated vacation pay, and back pay that is paid by the later of 2 ½ months following the date of the Participant's Severance from Employment or the end of the calendar year in which the Severance from Employment occurred, provided that the special election to defer is entered into before the amount is currently available.

2.3 Commencement of Participation

An Employee shall become a Participant as soon as administratively practicable following the date the Employee files an election pursuant to Section 2.2. Such election shall become effective no later than the calendar month following the month in which the election is made. A new Employee may defer compensation payable in the calendar month during which the Participant first becomes an Employee if an agreement providing for the deferral is entered into on or before the first day on which the Participant performs services for the Employer.

2.4 Amendment of Annual Deferral Election

Subject to other provisions of the Plan, a Participant may at any time revise his or her participation election, including a change of the amount of his or her Annual Deferrals, his or her investment direction and his or her designated Beneficiary. Unless the election specifies a later effective date, a change in the amount of the Annual Deferrals shall take effect as of the first day of the next following month or as soon as administratively practicable if later. A change in the investment direction shall take effect as of the date provided by the Administrator on a uniform basis for all Employees. A change in the Beneficiary designation shall take effect when the election is accepted by the Administrator.

2.5 Information Provided by the Participant

Each Employee enrolling in the Plan should provide to the Administrator at the time of initial enrollment, and later if there are any changes, any information necessary or advisable for the Administrator to administer the plan, including, without limitation, whether the Employee is a participant in any other eligible plan under Code Section 457(b).

2.6 Contributions Made Promptly

Annual Deferrals by the Participant under the Plan shall be transferred to the Trust Fund within a period that is not longer than is reasonable for the proper administration of the Participant's Account Balance. For this purpose, Annual Deferrals shall be treated as contributed within a period that is not longer than is reasonable for the proper administration if the contribution is made to the Trust Fund within 15 business days following the end of the month in which the amount would otherwise have been paid to the Participant, or earlier if required by law.

2.7 Employer Contributions

Nothing in this Plan prohibits the Employer from making annual deferrals to the Account Balance of a Participant on a non-elective basis, subject to the Participant's contribution limits in Section III.

2.8 Leave of Absence

Unless an election is otherwise revised, if a Participant is absent from work by leave of absence, Annual Deferrals under the Plan shall continue to the extent that Compensation continues.

2.9 Disability

A disabled Participant (as determined by the Administrator) may elect Annual Deferrals during any portion of the period of his or her disability to the extent that he or she has actual Compensation (not imputed Compensation and not disability benefits) from which to make contributions to the Plan and has not had a Severance from Employment.

2.10 Protection of Persons Who Serve in a Uniformed Service

An Employee whose employment is interrupted by qualified military service under Code Section 414(u) or who is on a leave of absence for qualified military service under Code Section 414(u) may elect to make additional Annual Deferrals upon resumption of employment with the Employer equal to the maximum Annual Deferrals that the Employee could have elected during that period if the Employee's employment with the Employer had continued (at the same level of Compensation) without the interruption or leave, reduced by the Annual Deferrals, if any, actually made for the Employee during the period of the interruption or leave. This right applies for five years following the resumption of employment (or, if sooner, for a period equal to three times the period of the interruption or leave).

A reemployed Employee shall also be entitled to an allocation of any additional Employer Contributions, if applicable, that such Employee would have received under the Plan had the Employee continued to be employed as an eligible Employee during the period of qualified military service. Such restorative Employer Contributions (without interest), if applicable, shall be remitted by the Employer to the Plan on behalf of the Employee within 90 days after the date of the Employee's reemployment or, if later, as of the date the contributions are otherwise due for the year in which the applicable qualified military service was performed.

2.11 Corrective Measures

In the event that an otherwise eligible Employee is erroneously omitted from Plan participation, or an otherwise ineligible individual is erroneously included in the Plan, the Employer shall take such corrective measures as may be permitted by applicable law. Such measures may include, in the case of an erroneously omitted Employee, contributions made by the Employer to the Plan on behalf of such Employee equal to the missed deferral opportunity, subject to the Participant's contribution limits in Section III, and, in the case of an erroneously included individual, a payment by the Employer to such individual of additional compensation in an amount equal to the amount of the individual's elective deferrals under the Plan.

SECTION III
LIMITATIONS ON AMOUNTS DEFERRED

3.1 Basic Annual Limitation

(a) The maximum amount of the Annual Deferral and, if applicable, Employer Contributions under the Plan for any calendar year shall not exceed the lesser of:

(i) The "applicable dollar amount" (as defined in paragraph (b) below); or

(ii) The Participant's Includible Compensation for the calendar year.

(b) The "applicable dollar amount" means the amount established under Code Section 457(e)(15), as indexed, and in accordance with 3.4(a).

(c) Rollover amounts received by the Plan under Treasury Regulation Section 1.457-10(e) and any plan-to-plan transfer into the Plan made pursuant to Section 7.2 shall not be applied against the Annual Deferral limit.

3.2 Age 50 Catch-up Annual Deferral Contributions

A Participant who will attain age 50 or more by the end of a calendar year is permitted to elect an additional amount of Annual Deferral for the calendar year, up to the maximum age 50 catch-up Annual Deferral limit under §414(v)(2), as indexed.

The amount of the age 50 catch-up Annual Deferral for any calendar year cannot exceed the amount of the Participant's Compensation, reduced by the amount of the elective deferred compensation, or other elective deferrals, made by the Participant under the Plan and in accordance with 3.4(a).

The age 50 catch-up Annual Deferral limit is not available to a Participant for any calendar year for which the Special Section 457 Catch-up Limitation described in Section 3.3 is available and applied.

3.3 Special Section 457 Catch-up Limitation

Notwithstanding the provisions of Sections 3.1 and 3.2, with respect to a year that is one of a Participant's last three (3) calendar years ending before the year in which the Participant attains Normal Retirement Age and the amount determined under this Section 3.3 exceeds the amount computed under Sections 3.1 and 3.2, then the Annual Deferral limit under this Section 3.3 shall be the lesser of:

(a) An amount equal to two (2) times the Section 3.1 Applicable Dollar Amount for such year; or

(b) The sum of:

(i) An amount equal to (A) the aggregate Section 3.1 limit for the current year plus each prior calendar year beginning after December 31, 2001, during which the Participant was an Employee under the Plan, minus (B) the aggregate amount of Compensation that the Participant deferred under the Plan during such years, plus

(ii) An amount equal to (A) the aggregate limit referred to in Code Section 457(b)(2) for each prior calendar year beginning after December 31, 1978, and before January 1, 2002, during which the Participant was an Employee (determined without regard to Sections 3.2 and 3.3), minus (B) the aggregate contributions to Pre-2002 Coordination Plans (as defined in Section 3.4(c)) made by or on behalf of the Participant for such years.

However, in no event can the deferred amount be more than the Participant's Compensation for the year.

3.4 Special Rules

For purposes of this Section III, the following rules shall apply:

(a) Participant Covered By More Than One Eligible Plan. If the Participant is or has been a participant in one or more other eligible plans within the meaning of Code Section 457(b), then this Plan and all such other plans shall be considered as one plan for purposes of applying the foregoing limitations of this Section III. For this purpose, the Administrator shall take into account any other such eligible plan maintained by the Employer and shall also take into account any other such eligible plan for which the Administrator receives from the Participant sufficient information concerning his or her participation in such other plan.

(b) Pre-Participation Years. In applying Section 3.3, a year shall be taken into account only if (i) the Participant was eligible to participate in the Plan during all or a portion of the year and (ii) Compensation deferred, if any, under the Plan during the year was subject to the Basic Annual Limitation described in Section 3.1 or any other plan ceiling required by Code Section 457(b).

(c) Pre-2002 Coordination Years. For purposes of Section 3.3(b)(ii)(B), "contributions to Pre-2002 Coordination Plans" means any employer contribution, salary reduction or elective contribution under any other eligible Code Section 457(b) plan, or a salary reduction or elective contribution under any Code Section 401(k) qualified cash or deferred arrangement, Code Section 402(h)(1)(B) simplified employee pension (SARSEP), Code Section 403(b) annuity contract, and Code Section 408(p) simple retirement account, or under any plan for which a deduction is allowed because of a contribution to an organization described in Code Section 501(c)(18), including plans, arrangements or accounts maintained by the Employer or any employer for whom the Participant performed services. However, the contributions for any calendar year are only taken into account for purposes of Section 3.3(b)(ii)(B) to the extent that the total of such contributions does not exceed the aggregate limit referred to in Code Section 457(b)(2) for that year.

(d) Disregard Excess Deferral. For purposes of Sections 3.1, 3.2, and 3.3, an individual is treated as not having deferred compensation under a plan for a prior taxable year if excess deferrals under the plan are distributed, as described in Section 3.5. To the extent that the combined deferrals for pre-2002 years exceeded the maximum deferral limitations, the amount is treated as an excess deferral for those prior years.

3.5 Correction of Excess Deferrals

If the Annual Deferral on behalf of a Participant for any calendar year exceeds the limitations described above, or the Annual Deferral on behalf of a Participant for any calendar year exceeds the limitations described above when combined with other amounts deferred by the Participant under another eligible deferred compensation plan under Code Section 457(b) for which the Participant provides information that is accepted by the Administrator, then the Annual Deferral, to the extent in excess of the applicable limitation (adjusted for any income or loss in value, if any, allocable thereto), shall be distributed to the Participant as soon as administratively practicable after the Administrator determines that the amount is an excess deferral.

SECTION IV
INVESTMENT RESPONSIBILITIES

4.1 Investment of Deferred Amount

Each Participant or Beneficiary shall direct the investment of amounts held in his or her Account Balance under the Plan among the investment options of the Trust Fund. The investment of amounts segregated on behalf of an alternate payee pursuant to a Plan approved domestic relations order (as defined under Code Section 414(p)) may be directed by such alternate payee to the extent provided in such order. In the absence of such direction, such amounts shall be invested in the same manner as they were immediately before such segregation was made on account of such order. Each Account Balance shall share in any gains or losses of the investment(s) in which such account is invested.

4.2 Investment Election for Future Contributions

A Participant may amend his or her investment election at such times and by such manner and form as prescribed by the Administrator. Such election will, unless specifically stated otherwise, apply only to future amounts contributed under the Plan.

4.3 Investment Changes for an Existing Account Balance

The Participant, Beneficiary, alternate payee, or Administrator may elect to transfer amounts in his Account Balance among and between those investments available under the Trust Fund at such times and by such manner and form prescribed by the Administrator, subject further to any restrictions or limitations placed on any investment by the Administrator to be uniformly applied to all Participants.

4.4 Investment Responsibility

To the extent that a Participant, Beneficiary, or alternate payee exercises control over the investment of amounts credited to his Account Balance, the Employer, the Administrator, and any other fiduciary of the Plan shall not be liable for any losses that are the direct and necessary result of investment instructions given by a Participant, Beneficiary or an alternate payee.

4.5 Default Investment Fund

The Employer shall maintain a Default Investment Fund which shall be held and administered under the Trust Fund. Any Participant who does not make an investment election on the deferral agreement provided by the Administrator will have his contributions invested in the Default Investment Fund until such time he provides investment direction under sections 4.2 and 4.3. Additionally, a Beneficiary or alternate payee who does not make an investment election will have his Account Balance invested in the Default Investment Fund until such time he provides investment direction under section 4.3. The interest of each Participant, Beneficiary, or alternate payee under the Plan in the Default Investment Fund shall be an undivided interest.

4.6 Statements

The Administrator will cause to be issued statements periodically to reflect the contributions and actual earnings posted to the Account Balances.

SECTION V
LOANS

5.1 No Loans

There shall be no loans made to Participants from the Plan.

SECTION VI
DISTRIBUTIONS

6.1 Distributions from the Plan

(a) Earliest Distribution Date. Payments from a Participant's Account Balance shall not be made earlier than:

(i) the Participant's Severance from Employment pursuant to Section 6.2

(ii) the Participant's death pursuant to Section 6.3

(iii) Plan termination under Section 10.3

(iv) an unforeseeable emergency withdrawal pursuant to Section 6.10(a), if permitted under the Plan

(v) a de minimis account balance distribution pursuant to Section 6.10(b), if permitted under the Plan

(vi) a rollover account withdrawal pursuant to Section 6.10(c), if permitted under the Plan

(vii) attainment of age 70 ½ withdrawal pursuant to Section 6.10(d), if permitted under the Plan

(viii) Qualified Military Service Deemed Severance withdrawal pursuant to Section 6.10(e), if permitted under the Plan

(ix) Qualified Military Reservist withdrawal pursuant to Section 6.10(f) , if permitted under the Plan

(x) Qualified Distributions for Retired Public Safety Officers pursuant to Section 6.11, if permitted under the Plan

(b) Latest Distribution Date. In no event shall any distribution under this Section VI begin later than the Participant's "required beginning date". Such required minimum distributions must be made in accordance with Section 6.6.

(c) Amount of Account Balance. Except as provided in Section 6.3, the amount of any payment under this Section VI shall be based on the amount of the Account Balance as of the Valuation Date.

6.2 Benefit Distributions Upon Severance from Employment

Upon Severance from Employment (other than due to death), a Participant may elect to commence distribution of benefits at any time after Severance from Employment by filing a

request with the Administrator before the date on which benefits are to commence. However, in no event may distribution of benefits commence later than his or her "required beginning date".

Distributions required to commence under this section shall be made in the form of benefit provided under Section 6.5. Distributions postponed until the Participant's "required beginning date" will be made in a manner that meets the requirements of Section 6.6.

6.3 Distributions on Account of Participant's Death

Upon receipt of satisfactory proof of the Participant's death, the designated Beneficiary may file a request with the Administrator to elect a form of benefit provided under Section 6.5 and made in a manner that meets the requirements of Section 6.6.

(a) Death of Participant Before Distributions Begin. If the Participant dies before his or her distributions begin, the designated Beneficiary may elect to have distributions to be made (i) in full within 5 years of the Participant's death (5-year rule) or (ii) in installments over the designated Beneficiary's "life expectancy" (life expectancy rule).

If the designated Beneficiary does not make an election by September 30 of the year following the year of the Participant's death, the Participant's Account Balance will be distributed in a lump sum payment by December 31 of the calendar year containing the fifth anniversary of the Participant's death or if the Participant's spouse is the sole designated Beneficiary by December 31 of the year the Participant would have attained age 70 ½.

(b) Death of Participant On or After Date Distributions Begin. If the Participant dies on or after his or her distributions began, the Participant's Account Balance shall be paid to the Beneficiary at least as rapidly as under the payment option used before the Participant's death.

6.4 Distribution of Small Account Balances Without Participant's Consent

Notwithstanding any other provision of the Plan to the contrary, if the amount of a Participant's or Beneficiary's Account Balance (including the rollover contribution separate account) is not in excess of the amount specified below on the date that payments commence under Section 6.2 or on the date the Administrator is notified of the Participant's death, the Administrator may direct payment without the Participant's or Beneficiary's consent as soon as practicable following the Participant's retirement, death, or other Severance from Employment.

(a) The Plan does not provide for distribution of small Account Balances without Participant or Beneficiary consent.

6.5 Forms of Distribution

In an election to commence benefits under Section 6.2, a Participant entitled to a distribution of benefits under this Section VI may elect to receive payment in any of the following forms of distribution:

(a) a lump sum payment of the Participant's total Account Balance.

(b) partial distribution of the Participant's Account Balance.

(c) in a series of installments over a period of years (payable on a monthly, quarterly, semi-annual or annual basis) which extends no longer than the life expectancy of the Participant as permitted under Code Section 401(a)(9).

(d) a purchase of a single premium nontransferable annuity contract for such term and in such form as the Participant selects that provides for payments in the form of an irrevocable annuity each calendar year of amounts not less than the amount required under Code Section 401(a)(9).

6.6 Minimum Distribution Requirements

(a) General Rules.

Notwithstanding anything in this Plan to the contrary, distributions from this Plan shall commence and be made in accordance with Code Section 401(a)(9) and the regulations promulgated thereunder. Additionally, the requirements of this Section 6.6 will take precedence over any inconsistent provisions of the Plan.

(b) Time and Manner of Distribution.

(i) Required Beginning Date. The Participant's entire interest will be distributed, or begin to be distributed, to the Participant no later than the Participant's "required beginning date".

(ii) Death of Participant Before Distributions Begin. If the Participant dies before distributions begin, the Participant's entire interest will be distributed, or begin to be distributed, no later than as follows:

(A) If the Participant's surviving spouse is the Participant's sole "designated Beneficiary", then distributions to the surviving spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Participant dies, or by December 31 of the calendar year in which the Participant would have attained age 70 ½, if later.

(B) If the Participant's surviving spouse is not the Participant's sole "designated Beneficiary" (i.e., multiple beneficiaries), then distributions to the "designated Beneficiaries" will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died.

(C) If the Participant's sole "designated Beneficiary" is not the Participant's spouse, then distributions to the "designated Beneficiary" will begin by

December 31 of the calendar year immediately following the calendar year in which the Participant died.

(D) If there is no "designated Beneficiary" as of September 30 of the year following the year of the Participant's death, the Participant's Account Balance will be distributed in a lump sum payment by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(E) If the Participant's surviving spouse is the Participant's sole "designated Beneficiary" and the surviving spouse dies after the Participant but before distributions to the surviving spouse begin, this subparagraph (b)(ii), other than subsection (b)(ii)(A), will apply as if the surviving spouse were the Participant.

For purposes of this subparagraph (ii) and paragraph (d), unless subsection (b)(ii)(D) applies, distributions are considered to begin on the Participant's "required beginning date". If subsection (b)(ii)(E) applies, distributions are considered to begin on the date distributions are required to begin to the surviving spouse under subsection (b)(ii)(A). If distributions under an annuity purchased from an insurance company irrevocably commence to the Participant before the Participant's "required beginning date" (or to the Participant's surviving spouse before the date distributions are required to begin to the surviving spouse under subsection (b)(ii)(A)), the date distributions are considered to begin is the date distributions actually commence.

(iii) Death of Participant On or After Distributions Begin. If the Participant dies on or after distributions begin and before depleting his or her Account Balance, distributions must commence to the "designated Beneficiary" by December 31 of the calendar year immediately following the calendar year in which the Participant died.

(iv) Forms of Distribution. Unless the Participant's Account Balance is distributed in the form of an annuity contract or in a lump sum on or before the Participant's "required beginning date", as of the first distribution calendar year, distributions will be made in accordance with paragraphs (c) and (d). If the Participant's interest is distributed in the form of an annuity contract, distributions thereunder will be made in accordance with the requirements of Code Section 401(a)(9).

(c) Required Minimum Distributions During the Participant's Lifetime.

(i) Amount of Required Minimum Distribution For Each "Distribution Calendar Year". During the Participant's lifetime, the minimum amount that will be distributed for each distribution calendar year is the lesser of:

(A) The quotient obtained by dividing the "Participant's account balance" by the distribution period in the Uniform Lifetime Table set forth in Treasury

Regulation Section 1.401(a)(9)-9, Q&A-2 using the Participant's age as of the Participant's birthday in the "distribution calendar year"; or

(B) if the Participant's sole "designated Beneficiary" for the "distribution calendar year" is the Participant's spouse and the spouse is more than 10 years younger than the Participant, the quotient obtained by dividing the "Participant's account balance" by the distribution period in the Joint and Last Survivor Table set forth in Treasury Regulation Section 1.401(a)(9)-9, Q&A-3 using the Participant's and spouse's attained ages as of the Participant's and spouse's birthdays in the "distribution calendar year".

(ii) Lifetime Required Minimum Distributions Continue Through Year of Participant's Death. Required minimum distributions will be determined under this paragraph (c) beginning with the first "distribution calendar year" and up to and including the "distribution calendar year" that includes the Participant's date of death.

(d) Required Minimum Distributions After Participant's Death.

For purposes of this Section 6.6(d), the Participant's and Beneficiary's "life expectancy" determination will use the Single Life Table set forth in Treasury Regulation Section 1.401(a)(9)-9, Q&A-1.

(i) Death On or After Date Distributions Begin.

(A) Participant Survived by Designated Beneficiary.

If the Participant dies on or after the date distributions begin and there is a "designated Beneficiary", the minimum amount that will be distributed for each "distribution calendar year" after the year of the Participant's death is the quotient obtained by dividing the "Participant's account balance" by the longer of the remaining "life expectancy" of the Participant or the remaining "life expectancy" of the Participant's "designated Beneficiary", determined as follows:

(1) The Participant's remaining "life expectancy" is calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

(2) If the Participant's surviving spouse is the Participant's sole "designated Beneficiary", the remaining "life expectancy" of the surviving spouse is calculated for each "distribution calendar year" after the year of the Participant's death using the surviving spouse's age as of the spouse's birthday in that year. For "distribution calendar years" after the year of the surviving spouse's death, the remaining "life expectancy" of the surviving spouse is calculated using the age of the surviving spouse as of the spouse's birthday in

the calendar year of the spouse's death, reduced by one for each subsequent calendar year.

(3) If the Participant's surviving spouse is not the Participant's sole "designated Beneficiary" (i.e., multiple beneficiaries), the "designated Beneficiaries" remaining "life expectancy" is calculated using the age of the oldest Beneficiary in the year following the year of the Participant's death, reduced by one for each subsequent year.

(4) If the Participant's sole "designated beneficiary" is not the Participant's spouse, the "designated Beneficiary's" remaining "life expectancy" is calculated using the age of the Beneficiary in the year following the year of the Participant's death, reduced by one for each subsequent year.

(B) No Designated Beneficiary.

If the Participant dies on or after the date distributions begin and there is no "designated Beneficiary" as of September 30 of the year after the year of the Participant's death, the minimum amount that will be distributed for each "distribution calendar year" after the year of the Participant's death is the quotient obtained by dividing the "Participant's account balance" by the Participant's remaining "life expectancy" calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

(ii) Death Before Date Distributions Begin.

(A) Participant Survived by Designated Beneficiary.

Except as provided in this Section, if the Participant dies before the date distributions begin and there is a "designated Beneficiary", the minimum amount that will be distributed for each "distribution calendar year" after the year of the Participant's death is the quotient obtained by dividing the "Participant's account balance" by the remaining "life expectancy" of the Participant's "designated Beneficiary", determined as follows:

(1) If the Participant's surviving spouse is the Participant's sole "designated Beneficiary", the remaining "life expectancy" of the surviving spouse is calculated for each "distribution calendar year" after the year of the Participant's death using the surviving spouse's age as of the spouse's birthday in that year.

(2) If the Participant's surviving spouse is not the Participant's sole "designated Beneficiary" (i.e., multiple beneficiaries), the "designated Beneficiary's" remaining "life expectancy" is

calculated using the age of the oldest Beneficiary in the year following the year of the Participant's death, reduced by one for each subsequent year.

(3) If the Participant's sole "designated beneficiary" is not the Participant's spouse, the "designated Beneficiary's" remaining "life expectancy" is calculated using the age of the Beneficiary in the year following the year of the Participant's death, reduced by one for each subsequent year.

(B) No Designated Beneficiary.

If the Participant dies before the date distributions begin and there is no "designated Beneficiary" as of September 30 of the year following the year of the Participant's death, distribution of the Participant's entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(C) Death of Surviving Spouse Before Distributions to Surviving Spouse Are Required to Begin.

If the Participant dies before the date distributions begin, the Participant's surviving spouse is the Participant's sole "designated Beneficiary", and the surviving spouse dies before distributions are required to begin to the surviving spouse under subsection (b)(ii)(A), this subparagraph (d)(ii) will apply as if the surviving spouse were the Participant.

(e) Definitions.

(i) A Participant's "required beginning date" is April 1 of the year that follows the later of (1) the calendar year the Participant attains age 70 ½ or (2) retires due to Severance from Employment. If the Participant postpones the required distribution due in calendar year he or she attains age 70 ½ or severs employment, to the "required beginning date", the second required minimum distribution must be taken by the end of that year.

(ii) Participant's "designated Beneficiary" means the individual who is designated as the Beneficiary under Section 8.1 and is the designated Beneficiary under Code Section 401(a)(9) and Treasury Regulation Section 1.401(a)(9)-4.

(iii) A "distribution calendar year" means a calendar year for which a minimum distribution is required. For distributions beginning before the Participant's death, the first "distribution calendar year" is the calendar year the Participant attains age 70 ½ or retires, if later. For distributions beginning after the Participant's death, the first "distribution calendar year" is the calendar year in which distributions are required to begin under subparagraph (b)(ii).

The required minimum distribution for the Participant's first "distribution calendar year" will be made on or before the Participant's "required beginning date". The required minimum distribution for other "distribution calendar years", including the required minimum distribution for the "distribution calendar year" in which the Participant's "required beginning date" occurs, will be made on or before December 31 of that "distribution calendar year".

(iv) A married Participant's "life expectancy", whose spouse is the sole Beneficiary and is more than 10 years younger than the Participant, means the Participant's and spouse Beneficiary's life expectancy as computed by use of the Joint and Last Survivor Life Table under Treasury Regulation Section 1.401(a)(9)-9, Q&A 3. All other Participants will have his or her life expectancy computed by use of the Uniform Lifetime Table under Treasury Regulation Section 1.401(a)(9)-9, Q&A 2. A deceased Participant's or Beneficiary's "life expectancy" means his or her life expectancy as computed by use of the Single Life Table under Treasury Regulation Section 1.401(a)(9)-9, Q&A 1.

(v) A "Participant's account balance" means the Account Balance as of the last valuation date in the calendar year immediately preceding the "distribution calendar year" (valuation calendar year) increased by the amount of any contributions made and allocated or forfeitures allocated to the Account Balance as of dates in the valuation calendar year after the valuation date and decreased by distributions made in the valuation calendar year after the valuation date. The Account Balance for the valuation calendar year includes any amounts rolled over or transferred to the Plan either in the valuation calendar year or in the "distribution calendar year" if distributed or transferred in the valuation calendar year.

(f) Special Provision Applicable to 2009 Required Minimum Distributions.

A Participant who would otherwise be required to receive a minimum distribution from the Plan in accordance with Code Section 401(a)(9) for the 2009 "distribution calendar year" may elect not to receive any such distribution that is payable with respect to the 2009 "distribution calendar year".

Notwithstanding the provisions of Section 6.9(b)(iii), the Administrator may permit a Participant who receives a minimum distribution from the Plan for the 2009 "distribution calendar year" to make a direct rollover of such distribution to an "eligible retirement plan" in accordance with the provisions of Section 6.9.

The Administrator may also permit a Participant or former Participant who has received a minimum distribution for the 2009 "distribution calendar year" to roll over such distribution back into the Plan, provided the requirements of Code Section 402(c), as modified by Notice 2009-82, extending the 60-day rollover deadline, and the requirements of Section 7.1 are otherwise satisfied. If the distribution received by the Participant included amounts in addition to the minimum required under Code Section 401(a)(9), the Administrator may allow the Participant to include a portion or all of the

amount that was not a minimum distribution in the Rollover Contribution made to the Plan in accordance with this paragraph.

The provisions of this Section 6.6(f) are effective for minimum payments made for the 2009 "distribution calendar year" and do not include any minimum payment that is made in 2009, but is attributable to a different year (i.e., the participant reached his required beginning date in 2008, but payment of the 2008 minimum is not made until 2009).

6.7 Payments to Minors and Incompetents

If a Participant or Beneficiary entitled to receive any benefits hereunder is a minor or is adjudged to be legally incapable of giving valid receipt and discharge for such benefits, or is deemed so by the Administrator, benefits will be paid to such person as the Administrator or a court of competent jurisdiction may designate for the benefit of such Participant or Beneficiary. Such payments shall be considered a payment to such Participant or Beneficiary and shall, to the extent made, be deemed a complete discharge of any liability for such payments under the Plan.

6.8 Procedure When Distributee Cannot Be Located

The Administrator shall make all reasonable attempts to determine the identity and address of a Participant or a Participant's Beneficiary entitled to benefits under the Plan. For this purpose, a reasonable attempt means (a) the mailing by certified mail of a notice to the last known address shown in the Administrator's records; (b) use of the Internal Revenue Service letter forwarding program under IRS Revenue Procedure 94-22; (c) use of a commercial locator service, the internet or other general search method; (d) use of the Social Security Administration search program; or (e) use such other methods as the Administrator believes prudent.

If the Participant or Beneficiary has not responded within 6 months, the Plan shall continue to hold the benefits due such person until, in the Administrator's discretion, the Plan is required to take other action under applicable law.

Notwithstanding the foregoing, if the Administrator is unable to locate a person entitled to benefits hereunder after applying the search methods set forth above, then the Administrator, in its sole discretion, may pay an amount that is immediately distributable to such person in a direct rollover to an individual retirement plan designated by the Administrator.

6.9 Direct Rollover

(a) A Participant or Beneficiary (or a Participant's former spouse who is the alternate payee under a domestic relations order, as defined in Code Section 414(p)) who is entitled to an "eligible rollover distribution" may elect, at the time and in the manner prescribed by the Administrator, to have all or any portion of the distribution paid directly to an "eligible retirement plan" specified by the Participant or Beneficiary in a direct rollover.

(b) For purposes of this Section 6.9, an "eligible rollover distribution" means any distribution of all or any portion of a Participant's Account Balance, except that an eligible rollover distribution does not include (i) any distribution that is one of a series of substantially

equal periodic payment made not less frequently than annually for the life or life expectancy of the Participant or the joint lives or life expectancies of the Participant and the Participant's designated beneficiary, or for a specified period of ten years or more (ii) any distribution made as a result of an unforeseeable emergency, or (iii) any distribution that is a required minimum distribution under Code Section 401(a)(9).

In addition, an "eligible retirement plan" with respect to the Participant, the participant's spouse, or the Participant's spouse or former spouse who is an alternate payee under a domestic relations order as defined in Code Section 414(p) means any of the following: (i) an individual retirement account described in Code Section 408(a), (ii) an individual retirement annuity described in Code Section 408(b), (iii) an annuity plan described in Code Section 403(a), (iv) a qualified defined contribution plan described in Code Section 401(a), (v) an annuity contract described in Code Section 403(b), (vi) an eligible deferred compensation plan described in Code Section 457(b) that is maintained by a State, political subdivision of a State, or any agency or instrumentality of a State or political subdivision of a State, or (vii) effective for distributions made on or after January 1, 2008, a Roth IRA, as described in Code Section 408A, provided, that for distributions made before January 1, 2010, such rollover shall be subject to the limitations contained in Code Section 408A(c)(3)(B) .

Notwithstanding any other provision of this Section 6.9(b), a plan or contract described in clause (iii), (iv), (v), or (vi) above shall not constitute an "eligible retirement plan" with respect to a distribution of Roth Contributions unless such plan or contract separately accounts for such distribution, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible.

(c) A Beneficiary who is not the spouse of the deceased Participant may elect a direct rollover of a distribution to an individual retirement account described in Code Section 408(b) or to a Roth individual retirement account described in Code Section 408A(b) ("IRA"), provided that the distributed amount satisfies all the requirements to be an eligible rollover distribution. The direct rollover must be made to an IRA established on behalf of the designated Beneficiary that will be treated as an inherited IRA pursuant to the provisions of Code Section 402(c)(11). The IRA must be established in a manner that identifies it as an IRA with respect to a deceased Participant and also identifies the deceased Participant and the Beneficiary. This Section applies to distributions made on or after January 1, 2007.

6.10 Inservice Distributions

(a) Unforeseeable Emergency Distributions. If the Participant who has not incurred a Severance from Employment or Beneficiary has an unforeseeable emergency, the Administrator may approve a single sum distribution of the amount requested or, if less, the maximum amount determined by the Administrator to be permitted to be distributed under this Section 6.10(a), Treasury Regulation Section 1.457-6(c) or other regulatory guidance. The Administrator shall determine whether an unforeseeable emergency exists

based on relevant facts and circumstances, and Treasury Regulation Section 1.457-6(c) or other regulatory guidance.

(i) An unforeseeable emergency is defined as a severe financial hardship of the resulting from the following:

(A) an illness or accident of the Participant or Beneficiary, the Participant's or Beneficiary's spouse, or the Participant's or Beneficiary's dependent or the Participant's "primary Beneficiary";

(B) loss of the Participant's or Beneficiary's property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by homeowner's insurance, e.g., as a result of a natural disaster);

(C) the need to pay for the funeral expenses of a Participant's or Beneficiary's spouse, Participant's or Beneficiary's dependent or "primary Beneficiary" of the Participant;

(D) the need to pay for medical expenses of the Participant or Beneficiary, the Participant's or Beneficiary's spouse, Participant's or Beneficiary's dependent or the Participant's "primary Beneficiary" which are not reimbursed or compensated by insurance or otherwise, including non-refundable deductibles, as well as for the cost of prescription drug medication;

(E) the imminent foreclosure of or eviction from the Participant's or Beneficiary's primary residence; or

(F) other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant or Beneficiary. However, except as otherwise specifically provided in this Section 6.10(a), certain circumstances are not considered an unforeseen emergency such as the purchase of a home or the payment of college tuition or credit card debt.

For purposes of this paragraph, if the Participant is not deceased, a "primary Beneficiary" shall be limited to a primary Beneficiary under the Plan, which is an individual who is named as a Beneficiary pursuant to Section 8.1 and has an unconditional right to all or a portion of the Participant's Account Balance upon the death of the Participant, and which shall not include a contingent beneficiary. Additionally, dependent shall be limited to the definition under Code Section 152(a), and, for taxable years beginning on or after January 1, 2005, without regard to Code Sections 152(b)(1), (b)(2) and (d)(1)(B).

(ii) Unforeseeable emergency distribution standard. A distribution on account of unforeseeable emergency may not be made to the extent that such emergency is or

may be relieved through reimbursement or compensation from insurance or otherwise; by liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship; or by cessation of deferrals under the Plan if the cessation of deferrals would alleviate the financial need.

(iii) Distribution necessary to satisfy emergency need. Distributions because of an unforeseeable emergency may not exceed the amount reasonably necessary to satisfy the emergency need (which may include any amounts necessary to pay any federal, State, or local income taxes or penalties reasonably anticipated to result from the distribution).

(b) De minimis Account Balance Distributions. A Participant before Severance of Employment may request a distribution of his or her total Account Balance (excluding the rollover contribution separate account), which shall be paid in a lump sum payment as soon as practical following the direction if (i) the total Account Balance does not exceed $5,000 (or the dollar limit under Code Section 411(a)(11), if greater), (ii) the Participant has not previously received a distribution of their total Account Balance payable to the Participant under this Section 6.10(b), and (iii) no Annual Deferral has been made with respect to the Participant during the two-year period ending immediately before the date of the distribution.

The Plan does not permit the Administrator to direct payments under the terms of this Section 6.10(b) without the Participant's consent.

(c) Rollover Account Distributions. If a Participant has a separate account attributable to rollover contributions under the Plan, the Participant before Severance of Employment may at any time elect to receive an inservice distribution of all or any portion of the amount held in the rollover separate account.

(d) Age 70 ½ Distributions. Prior to Severance from Employment, a Participant may withdraw all or a portion of his or her Account Balance on or after first day of the calendar year in which the Participant shall attain age 70-1/2.

(e) Qualified Military Service Deemed Severance Distributions. The Plan does not permit "qualified military service deemed severance withdrawals".

(f) Qualified Military Reservist Distributions. Notwithstanding any other provision of the Plan to the contrary, a Participant who is a member of a reserve component (as defined in Section 101 of Title 37 of the United States Code) who is ordered or called to active duty for a period in excess of 179 days, or for an indefinite period, may elect to receive a withdrawal of all or any portion of his or her Annual Deferrals. Any distribution made to a Participant pursuant to this Section 6.10(f) must be made during the period beginning on the date the Participant is ordered or called to active duty and ending on the close of his active duty period.

6.11 Qualified Distributions for Retired Public Safety Officers

A Participant who is an "eligible retired public safety officer" may elect to have qualified health insurance premiums deducted from amounts to be distributed to the Participant from the Plan, and to have such amounts paid directly to the insurer or group health plan, subject to the provisions of this Section 6.11. "Qualified health insurance premiums" include premiums for accident and health insurance (including under a self-insured plan) or qualified long-term care insurance contracts for the Participant and the Participant's spouse and dependents. It is intended that, pursuant to Code Section 402(l), the distribution shall be excluded from the Participant's gross income to the extent that the aggregate amount of the distributions does not exceed the amount used to pay the qualified health insurance premiums of the Participant and the Participant's spouse and dependents.

(a) A Participant shall qualify as an "eligible retired public safety officer" for purposes of this Section 6.11 only if the Participant is an individual who separated from service, either by reason of disability (as determined by the Administrator) or after attainment of normal retirement age, as a public safety officer with the Employer. Consequently, a public safety officer who retires before the attainment of normal retirement age is not an eligible retired public safety officer unless the public safety officer retires by reason of disability (as determined by the Administrator).

(b) For purposes of this Section 6.11, the term "public safety officer" means an individual serving the Employer in an official capacity, with or without compensation, as a law enforcement officer, a firefighter, a chaplain, or as a member of a rescue squad or ambulance crew.

(c) In order to avoid unintended taxation, the aggregate amount that a Participant elects to have directly distributed to an insurer or group health plan pursuant to this Section 6.11 for any calendar year shall be limited to $3,000. Moreover, for purposes of applying this $3,000 limitation, distributions with respect to the Participant that are used to pay for qualified health insurance premiums from all qualified retirement plans of the Employer shall be aggregated.

SECTION VII
ROLLOVERS AND PLAN TRANSFERS

7.1 Eligible Rollover Contributions to the Plan

(a) A Participant who is an Employee and who is entitled to receive an eligible rollover distribution from another "eligible retirement plan", as defined in 6.9(b) excluding the direct rollover of after-tax contributions, may request to have all or a portion of the eligible rollover distribution paid to the Plan. The Administrator may require such documentation from the distributing plan as it deems necessary to effectuate the rollover in accordance with Code Section 402 and to confirm that such plan is an "eligible retirement plan" within the meaning of Code Section 402(c)(8)(B).

(b) If an Employee makes a rollover contribution to the Plan of amounts that have previously been distributed to him or her, the Employee must deliver to the Administrator the cash that constitutes his or her rollover contribution within 60 days of receipt of the distribution from the distributing "eligible retirement plan". Such delivery must be made in the manner prescribed by the Administrator.

(c) The Plan shall establish and maintain for the Participant a separate account for any eligible rollover distribution paid to the Plan from any "eligible retirement plan" that is an eligible governmental plan under Code Section 457(b). In addition, the Plan shall establish and maintain for the Participant a separate account for any eligible rollover distribution paid to the Plan from any "eligible retirement plan" that is not an eligible governmental plan under Code Section 457(b).

7.2 Plan-to-Plan Transfers to the Plan

At the direction of the Employer, the Administrator may permit Participants or Beneficiaries who are participants or beneficiaries in another eligible governmental plan under Code Section 457(b) to transfer assets to the Plan as provided in this Section 7.2. Such a transfer is permitted only if the other plan provides for the direct transfer of each Participant's or Beneficiary's interest therein to the Plan. The Administrator may require in its sole discretion that the transfer be in cash or other property acceptable to the Administrator. The Administrator may require such documentation from the other plan as it deems necessary to effectuate the transfer in accordance with Code Section 457(e)(10) and Treasury Regulation Section 1.457-10(b) and to confirm that the other plan is an eligible governmental plan as defined in Treasury Regulation Section 1.457-2(f). The amount so transferred shall be credited to the Participant's Account Balance and shall be held, accounted for, administered and otherwise treated in the same manner as an Annual Deferral by the Participant under the Plan, except that the transferred amount shall not be considered an Annual Deferral under the Plan in determining the maximum deferral under Section III.

7.3 Plan-to-Plan Transfers from the Plan

(a) At the direction of the Employer, the Administrator may permit Participants or Beneficiaries to elect to have all or any portion of his or her Account Balance transferred to another eligible governmental plan within the meaning of Treasury Regulatory Section 1.457-2(f), if the other eligible governmental plan provides for the receipt of transfers, the Participant or Beneficiary whose amounts deferred are being transferred will have an amount deferred immediately after the transfer at least equal to the amount deferred with respect to that Participant or Beneficiary immediately before the transfer, and the conditions of subparagraph (i), (ii), or (iii) are met.

(i) A transfer from the Plan to another eligible governmental plan is permitted in the case of a transfer for a Participant if the Participant has had a Severance from Employment with the Employer and is performing services for the entity maintaining the other eligible governmental plan.

(ii) A transfer from the Plan to another eligible governmental plan is permitted if:

(A) The transfer is to another eligible governmental plan within the same State as the Plan;

(B) All the assets held by the Plan are transferred; and

(C) A Participant or Beneficiary whose amounts deferred are being transferred is not eligible for additional annual deferrals in the other eligible governmental plan unless he or she is performing services for the entity maintaining the other eligible governmental plan.

(iii) A transfer from the Plan to another eligible governmental plan of the Employer is permitted if:

(A) The transfer is to another eligible governmental plan of the Employer (and, for this purpose, an employer is not treated as the Employer if the Participant's compensation is paid by a different entity); and

(B) A Participant or Beneficiary whose deferred amounts are being transferred is not eligible for additional annual deferrals in the other eligible governmental plan unless he or she is performing services for the entity maintaining the other eligible governmental plan.

(b) Upon the transfer of assets under this Section 7.3, the Plan's liability to pay benefits to the Participant or Beneficiary under this Plan shall be discharged to the extent of the amount so transferred for the Participant or Beneficiary. The Administrator may require such documentation from the receiving plan as it deems appropriate or necessary to comply with this Section (for example, to confirm that the receiving plan is an eligible governmental plan under paragraph (a) of this Section 7.3, and to assure that the transfer

is permitted under the receiving plan) or to effectuate the transfer pursuant to Treasury Regulation Section 1.457-10(b).

7.4 Permissive Service Credit Transfers

(a) If a Participant is also a participant in a tax-qualified defined benefit governmental plan (as defined in Code Section 414(d)) that provides for the acceptance of plan-to-plan transfers with respect to the Participant, then the Participant may elect to have any portion of the Participant's Account Balance transferred to the defined benefit governmental plan. A transfer under this Section 7.4(a) may be made before the Participant has had a Severance from Employment and without regard to whether the defined benefit governmental plan is maintained by the Employer. The distribution rules applicable to the defined benefit governmental plan to which any amounts are transferred under this Section 7.4 shall apply to the transferred amounts and any benefits attributable to the transferred amounts.

(b) A transfer may be made under Section 7.4(a) only if the transfer is either for the purchase of permissive service credit (as defined in Code Section 415(n)(3)(A)) under the receiving defined benefit governmental plan, including service credit for periods for which there is no performance of services, service credited in order to provide an increased benefit for service credit which a participant is receiving under the plan, and service (including parental, medical, sabbatical, and similar leave) as an employee (other than as an employee described in Code Section 415(n)(3)(C)(i)) of an educational organization described in Code Section 170(b)(1)(A)(ii) which is a public, private, or sectarian school which provides elementary or secondary education (through grade 12) or a comparable level of education, as determined under the applicable law of the jurisdiction in which the service was performed, without application of the limitations of Code Section 415(n)(3)(B) in determining whether the transfer is for the purchase of permissive service credit, or a repayment to which Code Section 415 does not apply by reason of Code Section 415(k)(3).

SECTION VIII
BENEFICIARY

8.1 Designation

A Participant has the right, by written notice filed with the Administrator, to designate one or more beneficiaries to receive any benefits payable under the Plan in the event of the Participant's death prior to the complete distribution of benefits. The Participant accepts and acknowledges that he or she has the burden for executing and filing, with the Administrator, a proper beneficiary designation form.

The form for this purpose shall be provided by the Administrator. The form is not valid until it is signed, filed with the Administrator by the Participant, and accepted by the Administrator. Upon the Participant filing the form and acceptance by the Administrator, the form revokes all beneficiary designations filed prior to that date by the Participant.

If no such designation is in effect upon the Participant's death, or if no designated Beneficiary survives the Participant, the Beneficiary shall be the Participant's estate.

SECTION IX
ADMINISTRATION AND ACCOUNTING

9.1 Administrator

The Administrator shall have the responsibility and authority to control the operation and administration of the Plan in accordance with the terms of the Plan, the Code and regulations thereunder, and any State law as applicable.

The Administrator may contract with a financially responsible independent contractor to administer and coordinate the Plan under the direction of the Administrator. The Administrator shall have the right to designate a plan coordinator or other party of its choice to perform such services under this agreement as may be mutually agreed to between the Administrator and the plan coordinator or other party. Notwithstanding any other provisions to the contrary, the Administrator agrees that it shall be solely responsible to the Employer for any and all services performed by a plan coordinator, subcontractor, assignee, or designee under this agreement.

The Administrator has full and complete discretionary authority to determine all questions of Plan interpretation, policy, participation, or benefit eligibility in a manner consistent with the Plan's documents, such determinations shall be conclusive and binding on all persons except as otherwise provided by law.

9.2 Administrative Costs

All reasonable expenses of administration may be paid out of the Plan assets unless paid (or reimbursed) by the Employer. Such expenses shall include any expenses incident to the functioning of the Administrator, or any person or persons retained or appointed by any named fiduciary incident to the exercise of his or her duties under the Plan, including, but not limited to, fees of accountants, counsel, investment managers, agents (including nonfiduciary agents) appointed for the purpose of assisting the Administrator in carrying out the instructions of Participants as to the directed investment of his or her accounts and other specialists and his or her agents, and other costs of administering the Plan. In addition, unless specifically prohibited under statute, regulation or other guidance of general applicability, the Administrator may charge to the Account Balance of an individual a reasonable charge to offset the cost of making a distribution to the Participant, Beneficiary, or Alternate Payee. If liquid assets of the Plan are insufficient to cover the fees of the Administrator, then Plan assets shall be liquidated to the extent necessary for such fees. In the event any part of the Plan assets becomes subject to tax, all taxes incurred will be paid from the Plan assets. Until paid, the expenses shall constitute a liability of the trust fund described in Section 11.1.

9.3 Paperless Administration

The Administrator may use telephonic or electronic media to satisfy any notice requirements required by this Plan, to the extent permissible under regulations (or other generally applicable guidance). In addition, a Participant's consent to immediate distribution may be provided through telephonic or electronic means, to the extent permissible under regulations (or other generally

applicable guidance). The Administrator also may use telephonic or electronic media to conduct plan transactions such as enrolling participants, making (and changing) salary reduction elections, electing (and changing) investment allocations, and other transactions, to the extent permissible under regulations (or other generally applicable guidance).

SECTION X
AMENDMENTS

10.1 Amendment

The Employer may at any time either prospectively or retroactively amend the Plan by notifying Participants of such action. The Employer shall not have the right to reduce or affect the value of any Participant's Account Balance or any rights accrued under the Plan prior to amendment.

10.2 Conformation

The Employer shall amend and interpret the Plan to the extent necessary to conform to the requirements of Code Section 457 and any other applicable law, regulation or ruling, including amendments that are retroactive. In the event the Plan is deemed by the Internal Revenue Code to be administered in a manner inconsistent with Code Section 457, the Employer shall correct such inconsistency within the period provided in Code Section 457(b).

10.3 Plan Termination

In the event of the termination of the Plan, all Account Balances shall be disposed to or for the benefit of each Participant or Beneficiary in accordance with the provisions of Section VI or Section VII as soon as reasonably practicable following the Plan's termination. The Employer shall not have the right to reduce or affect the value of any Participant's account or any rights accrued under the Plan prior to termination of the Plan. The Participant's or Beneficiary's written consent to the commencement of distribution shall not be required regardless of the value of his or her Account Balance.

SECTION XI
TRUST FUND

11.1 Trust Fund

All amounts in a Participant's or Beneficiary's Account Balance, all property and rights purchased with such amounts, and all income attributable to such amounts, property, or rights shall be held and invested in the Trust Fund in accordance with this Plan. The Trust Fund, and any subtrust established under the Plan, shall be established pursuant to a written agreement that constitutes a valid trust, custodial agreement, annuity contract, or similar agreement under the laws of the State. All investments, amounts, property, and rights held under the Trust Fund shall be held in trust for the exclusive benefit of Participants and their Beneficiaries and defraying reasonable expenses of the Plan and of the Trust Fund. Prior to the satisfaction of all liabilities with respect to Participants and their Beneficiaries, no part of the assets and income of the Trust Fund may be used for, or diverted to, for purposes other than for the exclusive benefit of Participants and their Beneficiaries. The Employer has no beneficial interest in the Trust Fund and no part of the Trust Fund shall ever revert to the Employer, directly or indirectly, provided, however, that a contribution or any portion thereof made by the Employer through a mistake of fact under Section 12.4 shall upon written request of the Employer, reduced by losses attributable thereto, shall be returned to the Employer.

SECTION XII
MISCELLANEOUS

12.1 Non-Assignability

Except as provided in Sections 12.2 and 12.3, no benefit under the Plan at any time shall be subject in any manner to anticipation, alienation, assignment (either at law or in equity), encumbrance, garnishment, levy, execution, or other legal or equitable process; and no person shall have power in any manner to anticipate, transfer, assign (either law or in equity), alienate or subject to attachment, garnishment, levy, execution, or other legal or equitable process, or in any way encumber his or her benefits under the Plan, or any part thereof, and any attempt to do so shall be void except to such extent as may be required by law.

12.2 Domestic Relation Orders

The Employer shall establish reasonable procedures to determine the status of domestic relations orders and to administer distributions under domestic relations orders which are deemed to be qualified orders. Such procedures shall be in writing and shall comply with the provisions of Code Section 414(p) and regulations issued thereunder.

Notwithstanding Section 12.1, the Administrator may affect a Participant's Account Balance for a "qualified domestic relations order" as defined in Code Section 414(p), and those other domestic relations orders permitted to be so treated by the Administrator under the provisions of the Retirement Equity Act of 1984. The amount of the Participant's Account Balance shall be paid in the manner and to the person or persons so directed in the qualified domestic relations order. Such payment shall be made without regard to whether the Participant is eligible for a distribution of benefits under the Plan.

12.3 IRS Levy

Notwithstanding Section 12.1, the Administrator may pay from a Participant's or Beneficiary's Account Balance the amount that the Administrator finds is lawfully demanded under a levy issued by the Internal Revenue Service to the Plan with respect to that Participant or Beneficiary or is sought to be collected by the United States Government under a judgment resulting from an unpaid tax assessment against the Participant or Beneficiary.

12.4 Mistaken Contributions

Notwithstanding any other provision of the Plan or the Trust Fund to the contrary, in the event any contribution of an Employer is made under a mistake of fact (and not a Plan operational error), such contribution may be returned to the Employer within one year after the payment of the contribution. Earnings attributable to the excess contribution may not be returned to the Employer, but losses attributable thereto must reduce the amount to be so returned.

12.5 Employment

Neither the establishment of the Plan nor any modification thereof, nor the establishment of any account, nor the payment of any benefits, shall be construed as giving to any Participant or other person any legal or equitable right against the Employer except as herein provided; and, in no event, shall the terms or employment of any Employee be modified or in any way affected hereby.

12.6 Successors and Assigns

The Plan shall be binding upon and shall inure to the benefit of the Employer, its successors and assigns, all Participants and Beneficiaries and their heirs and legal representatives.

12.7 Written Notice

Any notice or other communication required or permitted under the Plan shall be in writing, and if directed to the Administrator shall be sent to the designated office of the Administrator, and, if directed to a Participant or to a Beneficiary, shall be sent to such Participant or Beneficiary at his or her last known address as it appears on the Administrator's record. To the extent permitted by law, regulation or other guidance from an appropriate regulatory agency, the Administrator, Employer or any other party may provide any notice or disclosure, obtain any authorization or consent, or satisfy any other obligation under the Plan through the use of any other medium acceptable to the Administrator. Such other medium may include, but is not necessarily limited to, electronic or telephonic medium. In addition, any communication or disclosure to or from Participants or Beneficiaries that is required under the terms of the Plan to be made in writing may be provided in any other medium (electronic, telephonic, or otherwise) that is acceptable to the Administrator and permitted under applicable law.

12.8 Total Agreement

This Plan and Participant deferral election, and any subsequently adopted Plan amendment thereof, shall constitute the total agreement or contract between the Employer and the Participant regarding the Plan. No oral statement regarding the Plan may be relied upon by the Participant.

12.9 Gender

As used herein the masculine shall include the neuter and the feminine where appropriate.

12.10 Controlling Law

This Plan is created and shall be construed, administered and interpreted in accordance with Code Section 457 and the regulations thereunder, and under laws of the State as the same shall be at the time any dispute or issue is raised. If any portion of this Plan is held illegal, invalid or unenforceable, the legality, validity and enforceability of the remainder shall be unaffected.

IN WITNESS WHEREOF, the Employer has executed this Plan document this _____ day of _____,_____.

City of Lodi

SEAL

By _____

Name_____

Title_____

Attest:

_____ _____

Title (Witness)

457(b) PLAN DOCUMENT CERTIFICATION

This form must be submitted to The Hartford along with your signed Specimen document.

Employer Name: City of Lodi	
Plan Name: City of Lodi Deferred Compensation Plan	
Effective Date of Plan: December 31, 2011	Hartford Group Number: 109402

Please select one of the following below:

- ☐ I, the undersigned employer representative, certify that the employer has adopted The Hartford's specimen 457(b) Plan Document without any modifications and have provided The Hartford with a copy of the adopted plan document.
- ☐ I, the undersigned employer representative, certify that the employer has adopted The Hartford's specimen 457(b) Plan Document with modifications and have provided The Hartford with a copy of the adopted document. I understand that the modifications will need to be approved by The Hartford to ensure that they conform to our Contract and Administrative Services Agreement with The Hartford, and their record keeping system and product. The provisions we have modified are as follows:

Plan Selections	Modifications

Name of Authorized Signer: (please print)	
Signature:	Date:

GN - 109402
GPLANLVL – CORRSPND

RESOLUTION NO. 2011-____

A RESOLUTION OF THE LODI CITY COUNCIL
APPROVING REVISED DEFERRED COMPENSATION
PLAN DOCUMENTS WITH NATIONWIDE RETIREMENT
SOLUTIONS

==========

WHEREAS, The City of Lodi has previously adopted a Deferred Compensation Plan with administration by Nationwide Retirement Solutions; and

WHEREAS, revisions to the Deferred Compensation Plan are required by virtue of enacted federal legislation; and

WHEREAS, Nationwide Retirement Solutions has provided a revised plan document for City execution.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Lodi does hereby authorize the City Manager to execute a revised Deferred Compensation Plan document with Nationwide Retirement Solutions.

Dated: December 21, 2011

==========

I hereby certify that Resolution No. 2011-____ was passed and adopted by the City Council of the City of Lodi in a regular meeting held December 21, 2011, by the following votes:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

RANDI JOHL
City Clerk

RESOLUTION NO. 2011-____

A RESOLUTION OF THE LODI CITY COUNCIL
APPROVING REVISED DEFERRED COMPENSATION
PLAN DOCUMENTS WITH THE HARTFORD

==========

WHEREAS, The City of Lodi has previously adopted a Deferred Compensation Plan with administration by The Hartford; and

WHEREAS, revisions to the Deferred Compensation Plan are required by virtue of enacted federal legislation; and

WHEREAS, The Hartford has provided a revised plan document for City execution.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Lodi does hereby authorize the City Manager to execute a revised Deferred Compensation Plan document with The Hartford.

Dated: December 21, 2011

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AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

RANDI JOHL
City Clerk

AGENDA ITEM C-15

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Adopt Resolution to Grant Designated Period for Two Years Additional Service Credit.

MEETING DATE: December 21, 2011

PREPARED BY: Human Resources Manager

RECOMMENDED ACTION: Adopt resolution to grant designated period for two years additional service credit.

BACKGROUND INFORMATION: The anticipated need to further reduce City spending in FY 2011/12 has necessitated the City explore additional options to reduce staffing. The CalPERS Two Year Additional Service Credit program, as established under California Government Code Section 20903, allows the City (as part of a budget reduction process) to offer a retirement incentive of two years service credit to eligible employees.

The City of Lodi desires to designate a period in which eligible employees qualify for Two Years Additional Service Credit, based on the amendment to the PERS contract.

The designated period for Two Years Additional Service Credit would begin December 22, 2011 and go through June 18, 2012 for eligible Miscellaneous and Fire (sworn) members.

This resolution grants final approval and completes the process.

FISCAL IMPACT: The cost of this benefit will be amortized over 20 years and included in the City's CalPERS employer contribution rate beginning in FY 2013/2014. Although the net savings depends on the number of employees who accept the benefit, the anticipated job vacancies are expected to save the City approximately $700,000 annually in salary and benefits.

FUNDING AVAILABLE: Funding available from the departments operating budget.

_____
Dean Gualco,
Human Resources Manager

_____
Jordan Ayers, Deputy City Manager and
Internal Services Director

APPROVED: _____
Konradt Bartlam, Interim City Manager

RESOLUTION NO. 2011-____

A RESOLUTION OF THE LODI CITY COUNCIL GRANTING ANOTHER PERIOD FOR TWO YEARS ADDITIONAL SERVICE CREDIT

==========

WHEREAS, the City Council of the City of Lodi is a contracting Public Agency of the Public Employees' Retirement System; and

WHEREAS, the City of Lodi desires to provide another designated period for Two Years Additional Service Credit, Section 20903, based on the contract amendment included in said contract which provided for Section 20903, Two Years Additional Service Credit, for eligible members;

NOW, THEREFORE, BE IT RESOLVED that said City Council does seek to add another designated period, and does hereby authorize this Resolution, indicating a desire to add a designated period from December 21, 2011 through June 18, 2012 for eligible members in the following classifications:

Classification	**Name**
Buyer	Randolph Lipelt
Construction/Maintenance Supervisor	Barry Fisher
Distribution Planning Supervisor	Edward Fitzpatrick
Electric Apparatus Mechanic	Lance Mauck
Fire Captain	William Broderick
Fire Captain	Joseph Hansen
Fire Captain	Timothy Thalken
Fire Captain	Pete Iturraran
Fire Engineer	John Heinrich
Program Coordinator	Diane Amaral
Street Maintenance Worker III	George Barajas
Street Maintenance Worker III	Randall McVinnie
Street Maintenance Worker III	Richard Morgan
Street Maintenance Worker III	Jose Vargas
Water/Wastewater Supervisor	Christopher Knoll
Water/Wastewater Supervisor	Kelly Powers
Water/Wastewater Supervisor	Ronald Stawski
Water/Wastewater Supervisor	Richard Lenfesty

Dated: December 21, 2011

==========

I hereby certify that Resolution No. 2011-____ was passed and adopted by the Lodi City Council in a regular meeting held December 21, 2011, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

RANDI JOHL
City Clerk

AGENDA ITEM C-16

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Adopt Resolution Adopting a Program for Enforcement of the Renewable Portfolio Standards Program

MEETING DATE: December 21, 2011

PREPARED BY: Electric Utility Director

RECOMMENDED ACTION: Adopt a resolution adopting a Program for Enforcement of the Renewable Portfolio Standards Program.

BACKGROUND INFORMATION: On April 12, 2011, the Governor signed SBX1-2, known as the California Renewable Energy Resources Act, which became effective on December 10, 2011. SBX1-2 requires that the amount of electricity generated per year from eligible renewable energy resources be increased to an amount that equals at least 20 percent of the total electricity sold to retail customers in California per year by December 31, 2013, 25 percent by December 31, 2016 and 33 percent by December 31, 2020.

While Lodi will need to adopt a Renewable Energy Resources Procurement Plan to meet the requirements of SBX1-2, the California State Energy Commission will not publish the details of their requirements for such RPS Procurement Plans until December 31, 2011 or later. Staff expects to bring a RPS Procurement Plan to Council for approval in the first quarter of next year. Based on staff's preliminary analysis it is expected that no net purchases will be required through 2013.

SBX1-2 (Public Utilities Code section 399.30(e)) does require the City of Lodi to adopt a Program for Enforcement of the Renewable Portfolio Standards by December 31, 2011. The attached Resolution adopts a Program for Enforcement of the Renewable Portfolio Standards, based on the form suggested by the Northern California Power Agency (NCPA).

It is expected that this Program for Enforcement of the Renewable Portfolio Standards, and its related RPS Procurement Plan, will be reviewed at least annually, with any required changes being brought back to the Lodi City Council for approval.

FISCAL IMPACT: No significant financial impact is expected from the approval of the Program for Enforcement of the Renewable Portfolio Standards.

FUNDING AVAILABLE: Included in the FY 2011/12 Budget Account No. 160642.8201.

_____
Elizabeth A. Kirkley
Electric Utility Director

MLF/EAK/lst

APPROVED: _____
Konradt Bartlam, City Manager

RESOLUTION NO. 2011-____

A RESOLUTION OF THE LODI CITY COUNCIL
ADOPTING A PROGRAM FOR ENFORCEMENT OF THE
RENEWABLE PORTFOLIO STANDARDS PROGRAM

==========

WHEREAS, the State of California has an existing California Renewables Portfolio Standard Program (RPS program) that is intended to increase the amount of electricity generated each year from eligible renewable energy resources; and

WHEREAS, on April 12, 2011, the Governor of the State of California signed California Senate Bill 2 of the First Extraordinary Session (SBX1-2, Chapter 1, Statutes of 2011, First Extraordinary Session), known as the *California Renewable Energy Resources Act*; and

WHEREAS, on September 9, 2011, the California Legislature ended the First Extraordinary Session; and

WHEREAS, SBX1-2 becomes effective on December 10, 2011, ninety-one days after the end of the First Extraordinary Session; and

WHEREAS, SBX1-2 states the intent of the Legislature that the amount of electricity generated per year from eligible renewable energy resources be increased to an amount that equals at least 20% of the total electricity sold to retail customers in California per year by December 31, 2013, and 33% by December 31, 2020; and

WHEREAS, pursuant to the provisions of Public Utilities Code section 399.30(a), the City must adopt and implement a renewable energy resources procurement plan (RPS Procurement Plan) to fulfill unmet long-term generation resource needs, that requires the City to procure a minimum quantity of electricity products from eligible renewable energy resources, including renewable energy credits, as a specified percentage of the total kilowatt-hours sold to the City's retail end-use customers each compliance period, to achieve specified procurement targets (hereinafter referred to as the "RPS Procurement Plan"); and

WHEREAS, the City will adopt and implement an RPS Procurement Plan that includes compliance periods (Compliance Periods) pursuant to Public Utilities Code section 399.30(b). Such Compliance Periods shall be January 1, 2011 to December 31, 2013, inclusive (Compliance Period 1), January 1, 2014 to December 31, 2016, inclusive (Compliance Period 2), January 1, 2017 to December 31, 2020, inclusive (Compliance Period 3), and each calendar year after 2020; and

WHEREAS, the City will adopt and implement an RPS Procurement Plan that includes specified procurement targets (Procurement Targets) of renewable energy resources for each Compliance Period pursuant to Public Utilities Code section 399.30(c)(1) and (2). Procurement Targets must average twenty percent (20%) of retail sales for the period January 1, 2011 to December 31, 2013, must meet twenty-five percent (25%) of retail sales by December 31, 2016, must meet thirty-three percent (33%) of retail sales by December 31, 2020, and must meet thirty-three percent (33%) of retail sales for all years thereafter; and

WHEREAS, the City will adopt and implement an RPS Procurement Plan that includes provisions that address a demonstration of reasonable progress in 2014 and 2015 to ensure the twenty five percent (25%) RPS procurement requirement by 2016, and reasonable progress in each of 2017, 2018, and 2019 to ensure the thirty-three percent (33%) RPS procurement requirement by 2020, pursuant to Public Utilities Code section 399.30(c)(2); and

WHEREAS, the City will adopt and implement an RPS Procurement Plan that includes definitions for three renewable product content categories (Content Categories) pursuant to Public Utilities Code section 399.30(c)(3) and consistent with Public Utilities Code section 399.16; and

WHEREAS, the City's RPS Procurement Plan shall include "Content Category 1"; consistent with Public Utilities Code section § 399.16(b)(1) (A) and (B), Content Category 1, shall include renewable energy resource electricity products that either (A) have a first point of interconnection with a California balancing authority, have a first point of interconnection with distribution facilities used to serve end users within a California balancing authority area, or are scheduled from the eligible renewable energy resource into a California balancing authority without substituting electricity from another source, and which may include the use of another source to provide real-time ancillary services required to maintain an hourly or subhourly import schedule into a California balancing authority, but only the fraction of the schedule actually generated by the eligible renewable energy resource shall count toward this portfolio content category, or (B) have an agreement to dynamically transfer electricity to a California balancing authority; and

WHEREAS, the City's RPS Procurement Plan shall include "Content Category 2"; consistent with Public Utilities Code section 399.16(b)(2), Content Category 2 shall include firmed and shaped eligible renewable energy resource electricity products providing incremental electricity and scheduled into a California balancing authority; and

WHEREAS, the City's RPS Procurement Plan shall include "Content Category 3"; consistent with Public Utilities Code § 399.16(b)(3), Content Category 3 shall include eligible renewable energy resource electricity products, or any fraction of the electricity generated, including unbundled renewable energy credits, that do not qualify under the criteria for Content Category 1 or Content Category 2; and

WHEREAS, the City will adopt and implement, an RPS Procurement Plan that includes the minimum procurement requirements (Procurement Requirements) of eligible renewable energy resource electricity products associated with contracts executed after June 1, 2010 for each Compliance Period, consistent with Public Utilities Code section 399.30(c)(3) and section 399.16; and

WHEREAS, the City's RPS Procurement Plan shall include Content Category 1 Procurement Requirements of not less than fifty percent (50%) of the eligible renewable energy resource electricity for Compliance Period 1, not less than sixty-five percent (65%) of the eligible renewable energy resource electricity for Compliance Period 2, and not less than seventy-five percent (75%) of the eligible renewable energy resource electricity for Compliance Period 3 and every year thereafter, consistent with Public Utilities Code section 399.16(c)(1); and

WHEREAS, the City's RPS Procurement Plan shall include Content Category 3 Procurement Requirements of not more than twenty-five percent (25%) of the eligible renewable energy resource electricity for Compliance Period 1, not more than fifteen percent (15%) of the eligible renewable energy resource electricity for Compliance Period 2, and not more than ten percent (10%) of the eligible renewable energy resource electricity for Compliance Period 3, consistent with Public Utilities Code section 399.16(c)(2); and

WHEREAS, the City's RPS Procurement Plan shall include Content Category 2 resources to meet the remaining RSP obligation for any given Compliance Period; and

WHEREAS, the City will adopt and implement, an RPS Procurement Plan that provides a definition for contract or ownership agreements originally executed prior to June 1, 2010 (Grandfathered Resources) consistent with Public Utilities Code section 399.16(d).

Grandfathered Resources shall include any contract or ownership agreement originally executed prior to June 1, 2010 for resources that were RPS eligible under the rules in place when the contract was executed, and for which any subsequent contract amendments or modifications occurring after June 1, 2010 do not increase the nameplate capacity for the facility or expected quantities of annual generation, or substitute a different renewable energy resource; the duration of the contract may be extended if the original contract specified a procurement commitment of fifteen (15) or more years; and

WHEREAS, the City will adopt and implement, an RPS Procurement Plan that includes rules for application of excess procurement (Excess Procurement) of eligible renewable energy resource electricity from one Compliance Period to a subsequent Compliance Period consistent with Public Utilities Code section 399.30(d)(1) and in the same manner as section 399.13(a)(4)(B). Beginning January 1, 2011, Excess Procurement from one Compliance Period may be applied to a subsequent Compliance Period; to determine the quantity of Excess Procurement for the applicable Compliance Period, the City shall deduct from actual procurement quantities, the total amount of procurement associated with contracts of less than ten (10) years in duration, and shall not include any resources designated as Content Category 3; and

WHEREAS, the City will adopt and implement, an RPS Procurement Plan that includes conditions for delaying timely compliance consistent with Public Utilities Code section 399.30(d)(2) and section 399.15(b). The City may approve a waiver of timely compliance (Waiver of Timely Compliance) in the event that there is inadequate transmission capacity (§ 399.15(b)(5)(A)), permitting, interconnection, or other factors that delay procurement, or insufficient supply (§ 399.15(b)(5)(B)), unanticipated curtailment are mandated to address needs of the balancing authority (§ 399.15(b)(5)(C)), or related factors existed; and

WHEREAS, the City will adopt and implement, an RPS Procurement Plan that establishes procedures to employ in the event of an approval of a Waiver of Timely Compliance, which provisions require the City to establish additional reporting for intervening years to demonstrate that reasonable actions under the City's control are being taken (§ 399.15(b)(6)) and to demonstrate that all reasonable actions within the City's control have been taken to ensure compliance in the future (§ 399.15(b)(7)); in no event shall the deficit from prior compliance periods be added to subsequent compliance periods in the event of a Waiver of Timely Compliance (§ 399.15(b)(9)); and

WHEREAS, the City will adopt and implement, an RPS Procurement Plan that establishes procedures that address cost limitations for expenditures on renewable resources (Cost Limitations for Expenditures) consistent with Public Utilities Code section 399.30(d)(3) and section 399.15(c). Cost Limitations for Expenditures shall be applicable to procurement expenditures for all eligible renewable energy resources used to comply with the renewables portfolio standard, and shall be based on factors that include, but are not limited to, the most recent renewable energy procurement plan, procurement expenditures that approximate the expected cost of building, owning, and operating eligible renewable energy resources, and the potential that some planned resource additions may be delayed or canceled; and

WHEREAS, pursuant to the provisions of Public Utilities Code section 399.30(m), the City shall retain discretion over the mix of eligible renewable energy resources procured by the City and those additional generation resources procured by the City for purposes of ensuring resource adequacy and reliability, and the reasonable costs incurred by the City for eligible renewable energy resources owned by it; and

WHEREAS, pursuant to the provisions of Public Utilities Code section 399.30(e), the City is required to adopt a program for the enforcement of the RPS program; and

WHEREAS, pursuant to the provisions of Public Utilities Code section 399.30(e), the City must adopt a program for enforcement of the RPS program on or before January 1, 2012; and

WHEREAS, the City Council, in compliance with Public Utilities Code section 399.30(e), desires to adopt a program for the enforcement of the RPS program (RPS Enforcement Program); and

WHEREAS, the City Council, in compliance with Public Utilities Code section 399.30(e), has provided not less than thirty days' notice of the proposed adoption of the RPS Enforcement Program.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby adopt a program for enforcement of the Renewable Portfolio Standard Program as shown on Exhibit A attached, and this Resolution shall be effective January 1, 2012.

Dated: December 21, 2011
==========

I hereby certify that Resolution No. 2011-____ was passed and adopted by the City Council of the City of Lodi in a regular meeting held December 21, 2011, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

RANDI JOHL
City Clerk

2011-____

Exhibit A

Program for Enforcement of the Renewable Portfolio Standards Program

1. The City shall have a program for the enforcement of the RPS program, which shall include all of the provisions, set forth herein and shall be known as the "City's RPS Enforcement Program";

2. The RPS Enforcement Program shall be effective January 1, 2012;

3. Not less than ten (10) days' advance notice shall be given to the public before any meeting is held to make a substantive change to the City's RPS Enforcement Program;

4. Annually, the Electric Utility Director shall cause to be reviewed, the City's RPS Procurement Plan to determine compliance the RPS program;

5. Annual review of the RPS Procurement Plan shall include consideration of each of the following elements:

   A. By December 31, 2013 (end of Compliance Period 1):
      - Verify that the City has met an average of twenty percent (20%) of retail sales with eligible renewable resources from the specified Content Categories for the period January 1, 2011 to December 31, 2013.

      - If targets are not met, the City must:
        - Ensure than any Waiver of Timely Compliance was compliant with the provisions in the RPS Procurement Plan
        - Review the applicability and appropriateness of excusing performance based on the Cost Limitations on Expenditures provisions of the RPS Procurement Plan

   B. By December 31, 2014:
      - Ensure that the City is making reasonable progress toward meeting the December 31, 2016 compliance obligation of twenty-five percent (25%) of retail sales with eligible renewable resources, consistent with the RPS Procurement Plan

   C. By December 31, 2015:
      - Ensure that the City is making reasonable progress toward meeting the December 31, 2016 compliance obligation of twenty-five percent (25%) of retail sales with eligible renewable resources, consistent with the RPS Procurement Plan

   D. December 31, 2016 (end of Compliance Period 2):
      - Verify that the City has met twenty-five percent (25%) of retail sales with eligible renewable resources from the specified Content Categories for the period ending December 31, 2016;

      - If targets are not met, the City must:
        - Review the applicability of applying Excess Procurement from Compliance Period 1 consistent with the provisions of the RPS Procurement Plan

- Ensure than any Waiver of Timely Compliance was compliant with the provisions in the RPS Procurement Plan
- Review applicability and appropriateness of excusing performance based on the Cost Limitations on Expenditures provisions of the RPS Procurement Plan

E. By December 31, 2017:

- Ensure that the City is making reasonable progress toward meeting the December 31, 2020 compliance obligation of thirty-three percent (33%) renewable resources electricity, consistent with the RPS Procurement Plan

F. By December 31, 2018:

- Ensure that the City is making reasonable progress toward meeting the December 31, 2020 compliance obligation of thirty-three percent (33%) renewable resources electricity, consistent with the RPS Procurement Plan

G. By December 31, 2019:

- Ensure that the City is making reasonable progress toward meeting the December 31, 2020 compliance obligation of thirty three percent (33%) renewable resources electricity, consistent with the RPS Procurement Plan

H. December 31, 2020 (end of Compliance Period 3), and annually thereafter,

- Verify that that the City met thirty-three percent (33%) of retail sales with eligible renewable resources from the specified Content Categories, consistent with the RPS Procurement Plan

- If targets are not met, the City must:
  - Review the applicability of applying Excess Procurement from a previous Compliance Period consistent with the provisions of the RPS Procurement Plan
  - Ensure than any Waiver of Timely Compliance was compliant with the provisions in the RPS Procurement Plan
  - Review applicability and appropriateness of excusing performance based on the Cost Limitations on Expenditures provisions of the RPS Procurement Plan

6. If it is determined that the City has failed to comply with the provisions of its RPS Procurement Plan, the City Council shall take steps to correct any untimely compliance, including:
   a. review the City's RPS Procurement Plan to determine what changes, if any, are necessary to ensure compliance in the next Compliance Period;
   b. report quarterly to the City Council regarding the progress being made toward meeting the compliance obligation for the next Compliance Period;
   c. report to the City Council regarding the status of meeting subsequent compliance targets, and all steps being taken to ensure that the obligation is timely met.

7. Effective Date: This Resolution shall be effective on January 1, 2012.

AGENDA ITEM C-17

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Authorize the Mayor, on Behalf of the City Council, to Send a Letter in Support of H.R. 1746, the "Community Access Preservation Act"

MEETING DATE: December 21, 2011

PREPARED BY: City Manager

RECOMMENDED ACTION: Authorize the Mayor, on behalf of the City Council, to send a letter in support of H.R. 1746, the "Community Access Preservation Act."

BACKGROUND INFORMATION: For several decades, local cable franchise operators were required to pay the cost of operating the Public, Education and Government (PEG) channel within the City of Lodi as part of their local franchise agreements. Following enactment of the State Digital Infrastructure and Competition Act of 2006 (DIVCA), cable operators could opt for a State franchise, rather than negotiate with local governments, and not be required to provide that staffing support.

While the City's benefit under DIVCA is the ability to collect a 1 percent fee to fund PEG operations, the law does not allow those dollars to fund operation costs, such as paying for a camera operator at City Council meetings. DIVCA defers to federal law in defining allowable PEG expenses, and federal law limits these to capital costs. As a result, Lodi's General Fund now supports the cost of a camera operator following Comcast's transition to a State video franchise.

City staff previously approached our local State representative seeking a change in DIVCA to allow for operating expenses, but without success.

Earlier this year, U.S. Reps. Tammy Baldwin (D-Wisc.) and Steve LaTourette (R-Ohio) introduced H.R. 1746, the Community Access Preservation Act (CAP Act). The legislation, if adopted, would allow PEG funds to be used for operating expenses, prevent operators from discriminating against PEG channels, and make it clear that any entity that provides video services via facilities in the right-of-way is subject to the Cable Act's franchising requirements.

The Mayor recently received a letter signed by the mayors of Dublin, Livermore, Pleasanton and San Ramon asking to join them in support of the CAP Act. The bill would provide a benefit to the residents of Lodi by allowing the City to use PEG funds for PEG operations instead of the General Fund and by increasing City flexibility to use these dollars to increase the amount of local programming on local access channels.

PEG funding to date has supported improvements to the audio/video facilities at the Carnegie Forum and equipment needed to broadcast City Council meetings over AT&T's U-Verse system.

APPROVED: _____

Konradt Bartlam, City Manager

FISCAL IMPACT: Enactment of H.R. 1746 into law will directly reduce General Fund expenses by approximately $2,000 per year (cost of staffing camera operator to broadcast City Council meetings).

FUNDING AVAILABLE: Not applicable.

Jeff Hood
Communications Specialist

Attachment: Letter of support

CITY COUNCIL
JOANNE MOUNCE, Mayor
ALAN NAKANISHI,
Mayor Pro Tempore
LARRY D. HANSEN
BOB JOHNSON
PHIL KATZAKIAN

CITY OF LODI

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KONRADT BARTLAM
City Manager
RANDI JOHL, City Clerk
D. STEPHEN SCHWABAUER
City Attorney

December 21, 2011

The Honorable Jerry McNerney
1210 Longworth House Office Building
Washington, D.C. 20515

SUBJECT: H.R. 1746 – The Community Access Preservation Act ("CAP Act")

Dear Representative McNerney:

On behalf of the City of Lodi, I write to express our strong support for H.R. 1746, the Community Access Preservation Act ("CAP Act") and urge you to sign on as a co-sponsor of this legislation.

The CAP Act protects Public, Education and Government (PEG) channels, which provide an important service in bringing local government and other programming that otherwise would not be available to communities.

Due to a lack of adequate federal protection, PEG television was severely affected in 23 states that passed statewide/state-issued cable franchising laws. These laws have had serious negative consequences for PEG television. One of these is changing the ability to use already allocated fees to support ongoing operations. Although these fees continue to be collected from subscribers by the cable operators, they are now designated for capital costs only, eliminating the ability to use them for operational overhead. The CAP Act is the Congressional remedy for this funding obstacle as it removes the distinction between capital and operational use.

In Lodi, the transition of Comcast from a local to state franchise agreement in 2009 has meant the City of Lodi's General Fund is required to provide financial support in order to continue broadcasting City Council meetings. This new expense comes at a time when the City's General Fund is under pressure due to declining revenue.

H.R. 1746 is supported by the National League of Cities, National Association of Counties and the United States Conference of Mayors, the National Association of telecommunications officers and Advisors, American Community Television, as well as several state municipal leagues.

I urge you to support the CAP Act. Thank you for what you can do to help support local PEG channels, which play a major role in providing government transparency to American communities.

Sincerely,

JoAnne Mounce
Mayor

Comments by the public on non-agenda items

THE TIME ALLOWED PER NON-AGENDA ITEM FOR COMMENTS MADE BY THE PUBLIC IS LIMITED TO FIVE MINUTES.

The City Council cannot deliberate or take any action on a non-agenda item unless there is factual evidence presented to the City Council indicating that the subject brought up by the public does fall into one of the exceptions under Government Code Section 54954.2 in that (a) there is an emergency situation, or (b) the need to take action on the item arose subsequent to the agenda's being posted.

Unless the City Council is presented with this factual evidence, the City Council will refer the matter for review and placement on a future City Council agenda.

Comments by the City Council Members on non-agenda items

AGENDA ITEM **G-01**

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Continued Public Hearing to Consider Adopting Resolution Approving Harney Lane Specific Plan and Certifying Negative Declaration as Adequate Environmental Documentation for the Harney Lane Specific Plan

MEETING DATE: December 21, 2011

PREPARED BY: Public Works Director

RECOMMENDED ACTION: Continued public hearing to consider adopting resolution approving Harney Lane Specific Plan and certifying Negative Declaration as adequate environmental documentation for the Harney Lane Specific Plan.

BACKGROUND INFORMATION: City Council considered the adoption of the Harney Lane Specific Plan and certification of the negative declaration at its October 5, 2011 meeting. A copy of that Council Communication is provided as Exhibit A.

It is important to remember that the Specific Plan documents stop at the Harney Lane/South Hutchins Street intersection with the understanding that the segment from South Hutchins Street to Stockton Street will be designed as part of the grade separation project.

The City Council continued the public hearing, directing staff to meet with representatives of the Felix Costa and Sons property who expressed concerns over the access on West Lane/South Hutchins Street and the inclusion of acceleration/deceleration lanes at the future intersection on Harney Lane opposite of Banyan Drive.

The concerned parties met on October 18, 2011, and a staff proposal was presented that mitigates the access issues on West Lane/South Hutchins Street. The proposal, Exhibit B, would create a new driveway opposite a future intersection at the South Hutchins Annexation (Sutter Gould) project. This solution is very similar to the access provided to the Van Ruiten Farms property west of Lower Sacramento Road at the Century Boulevard intersection, as presented in Exhibit C.

Advantages of the new access on West Lane/South Hutchins Street are listed below.

1. A full access signalized intersection provides a median opening and full turning movement access that is not allowed by the existing median.
2. The signalized intersection will permit safe entry and exit of trucks and vehicles.
3. The new access provides better service for trucks and vehicles than the existing access.

At the same meeting, it was agreed that the issue of providing acceleration/deceleration lanes at the future intersection on Harney Lane opposite of Banyan Drive would be included in the alternatives analysis phase of the design for the grade separation.

A second meeting was held with all concerned parties on November 30, 2011, and the staff proposal was accepted with the following conditions.

APPROVED: _____
Konradt Bartlam, City Manager

1. The future intersection required as a condition of development of the South Hutchins Annexation would be constructed in conjunction with the Harney Lane Grade Separation if not already constructed.
2. Access to the Felix Costa and Sons property via a left turn from west bound Harney Lane into a new driveway opposite Banyan Drive is guaranteed until the improvements at the intersection of Harney Lane and South Hutchins Street are completed or until the grade separation is under construction and ultimately completed. The improvements at the intersection of Harney Lane and South Hutchins Street will allow for U-turns from west bound to east bound Harney Lane.
3. The City committed to limit disruptions to the packing and farming operations to as few as possible.
4. All concerned parties agree to support the recommended action.
5. A Memorandum of Understanding between the parties has been prepared setting forth the conditions described above.

If City Council approves the recommended actions, the Final Specific Plan Report will be revised to include Exhibit B replacing the two Costa Exhibits in Appendix B.

Staff recommends adoption of a resolution approving the Harney Lane Specific Plan and certifying the negative declaration as adequate environmental documentation for the Harney Lane Specific Plan.

FISCAL IMPACT: Not applicable.

FUNDING AVAILABLE: Not applicable.

_____
F. Wally Sandelin
Public Works Director

Prepared by Wally Sandelin
FWS/pmf
Attachments

Exhibit A

AGENDA ITEM G-1

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Public Hearing to Consider Adopting Resolution Approving Harney Lane Specific Plan and Certifying Negative Declaration as Adequate Environmental Documentation for the Harney Lane Specific Plan

MEETING DATE: October 5, 2011

PREPARED BY: Public Works Director

RECOMMENDED ACTION: Public hearing to consider adopting resolution approving Harney Lane Specific Plan and certifying Negative Declaration as adequate environmental documentation for the Harney Lane Specific Plan.

BACKGROUND INFORMATION: The 2010 General Plan designates Harney Lane as a four-lane expressway between Lower Sacramento Road and State Route 99. West of Lower Sacramento Road to the city limits, Harney Lane is generally designated to be a four-lane minor arterial. The Specific Plan covers the area from the city limits on the west to South Stockton Street on the east, as presented in Exhibit A. The section of Harney Lane between South Stockton Street and State Route 99 is not included in the Specific Plan because the roadway widening has been completed as part of development in the area.

The section between South Hutchins Street and South Stockton Street will have a number of different geometric alternatives that will be identified and evaluated as part of the design and environmental phase of the Harney Lane Grade Separation Project. The consultant selection process has been completed and the start of work is imminent.

The Harney Lane Specific Plan is a planning tool that will be used to guide the systematic implementation of the adopted General Plan. It effectively establishes a link between implementing policies of the General Plan, individual development proposals, and future City capital improvement projects along the Harney Lane corridor. A copy of the Harney Lane Specific Plan Report and Technical Appendices are available at the Public Works Department for review, and an abridged copy of the report is provided in Exhibit B.

The Harney Lane Specific Plan will accomplish two objectives. The first is to identify the roadway improvements to be constructed along Harney Lane; the second is to establish the required right-of-way to serve anticipated growth and future traffic volume increases along the corridor.

The proposed geometrics reflect the ultimate improvements required to serve the traffic expected to result from development of the General Plan. It is anticipated that a phased-construction approach will be utilized to construct the ultimate improvements. Therefore, interim geometric plans will likely be implemented to deal with constraints represented by cost, relocation of structures, right-of-way acquisition and accident history. As development occurs along the corridor, ultimate improvements will be required in conjunction with that development project.

An important aspect of the design of expressways is the limitation on the number of intersections and other turning movements onto and from the expressway. This Specific Plan assumes that intersections with median openings will be allowed only at Westgate Drive (a future intersection), Lower Sacramento Road,

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APPROVED: _____
Konradt Bartlam, City Manager

South Mills Avenue, South Ham Lane, South Hutchins Street, and South Stockton Street. Further discussion of the geometric design and phased improvement of Harney Lane is provided below.

The corridor is divided into four distinct segments for discussion purposes – Segment 1: City limits to Lower Sacramento Road; Segment 2: Lower Sacramento Road to South Mills Avenue; Segment 3: South Mills Avenue to South Hutchins Street; and Segment 4: South Hutchins Street to South Stockton Street. This segmentation is not intended to reflect the phasing of improvements or the sequencing.

Segment 1 – City Limits to Lower Sacramento Road

Harney Lane west of Lower Sacramento Road lies primarily within San Joaquin County and partly within the City. It is anticipated that the County portion of this road segment will eventually be annexed into the City. The area north of Harney Lane in this segment is within the City's sphere of influence. The area south of Harney Lane is not within the City's sphere of influence and no annexation is anticipated.

The houses on the north side are set back a minimum of 27 feet from the existing right-of-way, while the houses on the south are set back 2 to 25 feet from the existing right-of-way. Because of this, two improvement alternatives were developed for this segment. The first is an interim alternative that is not required until the Southwest Gateway project develops, which may be 15 years in the future. Since the houses on the south are closest to the road, the existing south right-of-way line was held, wherever possible, and the improvements were pushed to the north side. To construct the interim improvements, 9 ½ feet of right-of-way would be required on the north side of the street. On the south, the two properties closest to Lower Sacramento Road would be affected. The amount of right-of-way required at these locations varies from 0 to 3 feet. By taking this approach, no housing structures will be impacted.

The ultimate improvement alternative for Segment 1 would closely conform to the City standard section for a secondary arterial which measures 64 feet from curb to curb. These improvements would be required 30 years or more from now. To construct the ultimate improvements, up to 8 feet of additional right-of-way would be required on the north side and up to 13 feet of additional right-of-way would be required on the south side. The houses on the north are still set back far enough that the extra right-of-way will not impact the houses directly but would reduce the size of the front yards by 8 feet. On the south side, 10 properties are affected. Three of the 10 properties would need to be purchased to build the ultimate improvements.

Segment 2 - Lower Sacramento Road to South Mills Avenue

Similar to Segment 1, Harney Lane between Lower Sacramento Road and South Mills Avenue is expected to be widened in phases. Interim improvements will be implemented when the City deems traffic volumes or accident levels have created unsafe conditions. The south side of the roadway consists of rural residential homes built on fairly large lots. The homes are generally set well back from the existing roadway. The interim improvements will widen Harney Lane to allow the traffic to flow safely but minimize the impacts to residences on the south side. The ultimate improvements are not required until the properties on the south side of Harney Lane and easterly of this segment are developed.

Segment 3 – South Mills Avenue to South Hutchins Street

Because there are only three property owners on the south side of Harney Lane, and these properties are likely to develop in the future, there will likely not be an interim improvement alternative. The ultimate alternative will likely be constructed in conjunction with development. The residential homes east of the Woodbridge Irrigation Canal on the north side have driveway access onto Harney Lane. This access will remain and is complemented with on-street parking and a bicycle lane. In this area, a total of 14 feet is provided on the north side of the roadway to accommodate the parking and bicycle lane.

Segment 4 - South Hutchins Street to South Stockton Street

This segment is unique due to the Union Pacific Railroad crossing that exists in the middle, as well as special considerations required to support the existing agricultural/industrial uses at the southeast quadrant of the Harney Lane and South Hutchins Street intersection. The City has plans for a grade separation at the railroad crossing, as presented in the General Plan. Design and environmental review of the alternative grade separation configurations and access considerations will be completed over the next 18 months. Frequent opportunities will be provided for the general public to receive information and to comment on the project as it develops.

Segment 4 improvements along Harney Lane will significantly impact the agricultural operations at the Costa and Tsutsumi properties on the south side. The Tsutsumi operations are limited to a wine grape vineyard and related operations. Future expansion of the Reynolds Ranch Shopping Center eventually will require the expansion of the South Stockton Street intersection, but these improvements will not affect the access conditions at the Tsutsumi property. The Tsutsumi property will only be affected when the grade separation is constructed. Mr. Tsutsumi opposes the proposed specific plan. Mr. Tsutsumi claims the grade separation project would take a significant amount of his property, thereby, making it not economically feasible to continue wine grape vineyard operations.

The Costa property contains a large cherry orchard and cherry packing facility. The operations utilize numerous access locations on Harney Lane and West Lane. During packing season, the facility processes fruit from much of the Central Valley, and trucks are continuously entering and exiting the property. Development of the South Hutchins Annexation project at the southwest corner of Harney Lane and South Hutchins Street will result in the significant expansion of the same intersection. Accommodations for access to the Costa property are provided in the form of a relocated driveway at the corner and, if needed over time, the addition of a new driveway with pull-out lanes opposite the existing Banyan Drive. No other widening along this segment is anticipated prior to construction of the grade separation.

The grade separation will be a City-sponsored project and will be constructed as soon as funding is available. Upon construction of the grade separation, the Costas will lose full access to both driveways on Harney Lane by virtue of the raised median that will be constructed with the grade separation. A new intersection access opposite Banyan Drive will allow right-in and right-out turns only at the Costa property.

City staff met with the Costas on several occasions to discuss the impacts the Harney Lane Specific Plan would have on their operations and access to their property. Specifically, City staff repeatedly represented that the grade separation alternatives presented in the specific plan were a plan in concept only and did not bind future City action nor did it eliminate or lessen any rights held by the Costas to challenge any subsequent action by the City concerning the grade separation project. The Specific Plan addresses the concerns expressed by the Costas.

Public Outreach

Two public meetings were held at Henderson Community Day School. The first public meeting was held on June 8, 2010, to present the preliminary Specific Plan, explain the purpose of a specific plan, request input on the plan and give the attendees an opportunity to individually meet with City staff. A total of 52 people attended the first meeting. A second public meeting was held on January 25, 2011, to present residents with an update addressing the comments from the first public meeting, the follow up individual meetings and staff modifications to the Specific Plan. A total of 53 people attended the second meeting.

As part of the public outreach, the City staff invited all residents within the project area to meet one-on-one with the project team to further explain the Specific Plan and to discuss the impact to their individual properties. Since not all of the citizens could attend the public meetings, two separate letters

went out to all property owners whose properties would be impacted. A total of 55 residents took the opportunity to meet with the project team. The meetings were either held at the property owner's residence or at the Public Works office. The meetings were successful in providing information to the property owners and in resolving most of the property owners' concerns and issues.

Harney Lane Specific Plan Negative Declaration

In accordance with the California Environmental Quality Act (CEQA) and the CEQA Guidelines, the City, as the lead agency, prepared an Initial Study and Mitigated Negative Declaration (Exhibit C) and published a Notice of Availability (NOA) announcing that the Harney Lane Specific Plan Draft Negative Declaration had been prepared and was available to the public for review. The NOA was submitted to the State Clearinghouse, distributed to local agencies, sent to interested persons, posted with the County Clerk's office, mailed to all property owners of record within a 300-foot radius of the project boundary, posted on the City's website and published in the *Lodi News Sentinel*. The 30-day window for review and comment on the draft Negative Declaration commenced on Tuesday, April 12, 2011, and concluded on Wednesday, May 11, 2011. During the public review period, five comments were received on the proposed Negative Declaration [State Clearing House, California Valley Miwok Tribe, State Department of Transportation (Caltrans) District 10, San Joaquin County Council of Governments (SJCOG), and Union Pacific Railroad (UPPR)].

The letter from the State Clearinghouse notes that the Initial Study and proposed Mitigated Negative Declaration were circulated for a 30-day period review and that only Caltrans District 10 submitted a comment letter. It further notes that the review requirements for draft environmental documents have been fulfilled. The letter from California Valley Miwok Tribe notes change of their mailing address. Their comment is noted and City staff has updated their mailing address. The Caltrans letter indicates that a traffic impact study is required for this project in order to determine the proposed project's near-term and long-term impacts to State facilities. The City feels this issue has already been addressed via a previous Mitigated Negative Declaration (Harney Lane Interim Improvements Project SCH#2010072040) and the General Plan EIR 2010 (SCH#2009022075). The proposed Harney Lane Specific Plan is an integral component of the City's General Plan 2010, which identifies Harney Lane as a four-lane expressway. No physical improvements or construction activities are proposed in conjunction with implementation of the Harney Lane Specific Plan. Subsequent development in the plan area, including all subdivisions, site plan reviews, planned development review, and conditional use permits will be subject to environmental review on a project-by-project basis. SJCOG notes the project limits are within a habitat zone and future developments would be subject to requirements in effect at the time the developments occur. Finally, the UPRR letter notes that a future grade separation at the Harney Lane railroad is needed. The City notes that planning for the grade separation has commenced and it anticipates completing the design and environmental review of the project at some time in the future.

FISCAL IMPACT: Not applicable.

FUNDING AVAILABLE: Not applicable.

F. Wally Sandelin
Public Works Director

Prepared by Chris Boyer, Junior Engineer
FWS/CB/pmf
Attachments

CITY OF LODI

PUBLIC WORKS DEPARTMENT

Exhibit A - Harney Lane
1/2 Mile West of Lower Sacromento Rd to Hutchins Street

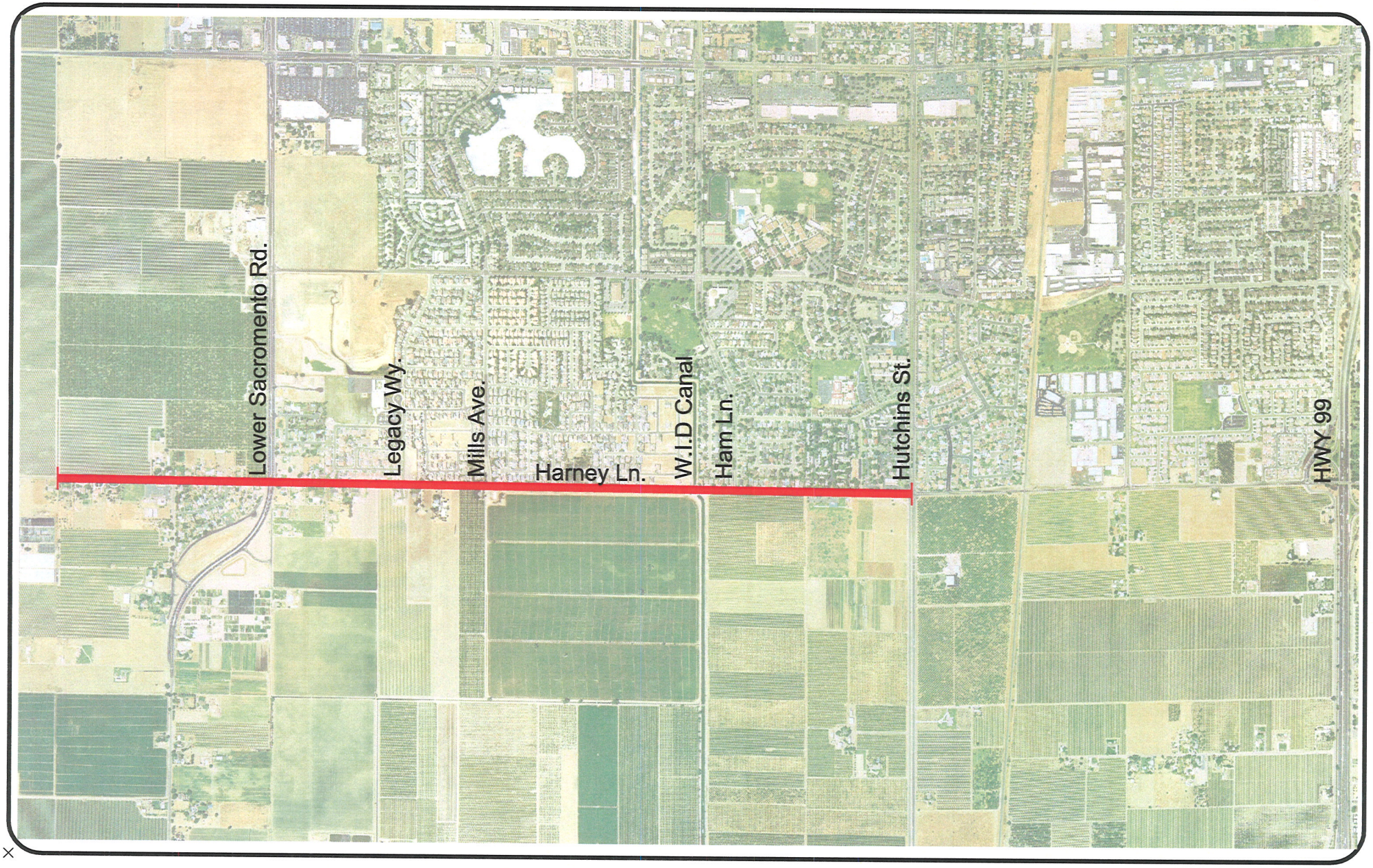

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EXHIBIT B

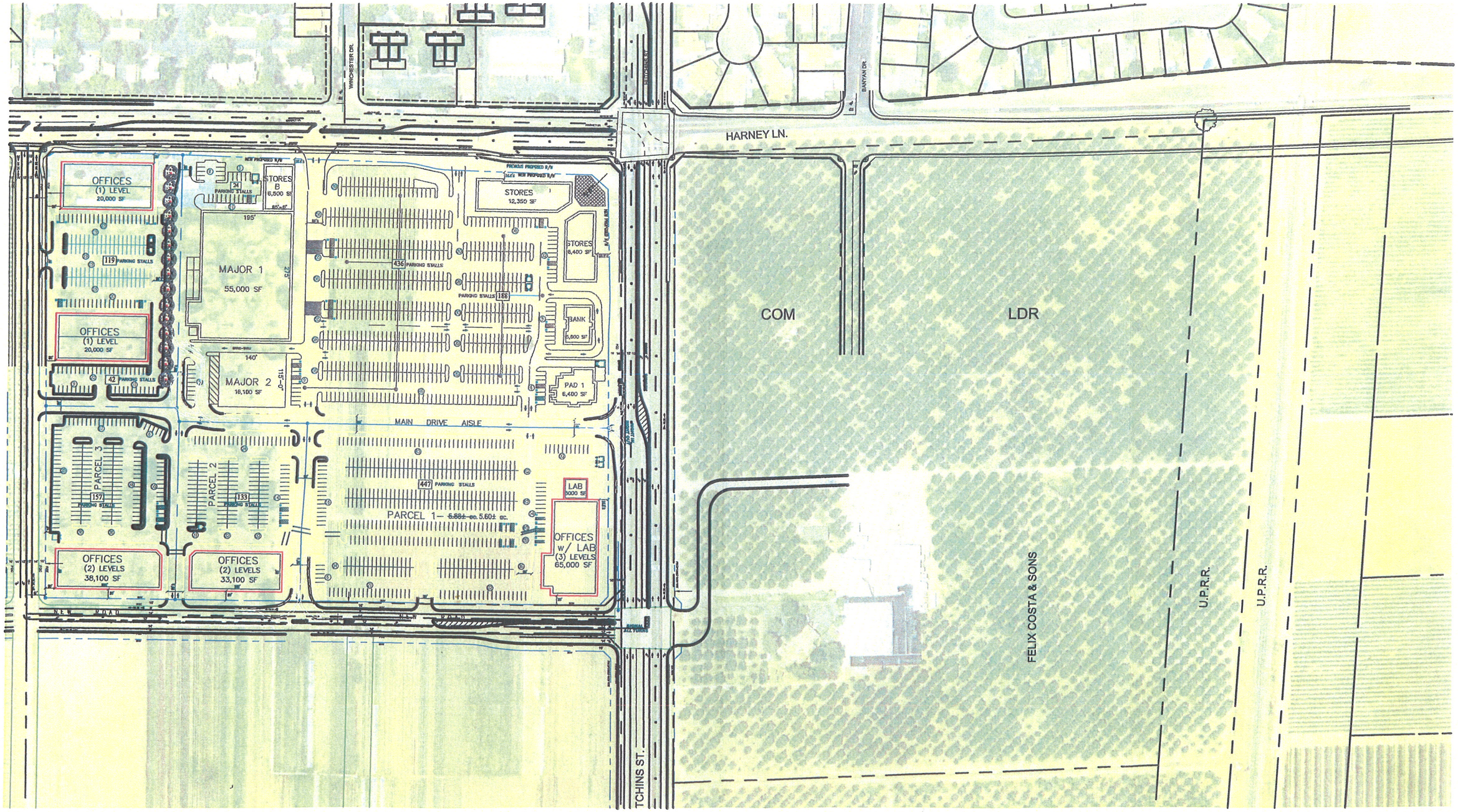

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EXHIBIT C

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© 2011 Microsoft Corporation Pictometry Bird's Eye © 2010 Pictometry Intern

RESOLUTION NO. 2011-____

A RESOLUTION OF THE LODI CITY COUNCIL
APPROVING HARNEY LANE SPECIFIC PLAN AND
CERTIFYING NEGATIVE DECLARATION AS
ADEQUATE ENVIRONMENTAL DOCUMENTATION
FOR THE HARNEY LANE SPECIFIC PLAN

==========

WHEREAS, the Harney Lane Specific Plan covers the area from the city limits on the west to South Stockton Street on the east; and

WHEREAS, after conducting two public meetings, providing two mailings to affected property owners, and meeting individually with concerned residents, staff recommends approving the Harney Lane Specific Plan; and

WHEREAS, in accordance with the California Environmental Quality Act (CEQA) and the CEQA Guidelines, the City, as the lead agency, prepared an Initial Study and Mitigated Negative Declaration and published a Notice of Availability (NOA) announcing that the Harney Lane Specific Plan Draft Negative Declaration had been prepared and was available to the public for review. The NOA was submitted to the State Clearinghouse, distributed to local agencies, sent to interested persons, posted with the County Clerk's office, mailed to all property owners of record within a 300-foot radius of the project boundary, posted on the City's website and published in the *Lodi News Sentinel*. The 30-day window for review and comment on the draft Negative Declaration commenced on Tuesday, April 12, 2011, and concluded on Wednesday, May 11, 2011; and

WHEREAS, staff recommends that the City Council certify the Negative Declaration as adequate environmental documentation for the Harney Lane Specific Plan.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby approve the Harney Lane Specific Plan and hereby certifies the Negative Declaration as adequate environmental documentation for the Harney Lane Specific Plan.

Dated: December 21, 2011

==========

I hereby certify that Resolution No. 2011-____ was passed and adopted by the City Council of the City of Lodi in a regular meeting held December 21, 2011, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

RANDI JOHL
City Clerk

AGENDA ITEM **G-02**

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Public Hearing to Consider Adopting Resolution Setting Pre-Approved Engineering News Record Adjustment Index for Usage-Based and Flat Water Rates

MEETING DATE: December 21, 2011

PREPARED BY: Public Works Director

RECOMMENDED ACTION: Public hearing to consider adopting resolution setting pre-approved Engineering News Record adjustment index for usage-based and flat water rates.

BACKGROUND INFORMATION: The City Council has made numerous water rate decisions over the past few years, as summarized below. Staff's recommended action at this time is to implement a rate increase of 2.2 percent effective January 1, 2012, as presented in Exhibit A.

On May 20, 2009, Council waived the Consumer Price Index (CPI) adjustment of water rates based upon a lack of new information supporting neither an increase nor a decrease. On January 6, 2010, Council received advisory usage-based water rates for the purpose of research and customer billing comparisons. On July 21, 2010, Council approved a change to the date for implementing the annual rate adjustment to January 1 for each of the five years (maximum timeframe allowed by Proposition 218) following January 1, 2011. This change was recommended so that rate changes occur at the lowest usage time of the year. Council also changed the water rate adjustment index from the CPI to the ENR, effective January 1, 2012, because this index better reflects the combined inflationary effects of personnel, materials and energy costs on the total operations of the utility, as was done for the Wastewater Rates on July 15, 2010.

Council approved a professional services agreement with The Reed Group on August 6, 2008, for the preparation of a water utility financial model. The model will be used to forecast the performance of the utility through FY 2019/20 while incorporating substantial capital investments, including the surface water treatment facilities, water meter program, infrastructure replacement program, property owner meter payments and PCE/TCE remediation costs. The recommended rates presented in Exhibit A were developed using this tool.

While the ENR-based adjustment for the period October 2010 through October 2011 is 2.53 percent, the model forecast works with an increase of just 2.2 percent, as was presented in the current copy recently sent to Council. It is staff's recommendation that the water rate increase be 2.2 percent rather than the actual ENR-based increase of 2.53 percent. For a resident still on the flat rate, the monthly charge for a three-bedroom home will increase from $41.09 to $41.99. A metered resident using 1,500 cubic feet of water per month will see an increase from $38.10 to $38.95.

FISCAL IMPACT: Increased revenues to the water utility are required to keep up with cost of service increases and new mandated costs.

FUNDING AVAILABLE: Not applicable.

_____
F. Wally Sandelin
Public Works Director

Prepared by Rebecca Areida-Yadav, Management Analyst
FWS/RAY/pmf
Attachment
cc: Steve Mann, Information Systems Manager
Charlie Swimley, Deputy Public Works Director – Utilities

APPROVED: _____
Konradt Bartlam, City Manager

RESOLUTION NO. 2011-____

A RESOLUTION OF THE LODI CITY COUNCIL
SETTING PRE-APPROVED ENGINEERING NEWS
RECORD ADJUSTMENT INDEX FOR USAGE-BASED
AND FLAT RATE MONTHLY WATER RATES

==========

WHEREAS, Resolution No. 2010-123 approved annual water rate increases in an amount not to exceed the percentage change in the Engineering News Record (ENR) Twenty Cities Annual Average Index beginning January 2012 through January 2016. A Proposition 218 procedure was conducted that validated this action; and

WHEREAS, staff has regularly updated the Water Utility Financial Plan with the assistance of the The Reed Consulting Group, Inc., of Sacramento; and

WHEREAS, the current water rate adjustment reflects a 2.2 percent increase that is lower than the actual ENR-based increase of 2.53 percent.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby set pre-approved Engineering News Record adjustment index for usage-based and flat rate monthly water rates as outlined on Exhibit A attached with the effective date of the increase to be January 1, 2012.

Dated: December 21, 2011

==========

I hereby certify that Resolution No. 2011-____ was passed and adopted by the City Council of the City of Lodi in a regular meeting held December 21, 2011, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

RANDI JOHL
City Clerk

Exhibit A
City of Lodi -- Water Utility
Current and Proposed Water Rates

	Current (1)	Jan. 2012
Flat Rates ($/month)		
Percent Increase		2.2%
Single Family Residential Unit ($/month)		
1 Bedroom	$ 28.54	$ 29.17
2 Bedroom	$ 34.28	$ 35.03
3 Bedroom	$ 41.09	$ 41.99
4 Bedroom	$ 49.37	$ 50.46
5 Bedroom	$ 59.22	$ 60.52
6 Bedroom	$ 71.06	$ 72.62
7 Bedroom	$ 85.25	$ 87.13
Multi-Family Residential Unit ($/month)		
1 Bedroom	$ 24.50	$ 25.04
2 Bedroom	$ 29.39	$ 30.04
3 Bedroom	$ 35.26	$ 36.04
Metered Water Rates		
Service Charge ($/month)		
Single Family Residential (2)		
Up to 3/4" Meter	$ 22.70	$ 23.20
1" Meter	$ 36.85	$ 37.66
1 1/2" Meter	$ 72.00	$ 73.58
2" Meter	$ 114.35	$ 116.87
Multi-Family and Non-Residential (3)		
5/8" Meter	$ 22.70	$ 23.20
3/4" Meter	$ 22.70	$ 23.20
1" Meter	$ 36.85	$ 37.66
1 1/2" Meter	$ 57.50	$ 58.77
2" Meter	$ 71.85	$ 73.43
3" Meter	$ 100.60	$ 102.81
4" Meter	$ 129.35	$ 132.20
6" Meter	$ 186.80	$ 190.91
8" Meter	$ 244.30	$ 249.67
10" Meter	$ 301.75	$ 308.39
Water Usage Rates ($/CCF)		
Single Family Residential (2)		
Tier 1 - 0 to 10 CCF/month	$ 0.88	$ 0.90
Tier 2 - 11 to 50 CCF/month	$ 1.32	$ 1.35
Tier 3 - Over 50 CCF/month	$ 1.74	$ 1.78
Multi-Family and Non-Residential		
All Water Usage	$ 0.88	$ 0.90

Please immediately confirm receipt of this fax by calling 333-6702

CITY OF LODI
P. O. BOX 3006
LODI, CALIFORNIA 95241-1910

ADVERTISING INSTRUCTIONS

SUBJECT: **PUBLIC HEARING TO CONSIDER RESOLUTION SETTING PRE-APPROVED ENGINEERING NEWS RECORD ADJUSTMENT INDEX FOR USAGE-BASED AND FLAT WATER RATES**

PUBLISH DATE: **SATURDAY, NOVEMBER 19, 2011**

LEGAL AD

TEAR SHEETS WANTED: **One (1) please**

SEND AFFIDAVIT AND BILL TO:
LNS ACCT. #0510052

RANDI JOHL, CITY CLERK
City of Lodi
P.O. Box 3006
Lodi, CA 95241-1910

DATED: THURSDAY, NOVEMBER 17, 2011

ORDERED BY: RANDI JOHL
CITY CLERK

Jennifer M. Robison

JENNIFER M. ROBISON, CMC
ASSISTANT CITY CLERK

MARIA BECERRA
ADMINISTRATIVE CLERK

Verify Appearance of this Legal in the Newspaper – Copy to File

Faxed to the Sentinel at 369-1084 at _____(time) on _____(date) _____(pages)
LNS _____ Phoned to confirm receipt of all pages at _____(time) ____CF ____MB ____JMR (initials)

forms\advins.doc

DECLARATION OF POSTING

PUBLIC HEARING TO CONSIDER RESOLUTION SETTING PRE-APPROVED ENGINEERING NEWS RECORD ADJUSTMENT INDEX FOR USAGE-BASED AND FLAT WATER RATES

On Thursday, November 17, 2011, in the City of Lodi, San Joaquin County, California, a Notice of Public Hearing to consider resolution setting pre-approved Engineering News Record adjustment index for usage-based and flat water rates (attached and marked as Exhibit A) was posted at the following locations:

Lodi Public Library
Lodi City Clerk's Office
Lodi City Hall Lobby
Lodi Carnegie Forum

I declare under penalty of perjury that the foregoing is true and correct.

Executed on November 17, 2011, at Lodi, California.

ORDERED BY:

RANDI JOHL
CITY CLERK

Jennifer M. Robison

JENNIFER M. ROBISON, CMC
ASSISTANT CITY CLERK

MARIA BECERRA
ADMINISTRATIVE CLERK

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CITY OF LODI

Carnegie Forum
305 West Pine Street, Lodi

NOTICE OF PUBLIC HEARING
Date: December 21, 2011
Time: 7:00 p.m.

For information regarding this notice please contact:
Randi Johl
City Clerk
Telephone: (209) 333-6702

EXHIBIT A

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that on **Wednesday, December 21, 2011**, at the hour of 7:00 p.m., or as soon thereafter as the matter may be heard, the City Council will conduct a public hearing at the Carnegie Forum, 305 West Pine Street, Lodi, to consider the following matter:

a) **Resolution setting pre-approved Engineering News Record adjustment index for usage-based and flat water rates (as identified on the attached Exhibit A).**

Information regarding this item may be obtained in the Public Works Department, 221 West Pine Street, Lodi, (209) 333-6706. All interested persons are invited to present their views and comments on this matter. Written statements may be filed with the City Clerk, City Hall, 221 W. Pine Street, 2nd Floor, Lodi, 95240, at any time prior to the hearing scheduled herein, and oral statements may be made at said hearing.

If you challenge the subject matter in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice or in written correspondence delivered to the City Clerk at, or prior to, the public hearing.

By Order of the Lodi City Council:

Randi Johl
City Clerk

Dated: November 16, 2011

Approved as to form:

D. Stephen Schwabauer
City Attorney

Exhibit A
City of Lodi -- Water Utility
Current and Proposed Water Rates

		Current (1)		Jan. 2012
Flat Rates ($/month)				
Percent Increase				2.2%
Single Family Residential Unit ($/month)				
1 Bedroom	$	28.54	$	29.17
2 Bedroom	$	34.28	$	35.03
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6 Bedroom	$	71.06	$	72.62
7 Bedroom	$	85.25	$	87.13
Multi-Family Residential Unit ($/month)				
1 Bedroom	$	24.50	$	25.04
2 Bedroom	$	29.39	$	30.04
3 Bedroom	$	35.26	$	36.04
Metered Water Rates				
Service Charge ($/month)				
Single Family Residential (2)				
Up to 3/4" Meter	$	22.70	$	23.20
1" Meter	$	36.85	$	37.66
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2" Meter	$	114.35	$	116.87
Multi-Family and Non-Residential (3)				
5/8" Meter	$	22.70	$	23.20
3/4" Meter	$	22.70	$	23.20
1" Meter	$	36.85	$	37.66
1 1/2" Meter	$	57.50	$	58.77
2" Meter	$	71.85	$	73.43
3" Meter	$	100.60	$	102.81
4" Meter	$	129.35	$	132.20
6" Meter	$	186.80	$	190.91
8" Meter	$	244.30	$	249.67
10" Meter	$	301.75	$	308.39
Water Usage Rates ($/CCF)				
Single Family Residential (2)				
Tier 1 - 0 to 10 CCF/month	$	0.88	$	0.90
Tier 2 - 11 to 50 CCF/month	$	1.32	$	1.35
Tier 3 - Over 50 CCF/month	$	1.74	$	1.78
Multi-Family and Non-Residential				
All Water Usage	$	0.88	$	0.90

AGENDA ITEM_H-01

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Monthly Protocol Account Report

MEETING DATE: December 21, 2011

PREPARED BY: City Clerk

RECOMMENDED ACTION: None required, information only.

BACKGROUND INFORMATION: The City Council, at its meeting of July 19, 2000, adopted Resolution No. 2000-126 approving a policy relating to the City's "Protocol Account." As a part of this policy, it was directed that a monthly itemized report of the "Protocol Account" be provided to the City Council.

Attached please find the cumulative report through November 30, 2011.

FISCAL IMPACT: Not applicable.

FUNDING AVAILABLE: See attached.

Randi Johl
City Clerk

RJ/JMR

Attachment

APPROVED: _____
Konradt Bartlam, City Manager

council/councom/protocolreport.doc

PROTOCOL ACCOUNT SUMMARY
FISCAL YEAR 2011-12
Cumulative Report through November 30, 2011

Date	Vendor	Description	Amount	Balance
				Starting Bal. $5,000.00
8/23/11	Nelson Photo Supplies	Certificate Holders	136.29	
8/23/11	Target	Sister City Gift Baskets	129.21	
8/23/11	Michael's Crafts	Sister City Dinner Candles & Confetti	24.68	
8/23/11	JoAnne's Fabrics	Sister City Dinner Tulle Doilies	6.45	
11/9/11	Staples	Certificate Holders	10.76	
11/14/11	Staples	Certificate Holders	47.71	
11/15/11	Creative Trophy & Engraving	Reorganization plaques	88.89	
			Total Expenditures: ($443.99)	*Ending Bal.* **$4,556.01**

Prepared by: JMR

AGENDA ITEM I-01

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Adopt a Resolution Supporting the Joint Resolution of Cities, County, and Other San Joaquin County Stakeholders Regarding Land Use, Water and Other Delta Related Issues

MEETING DATE: December 21, 2011

PREPARED BY: City Clerk

RECOMMENDED ACTION: Adopt a resolution supporting the joint resolution of cities, county, and other San Joaquin County stakeholders regarding land use, water and other Delta related issues.

BACKGROUND INFORMATION: The City was recently asked by the San Joaquin County Delta Initiative Coalition Stakeholders to adopt a joint resolution, along with various other agencies, regarding land use, water and other Delta related issues. In addition, the City was asked to schedule a City Council presentation to receive a status report regarding the same from Board of Supervisors Chairman Ruhstaller and Stockton Mayor Ann Johnston.

As you are aware, the Delta Stewardship Council will soon be adopting the "Delta Plan." The requested adoption of the attached resolution is based on the following premise with the respect to the Delta Plan: (1) The proposed Delta Plan threatens growth and land use approvals, including growth and new land uses consistent with existing planning documents; (2) the proposed Delta Plan may stifle progress in existing urban areas or prevent orderly and carefully planned growth; (3) the Delta Plan should not threaten local water supplies; (4) urban development within existing planning areas, located behind levees that meet current federal standards, should be considered consistent with the Delta Plan; and (5) the Delta Plan should address economic sustainability impacts within the Secondary Zone of the Delta, particularly in urban areas like Stockton and the Port of Stockton. Supporting documentation for these assertions is attached.

For these reasons, it is recommended that the City Council adopt a resolution supporting the joint resolution as recommended.

FISCAL IMPACT: Not applicable at this time.

FUNDING AVAILABLE: Not applicable at this time.

_____
Randi Johl
City Clerk

APPROVED: _____
Konradt Bartlam, City Manager

ANN JOHNSTON
Mayor

KATHERINE M. MILLER
Vice Mayor
District 2

Stockton
All-America City
2004
1999

CITY OF STOCKTON

OFFICE OF THE CITY COUNCIL
CITY HALL • 425 N. El Dorado Street • Stockton, CA 95202-1997
209 / 937-8244 • Fax 209 / 937-8568

ELBERT H. HOLMAN, JR.
District 1

PAUL CANEPA
District 3

DIANA LOWERY
District 4

SUSAN TALAMANTES EGGMAN
District 5

DALE FRITCHEN
District 6

December 6, 2011

San Joaquin County Delta Initiative Coalition Stakeholders, Other Cities, Delta Protection Commission, and Others in the Sacramento-San Joaquin River Delta

JOINT RESOLUTION OF CITIES, COUNTY, AND OTHER SAN JOAQUIN COUNTY STAKEHOLDERS REGARDING LAND USE, WATER, AND OTHER DELTA RELATED ISSUES

On December 5, 2011, the San Joaquin County Delta Initiative Coalition Stakeholders adopted a joint resolution (a draft of which is attached hereto as Attachment A) in support of an initiative for joint action, advocacy, and mutual interests on issues concerning the Sacramento-San Joaquin River Delta (Delta). On behalf of the San Joaquin County Delta Initiative Coalition Stakeholders, I respectfully request that your board, council, commission, or executive committee, as applicable, support and adopt this same joint resolution, in coordination with other cities, the county, and other stakeholders in San Joaquin County and other areas of the Delta. The purpose of this request is to facilitate a coordinated and collaborative response, with other affected stakeholders, in regard to the Delta Stewardship Council's proposed Draft Delta Plan and corresponding Draft Program Environmental Impact Report (DPEIR), and related Delta plans or programs that may adversely affect economic development and sustainability, local governance, water supplies, flood control, agricultural production, and habitat management in San Joaquin County and within the Delta as a whole.

In November 2009, the California Legislature enacted Senate Bill X7 1 (The Delta Reform Act). It established the Delta Stewardship Council (DSC), an independent State agency, and requires that the DSC develop, adopt, and implement by January 1, 2012 the Delta Plan, a legally enforceable, comprehensive, long-term management plan for the Sacramento–San Joaquin Delta and the Suisun Marsh (Delta) that achieves the "coequal goals" as specified in California Water Code Section 85300(a). The coequal goals are the two goals of providing "a more reliable water supply for California and protecting, restoring and enhancing the Delta ecosystem. The coequal goals are to be achieved in a manner that protects and enhances the unique cultural, recreational, natural resource and agricultural values of the Delta as an evolving place" (Water Code Section 85054). Achieving the coequal goals is a primary and fundamental purpose of the Delta Plan. The DSC has issued several staff drafts of the Delta Plan, the most recent being the Fifth Staff Draft, which is the "project" or "program" analyzed in the recently released Delta Plan Draft Program Environmental Impact Report (DPEIR).

December 6, 2011

JOINT RESOLUTION OF CITIES, COUNTY, AND OTHER SAN JOAQUIN COUNTY STAKEHOLDERS REGARDING LAND USE, WATER, AND OTHER DELTA RELATED ISSUES

The Delta Plan sets forth regulatory policies, recommendations, and review and appeal procedures that seek to influence the actions, activities and projects of cities, counties, State, regional, and other local agencies toward meeting the coequal goals. In other words, local public agencies, located within the Delta, will be required to conform their actions to the policies in the Delta Plan and to the regulatory and appeal procedures established to implement the Plan. Projects within the Delta's watershed may also be affected by the Delta Plan's policies and recommendations. The scope and extent of proposed regulatory and review authority that the DSC is considering for adoption threatens the ability of local communities to grow and prosper, takes away local decision making, and provides an appointed body with the authority to veto local land use and other decisions based upon subjective criteria. A summary of the City of Stockton's concerns is provided in a document entitled "City of Stockton Talking Points Re: 5th Draft Delta Plan" (Attachment B).

A stakeholder group of San Joaquin County public and private agencies and other interested parties with interest in the Delta has been formed to facilitate a collaborative and uniform effort to address our mutual concerns with the proposed adoption and implementation of the Delta Plan, the Program EIR, and with related Delta plans and programs, such as the Bay Delta Conservation Plan (BDCP). Presently, the stakeholder group is preliminarily known as the "San Joaquin County Delta Initiative Coalition Stakeholders" (a roster of attendees at the December 5, 2011 meeting is attached as Attachment C). The intent is to expand this group to include other affected San Joaquin County cities and interested parties with mutual concerns to improve our negotiating position with the DSC and with legislators in Sacramento and Washington, D.C.

As Chairperson of the San Joaquin County Delta Initiative Coalition Stakeholders, I respectfully request your support and adoption of this resolution and encourage your future active and collaborative participation and partnership in this critical issue of mutual concern. Should you wish to discuss this matter or require additional information, please do not hesitate to contact me.

Ann Johnston

ANN JOHNSTON
MAYOR OF STOCKTON

AJ/ML/JL/MMN:ss

Attachments
emc: Stockton City Council w/attachments
Bob Deis, City Manager w/attachments
Mayor's Delta Initiative Coalition w/attachments
San Joaquin County Board of Supervisors w/attachments
Other San Joaquin County Cities w/attachments

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ATTACHMENT B

December 13, 2011

CITY OF STOCKTON TALKING POINTS RE: 5TH DRAFT DELTA PLAN

The Delta Stewardship Council will soon adopt a "Delta Plan". Local public agencies such as the City of Stockton will be required to conform their actions to the policies in the Plan. The City and other agencies are concerned with the scope and extent of proposed regulatory and review authority that the Council is considering for adoption. The Proposed Delta Plan, in its current form, continues to threaten the ability of local communities to grow and prosper, may usurp local decision making, and provides an appointed body with the authority to veto local land use and other decisions regarding "covered actions" based upon subjective criteria. Some of the City's most significant concerns are outlined below:

- **The Proposed Delta Plan threatens growth and land use approvals, including growth and new land uses consistent with existing planning documents.**

Over 50 percent (21,256 acres) of the City's incorporated urban area and an additional 7,932 acres within the City's Sphere of Influence are located within the Secondary or Primary Zones of the Delta. Currently, all development within these boundaries must be consistent with the City's adopted 2035 General Plan and Infrastructure Master Plans. The Delta Plan, as currently drafted, could act as a de facto *reversal* of the prior approvals and indirectly usurp the City's existing land use authority within the areas covered by the Delta Plan.

- **The Proposed Delta Plan may stifle progress in existing urban areas or prevent orderly and carefully planned growth.**

The Proposed Delta Plan creates new standards and criteria for all but ministerial approvals within the area covered by the Delta Plan. The practical effect of the implementation of the Delta Plan could be to create new barriers to growth and redevelopment within the City's existing urban footprint. The City believes that the ultimate Delta Plan should exclude existing urban areas in the secondary zone of the Delta from the Delta Plan certification of consistency determination requirements for covered actions and should exempt planned urban development within the incorporated City limits and the City's adopted Sphere of Influence.

- **The Delta Plan should not threaten local water supplies.**

The Proposed Delta Plan requires water users to "reduce reliance" on the Delta. For many local communities, the local water supplies include the Delta. For many of these communities, it is not possible or practicable to find alternate sources of water. The Delta Plan must recognize the need for local Delta communities to achieve regional self-reliance through the continued beneficial use of water from local sources, including the Delta.

- **Urban development within existing planning areas, located behind levees that meet current federal standards, should be considered consistent with the Delta Plan.**

The Proposed Delta Plan would place new restrictions on development "behind levees," and would impose requirements that greatly exceed existing federal requirements for levee construction. The City believes that the Delta Plan should provide for development consistent with federal standards for levee construction / flood protection.

- **The Delta Plan should address economic sustainability impacts within the Secondary Zone of the Delta, particularly in urban areas like Stockton and the Port of Stockton.**

The implementation of the Delta Plan could adversely impact the financial viability of local communities through increased restrictions and by creating regulatory uncertainties. Currently, the Economic Sustainability Plan prepared by the Delta Protection Commission (DPC), which is being used to develop the Delta Plan, focuses solely on the Primary Zone and does not address the economic impacts within the Secondary Zone of the Delta. As portions of the City's existing urban area and Sphere of Influence are located within the secondary zone, the Delta Plan should build upon the DPC's Economic Sustainability Plan and analyze the impacts of the Delta Plan and the Bay Delta Conservation Plan on these areas.

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RESOLUTION NO. 2011-____

A RESOLUTION OF THE LODI CITY COUNCIL
SUPPORTING THE JOINT RESOLUTION OF CITIES,
COUNTY, AND OTHER SAN JOAQUIN STAKEHOLDERS
REGARDING LAND USE, WATER AND OTHER DELTA
RELATED ISSUES

==========

WHEREAS, this Resolution is effective upon passage by the CITIES, the COUNTY AND OTHER STAKEHOLDERS WITHIN SAN JOAQUIN COUNTY, which include political subdivisions of the State of California and other interested parties, both public and private, hereinafter collectively referred to as "the MEMBERS".

WHEREAS, the Sacramento-San Joaquin River Delta is at risk from many factors, and in addressing these threats the State is proposing large-scale changes to the Delta ecosystem, land use authority within the Delta, water conveyance through and around the Delta, water rights, statewide management and many other aspects related to the Delta; and,

WHEREAS, the CITIES, COUNTY and OTHER STAKEHOLDERS as Members believe there is value in developing an initiative on issues concerning the Sacramento-San Joaquin River Delta, its watershed and greater Bay/Delta estuary; and,

WHEREAS, the MEMBERS wish to collectively articulate the issues and interests from the perspective of the Delta region itself, from the people who call the Delta home and best understand the tremendous resource the Delta represents; and,

WHEREAS, the MEMBERS have identified a need for joint action, advocacy and mutual interests on Delta-related issues.

NOW THEREFORE, BE IT RESOLVED, that the Lodi City Council as a member adopts this Resolution for the purpose of articulating mutual interests on Delta issues. Furthermore, the Lodi City Council resolves to work with the MEMBERS to defend Delta-related interests at a regional perspective and to use the MEMBERS' unified voice to advocate on behalf of local government in available forums at all levels. Our principles of mutual interests are as follows:

1. Recognition of the authority and responsibility given to local government related to land use, water resource development, flood management, public health and safety, economic development and sustainable growth, agricultural stability, recreation, and environmental protection.

2. Protect the economic viability of agriculture, industry, recreation and the ongoing vitality of communities throughout the Delta.

3. Represent and include local government in any new governance structures for the Delta.

4. Funding and implementation of urban and non-urban flood protection through rehabilitation, improvement and maintenance of flood control levees and structures.

5. Protection and restoration of the Delta ecosystem including adequate water supply, quality and outflow to support fisheries, wildlife and habitat in perpetuity while supporting immediate improvements to the existing Through-Delta Conveyance as part of a complete strategy for the State's water management.

6. Incorporation of sustainable approaches for improved water supply, quality and reliability through the overarching principle of regional self-sufficiency to reduce future reliance on exports from the Delta.

Date: December 21, 2011
==========

I hereby certify that Resolution No. 2011-____ was passed and adopted by the Lodi City Council in a regular meeting held December 21, 2011, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

RANDI JOHL
City Clerk

AGENDA ITEM I-02

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Review of City's Annual Financial Report (Fiscal Year 2010/11) by Macias, Gini & O'Connell, LLP

MEETING DATE: December 21, 2011

PREPARED BY: Deputy City Manager

RECOMMENDED ACTION: Receive and file the following reports and financial statements submitted by Macias, Gini & O'Connell, LLP and the Internal Services department for Fiscal Year 2010/11:

- The Combined Annual Financial and Single Audit Report
- Management Report
- Report on Applying Agreed-upon Procedures

BACKGROUND INFORMATION: The annual audit was conducted to assure the City Council and other interested parties that the City's financial records and reports are prepared in accordance with generally accepted accounting principles (GAAP), that internal controls are adequate to safeguard the City against loss from unauthorized use or disposition of assets and that the City has complied with all agreements and covenants to obtain grant funds and debt financing. Macias, Gini & O'Connell, LLP (MGO) issued an "unqualified opinion." Scott Brunner, Director of MGO will be present to answer questions during the meeting.

The reports will be provided to federal and State oversight agencies, bond trustees and insurance companies for their review and evaluation. Copies of the reports are provided to the City Council and are also available to the public by contacting the Financial Services Division or through the City web site at www.lodi.gov and at the Lodi Public Library.

Certificate of Achievement
The City received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada (GFOA) for the 18th year and the California Society of Municipal Finance Officers (CSMFO) to the 12th year in a row. A copy of the GFOA certificate is included in the 2010/11 Financial Reports.

FISCAL IMPACT: By law and good management practice, the City's financial records are audited by independent auditors according to Generally Accepted Auditing Standards. Well maintained financial records are the cornerstone by which the City fulfills its fiduciary responsibilities to the public.

_____
Jordan Ayers
Deputy City Manager

Attachment

APPROVED: _____
Konradt Bartlam, City Manager

CITY OF LODI, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended June 30, 2011

BOB JOHNSON, MAYOR
JOANNE MOUNCE, MAYOR PRO TEMP
LARRY HANSEN, COUNCILMEMBER
PHIL KATZAKIAN, COUNCILMEMBER
ALAN NAKANISHI, COUNCILMEMBER

KONRADT BARTLAM, CITY MANAGER

Prepared by the Financial Services Division
Ruby Paiste, Financial Services Manager
Wendy Dowhower, Supervising Accountant

INTRODUCTORY SECTION

CITY OF LODI
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2011

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CITY COUNCIL

BOB JOHNSON, Mayor
JOANNE MOUNCE, Mayor Pro Tempore
COUNCILMEMBERS:
LARRY HANSEN
PHIL KATZAKIAN
ALAN NAKANISHI

CITY OF LODI

CITY HALL, 221 WEST PINE STREET
P.O. BOX 3006
LODI, CALIFORNIA 95241-1910
(209) 333-6706
FAX (209) 333-6795

KONRADT BARTLAM
City Manager

RANDI JOHL
City Clerk

STEVE SCHWABAUER
City Attorney

December 6, 2011

To the Honorable Mayor, Members of the City Council and the Manager of the City of Lodi:

The Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2011, is hereby submitted. This report is provided to present the financial position, changes in financial position, and where applicable, cash flows of the City of Lodi (City) as of and for the year ended June 30, 2011, in conformity with generally accepted accounting principles. The report conforms to the highest standards of financial reporting as established by the Governmental Accounting Standards Board (GASB), for reporting by State and local governments. The responsibility for the accuracy, fairness and completeness of the report rests with the City.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles (GAAP). We believe that the information is accurate in all material respects and that it is presented in a manner designed to fairly present the financial position of the City. In addition, we believe that all disclosures necessary to enable the reader to gain full understanding of the City's financial activities have been included.

This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the independent auditors' report.

THE REPORTING ENTITY AND SERVICES PROVIDED

The funds included in the CAFR are those deemed dependent upon the City and controlled by the City Council and reflect the City's financial reporting entity in accordance with GASB Statement 14.

The City was incorporated December 6, 1906, as a municipal corporation under the general laws of the State of California. The City operates under a Council-Manager form of government. Under the Council-Manager form of government, policy making and legislative authority are entrusted to the City Council. The City Council consists of five members elected at-large by its voters for four-year terms, with no term limits. Elections are held

in November of even-numbered years. Each year the Mayor and Mayor Pro-Tempore are chosen by the members of the City Council. The Mayor presides at Council meetings and acts as the ceremonial head of the City, the Mayor Pro Tempore serves as Mayor in his or her absence. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for appointing department heads, and overseeing the operations of the City. The City Manager, City Attorney and the City Clerk are appointed by the City Council.

The City provides a wide range of municipal services including public safety (police, fire and graffiti abatement), public utilities services (electric, water and wastewater), transportation services (streets, flood control and transit) leisure, cultural and social services (parks and recreation, library and community center), and general government services (management, community development, human resources administration, financial administration, building maintenance and equipment maintenance).

Several municipal services are provided through other government agencies, private companies or public utility companies, including:

	Number of Facilities
Elementary and Secondary Schools	18
Sanitation (solid waste) and Cable Television	3
Ambulance	1
Gas and Telephone	2

ECONOMIC CONDITION AND OUTLOOK

The City is located in the San Joaquin Valley between Stockton 10 miles to the south, and Sacramento 35 miles to the north, and adjacent to U.S. Highway 99. The City population is 62,473 and is contained in an area of 13.92 square miles. The City has grown steadily since incorporation in 1906. The City's growth is provided for in both the General Plan and the City's growth control ordinance that allows an increase in population of 2% per year until the growth limits are reached.

The City is built on a strong and broad based local economy. The City is known for its Zinfandel wine. It is an authentic dynamic wine region with 75 wineries within 10 miles of downtown. The employment base is diversified with food processing, packaging, plastic and service industries.

In addition, the City has a wide range of small, financially sound businesses that add to the economic strength of the City. These companies range in size from 10 to 150 employees and produce a wide variety of products, services and commodities.

Over the past several years, there has been an increase in industrial and residential development that has been unprecedented since the early 1980s. This new development combined with the growing strength of the wine/grape industry is a positive indicator for the City. The City's focus on economic development has encouraged numerous big industries to move to the City that collectively created hundreds of new jobs.

Economic Development
The City continues to be committed to promoting economic development (business retention and attraction) and expanding the tax base to fund City services rather than increase taxes to pay for these services. The City has provided for additional retail sales and commercial activity with approval of new retail developments adjacent to Highway 99 and Harney Lane. The City is also committed to an Enterprise Zone with San Joaquin County.

MAJOR GOALS, OBJECTIVES AND PROJECTS

To assist the citizens of the City in understanding where the City intends to allocate available resources, the City Council, the City Manager and Department Heads established in 2004 a hierarchy of major goals, objectives and major projects that support and re-enforce the City's mission statement.

Four major City goals were established as policy direction and focal points for the efforts of City staff. These goals include:
- Ensure a High Quality of Life and a Safe Environment for Citizens
- Ensure Efficient and Productive City Organization
- Ensure Public Trust, and
- Ensure the Development of the Lodi Economy for a Fiscally Sound City Organization

City Council, the City Manager and Department Heads established nineteen major City objectives:
- Maintain City's Sense of Community
- Provide for a Balanced Community
- Enhance Access through Implementation of Information Systems Strategic Plan
- Promote Urban Forestry
- Attract, Retain and Invest in a Quality City Work Force
- Encourage Public Arts, Cultural and Recreational Opportunities
- Provide Appropriate and Sufficient City Facilities
- Develop Short and Long Range Operational Plans
- Develop Effective Records Management Program
- Promote Commercial/Industrial Base
- Provide Employee Training and Education
- Evaluate Telecommunications Opportunities
- Provide Resources to Maintain City's Infrastructure
- Promote Public Relations and Marketing Efforts
- Ensure Open and Accessible Public Meetings
- Pursue Efforts to be Entrepreneurial
- Improve Customer Service
- Continue to use Partnerships to Advance City's Objectives
- Provide a Balanced Budget & Adhere to Adopted Policies

Projects represent the foundation of the planning statements for the City. These projects are designed to accomplish specific objectives and become the focus for organization wide effort.

As discussed above, economic revitalization continued to be an active focal point of the City in 2010-11. The following projects are underway and will see significant progress or be completed in 2012.

Water Treatment Plant
The City currently relies on groundwater for its drinking water supply. During FY 2009-10, the City requested bids for the construction of an 8 million gallon a day water treatment plant, utilizing surface water from the Mokelumne River. In October 2010, the City awarded the construction contract

and closed on a revenue bond issue to finance the construction. Construction began in March 2011 and is estimated to be completed in October 2012. Total cost for the plant is estimated to be $36.5 million.

DeBenedetti Park Improvements and G-Basin
DeBenedetti Park is approximately a 46-acre parcel that will support parks and recreation programs and serve as a storm drainage basin. The initial phase of this project consists of providing and installing storm drainage piping and pumping, water well and irrigation system and turf. New turf areas will be used for soccer, flag football and softball programs. Estimated cost of this phase of the project is $1.3 million and will be completed by the end of 2011.

Grape Bowl Improvements
The Grape Bowl is a stadium that was originally constructed using Work Project Administration Funding during the 1940's. During FY 2009-10, Energy Efficiency Conservation Block Grant funds under the ARRA were used to upgrade the lighting. Additionally, significant improvements related to disability access were completed and significant progress was made toward installing an all-weather playing surface. These improvements were completed in August 2010 with the first game played on the new surface in November 2010.

Reynolds Ranch
Reynolds Ranch is a planned development on the south eastern edge of the city that will eventually incorporate residential and commercial development. A Costco store was completed with a grand opening in June 2011. Permits for a Home Depot have been approved and construction is expected to be completed for a grand opening in mid 2012.

Water Meters and Water Infrastructure
Under the state law, all residential housing must be billed for water usage on a metered basis by 2025. The City has embarked on a program to install meters on approximately 14,000 parcels over the next 6 years. A portion of this project will also include moving mains and service connections from alleys and rear yards to streets and front yards. Additionally, the City will be appropriately sizing water mains as part of this project. Construction began during FY 2009-10 and will continue through FY 2016-17. Estimated cost for the complete program is $42.5 million.

White Slough Wastewater Treatment Plant De-watering Facility
The City awarded a contract in FY 2010/11 to construct a de-watering facility at its White Slough Wastewater Treatment Plant to meet regulatory requirements. The de-watering facility is estimated to cost approximately $4.6 million and be completed by the end of calendar year 2011.

FINANCIAL INFORMATION, MANAGEMENT AND CONTROL

A detailed understanding of the financial position and operating results of the City is provided in the following sections of this report. The following is a brief description of the City's financial condition, management practices and control techniques.

Basis of Accounting
Basis of accounting refers to the policy as to when revenues, expenditures or expenses are recognized in the financial accounts and reported in the financial statements. The City's accounting records for general government operations are maintained on a modified accrual basis. Revenues are recorded when available and measurable. Expenditures are recorded when the services or goods are received and the liability incurred. For proprietary fund types, the City uses the accrual basis of accounting. As such, the measurement focus is on net income in addition to financial

position and changes in financial position. Revenues are recognized when earned and expenses are recognized as the liability is incurred. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Accounting System and Budgetary Control

In developing the City's accounting system, consideration is given to the adequacy of the internal controls. The objective of the City's internal accounting controls is to provide reasonable, but not absolute, assurance that the assets are safeguarded against loss from unauthorized use or disposition; and to ensure that transactions are properly recorded to permit the preparation of financial statements in accordance with generally accepted accounting principles. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived and that estimates and judgments are required to be made by management in evaluating these costs and benefits.

In addition, the City maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. The City Manager is responsible for the preparation of the budget and its implementation after adoption. The City Council has the authority to amend the budget at any time during the year. The City Manager has the authority to make adjustments to the budget as long as those changes will not have a significant policy impact nor affect budgeted year-end balances. During fiscal year 2010-11, the City Council and City Manager made several supplemental budget appropriations, the majority of which relate to operating budgets and capital projects.

Fund Balance

It is the City's goal to target and maintain an unassigned fund balance in the General Fund of at least 15% of expenditures and working capital balances in the Water and Wastewater enterprise funds of at least 25% of operating expenses. Based on a study completed in 2007, the target for the Electric enterprise fund working capital is $12.9 million. The goals allow for variations from year-to-year to account for economic and fiscal changes. The General Fund maintained an unassigned fund balance of $5,597,678 or 15.31%, of operating revenues at the end of fiscal year 2010-11.

Cash Management

The City has written investment policies that address a wide range of investments. These policies describe the City's investment objectives, investment authority, allowable investment vehicles, maturity terms and eligible financial institutions. They also describe the City's capital preservation and cash management objectives. As provided in the policy, investments are intended to be held until maturity and investment terms are to be consistent with the City's cash flow needs. Investment reports are issued quarterly to the City Manager and City Council to provide detailed information regarding the City's investments and compliance with City policy and as required by state law. An important objective of the City's investment policy is to achieve a reasonable rate of return on public funds while minimizing risks and preserving capital. In evaluating the performance of the City's investment portfolio, investments are expected to yield a rate of return that regularly meets or exceeds an average rate of return on a three-month U.S. Treasury Bill.

Appropriation Limitation

Article XIII B of the Constitution of the State of California (Proposition 4) provides for the limitation of expenditures by state and local governments. Under the provisions of this article, City appropriations funded through tax sources may not exceed Fiscal Year 1979 appropriation levels except as adjusted for increases in population and the growth in the California per capita income or non-residential assessed valuation due to new construction within the City.

Excluded from the limitation are appropriations funded through charges for services, fines and forfeitures, grants, transfers of service responsibilities between government agencies and indebtedness incurred prior to Fiscal Year 1979. Pursuant to subsequent legislation adopted after Article XIII B, the City is required to annually establish and adopt its appropriations limit by resolution. For 2010-11, the City's appropriations subject to limit were $31,809,427 and the appropriation limit was $75,523,822 leaving appropriations at $43,714,395 below the limit.

Debt Administration

At June 30, 2011, the City had outstanding Certificates of Participation of $193,468,334. These liabilities are discussed in Note 8 of the Basic Financial Statements and summarized below.

The City issued $5.0 million of Certificates of Participation (1995 COP) to fund its share of capital improvements in the downtown and Cherokee Lane areas. These bonds were refunded by the issuance of the 2002 Certificates of Participation. The City also issued $1.97 million limited obligation improvement bonds for the Central City Revitalization Assessment District on July 22, 1996. The improvement bonds of the assessment district are not general obligations of the City.

The City also issued $10.12 million for the renovation of the Performing Arts Center on August 1, 1996; the 2002 Certificates of Participation also refunded these bonds.

In 1999, the Electric Utility issued $43.96 million Certificates of Participation to finance the costs of certain improvements to the distribution and transmission facilities of the City's electric system. These bonds were refunded by the issuance of the 2002 Electric Systems Revenue Certificates of Participation. The 2002 bonds were refunded with the 2008 Electric Systems Revenue Certificates of Participation thereby eliminating a variable rate obligation.

In November 2002, the City issued the 2002 Revenue Certificates of Participation Series C for $21,225,000 and 2002 Series D for $22,740,000, to buy out the energy purchase agreement entered into by the City in January 2002 with Calpine.

On October 21, 2003, the City and the City of Fort Bragg issued Water and Wastewater revenue bonds (2003B) through the California Statewide Communities Development Authority ("the Authority") under its pooled financing program. Total bonds issued were $9,855,000 of which $5,000,000 was for the upgrade of the City's wastewater facilities.

In 2004, the City issued $27,360,000 in Wastewater Certificates of Participation (2004A) to finance the costs of improvements to the wastewater collection, treatment and disposal system.

In 2007, the City issued $30,320,000 in Wastewater Certificates of Participation (2007A) to finance Phase III of the wastewater improvements and to refund the 1991 Certificates of Participation.

On July 24, 2008, the City issued the 2008 Electric System Revenue Certificates of Participation to provide funds to currently refund the outstanding $46,760,000 principal amount of the Electric System Revenue Certificates of Participation 2002 Series A Variable Rates Certificates (the "Refunded 2002 Certificates"); and to pay certain costs relating to the termination of a swap agreement relating to the Refunded 2002 Certificates.

On October 1, 2010, the City issued $9,015,000 Water Revenue Certificates of Participation, 2010 Series A and $29,650,000 Water Revenue Bonds, 2010 Series B (Federally taxable - Build America Bonds) to finance the construction of the Surface Water Treatment Facility which is designed to pump water from the Mokelumne River, treat and deliver it to the City's water distribution system

The City's debt management policy includes a commitment to monitor all forms of debt annually during the preparation of the City's Financial Plan and Budget to ensure compliance. Also, the City will generally conduct financing on a competitive basis, will seek an investment grade rating on any direct debt and will obtain credit enhancements such as letters of credit or insurance when necessary for marketing purposes, availability and cost effectiveness.

Interim Financial Reporting
Monthly financial reports are prepared to present the City's financial condition and results of operations. These executive reports are organized using the "pyramid" approach. As such, the highest level of summary data is presented first, followed by progressively greater levels of detail. The reports provide current period and year to date revenues, expenditures and encumbrances for all activities and funds, including year to date estimates and variances. The reports are available to all departments.

Single Audit
The City is subject to financial and compliance reporting required by the Single Audit Act Amendments of 1996 and OMB Circular A-133, which is a requirement of all local and state governments receiving federal financial awards. As part of the Single Audit, tests are made to determine the adequacy of internal controls, including that portion related to federal financial awards, as well as to determine that the City has complied with certain applicable laws and regulations governing federal funds. The Single Audit report is published as part of the annual financial statements for easy reference.

Competitive Bidding Policy
All required purchases for materials, equipment and services during 2010-11 were made pursuant to competitive bidding procedures as established under the City's purchasing ordinance. Contracts for construction projects were awarded pursuant to competitive bidding procedures established by the State of California for projects in excess of $5,000.

Risk Management
The City is self-insured for dental care, workers' compensation, general liability and unemployment insurance. General liability and workers' compensation are administered by outside agencies. The City administers unemployment insurance. Self-insurance transactions are accounted for under the Insurance Funds. At June 30, 2011, the Insurance Fund had a net deficit of $286,387.

INDEPENDENT AUDIT

The City Council requires an annual audit of the records and accounts of the City by an independent certified public accountant. To ensure internal control, periodically the City conducts a request for proposal (RFP) process for auditing services. The accounting firm of Macias Gini & O'Connell LLP was selected to perform this audit. The independent auditors' report precedes the basic financial statements and concludes that the City's basic financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

CERTIFICATES OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2010. These Certificates of Achievement are prestigious national and state awards recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City has received a Certificate of Achievement for the last eighteen consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA this year.

ACKNOWLEDGMENTS

As always the professionalism, dedication and efficiency of the Financial Services Division Accounting staff made it possible for the timely preparation of this report and are to be commended. I would also like to personally thank Ruby Paiste, Financial Services Manager, Wendy Dowhower, Supervising Accountant, Tyson Mordhorst, Senior Programmer Analyst, Nancy Spinelli, Accounting Clerk. Their work in preparing this year's CAFR is greatly appreciated.

I would also like to thank you for your continued interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

Jordan Ayers
Deputy City Manager/Internal Services Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Lodi
California

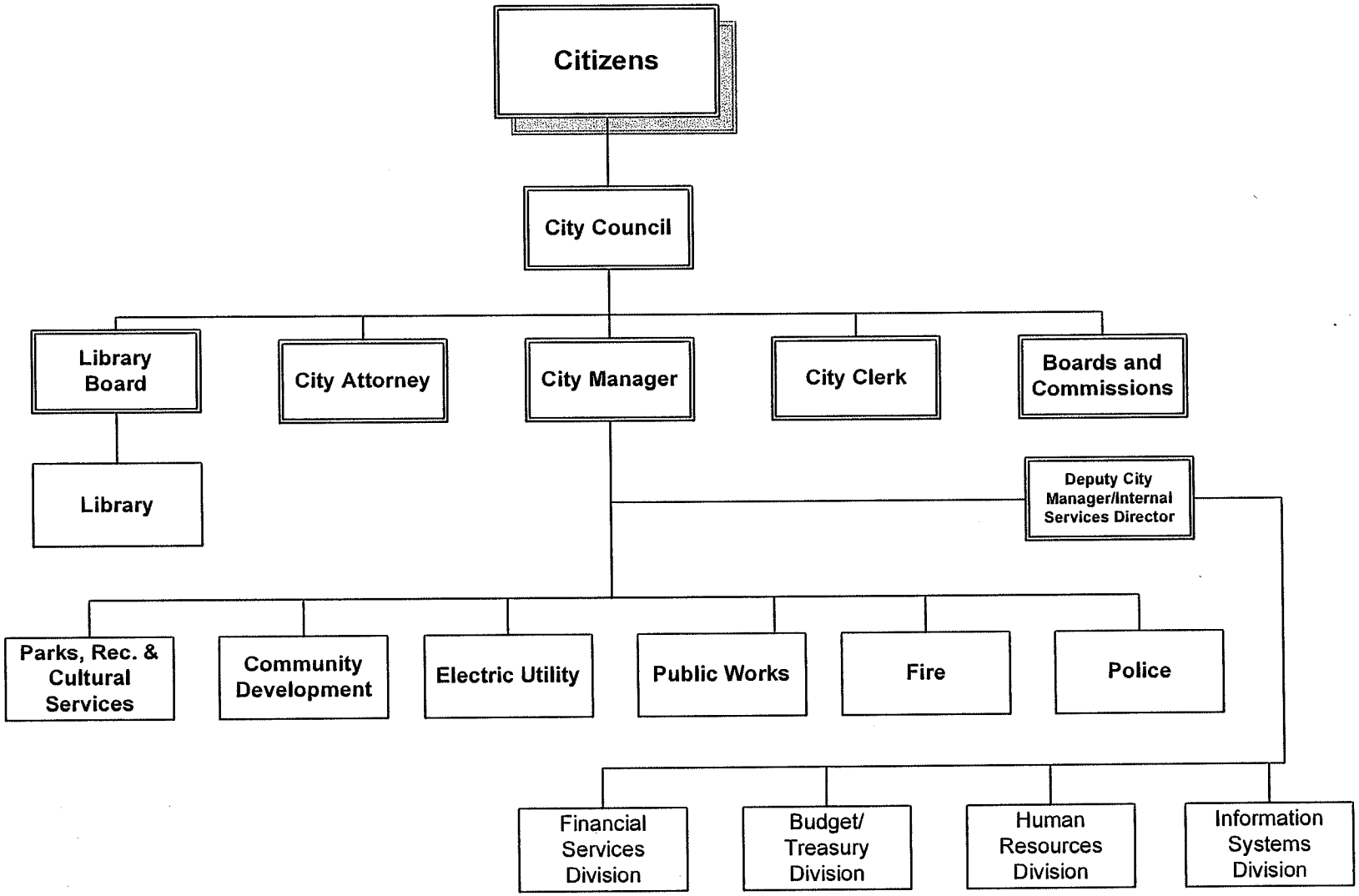
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

City of Lodi


Citizens
City Council
Library Board
City Attorney
City Manager
City Clerk
Boards and Commissions
Library
Deputy City Manager/Internal Services Director
Parks, Rec. & Cultural Services
Community Development
Electric Utility
Public Works
Fire
Police
Financial Services Division
Budget/ Treasury Division
Human Resources Division
Information Systems Division

DIRECTORY OF OFFICIALS AND ADVISORY BODIES

CITY COUNCIL	
Bob Johnson	Mayor
Joanne Mounce	Mayor Pro Temp
Larry Hansen	Council Member
Phil Katzakian	Council Member
Alan Nakanishi	Council Member
ADVISORY BODIES	
Planning Commission	Lodi Improvement Committee
Library Board	Lodi Arts Commission
Recreation Commission	Youth Commission
Site Plan and Architectural Review Committee	Lodi Senior Citizens' Commission
PRINCIPAL ADMINISTRATIVE OFFICERS	
Konradt Bartlam	City Manager
Jordan Ayers	Deputy City Manager
Steve Schwabauer	City Attorney
Randi Johl	City Clerk
Nancy Martinez	Library Services Director
Dan Haverty	Interim Fire Chief
James Rodems	Parks, Recreation & Cultural Services
Director	
Wally Sandelin	Public Works Director
Elizabeth Kirkley	Electric Utility Director
Konradt Bartlam	Community Development Director
Mark Helms	Police Chief

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FINANCIAL SECTION

The Financial Section is comprised of the Independent Auditors' Report, Management Discussion and Analysis, Basic Financial Statements, including the notes, required Supplementary Information, and Supplementary Information which includes Combining and Individual Fund Statements and Schedules.

The Honorable Members of City Council
City of Lodi, California

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lodi, California (City), as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2011, and the respective changes in financial position, and where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during the year ended June 30, 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2011 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of funding progress for the pension plan and OPEB plan, and the schedules of revenues, expenditures and changes in fund balance – budget and actual – for the General Fund and Streets Fund as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, the combining and individual nonmajor fund financial statements and schedules, and the statistical and continuing disclosure sections are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory, statistical and continuing disclosure sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Macias Gini & O'Connell LLP

Sacramento, California
December 6, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Comprehensive Annual Financial Report is presented as discussion and analysis of the financial performance of the City of Lodi (City) for the fiscal year ended June 30, 2011.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the 2011 fiscal year by $199,943,375 (net assets). Of this amount, $39,277,245 is unrestricted net assets deficit.
- The City's total net assets increased by $7,870,364 in fiscal year 2011.
- As of June 30, 2011, the City's governmental funds reported combined ending fund balances of $19,086,502, an increase of $2,388,031 in comparison with the prior year. Of this amount, $4,807,755 is available for spending at the City's discretion (unassigned fund balance).
- At the close of the fiscal year, fund balance for the general fund was $6,146,405 (of which $5,654,136 is unassigned) or 15.47 % of total general fund revenues of $36,552,560.
- The City's total long-term liabilities increased by $28,859,846 (11.5%) during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: (1) **Government-wide** financial statements, (2) **Fund** financial statements, and (3) **Notes** to the Financial Statements. This report also includes other **supplementary information** in addition to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The **statement of net assets** presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether or not the financial position of the City is improving or deteriorating.

The **statement of activities** presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as revenues pertaining to uncollected taxes and expenses pertaining to earned but unused vacation and sick leave.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through users fees and charges (business-type activities). The governmental activities of the City include general government, public protection, public works, community development, library, and parks and recreation. The business-type activities of the City include electric operations, wastewater operations, water operations and public transit operations.

Fund Financial Statements

The fund financial statements are designed to report information about groupings of related accounts, which are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into the following three categories: Governmental funds, Proprietary funds, and Fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are reported in governmental funds. These statements, however, focus on (1) how cash and other financial assets can readily be converted to available resources and (2) the balances left at year-end that are available for spending. Such information may be useful in determining financial resources available in the near future to finance City programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains several individual governmental funds organized according to their type (special revenue, capital projects and debt service). Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund and the streets fund, which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual budget for its general fund and special revenue funds. Budgetary comparison statements have been provided for the general fund and the special revenue funds to demonstrate compliance with this budget.

Proprietary Funds. Proprietary funds are generally used to account for services for which the City charges customers, either outside customers, or internal units or departments of the City. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The City maintains the following two types of proprietary funds:

- **Enterprise funds** are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the operations of the Electric, Wastewater, Water, all of which are considered to be major funds and the Transit system, which is considered to be a nonmajor proprietary fund.

- **Internal Service funds** are used to report activities that account for various employee benefits and self-insurance activities and fleet activities of the City. Because these activities predominantly benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. The activities of the Downtown and Cherokee Lane special assessments, the Industrial Way-Beckman special assessment and various landscape and lighting districts are accounted for and reported under the fiduciary funds. The activities of the Private Sector trust and the Holz bequest are also accounted for under the fiduciary funds. Since the resources of these funds are not available to support the City's own programs, they are not reflected in the government-wide financial statements. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and OPEB benefits to its employees, and schedules comparing budget to actual amounts in the General Fund and Streets Fund.

Combining Statements

The combining statements in connection with non-major governmental funds and fiduciary funds are presented immediately following the required supplementary information on pensions.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City assets exceeded liabilities by $199,943,375 at the close of the current fiscal year.

City of Lodi's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Assets:						
Current and other assets	$ 33,913,523	34,024,118	130,456,950	100,098,973	$ 164,370,473	134,123,091
Capital assets	136,064,911	135,959,897	197,586,365	190,452,081	333,651,276	326,411,978
Total assets	169,978,434	169,984,015	328,043,315	290,551,054	498,021,749	460,535,069
Liabilities:						
Long-term liabilities outstanding	40,399,841	41,302,643	239,591,308	209,828,660	279,991,149	251,131,303
Other liabilities	5,667,115	8,250,009	12,420,110	9,080,746	18,087,225	17,330,755
Total liabilities	46,066,956	49,552,652	252,011,418	218,909,406	298,078,374	268,462,058
Net assets:						
Invested in capital assets, net of related debt	114,164,912	113,308,321	104,858,175	100,232,601	219,023,087	213,540,922
Restricted	14,894,802	13,233,037	5,302,731		20,197,533	13,233,037
Unrestricted (deficit)	(5,148,236)	(6,109,995)	(34,129,009)	(28,590,953)	(39,277,245)	(34,700,948)
Total net assets	$ 123,911,478	120,431,363	76,031,897	71,641,648	$ 199,943,375	192,073,011

Assets. The City's total net assets increased by $7,870,364 or 4.1%. The increase is primarily due to the following:

Governmental activities. Total assets for the governmental activities had an insignificant decrease of $5,581 resulting from offsetting increases and decreases in current and capital assets.

Business-type activities. Total assets for the business-type activities increased by $37,492,261 or 12.90%. The increase is mainly attributed to the increase in restricted assets held by fiscal agent from the proceeds of the 2010 Water certificates of participation of $34,705,596, offset by the decrease in wastewater bond proceeds of $512,554; increase in capital assets of $7,134,284, primarily from construction in progress, buildings and improvements and machinery and equipment; decrease in cash and restricted cash due to the decrease in pollution remediation costs $3,848,939. Other insignificant activities offset the difference.

Liabilities. The City's total liabilities increased by $29,616,316 or 11%. The increase is primarily due to the following:
Governmental activities. Total liabilities for the governmental activities decreased by $3,485,696. This decrease is attributed to the reduction in self-insurance liabilities of $579,629; decrease in unearned revenues from Prop 1B of $1,093,838, Energy Efficiency Block grant $26,524, Local Law Enforcement Block grant, $70,972; decrease in accrued salaries of $1,414,190; decrease in compensated absences, $516,186; decrease in accrued payments for the Lodi Avenue Reconstruction project, $608,279 and the final payment for capital lease, $141,576; offset by the increase in OPEB obligations, $944,589. Other insignificant activities offset the difference.

Business-type activities. Total liabilities for the business-type activities increased by $33,102,012 or 15%. The increase is primarily attributable to the issuance of the Water Certificates of participation, $39,256,006; increase in unearned revenue from Prop 1B, $412,740; accrued progress payments for the Water Surface Treatment plant, $3,003,561; offset by principal payments towards the various certificates of participations, $4,450,000; decrease in the pollution remediation obligation, $3,848,939, and the full payment of the water loan from the Department of Water Resources, $1,409,301. Other insignificant activities offset the difference.

Net Assets. The City's overall financial position has increased during the fiscal year. The net assets have increased by $7,870,364 or 4%.

The largest portion ($219,023,087) of the City's net assets reflects its investment in capital assets net of any associated depreciation (e.g., land, buildings and improvements, machinery and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets, $20,197,533 (10.1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted deficit amounts to $39,277,245. At the end of the current fiscal year, the City is able to report positive balances in two categories of net assets for the government as a whole. Unrestricted net assets are negative for both the governmental and business-type activities.

Refer to page 10 for analysis of the business-type activities unrestricted net assets.

City of Lodi's Change in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues						
Program revenues:						
Charges for services	$ 5,685,056	5,326,042	87,391,833	93,110,030	$ 93,076,889	98,436,072
Operating grants and contributions	2,235,980	1,927,495	3,982,740	3,448,814	6,218,720	5,376,309
Capital grants and contributions	6,737,432	5,122,484	5,150,118	1,408,089	11,887,550	6,530,573
General revenues:						
Property taxes	12,697,676	12,836,162			12,697,676	12,836,162
Other taxes	10,363,488	10,282,299			10,363,488	10,282,299
Grants and contributions not restricted to specific programs	8,953,983	7,063,762			8,953,983	7,063,762
Litigation - environmental lawsuits proceeds				300,000		300,000
Other	1,689,440	2,072,580	1,928,824	1,654,051	3,618,264	3,276,631
Total revenues	48,363,055	44,630,824	98,453,515	99,920,984	146,816,570	144,551,808
Expenses						
General government	8,261,967	8,749,457			8,261,967	8,749,457
Public protection	25,112,684	27,185,808			25,112,684	27,185,808
Public works	9,305,242	10,461,684			9,305,242	10,461,684
Community development	972,855	1,114,262			972,855	1,114,262
Library	1,354,904	1,440,342			1,354,904	1,440,342
Parks and recreation	5,778,165	5,076,874			5,778,165	5,076,874
Interest on long-term debt	1,075,064	1,104,971			1,075,064	1,104,971
Electric			63,399,665	64,364,204	63,399,665	64,364,204
Wastewater			11,686,782	11,289,458	11,686,782	11,289,458
Water			8,187,613	6,147,745	8,187,613	6,147,745
Transit			4,132,004	4,785,127	4,132,004	4,785,127
Total expenses	51,860,881	55,133,398	87,406,064	86,586,534	139,266,945	141,719,932

Changes in net assets before special item and transfers	(3,497,826)	(10,502,574)	11,047,451	13,334,450	7,549,625	2,831,876
Special item- gain on sale of parkland	320,739				320,739	
Transfers	6,657,202	5,867,983	(6,657,202)	(5,867,983)		
Changes in net assets	3,480,115	(4,634,591)	4,390,249	7,466,467	7,870,364	2,831,876
Net assets at beginning of year, as previously reported	120,431,363	125,065,954	71,641,648	60,085,595	192,073,011	185,151,549
Restatement of capital assets				4,089,586		4,089,586
Net assets at beginning of year, as restated	120,431,363	125,065,954	71,641,648	64,175,181	192,073,011	189,241,135
Net assets at end of year	$ 123,911,478	120,431,363	76,031,897	71,641,648	$ 199,943,375	192,073,011

Analysis of Changes in Net Assets

Governmental activities.
Net assets for the governmental activities increased by $3,480,115 in the current fiscal year.

The key factors impacting the change in net assets are:

- Positive revenue growth
- Increased development activity
- Decrease in personnel costs
- Charges for services increased by 7%, a net amount of $359,014 from the prior fiscal year largely from increased development activity resulting in increase in building permit fees ($392,461), engineering inspection ($155,839), plan check fees ($159,335), planning fees ($110,437), code permit inspection fees ($90,928); offset by the one-time revenue received from NCPA for the conservation easement rights related to the Lodi Energy Center from prior year ($504,000).
- Operating grants and contributions increased by 16%, a net amount of $308,485 from the prior fiscal year primarily from the COPS Hiring Recovery grant, $336,683.
- Capital grants and contributions increased by $1,614,948 or 32% from prior fiscal year. Increase in capital contributions was mainly attributable to the receipt of Prop 1B funds used for various street overlays and improvements ($1,033,006), and funds from the American Recovery and Reinvestment Act (ARRA) used for the Lodi Avenue reconstruction project ($776,336).
- Property taxes – decreased by $138,486 or 1% compared to prior year. Continuing decline in market values falling below the assessed values caused homes to be reassessed and affected property tax revenues in the current year.
- Grants and contributions not restricted to specific programs increased by $1,890,221 or 27%. Sales tax revenues increased by $1,790,604 which include a one-time sales tax of $1,184,900 related to the development of the Lodi Energy Center and $605,704 increase due to a boost in consumer spending and higher fuel prices; and State motor vehicle license fees increased by $99,617.
- Other revenues decreased by $383,140 or 18% from prior fiscal year. This decrease was attributable to the decrease in donations for the Library renovation and HVAC projects ($134,000) in prior year, decrease in investment earnings ($21,866), decrease in reimbursable charges ($223,131).

Expenses for governmental functions totaled $51,860,881 a decrease of $3,272,517 or 6% from the prior fiscal year.

Business-type activities.
Business-type activities increased the City's net assets by $4,390,249 in the current year. The key elements of this increase are:

- Capital Contributions: Net increase of $3,742,029.

  Wastewater Fund - $3,025,135 – an increase of $2,645,039 attributed to the impact fees collected from the development of the new surface water treatment plant.

  Water Fund - $1,668,202 – an increase of $1,697,339 primarily from the water meter installation charges collected from property owners.

  Transit Fund - $456,781– a decrease of $232,027 attributed to the purchase of fare boxes in the prior year with ARRA funds.

The City's Energy Cost Adjustment (ECA) was established with the intent to automatically adjust the electric rates for monthly fluctuations in the City's purchased power expenses. Bulk power costs decreased in the current year and by way of the ECA charge, operating revenue decreased by $4,559,346. Lower power sales also contributed to the decline in operating revenue by $2,936,993 due to a milder than normal summer and the impact of the current economic conditions.

Wastewater rates were increased during the year resulting in increased operating revenues of $1,576,290 or 13% in Wastewater Utility.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds.
The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of governmental funds reported by the City include the General Fund, special revenue funds, debt service fund and capital projects funds.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $19,086,502, an increase of $2,388,031 in comparison to the prior year resulting from the increase in sales tax, increase in capital contributions and overall decrease in operating expenditures.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was $5,654,136 while total fund balance was $6,146,405, an increase of $1,861,189 from prior year primarily from increased sales tax revenues and reduced operating expenses. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 15.84% of total general fund expenditures.

Proprietary Funds
The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets at the end of the year for the Wastewater Fund were $10,219,159 and for the Transit Fund $2,509,652. The Electric Fund unrestricted net assets deficit was $6,880,954, the Water Fund was $39,976,866 and the Internal Services Funds unrestricted net assets deficit was $3,158,636.

Other factors concerning the finances of these funds are discussed in the City's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original operating budget and the final amended operating budget in the General Fund were a net increase in appropriations of $50,000. The increase in appropriations can be briefly summarized as follows:

- $18,900 decrease in general government
- $33,600 increase in public protection
- $35,300 increase in public works

Significant differences between the final budget and the actual revenues and expenditures can be briefly summarized as follows:

- Taxes – a favorable variance of $175,804 was largely due to the increased receipts from the card room ($57,960), increase in property tax in-lieu of vehicle license fees ($66,785), increase in cable TV franchise fees ($80,219), increase in transient occupancy tax ($25,899) and increase in industrial waste franchise fees ($15,056) offset by a decrease in property taxes ($22,891) and decrease in gas franchise fees ($44,893).
- Miscellaneous revenues – a favorable variance of $219,328 is attributable to lease revenue from farmland adjacent to White Slough ($186,621), work for others ($20,380), and other revenues ($12,327).
- For expenditures, a favorable variance between the final budget and actual expenditures of $1,323,163 was due to savings from several vacancies and the continued overall effort to reduce spending and costs.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2011, amounts to $333,651,276 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, vehicles, infrastructure and construction in progress. The total increase in the City's investment in capital assets for the current fiscal year was $7,239,298, a 2.22% (a 0.08% decrease in governmental activities and 3.75% increase in business-type activities) as shown in the table below.

Changes in Capital Assets, Net of Depreciation

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	$ 23,693,292	$ 24,099,912	$ 5,535,718	$ 5,438,359	$ 29,229,010	$ 29,538,271
Buildings and Improvements	37,460,196	35,046,023	25,069,129	26,009,669	62,529,325	61,055,692
Machinery and Equipment	1,633,494	1,903,301	98,016,026	101,619,201	99,649,520	103,522,502
Vehicles	839,298	1,004,591	1,668,994	1,975,641	2,508,292	2,980,232
Infrastructure	60,880,644	65,149,159			60,880,644	65,149,159
Work of Art	304,907	304,907			304,907	304,907
Construction in Progress	11,253,080	8,452,004	67,296,498	55,409,211	78,549,578	63,861,215
Total	$ 136,064,911	$ 135,959,897	$ 197,586,365	$ 190,452,081	$ 333,651,276	$ 326,411,978

A significant increase in construction in progress compared to prior year was primarily due to the ongoing improvements to the White Slough Pollution Control Facility; the Surface Water Treatment Plant construction costs; the water meter installation project; the construction of DeBenedetti Park and G-Basin; Highway 99 and Harney lane improvements; and improvements at the Grape Bowl. The increase in buildings and improvements is due to the completion of various renovations. The decrease in land represents the sale of parkland to a developer to build a senior housing project.

Additional information on the City's capital assets can be found in Note 6 on pages 48-50 of this report.

Long-term debt
At the end of the current fiscal year, the City had total bonded debt outstanding of $193,468,334. Of this amount, $21,655,000 is the outstanding balance of the bonds issued to fund the new public safety building, refinancing of the performing arts center and the downtown and Cherokee Lane improvements. The total of $171,813,334 from the business-type activities consists of $39,236,306 for the Water Fund; $54,920,895 for the Wastewater Fund; and $77,656,133 for the Electric Fund.

City of Lodi's Outstanding Debt

	Governmental Activities	Business-type activities	Total
Certificates of Participation	$ 21,655,000	171,813,334	193,468,334

The City's total bonded debt increased by $34,398,284 during the current fiscal year.

Bond Rating
In June 2010, Standard & Poor's Rating Services affirmed the rating on outstanding electric utility debt instruments an A- with a stable outlook as a result of improved financial performance due to the implementation of various policies instituted by management. Fitch Rating Services upgraded the rating on outstanding wastewater utility debt instruments to A+ with a stable outlook in May 2011, as part of its global ratings recalibration.

In October 2010, Standard & Poor's Rating services issued a rating of AA- with a stable outlook in regards to the $39.475 million Water Revenue bonds. Moody's Investor Services assigned a rating of Aa3 to this new issue.

On August 1, 2011, Fitch Rating Services affirmed the rating on outstanding public improvement bonds at AA- and assigned an implied general obligation bond rating of AA. The rating outlook was revised to stable from negative as a result of the City's successful improvement of its general fund position and maintaining its low debt profile.

Additional information on the City's long-term debt can be found in Note 8 on pages 51-57 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The impacts of the global economic recession continue to affect Lodi's families, businesses, institutions and the City but the case can be made that the City is not only surviving the recession, but thriving. The City of Lodi continues to take actions necessary to maintain a more sustainable city. The tax base is now more diverse and less dependent upon a single source of retail sales tax, permanent reductions have been made to the municipal work force and greater efficiency in the delivery of city services has been established. Management has evaluated ways to make every City service more efficient, streamlining and consolidating services where possible. Other efficiencies include consolidation of multiple recreational programs, decentralization of purchasing and implementation of a single answer point for development permits. The City also reduced its workforce by 19% over the past seven years, from 470 full-time budgeted employees in 2004-05 to 383 full-time budgeted employees in 2011-12. Monthly work hours for many employees have been reduced through furloughs although the City continues to offer the same basic range of municipal services.

The recession is creating an opportunity for the City to take advantage of low construction costs to proceed with major capital projects. They include the construction of a Surface Water Treatment Plant, wastewater main replacement and underground electric cable maintenance. The 2011-12 budget proposes as many projects as possible focusing on maintenance and replacement of existing facilities and projects that reduce the City's recurring operational costs.

The City Council adopted a new Comprehensive General Plan that maintains Lodi's compact urban character yet provides for jobs and economic growth. In the future, Lodi will be a city accommodating a population of 99,000 and 51,000 jobs.

The 2011-12 budget has several issues that were taken into consideration: employee costs and contributions; capital programs; and cost increases beyond the City's control.

The City has been operating under annual concession agreements with all of its bargaining units. The combination of expiring concessions, cost increases beyond the City's control and scheduled cost increases results in approximately a $6.6 million increase in costs over the prior year budget. The City has closed this gap through a combination of concession agreements with bargaining units that will carry the City through FY 2011-2012, management actions to reduce costs and early retirements.

Employee costs and contributions – Prior to the economic downturn, Lodi aggressively moved to manage employee expenses. Positions not deemed vital to City operations were held vacant, and other departmental expenses were closely monitored. Importantly, as the economy plummeted, in March 2009, City employees made a number of salary and benefit concessions to reduce salary costs, including salary reductions, furloughs, and waiving of the City's deferred compensation match. These concessions alone were valued at over $2.3 million for FY 2009-10, $2.7 million for FY 2010-11, and $3.8 million for FY 2011-12. Consequently, the City has largely avoided employee layoffs and drastic service cuts so common in other cities.

Capital programs – The City continues to utilize one-time funds for capital maintenance, rather than ongoing operations. In prior years, the City assessed its physical plant and is using one-time funds generated by the Lodi Energy Center, to address deferred maintenance projects on its buildings. Scheduled to be completed this year are improvements to the heating and cooling systems in City Hall, various roof and gutter replacement projects and a retrofit of a portion of the unused space in the former public safety building. Additionally, the FY 2011-12 budget allocates $300,000 toward the replacement of Fire Station #2. The above projects total just over $1 million.

Costs beyond the City's control – While the revenues have stabilized, the cost of retirement and medical insurance continue to rise. CalPERS has provided estimates for the City's contribution to the pension plan that are significantly higher than the past years. Medical insurance costs are estimated to increase by 12 percent. The estimated General Fund increase is $400,000 with a total city-wide medical premium cost of nearly $5.8 million. It is also anticipated that health insurance costs will also continue to climb every year for the next several years. Additionally, the City is self-funded for worker's compensation and a significant increase in cost and the severity of claims translated into higher projected future liabilities for this program. The City is working aggressively to contain the worker's compensation costs increases.

Economic Development

During this difficult economic time, the City has fared better than the surrounding area, as a whole. While not immune to the current foreclosure crisis, the City housing stock has seen fewer foreclosures and has maintained housing values better than the surrounding communities.

The City's unemployment rate continues to track roughly 4 percent lower than that of San Joaquin County. The City's diversified economic base continues to help the City maintain its revenue base.

Although agriculture is an important part of the City's past, present and future by providing residents with employment on farms and in processing plants, there are even more jobs in food and plastics manufacturing and in health-related businesses.

Lodi Memorial Hospital, Blue Shield and Cottage Bakery have the highest year-round employment in the City, and large national and international manufacturers such as General Mills and CertainTeed find the City an attractive base for their West Coast operations.

REQUEST FOR INFORMATION

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City' accountability for the money it receives. If you have any questions about this report or need additional information, contact the Financial Services Division of the City of Lodi at 310 W. Elm Street, Lodi, California, 95240.

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BASIC FINANCIAL STATEMENTS

The Government-wide Financial Statements provide a broad overview of the City's financial position and operating results. Information is grouped by governmental activities or business-type activities.

The Fund Financial Statements report information about the City's Governmental Funds, Proprietary Funds, and the Fiduciary Fund.

The notes have an integral role in disclosing information essential to the fair presentation of the Basic Financial Statements.

CITY OF LODI
STATEMENT OF NET ASSETS
June 30, 2011

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	$ 26,736,969	29,417,385	$ 56,154,354
Accounts receivable, net	3,329,441	7,162,385	10,491,826
Property tax receivable	1,537,758		1,537,758
Interest receivable	29,606	44,783	74,389
Internal balances	(1,225,173)	1,225,173	
Due from other governmental agencies	535,544	1,799,876	2,335,420
Restricted assets	1,692,841	68,662,007	70,354,848
Loans receivable	1,108,324	160,419	1,268,743
Advance receivable		12,866,272	12,866,272
Inventory	125,706	2,758,236	2,883,942
Other assets	42,507	318,255	360,762
Deferred charges		6,042,159	6,042,159
Capital assets, net:			
Nondepreciable	35,251,279	72,832,216	108,083,495
Depreciable, net	100,813,632	124,754,149	225,567,781
TOTAL ASSETS	169,978,434	328,043,315	498,021,749
LIABILITIES			
Accounts payable and accrued liabilities	3,784,579	7,506,508	11,291,087
Accrued salaries and wages	666,790		666,790
Accrued interest	262,189	2,907,505	3,169,694
Unearned revenue	953,557	2,006,097	2,959,654
Long-term liabilities:			
Due within one year	4,099,257	5,748,178	9,847,435
Due in more than one year	36,300,584	233,843,130	270,143,714
TOTAL LIABILITIES	46,066,956	252,011,418	298,078,374
NET ASSETS			
Invested in capital assets, net of related debt	114,164,912	104,858,175	219,023,087
Restricted for:			
Capital projects	12,900,979		12,900,979
Debt service	1,692,841	5,302,731	6,995,572
Other purposes	300,982		300,982
Unrestricted (deficit)	(5,148,236)	(34,129,009)	(39,277,245)
TOTAL NET ASSETS	$ 123,911,478	76,031,897	$ 199,943,375

The notes to the financial statements are an integral part of this statement.

CITY OF LODI
STATEMENT OF ACTIVITIES
Year ended June 30, 2011

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-type Activities	Net (Expense) Revenue and Changes in Net Assets: Total
PRIMARY GOVERNMENT:							
Governmental activities:							
General government	$ 8,261,967	1,792,934	114,286	29,114	(6,325,633)		$ (6,325,633)
Public protection	25,112,684	643,294	1,087,327	249,527	(23,132,536)		(23,132,536)
Public works	9,305,242	355,894	984,291	6,423,027	(1,542,030)		(1,542,030)
Community development	972,855	1,600,566			627,711		627,711
Library	1,354,904	47,208	50,076		(1,257,620)		(1,257,620)
Parks & recreation	5,778,165	1,245,160		35,764	(4,497,241)		(4,497,241)
Interest on long-term debt	1,075,064				(1,075,064)		(1,075,064)
Total governmental activities	51,860,881	5,685,056	2,235,980	6,737,432	(37,202,413)		(37,202,413)
Business-type activities:							
Electric	63,399,665	62,167,350	100,892			(1,131,423)	(1,131,423)
Wastewater	11,686,782	13,089,679	59,075	3,025,135		4,487,107	4,487,107
Water	8,187,613	11,940,022	446,880	1,668,202		5,867,491	5,867,491
Transit	4,132,004	194,782	3,375,893	456,781		(104,548)	(104,548)
	87,406,064	87,391,833	3,982,740	5,150,118		9,118,627	9,118,627
Total primary government	$ 139,266,945	93,076,889	6,218,720	11,887,550	(37,202,413)	9,118,627	$ (28,083,786)
General revenues:							
Taxes:							
Property taxes					12,697,676		12,697,676
Franchise taxes					8,691,568		8,691,568
Business license tax					1,246,021		1,246,021
Transient occupancy tax					425,899		425,899
Grants and contributions not restricted to specific programs					8,953,983		8,953,983
Investment earnings					133,404	575,553	708,957
Other					1,556,036	1,353,271	2,909,307
Special item - gain on sale of parkland					320,739		320,739
Transfers					6,657,202	(6,657,202)	
Total general revenues, special item and transfers					40,682,528	(4,728,378)	35,954,150
Change in net assets					3,480,115	4,390,249	7,870,364
Net assets, beginning of year					120,431,363	71,641,648	192,073,011
Net assets, end of year					$ 123,911,478	76,031,897	$ 199,943,375

The notes to the financial statements are an integral part of this statement.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS

Governmental Fund Types

Governmental funds consist of the General Fund, special revenue funds, debt service fund and capital projects funds.

Major Governmental Fund:

General Fund

This fund is maintained to account for all financial resources that are not restricted as to their use. This includes property and sales taxes, business tax receipts, franchise taxes and various subventions such as Motor Vehicle In-Lieu fees received from the State of California. With the exception of grant programs, General Fund resources can be utilized for any legitimate governmental purpose.

Streets Fund

This fund was established to account for the following:

Gas Tax
To account for revenues and expenditures apportioned to the City under the Streets and Highway Code. Portions of the tax rate levied by the State of California on all gasoline purchases are allocated to cities throughout the State on a population basis. These funds are restricted for expenditure by the State of California for street related purposes only.

Development Impact Mitigation Fees
To account for impact fees charged to provide for the building of various storm drains and street improvements needed to serve new development. The fees are calculated on a per acre basis and are collected at subdivision final map approval or with building permit stage effective November 4, 1991.

Measure K Sales Tax
To account for revenues and expenditures apportioned to the City for sales tax collections under Measure K. Expenditures for administration, maintenance and construction must be for street-related projects.

Intermodal Surface Transportation Efficiency Act (ISTEA)
To account for revenues from the federal highway administration for programs including surface transportation program (STP) for streets and roads, congestion mitigation and air quality program (CMAQ) and hazard elimination safety (HES) for street lighting projects.

Proprietary Fund Types

Proprietary funds consist of the enterprise funds and the internal service funds.

Major Enterprise Funds include:

Electric Fund
The City established this fund in order to account for the provision of electric services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including but not limited to, source of supply, overhead, systems maintenance, customer service, engineering, administration, capital improvements maintenance and debt service.

Wastewater Fund
This fund was established by the City in order to account for the provision of waste water collection and treatment services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, improvements and debt service.

Water Fund
This fund was established by the City in order to account for the provision of water to the residents of the City as well as some customers in the County. All activities to provide such services are accounted for in this fund, including, but not limited to administration, operations, distribution, maintenance, capital improvements and debt service.

Nonmajor Enterprise Fund:

Transit Fund
This fund is used to account for the operations of the Dial-A-Ride and the Grapeline bus system.

Fiduciary Fund Type

Private-purpose Trust Funds
These funds are used to account for assets held by the Library Board as trustee of the Lodi Public Library and for assets held by the City in accordance with the trust agreement on behalf of the Hutchins Street Square.

Agency Fund
This fund was established to account for special assessments collected on the property tax roll by the City on behalf of the property owners within the Industrial Way Beckman Districts and the Downtown and Cherokee Lane Districts and various landscape and lighting districts around the City.

CITY OF LODI
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011

	General Fund	Streets Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	$ 2,983,745	8,825,588	6,130,380	$ 17,939,713
Restricted assets			1,692,841	1,692,841
Receivables:				
Accounts, net	3,009,980	210,899	90,620	3,311,499
Property taxes	1,537,758			1,537,758
Interest	6,778	9,449	4,113	20,340
Due from other funds	1,106,068		2,468	1,108,536
Due from other governmental agencies	105,841	102,487	327,216	535,544
Loans receivable			1,108,324	1,108,324
Inventory	890			890
Advances to other funds	316,480	55,000		371,480
Other assets	39,230		3,277	42,507
Total assets	$ 9,106,770	9,203,423	9,359,239	$ 27,669,432
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and other liabilities	$ 2,222,292	806,950	119,828	$ 3,149,070
Accrued salaries and wages	666,790			666,790
Due to other funds			1,108,536	1,108,536
Advances from other funds			1,596,653	1,596,653
Deferred revenue	71,283	807,447	1,183,151	2,061,881
Total liabilities	2,960,365	1,614,397	4,008,168	8,582,930
Fund balances:				
Nonspendable				
Inventory	890			890
Advance to other funds	316,480			316,480
Other assets	39,230			39,230
Restricted				
Capital projects		7,589,026	4,203,629	11,792,655
Debt service			1,692,841	1,692,841
Other purposes			300,982	300,982
Assigned				
Encumbrances	135,669			135,669
Unassigned	5,654,136		(846,381)	4,807,755
Total fund balances	6,146,405	7,589,026	5,351,071	19,086,502
Total liabilities and fund balances	$ 9,106,770	9,203,423	9,359,239	$ 27,669,432

The notes to the financial statements are an integral part of this statement.

CITY OF LODI
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2011

Amounts reported for governmental activities in the statement of net assets are different because:		
Fund balances - total governmental funds	$	19,086,502
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		
Nondepreciable capital assets		35,251,279
Depreciable capital assets, net		100,780,346
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds as follows:		
Compensated absences		(7,027,434)
Long-term debt		(21,900,000)
Interest on long-term debt is not accrued in the funds, but rather is recognized as an expenditure when due		(262,189)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds		1,108,324
Internal service funds are used by management to charge the costs of general liability insurance, workers' compensation insurance, health benefits insurance, other insurance and the cost of operating and maintaining the City's fleet to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets		(3,125,350)
Net assets of governmental activities	$	123,911,478

The notes to the financial statements are an integral part of this statement.

CITY OF LODI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year ended June 30, 2011

	General Fund	Streets Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	$ 23,061,164			$ 23,061,164
Licenses and permits	83,395		870,690	954,085
Intergovernmental revenues	10,032,523	5,533,846	1,298,670	16,865,039
Charges for services	1,035,220	555,440	2,355,511	3,946,171
Fines, forfeits and penalties	1,404,307		2,600	1,406,907
Investment and rental income	455,923	53,429	307,433	816,785
Contributions and donations		688,565		688,565
Miscellaneous revenue	480,028	88,689	230,503	799,220
Total revenues	36,552,560	6,919,969	5,065,407	48,537,936
Expenditures:				
Current:				
General government	6,478,159		1,188,951	7,667,110
Public protection	24,091,472		397,883	24,489,355
Public works	1,421,238	1,817,928	475,441	3,714,607
Community development			969,409	969,409
Library	1,357,473			1,357,473
Parks and recreation	2,191,102		1,936,165	4,127,267
Capital outlay		6,744,515	2,631,990	9,376,505
Debt service:				
Interest and fiscal charges	6,427		1,074,737	1,081,164
Principal payments	141,576		610,000	751,576
Total expenditures	35,687,447	8,562,443	9,284,576	53,534,466
Excess (deficiency) of revenues over (under) expenditures	865,113	(1,642,474)	(4,219,169)	(4,996,530)
Other financing sources (uses):				
Transfers in	5,379,186	661,270	5,840,531	11,880,987
Transfers out	(4,383,110)	(93,279)	(747,396)	(5,223,785)
Proceeds from the sale of land			97,359	97,359
Total other financing sources (uses)	996,076	567,991	5,190,494	6,754,561
Special item - sale of parkland			630,000	630,000
Net change in fund balances	1,861,189	(1,074,483)	1,601,325	2,388,031
Fund balances, beginning of year	4,285,216	8,663,509	3,749,746	16,698,471
Fund balances, end of year	$ 6,146,405	7,589,026	5,351,071	$ 19,086,502

The notes to the financial statements are an integral part of this statement.

CITY OF LODI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year ended June 30, 2011

Amounts reported for governmental activities are different because:

Net change in fund balances - total governmental funds	$	2,388,031
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlays, capital contributions and depreciation expense are as follows:		
Capitalized capital outlays		9,376,505
Capital asset contributions		136,850
Depreciation expense		(8,020,531)
Book value on disposed capital assets		(1,386,362)
Long-term debt proceeds, net of discounts, provide current financial resources to governmental funds, but issuing debt proceeds increases long-term liabilities in the statement of net assets. Repayments of the principal are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the statement of net assets.		
Repayments of principal are as follows:		
Capital leases		141,576
Certificates of participation principal		610,000
Internal service funds are used by management to charge the costs of certain activities, such as health benefits and self-insurance, costs of operation and maintenance of the City's fleet, to individual funds. The net revenue (expenses) of the internal service funds are reported with governmental activities.		84,489
Revenues reported in the funds since they provide current financial resources are not reported as revenues in the statement of activities this year since they were reported in the previous year.		(354,483)
Other expenses in the statement of activities that do not use current financial resources are not reported as expenditures in the governmental funds.		
Change in compensated absences		497,940
Change in accrued interest		6,100
Change in net assets of governmental activities	$	3,480,115

The notes to the financial statements are an integral part of this statement.

CITY OF LODI
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2011

	Business-type Activities-Enterprise Funds					Governmental Activities - Internal Service Funds
	Electric	Wastewater	Water	Nonmajor Fund Transit	Total	
ASSETS						
Current assets:						
Cash and investments	$ 5,032,177	10,606,065	12,807,412	971,731	$ 29,417,385	$ 8,797,256
Restricted cash and investments			16,035,953		16,035,953	
Restricted assets with fiscal agents	10,796,036	4,953,755	34,706,413		50,456,204	
Receivables:						
Accounts, net	3,906,912	722,746	681,778	1,850,949	7,162,385	17,942
Interest	11,164	11,444	21,093	1,082	44,783	9,266
Due from other governmental agencies		65,399	55,170	1,679,307	1,799,876	
Advance receivable	12,866,272				12,866,272	
Loans receivable	160,419				160,419	
Inventory	2,551,898	11,666	194,672		2,758,236	124,816
Other assets		4,530	313,725		318,255	
Total current assets	35,324,878	16,375,605	64,816,216	4,503,069	121,019,768	8,949,280
Noncurrent assets:						
Restricted assets with fiscal agents		2,169,850			2,169,850	
Advances to other funds			1,225,173		1,225,173	
Deferred charges	4,739,068	892,933	410,158		6,042,159	
Capital assets,net:						
Nondepreciable	6,463,554	49,214,126	15,463,619	1,690,917	72,832,216	
Depreciable, net	36,066,651	47,468,694	29,284,423	11,934,381	124,754,149	33,286
Total capital assets	42,530,205	96,682,820	44,748,042	13,625,298	197,586,365	33,286
Total noncurrent assets	47,269,273	99,745,603	46,383,373	13,625,298	207,023,547	33,286
TOTAL ASSETS	82,594,151	116,121,208	111,199,589	18,128,367	328,043,315	8,982,566
LIABILITIES						
Current liabilities:						
Accounts payable and other liabilities	1,425,941	497,852	4,796,977	785,738	7,506,508	635,509
Accrued interest	2,044,633	680,217	182,655		2,907,505	
Unearned revenue	15,600		868,218	1,122,279	2,006,097	
Self-insurance liability						1,445,428
Accrued compensated absences	251,611	203,371		20,474	475,456	42,354
Certificates of participation payable	3,058,889	1,419,133	794,700		5,272,722	
Total current liabilities	6,796,674	2,800,573	6,642,550	1,928,491	18,168,288	2,123,291
Noncurrent liabilities:						
Self-insurance liability						6,904,910
Accrued compensated absences	649,258	714,184		64,926	1,428,368	64,927
Certificates of participation payable	74,597,244	53,501,762	38,441,606		166,540,612	
Net OPEB obligation						3,014,788
Pollution remediation obligation			65,874,150		65,874,150	
Total noncurrent liabilities	75,246,502	54,215,946	104,315,756	64,926	233,843,130	9,984,625
TOTAL LIABILITIES	82,043,176	57,016,519	110,958,306	1,993,417	252,011,418	12,107,916
NET ASSETS (DEFICIT)						
Invested in capital assets, net of related debt	2,129,198	48,885,530	40,218,149	13,625,298	104,858,175	33,286
Restricted:						
Debt service	5,302,731				5,302,731	
Unrestricted (deficit)	(6,880,954)	10,219,159	(39,976,866)	2,509,652	(34,129,009)	(3,158,636)
TOTAL NET ASSETS (DEFICIT)	$ 550,975	59,104,689	241,283	16,134,950	$ 76,031,897	$ (3,125,350)

The notes to the financial statements are an integral part of this statement.

CITY OF LODI
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUNDS
Year ended June 30, 2011

	Business-type Activities - Enterprise Funds					Governmental Activities- Internal Service Funds
	Electric	Wastewater	Water	Nonmajor Fund Transit	Total	
OPERATING REVENUES						
Charges for services	$ 62,167,350	13,089,679	11,940,022	194,782	$ 87,391,833	$ 10,826,603
OPERATING EXPENSES						
Personnel services	5,880,798	3,257,618	1,359,227	272,599	10,770,242	1,322,424
Supplies, materials and services	11,292,763	1,955,464	2,590,222	2,927,039	18,765,488	7,051,965
Utilities	35,344,028	758,934	652,296	59,602	36,814,860	2,215
Depreciation and amortization	6,285,968	2,311,682	1,304,519	872,764	10,774,933	1,448
Claims						2,443,158
TOTAL OPERATING EXPENSES	58,803,557	8,283,698	5,906,264	4,132,004	77,125,523	10,821,210
OPERATING INCOME (LOSS)	3,363,793	4,805,981	6,033,758	(3,937,222)	10,266,310	5,393
NONOPERATING REVENUES (EXPENSES)						
Investment income	190,470	220,600	154,836	9,647	575,553	42,752
Interest expense	(4,390,921)	(2,778,805)	(1,491,550)		(8,661,276)	
Rent				4,200	4,200	
Operating grants	100,892	59,075	446,880	3,375,893	3,982,740	
Loss on disposal of capital assets	(205,187)	(624,279)	(789,799)		(1,619,265)	
Other revenues	848,030	113,985	359,979	27,077	1,349,071	36,344
TOTAL NONOPERATING REVENUES (EXPENSES)	(3,456,716)	(3,009,424)	(1,319,654)	3,416,817	4,368,977	79,096
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(92,923)	1,796,557	4,714,104	(520,405)	5,897,333	84,489
Capital contributions		3,025,135	1,668,202	456,781	5,150,118	
Transfers out	(2,906,029)	(1,519,946)	(2,231,227)		(6,657,202)	
Net capital contributions and transfers	(2,906,029)	1,505,189	(563,025)	456,781	(1,507,084)	
Change in net assets	(2,998,952)	3,301,746	4,151,079	(63,624)	4,390,249	84,489
NET ASSETS (DEFICIT) - BEGINNING OF YEAR	3,549,927	55,802,943	(3,909,796)	16,198,574	71,641,648	(3,209,839)
NET ASSETS (DEFICIT) - END OF YEAR	$ 550,975	59,104,689	241,283	16,134,950	$ 76,031,897	$ (3,125,350)

The notes to the financial statements are an integral part of this report.

CITY OF LODI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year ended June 30, 2011

	Business-type Activities - Enterprise Funds					Governmental Activities- Internal Service Funds
	Electric	Wastewater	Water	Nonmajor Fund Transit	Total	
Cash flows from operating activities:						
Receipts from customers and users	$ 62,309,276	13,345,074	12,280,688	221,859	$ 88,156,897	$ 34,735
Receipts from interfund services provided	381,700				381,700	10,826,603
Cash paid to suppliers for goods & services	(47,580,571)	(1,766,998)	(3,655,165)	(3,365,884)	(56,368,618)	(9,034,944)
Payments to employees	(5,885,365)	(3,237,828)	(1,359,227)	(275,218)	(10,757,638)	(1,340,670)
Payments for interfund services provided	(3,395)	(691,472)	(622,927)	(43,914)	(1,361,708)	
Net cash provided by (used in) operating activities	9,221,645	7,648,776	6,643,369	(3,463,157)	20,050,633	485,724
Cash flows from noncapital financing activities:						
Operating grants	100,892	59,075	446,880	2,453,314	3,060,161	
Transfers out	(2,906,029)	(1,519,946)	(2,231,227)		(6,657,202)	
Net cash provided by (used in) noncapital financing activities	(2,805,137)	(1,460,871)	(1,784,347)	2,453,314	(3,597,041)	
Cash flows from capital and related financing activities:						
Proceeds from Certificates of Participation			39,256,006		39,256,006	
Fees received for water meter installations			1,653,399		1,653,399	
Issuance costs - Certificates of Participation			(426,236)		(426,236)	
Acquisition and construction of capital assets	(1,035,098)	(2,017,158)	(11,378,336)	(254,956)	(14,685,548)	
Fees received from developers		3,025,135	14,803		3,039,938	
Capital grants received				822,884	822,884	
Principal payments on debt	(3,080,000)	(1,370,000)	(1,409,301)		(5,859,301)	
Interest payments on debt	(4,242,774)	(2,781,375)	(1,340,642)		(8,364,791)	
Net cash provided by (used in) capital and related financing activities	(8,357,872)	(3,143,398)	26,369,693	567,928	15,436,351	
Cash flows from investing activities:						
Rent of City property				4,200	4,200	
Interest on investments	192,995	216,881	158,618	9,397	577,891	43,372
Net cash provided by investing activities	192,995	216,881	158,618	13,597	582,091	43,372
Net increase (decrease) in cash and cash equivalents	(1,748,369)	3,261,388	31,387,333	(428,318)	32,472,034	529,096
Cash and cash equivalents, beginning of year	17,576,582	12,298,432	32,162,445	1,400,049	63,437,508	8,268,160
Cash and cash equivalents, end of year	$ 15,828,213	15,559,820	63,549,778	971,731	$ 95,909,542	$ 8,797,256
Reconciliation to the statement of net assets:						
Cash and investments	$ 5,032,177	10,606,065	12,807,412	971,731	$ 29,417,385	$ 8,797,256
Restricted cash and investments			16,035,953		16,035,953	
Restricted assets with fiscal agents - current	10,796,036	4,953,755	34,706,413		50,456,204	
Total cash and cash equivalents	$ 15,828,213	15,559,820	63,549,778	971,731	$ 95,909,542	$ 8,797,256
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating Income (loss)	$ 3,363,793	4,805,981	6,033,758	(3,937,222)	$ 10,266,310	$ 5,393
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization	6,285,968	2,311,682	1,304,519	872,764	10,774,933	1,448
Other revenues	848,030	113,985	359,979	27,077	1,349,071	36,344
Change in assets and liabilities:						
Increase in loans receivable	(160,419)				(160,419)	
(Increase) decrease in accounts receivable	1,631,092	199,312	348,307		2,178,711	(15,902)
Increase in advance receivables	(1,854,604)				(1,854,604)	
Increase in due from other governmental agencies		(56,972)	(55,170)		(112,142)	
Increase in inventory	(1,067,186)	(97)	(6,646)		(1,073,929)	(2,869)
(Increase) decrease in other assets		(930)	(312,450)		(313,380)	14,293
Increase (decrease) in accounts payable and other liabilities	280,430	256,025	2,820,011	(423,157)	2,933,309	100,303
Increase (decrease) in compensated absences	(4,567)	19,790		(2,619)	12,604	(18,246)
Decrease in unearned revenue	(100,892)				(100,892)	
Decrease in self-insurance liability						(579,629)
Decrease in pollution remediation obligation			(3,848,939)		(3,848,939)	
Increase in net OPEB obligation						944,589
Net cash provided by (used in) operating activities	$ 9,221,645	7,648,776	6,643,369	(3,463,157)	$ 20,050,633	$ 485,724
Noncash Investing, Capital and Financing Activities						
Capital asset contributions	$			46,637	$ 46,637	
Book value of disposed capital assets	205,187	624,279	789,799		1,619,265	

The notes to the financial statements are an integral part of this statement.

CITY OF LODI
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2011

	Private-Purpose Trust Funds	Agency Fund
ASSETS		
Cash and investments	$ 262,445	$ 469,120
Receivables:		
Special assessments		35,846
Interest		478
TOTAL ASSETS	262,445	505,444
LIABILITIES		
Agency obligations		505,444
TOTAL LIABILITIES		505,444
NET ASSETS	$ 262,445	$

The notes to the financial statements are an integral part of this statement.

CITY OF LODI
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
Year ended June 30, 2011

		Private-Purpose Trust Funds
ADDITIONS		
Investment and rental income	$	39,536
Total additions		39,536
DEDUCTIONS		
Current		
Library		1,975
Total deductions		1,975
CHANGE IN NET ASSETS		37,561
NET ASSETS, BEGINNING OF YEAR		224,884
NET ASSETS, END OF YEAR	$	262,445

The notes to the financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) The Financial Reporting Entity

The City of Lodi (City) was incorporated on December 6, 1906, as a municipal corporation under the General Laws of the State of California. The City operates under a Council-Manager form of government and provides the following services: general government, public works, community development, public protection (police and fire), public utilities, library, parks and recreation.

The accounting policies of the City conform to generally accepted accounting principles (GAAP) as applicable to governments in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for governmental accounting and financial reporting principles.

An elected five-member council governs the City of Lodi. As required by GAAP, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The component units, although legally separate entities, are, in substance, part of the City's operations and therefore, their activities are blended with data of the City.

Blended Component Units

The blended component units of the City are as follows:

The Lodi Public Improvement Corporation (LPIC) was formed on April 26, 1988, for the purpose of rendering financial assistance to the City in the issuance of the 1988 Certificates of Participation (refunded by the issuance of the 1991 Certificates of Participation) to finance the expansion of the City's White Slough Pollution Control Facility. Since then, several Certificates of Participation were issued to finance various major projects (See Note 8).

The City Council constitutes the Board of Directors of LPIC. The funds of LPIC have been included in the Enterprise (Electric and Wastewater) Funds and in the other governmental funds in the accompanying basic financial statements.

The Lodi Financing Corporation (LFC) was formed on October 12, 1999, for the purpose of assisting the City with the financing of the costs of its environmental abatement program and enhancing the water supply of the City for the use, benefit and enjoyment of the citizens served by the City. The City Council is the Board of Directors of LFC. The funds of LFC are included in the Water Fund in the accompanying basic financial statements.

The Lodi Public Financing Authority (LPFA) was created by a Joint Exercise of Powers Agreement between the City and the Industrial Development Authority (IDA) on July 21, 2010, for the purpose of assisting the City in the financings of public capital improvements. The 2010 Water Revenue Certificates of Participation Series A and B were issued in October 2010 to provide funds for a new water treatment facility.

The City Council constitutes the Board of Directors of LPFA. The funds of LPFA have been included in the Enterprise (Water) Fund in the accompanying basic financial statements.

(b) Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities that rely, to a significant extent, on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

(c) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus and accrual basis of accounting*, as are the proprietary fund and private-purpose trust fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grant and similar items are recognized as revenue as soon as all eligibility requirements have been met. Agency funds use the accrual basis of accounting, but they do not have a measurement focus.

Governmental fund financial statements are reported using the *current financial resources measurement focus and the modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal year. All other revenues are considered to be available if they are generally collected within 120 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to vacation, sick leave, claims and judgments, are recorded only when payment is due.

Property taxes, other local taxes, licenses, intergovernmental revenues, and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues are considered to be measurable and available when the City receives cash.

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the City except those required to be accounted for in another fund.

The **Street Fund** accounts for Gas Tax revenues apportioned to the City under the Streets and Highway Code, impact fees charged to provide for the building of various storm drains and street improvements needed to serve new developments, and to account for funds apportioned to the City for sales tax collections under Measure K.

The City reports the following major proprietary (enterprise) funds:

The **Electric Fund** accounts for the provision of electric services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including but not limited to, source of supply, overhead, systems maintenance, customer service, engineering, administration, capital improvements, and maintenance and debt service.

The **Wastewater Fund** accounts for the provision of wastewater collection and treatment services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, improvements and debt service.

The **Water Fund** accounts for the provision of water to the residents of the City as well as some customers in the County. All activities to provide such services are accounted for in this fund, including, but not limited to administration, operations, distribution, maintenance, capital improvements and debt service.

Additionally, the City reports the following fund types:

The **Internal Service Funds** account for the City's claims, benefits and fleet services.

The **fiduciary funds** account for assets held in trust for other agencies.

Private-Purpose Trust Funds are used to account for trust agreements under which the principal and income benefit individuals, private organizations or other governments. They were established to account for assets held and invested by the

Library Board as trustee; and to account for assets held by the City in accordance with a trust agreement on behalf of the Hutchins Square. These funds can only be spent in accordance with the trust agreements.

Agency Fund accounts for assets held by the City as a trustee or as an agent for individuals, private organizations, related organizations and/or other governmental units. This fund was established to account for special assessments collected on the property tax roll by the City on behalf of the property owners within the Industrial Way/Beckman Districts, the Downtown/Cherokee Lane Districts and various landscape and lighting districts around the City.

Private–sector standards of accounting and financial reporting issued prior to December 1, 1989, are followed in both the business-type activities in the government-wide and the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. The City also has the option of the following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

The effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are charges to other City departments from the Electric, Wastewater, Water and Transit Funds. These charges have not been eliminated because elimination would distort the direct costs and program revenues reported in the statement of activities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and internal service funds are charges for customer services including: electric, wastewater, water and public transportation fees. Operating expenses for enterprise funds and internal service funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

(d) Adoption of New GASB Pronouncement

The City adopted the provisions of *GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.* This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. GASB Statement No. 54 improves the financial reporting by providing fund balance categories and classifications that are more easily understood. The reserved components of fund balance are eliminated and replaced with restricted, committed, assigned, or unassigned classifications to enhance consistency between the information reported in the government-wide and the governmental fund financial statements to avoid confusion about the relationship between reserved fund balance and restricted net assets. The fund balance disclosures seek to give users information necessary to understand the processes under which constraints may be modified or eliminated.

(e) Cash and Investments

The City maintains a cash and investment pool that is available for all funds of the City for the purpose of increasing interest earnings through investment activities. Investments are generally stated at fair value with the exception of guaranteed investment contracts, which are stated at cost. Income earned or losses arising from the investment of pooled cash are allocated to various funds based on month-end cash balances in accordance with California Government Code Section 53647. Changes in fair value of investments are recognized as a component of investment income.

Restricted assets represent the proceeds from debt and other cash and investments held by fiscal agents by agreement that meet the definition of cash and cash equivalents, with the exception of a $2,169,850 guaranteed investment contract held in the Wastewater Fund which is a long-term investment.

(f) Restricted Cash and Investments

The City accounts for certain settlement payments for environmental remediation as restricted with the understanding that these funds will be used exclusively for environmental clean up, investigation or remediation expenses incurred by the City in the specified areas and that they will not be used for the payment of legal or technical fees. These funds are accounted for in the Water Fund.

(g) Restricted Assets with Fiscal Agents

In the Electric Enterprise Fund, restricted assets represent the proceeds of the 2008 Certificates of Participation restricted for debt service. In the Capital Outlay Reserve Fund, the restricted assets represent the proceeds of the 2002 Improvement bonds restricted for debt service. In the Wastewater fund, the restricted assets represent the proceeds of the 2003B, the 2004A and 2007A Certificates of Participation issued for improvements to the City's wastewater collection, treatment and disposal system. In the Water Fund, restricted assets represent the proceeds of the 2010A and 2010B Certificates of Participation issued for the purpose of providing funds to pay the cost of a new Water Treatment Facility.

(h) Property Taxes

San Joaquin County is responsible for assessing, collecting and distributing property taxes in accordance with enabling legislation. Revenue received is based on an allocation factor calculated by the County under the provisions of Proposition 13 plus a percentage of the increase in market value in specific areas. The City's property tax is liened based on the assessed value listed as of the prior January 1st for all real and personal property located in the City. Property sold after the assessment date (January 1st) is reassessed and the amount of property tax assessed is prorated. The assessed value at January 1, 2009, upon which the 2010 levy was based, was $5,178,188,000.

Secured property taxes are levied on October 1 and are due in two installments on November 1 and February 1. The tax becomes delinquent after December 10 and April 10, respectively. Unsecured property tax is levied on July 1, due on July 31 and becomes delinquent after August 31.

Property taxes levied for the year ended June 30, 2011, are recorded as receivables, net of estimated uncollectible amounts. Property taxes paid to the City by the County within 60 days of the fiscal year end are considered "available" and are, therefore, recognized as revenue.

In 1993, the City made an agreement with the San Joaquin County to participate in the Teeter Plan. The Teeter plan is an alternative method of apportioning property tax money. The cities receive 95% of the property taxes in advance from the County and the 5% remaining after reconciling the cities' balances at June 30. As part of the agreement, the County keeps the penalties and interest on the delinquent taxes.

(i) Due From/Due To Other Funds, Advances To/Advances From Other Funds, and Internal Balances

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. In the fund financial statements, these receivables and payables are classified as "due from other funds" or "due to other funds." Long-term interfund loans receivable are reported as "advances to other funds." The corresponding long-term interfund loans payable are reported as "advances from other funds." In the government-wide financial statements, these receivables and payables are eliminated within the governmental activities and business-type activities columns. Receivables and payables between the governmental activities and the business-type activities are classified as internal balances.

(j) Transfers

In the fund financial statements, interfund transfers are recorded as transfers in (out) except for transactions that are described below:

Charges for services are recorded as revenues of the performing fund and expenditures of the requesting fund. Unbilled costs are recognized as an asset of the performing fund at the end of fiscal year.

Reimbursements for expenditures, initially made by one fund that is properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the fund that is reimbursed. Reimbursements are eliminated for purposes of government-wide reporting.

(k) Long-term Obligations

In the government-wide financial statements and in the proprietary fund type financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond

premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. Gains or losses occurring from advance refunding are deferred and amortized as an expense for both governmental and business-type activities.

(l) Loans Receivable

Loans receivable reported in the HOME Program & Community Development Block Grants Special Revenue Fund represent funds loaned to a developer for a low-income housing project and funds loaned to first-time homebuyers. Loans receivable in the Electric Enterprise Fund represent loans to eligible Industrial and Commercial customers participating in the Lodi Energy Efficiency Financing Pilot Project.

On November 15, 1995, the City loaned to a developer funds for a low-income housing project of which the City will receive principal and interest from the original loan in 2025 and can use it for allowable projects or to make new loans.

In December 2009, the City entered into a contractual relationship with the California Department of Housing and Community Development (HCD) to administer a First-time Homebuyers Program. The loan program is intended to provide deferred down-payment assistance to first-time homebuyers who are at or below 80% of the median income, for the purchase of homes within Lodi. The loan bears 2% interest and is due and payable 30 years from close of escrow, upon transfer of the property or when the home is no longer owner-occupied, whichever comes first. The City approved one loan during the fiscal year.

In October 2010, the City established a loan fund in its public benefits program from which G2 electric utility rate commercial and industrial customers may borrow money to implement energy conservation projects in their facilities. The loan is at zero interest rate payable in two years capped at $50,000 per customer. As of June 30, 2011, five loans to industrial and commercial customers were approved.

(m) Advance Receivable

Advance receivable reported in the Electric Enterprise Fund represents the City's portion of the Northern California Power Agency's (NCPA) General Operating reserve that is refundable upon demand by the City (See Note 12).

(n) Inventory

General fund inventories are recorded at cost and are recognized as expenditures when consumed rather than when purchased. For the proprietary fund types, inventories are recorded at cost using the weighted average cost method, which approximates market, and expense is recognized when inventories are consumed in operations.

(o) Deferred Charges

Deferred charges reported in the Electric Enterprise Fund include costs incurred in connection with the issuance of the 2002 Certificates of Participation Series C & D amortized over 9.5 years and the 2008 Certificates of Participation Series A amortized over 24 years. It also includes the buyout cost of the Calpine energy purchase contract amortized over 9.5 years. The deferred charges reported in the Wastewater Enterprise Fund include costs incurred on the issuance of the 2003B and 2004A Certificates of Participation amortized over 20 years and the 2007A Certificates of Participation amortized over 30 years. Deferred charges reported in the Water Enterprise Fund include costs incurred in the issuance of the 2010 Certificates of Participation Series A and B amortized over 30 years.

(p) Capital Assets

Capital assets, which include land, buildings and improvements, machinery and equipment, vehicles, infrastructure (e.g., streets, streetlights, traffic signals, sidewalks, and bridges), and electric lines, wastewater lines and storm drains are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary funds financial statements. Capital assets are defined by the City as assets with individual cost of $3,000 or more and have an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. Capital outlay is recorded as expenditures in the General and other governmental funds and as assets in the government-wide financial statements to the extent the City's capitalization threshold is met.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset useful lives are not capitalized. As required by the Governmental Accounting Standards Board Statement No. 34, beginning July 1, 2002, the City has capitalized infrastructure, primarily its network of streets, as part of the capital assets shown in the governmental activities column on the government-wide statement of net assets. This capitalization included infrastructure that could be identified and has been acquired since July 1, 1980.

Depreciation of capital assets is provided on the straight-line basis over the following estimated useful lives:

	Years
Buildings and improvements	3 - 40
Machinery and equipment	2 - 40
Vehicles	5 - 15
Infrastructure	10 - 50

(q) Compensated Absences/Vacation and Sick Leave

The City accrues for compensated absences, in the government-wide financial statements and the proprietary funds financial statements, to pay its employees for the unused vacation, compensatory time, and miscellaneous leave. The City is not obligated to pay for unused sick leave if employees terminate prior to retirement.

(r) Self-Insurance

The City is self-insured for general liability, workers' compensation, dental benefits, unemployment and long-term disability. Various City funds are charged premiums for the City's self-insurance liability, which is accounted for in an internal service fund. The accrued liability for estimated self-insured claims represents an estimate of the eventual loss on claims arising prior to year-end including claims incurred but not reported.

(s) Net Assets

In the government-wide and proprietary funds financial statements, net assets are reported in one of three categories:

Invested in Capital Assets, Net of Related Debt – This category consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Assets – External creditors, grantors, contributors, or laws or regulations of other governments restrict this amount.

Unrestricted Net Assets – This category consists of all net assets that do not meet the definition of invested in capital assets, net of related debt or restricted net assets.

(t) Fund Balance

Fund balances presented in the governmental fund financial statements represent the difference between assets and liabilities. GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes the criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental funds. This new standard has substantially changed the categories and terminology used to describe the components of fund balance. GASB Statement No. 54 requires that the fund balances be classified in categories based upon the type of restrictions imposed on the use of funds. The City evaluated each of its funds at June 30, 2011 and classified fund balances into the following five categories:

Nonspendable – Amounts that cannot be spent because they are (1) not in spendable form, such as prepaid items, inventories and long-term receivables for which the payment of proceeds are not restricted or committed with respect to the nature of the specific expenditures of that fund or (2) legally or contractually required to remain intact.

Restricted – Amounts that are restricted by external parties such as creditors or imposed by grants, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The City has legislative restrictions on amounts collected and reported in the City's various governmental funds.

Committed – Amounts that can only be used for specific purposes pursuant to constraints imposed by a formal action by the entity's "highest level of decision-making authority"; which the City considers to be the Lodi City Council governing body legislative actions.

Assigned – Amounts that have been allocated by action of the Lodi City Council in which the City's intent is to use the funds for a specific purpose. Once assigned, funds may only be released by resolution of the City Council.

Unassigned – Amounts that constitute the residual balances that have no restrictions placed upon them are reported in the General Fund. For other governmental funds, as restrictions exceed available resources only deficit amounts are reported in the unassigned category.

It is the City's goal to attain an unassigned fund balance in the General Fund of at least 15% of expenditures and working capital balances in the Water and Wastewater enterprise funds of at least 25% of operating expenses and the target for the Electric enterprise fund working capital is $12.9 million. The goals allow for variations from year-to-year to account for economic and fiscal changes.

The City Council also adopted a policy to establish the following reserves:

Catastrophic reserve - To maintain the ability of the City to meet operational costs during times of declared emergency or major catastrophe, the City shall maintain committed General Fund balance of a minimum of 8% of annual General Fund expenditures.

Economic reserve - To maintain the City's economic viability and to meet seasonal cashflow shortfalls, the City shall maintain a committed General Fund economic reserve balance of a minimum of 8% of annual General Fund revenues. Funding the economic reserve will begin in the fiscal year following full funding of the catastrophic reserve.

(u) Statement of Cash Flows

A statement of cash flows is presented for proprietary fund types. For purposes of reporting cash flows, the City considers all highly liquid investments with maturities of three months or less when purchased and investments maintained in the pool to be cash equivalents.

(v) Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

(2) CASH AND INVESTMENTS

Cash and investments as of June 30, 2011 are classified in the accompanying financial statements as follows:

Statement of net assets:		
Cash and investments	$	56,154,354
Restricted assets		70,354,848
Fiduciary funds cash and investments:		
Private-purpose trust funds		262,445
Agency fund		469,120
Total cash and investments	$	127,240,767

Cash and investments as of June 30, 2011 consist of the following:

Cash on hand	$	2,471
Deposits with financial institutions		10,626,632
Investments		116,611,664
Total cash and investments	$	127,240,767

(a) Authorized Investments

The City has adopted an investment policy pursuant to Government Code Section 53601 which authorizes the City to invest in obligations of the U.S. Treasury, U.S Government agency securities and instruments, bankers' acceptances, certificates of deposit, negotiable certificates of deposit, commercial paper rated A-1 by Standard & Poor's or P-1 by Moody's Commercial Paper Record, State of California Local Agency Investment Fund (LAIF), mutual funds that invest in eligible securities, guaranteed investment contracts and medium term notes as permitted by the Government Code. The City is not authorized to enter into reverse repurchase agreements. The City selects its investments based on

safety, liquidity and yield. The following table identifies the permitted investment types authorized per the City's investment policy. The table also identifies certain provisions that address interest rate risk, credit risk, and concentration of credit risk.

Permitted Investments/Deposits	Maximum Maturity	Maximum % of Portfolio	Maximum Investment in One issuer
U.S. Treasury Obligations	5 years	100%	
U.S. Agency Securities	5 years	100%	
Banker's Acceptances	180 days	40%	25%
Certificates of Deposit	5 years	100%	33%
Negotiable Certificates of Deposit	5 years	30%	
Commercial Paper	270 days	40%	
California State Local Agency Investment Fund (LAIF)	Indefinite	100%	$50m per account
Money Market Mutual Funds	Indefinite	20%	
Guaranteed investment contracts (GICs)	5 years	100%	
Medium term Notes	5 years	30%	

(b) Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustee are governed by the provisions of the debt agreements and to the extent that they are permissible investments of funds of the City.

(c) Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table that shows the maturity date of each investment:

Investment as of June 30, 2011	Maturity Less than One Year	Maturity One to Five Years	Total
LAIF	$ 62,031,921		$ 62,031,921
Money Market Mutual Funds	153,708		153,708
Held by bond trustee:			
LAIF	6,724,558		6,724,558
Money Market Mutual Funds	38,358,051		38,358,051
US Agency Securities		4,780,739	4,780,739
US Treasury Obligations	765,046	1,520,651	1,527,568
Guaranteed investment contracts (GICs)		2,169,850	2,169,850
Total investments subject to interest rate risk	$ 108,033,284	8,471,240	116,504,524
Equities and options			107,140
Total investments			$ 116,611,664

Investments in equities are shares of stock received by the Library as an endowment from a private citizen.

(d) Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The money market funds are registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and have a rating by S&P of "AAAm-G," "AAA-m" or "AA-m" and rated by Moody's "Aaa," "Aa1" or "Aa2." The GICs and LAIF do not have a rating provided by a nationally recognized statistical rating organization.

In August 2011, Standard & Poor's lowered its long-term credit rating from AAA to AA+ on debt of the U.S. government, U.S. government-sponsored enterprises, and public debt issues that have credit enhancement guarantees by U.S. government sponsored enterprises. These downgrades relate to the credit risk associated with the City of Lodi's investments in U.S. Treasury obligations and U.S. Agency securities.

(e) Concentration of Credit Risk

The investment policy of the City contains certain limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in LAIF and money market mutual funds are not subject to the concentration of credit risk disclosure. There are no investments with any one issuer greater than 5% of total investments.

(f) Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured deposits. $10,513,450 of the City's deposits with financial institutions, which exceeded federal depository insurance limits, was collateralized in this fashion.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of the investment or collateral securities that are in the possession of another party. The California Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools such as LAIF.

(g) Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

The total amount invested by all public agencies in LAIF at June 30, 2011 was $24.0 billion. LAIF is part of the California Pooled Investment Account (PMIA), which at June 30, 2011 had a balance of $66.4 billion. Of this amount, 5.01% were invested in medium-term and short-term structured notes and asset-backed securities. PMIA is not SEC-registered, but is required to invest according to California State Code. The average maturity of PMIA investments was 237 days as of June 30, 2011.

The Local Investment Advisory Board has oversight responsibility for LAIF. The Board consists of five members as designated by state statute. The value of the pool of shares in LAIF, which maybe withdrawn, is determined on an amortized cost basis, which is different than the fair value of the City's portion of the pool. Withdrawals from LAIF are done on a dollar for dollar basis.

In accordance with GASB Statement 31, investments are marked to fair values annually and an adjustment is made to each fund accordingly. However, actual daily activity is done on a dollar to dollar basis and only a withdrawal from the pool size that jeopardizes pool participants would cause the withdrawal to be done at market value.

(3) ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

Receivables of the General Fund, Electric, Wastewater and Water funds are reported net of uncollectible amounts. Total allowance provided for uncollectible amounts related to receivables of the current period are as follows:

Uncollectibles related to late charges and services	$	17,000
Uncollectibles related to electric sales and services		131,200
Uncollectibles related to wastewater services		52,800
Uncollectibles related to water sales and services		157,300
Total uncollectibles of the current fiscal year	$	358,300

(4) INTERFUND RECEIVABLES/PAYABLES

Interfund receivables and payables at June 30, 2011 are as follows:

Due from	Due to		Amount
Other governmental	General	$	1,106,068
Other governmental	Other governmental		2,468
		$	1,108,536

"Due to" and "due from" balances are recorded primarily when funds overdraw their share of pooled cash or when there are short-term loans between funds. The $1,106,068 and $2,468 represent cash deficits in other governmental funds.

Advances from	Advances to		Amount
General	Other governmental	$	316,480
Streets	Other governmental		55,000
Water	Other governmental		1,225,173
		$	1,596,653

The $316,480 from the General Fund to the other governmental is an advance used for the start up costs of a redevelopment agency. The $55,000 advance from other governmental was used for the Impact Mitigation Fees update. The $1,225,173 advance from the Water Fund was used for the construction of Fire Station #4.

(5) TRANSFERS

Transfers for the year ended June 30, 2011, are summarized as follows:

	Transfers in			
Transfers out:	General	Streets	Other Governmental	Total
General	$	661,270	3,721,840	$ 4,383,110
Streets			93,279	93,279
Other governmental	11,196		736,200	747,396
Electric	2,856,390		49,639	2,906,029
Wastewater	1,451,480		68,466	1,519,946
Water	1,060,120		1,171,107	2,231,227
Total	$ 5,379,186	661,270	5,840,531	$ 11,880,987

During the year, various interfund transfers were made to finance expenditures, subsidize operating losses and service debt.

The transfer out of $11,196 from other governmental to the General Fund represents the return of unused funds intended as city match for a capital project in prior years.

Transfers out of $2,856,390 from the Electric Fund, $1,451,480 from Wastewater Fund, and $1,060,120 from Water Fund represent the cost of services reimbursement to the General Fund.

The transfer of $661,270 from the General Fund to Streets Fund constitutes funding for various street projects and the $3,721,840 transfers out from the General Fund to other governmental represent transfers of $1,011,717 to the Debt Service Fund for the principal, interest and fiscal charges required to pay the 2002 Certificates of Participation; $1,162,570 to the Community Center and $493,180 to the Recreation Fund for operating costs; $8,223 to the Library Fund for computers; $150,200 to Community Development for operating costs; $303,050 to the Vehicle and Equipment Fund for vehicle replacements; and $592,900 to the Capital Outlay Reserve Fund for capital projects.

The transfer out of $93,279 from Streets to other governmental was for its share of the cost of the General Plan update. The transfer out of $736,200 from other governmental to other governmental includes $662,100 transferred from Community Center to Debt Service Fund for the principal, interest and fiscal charges required to pay the 2002 Certificates of Participation; $65,000 from Capital Outlay for information systems replacements; and transfer of $2,510 from the Community Development, $3,400 from Recreation Fund, and $3,190 from the Community Center to the Vehicle and Equipment Fund for fleet replacement.

The transfers from Electric Fund of $49,639 and $68,466 from the Wastewater Fund to the other governmental funds was for the cost of the General Plan update. The transfer of $1,171,107 from the Water Fund to the other governmental includes $1,102,641 which represents the difference of the carrying value of land purchased from the Lodi Lake Fund for the new site of the Surface Water Treatment Plant and the $1.2 million paid by the Water Fund for that land; and $68,466 for the cost of the General Plan update.

(6) CAPITAL ASSETS

Capital assets activity of the primary government for the year-ended June 30, 2011, was as follows:

Governmental activities	Balance June 30, 2010	Increases	Decreases	Balance June 30, 2011
Capital assets, not being depreciated:				
Land	$ 24,099,912		(406,620)	$ 23,693,292
Work of art	304,907			304,907
Construction in progress	8,452,004	7,704,216	(4,903,140)	11,253,080
Total capital assets, not being depreciated	32,856,823	7,704,216	(5,309,760)	35,251,279
Capital assets, being depreciated:				
Buildings and improvements	58,401,607	3,923,398		62,325,005
Machinery and equipment	10,255,726	321,581		10,577,307
Vehicles	9,334,696	181,680	(143,881)	9,372,495
Infrastructure	125,918,479	1,305,878		127,224,357
Total capital assets, being depreciated	203,910,508	5,732,537	(143,881)	209,499,164
Less accumulated depreciation for:				
Buildings and improvements	23,355,584	1,509,225		24,864,809
Machinery and equipment	8,352,425	591,388		8,943,813
Vehicles	8,330,105	346,973	(143,881)	8,533,197
Infrastructure	60,769,320	5,574,393		66,343,713
Total accumulated depreciation	100,807,434	8,021,979	(143,881)	108,685,532
Total capital assets, being depreciated, net	103,103,074	(2,289,442)		100,813,632
Governmental activities capital assets, net	$ 135,959,897	5,414,774	(5,309,760)	$ 136,064,911

Business-type activities

	Balance June 30, 2010	Increases	Decreases	Balance June 30, 2011
Capital assets, not being depreciated:				
Land	$ 5,438,359	97,359		$ 5.535,718
Construction in progress	55,409,211	11,887,287		67,296,498
Total capital assets, not being depreciated	60,847,570	11,984,646		72,832,216
Capital assets, being depreciated:				
Buildings and improvements	37,666,200			37,666,200
Machinery and equipment	150,134,860	2,333,839	(1,660,784)	150,807,915
Vehicles	8,249,718	413,700		8,663,418
Total capital assets, being depreciated	196,050,778	2,747,539	(1,660,784)	197,137,533
Less accumulated depreciation for:				
Buildings and improvements	11,656,531	940,540		12,597,071
Machinery and equipment	48,515,659	4,317,749	(41,519)	52,791,889
Vehicles	6,274,077	720,347		6,994,424
Total accumulated depreciation	66,446,267	5,978,636	(41,519)	72,383,384
Total capital assets, being depreciated, net	129,604,511	(3,231,097)	(1,619,265)	124,754,149
Business-type activities capital assets, net	$ 190,452,081	8,753,549	(1,619,265)	$ 197,586,365

Depreciation expense was charged to function/programs of the primary government as follows:

Governmental activities:		
General government	$	684,640
Public protection		930,100
Public works		5,719,496
Community development		6,084
Library		10,458
Parks and recreation		669,753
Internal service funds		1,448
Total depreciation expense - governmental activities	$	8,021,979
Business-type activities:		
Electric	$	1,557,274
Wastewater		2,260,157
Water		1,288,441
Transit		872,764
Total depreciation expense - business-type activities	$	5,978,636

(7) OPERATING LEASES

The City is obligated under various operating leases for the use of buildings and office space. Total costs for such leases were $21,000 for the year ended June 30, 2011.

Future minimum lease payments required by lease agreements that have initial or remaining noncancellable lease terms of one year or more as of June 30, 2011, are as follows:

Fiscal Years Ending		
2012	$	21,000
Total minimum lease payments required under operating leases	$	21,000

(8) LONG-TERM OBLIGATIONS

The following is a summary of debt transactions of the City for the year ended June 30, 2011:

	Interest Rates	June 30, 2010	Additions	Reductions	June 30, 2011	Amounts Due Within One Year
Governmental activities:						
Compensated absences		$ 7,650,901	2,070,500	(2,586,686)	$ 7,134,715	$ 2,070,500
2002 Certificates of Participation	3.0-5.0%	22,265,000		(610,000)	21,655,000	630,000
Note payable	5.0%	245,000			245,000	
Capital leases	5.3-5.39%	141,576		(141,576)		
Self-insurance liability		8,929,967	819,128	(1,398,757)	8,350,338	1,398,757
Net OPEB obligation		2,070,199	1,414,182	(469,593)	3,014,788	
Governmental activity long-term liabilities		$ 41,302,643	4,303,810	(5,206,612)	$ 40,399,841	$ 4,099,257

	Interest Rates	June 30, 2010	Additions	Reductions	June 30, 2011	Amounts Due Within One Year
Business-type activities:						
Compensated absences		$ 1,891,220	475,456	(462,852)	1,903,824	$ 475,456
Pollution remediation obligation		69,723,089		(3,848,939)	65,874,150	
California Safe Drinking Water Note Payable	3.41%	1,409,301		(1,409,301)		
Certificates of Participation:						
2010 Certificates of Participation	2.50-6.637%		38,665,000		38,665,000	775,000
Add deferred amounts:						
For issuance premium			591,006	(19,700)	571,306	19,700
Total			39,256,006	(19,700)	39,236,306	794,700
2008 Certificates of Participation	3.8-5.05%	60,685,000			60,685,000	
Add deferred amounts:						
For issuance premium		547,987		(24,909)	523,078	24,909
Less deferred amounts:						
From refunding		(6,636,422)		301,656	(6,334,766)	(301,656)
Net		54,596,565		276,747	54,873,312	(276,747)

	Interest Rates	June 30, 2010	Additions	Reductions	June 30, 2011	Amounts Due Within One Year
2002 Certificates of Participation C & D	1.54-5.25%	25,830,000		(3,080,000)	22,750,000	3,270,000
Add deferred amounts:						
For issuance premium		98,457		(65,636)	32,821	65,636
Total		25,928,457		(3,145,636)	22,782,821	3,335,636
2003 Certificates of Participation B	2.0-5.0%	3,840,000		(210,000)	3,630,000	215,000
Add deferred amounts:						
For issuance premium		54,351		(4,102)	50,249	4,102
Total		3,894,351		(214,102)	3,680,249	219,102
2004 Certificates of Participation A	2.0-5.5%	22,470,000		(1,050,000)	21,420,000	1,090,000
Add deferred amounts:						
For issuance premium		303,198		(21,277)	281,921	21,277
Total		22,773,198		(1,071,277)	21,701,921	1,111,277
2007 Certificates of Participation A	4.0-5.0%	30,110,000		(110,000)	30,000,000	125,000
Add deferred amounts:						
For issuance premium		225,596		(8,253)	217,343	8,253
Less deferred amounts:						
From refunding		(723,117)		44,499	(678,618)	(44,499)
Net		29,612,479		(73,754)	29,538,725	88,754
Total Certificates of Participation		136,805,050	39,256,006	(4,247,722)	171,813,334	5,272,722
Business-type activity long-term liabilities		$ 209,828,660	39,731,462	(9,968,814)	$ 239,591,308	$ 5,748,178

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end, internal service funds self-insurance liability for $8,350,338, $107,281 for compensated absences, and $3,014,788 for net OPEB obligation were included in the above amounts. Also, for the governmental activities, compensated absences are generally liquidated by the General Fund and the internal service funds.

Long-term debt payable at June 30, 2011, comprised of the following individual issues:

Note Payable

The City issued a $245,000 promissory note to James E. Dean and Carol Dean, as trustees of the James E. Dean Family Trust, for the purchase of 307 W. Elm Street property, which is the site of the new Public Safety Building. Interest is payable quarterly and principal is due on April 1, 2017.

Annual debt service requirements to maturity of the note payable are as follows:

Fiscal Year Ending June 30,	Governmental Activities	
	Principal	Interest
2012	$	$ 14,700
2013		14,700
2014		14,700
2015		14,700
2016		14,700
2017	245,000	11,025
Total	$ 245,000	$ 84,525

Certificates of Participation

$5,000,000 California Statewide Communities Development Authority Water and Wastewater Revenue Bonds were issued on October 7, 2003. The City of Lodi along with the City of Fort Bragg issued $9.855 million 2003 Series B revenue bonds through the California Statewide Communities Development Authority (the "Authority") pooled financing program. The City of Lodi's portion is $5.0 million for the upgrade of its wastewater facilities. Principal is payable annually on October 1 in amounts from $185,000 to $365,000 with final payment due October 1, 2023. The City has pledged future wastewater revenues, net of specified operating expenses, to repay $5.0 million in wastewater revenue bonds. The bonds are payable solely from wastewater customer net revenues. The total principal and interest remaining to be paid on the bonds is $4,905,558. Principal and interest paid for the current year and total net revenues were $381,393 and $10,536,457, respectively.

The Authority's Water and Wastewater Pooled Financing Program is available to California water and wastewater agencies to facilitate the financing or refinancing of capital improvements. The program is available to California cities and special districts that operate water or

wastewater enterprises. The Authority is authorized pursuant to Chapter 5 of Division 7 of Title 1 of the California Government Code to issue bonds to finance and refinance water and wastewater public capital improvements of local agencies located throughout California.

$27,360,000 Certificates of Participation (2004A COP) were issued on May 12, 2004 to provide funds to finance the costs of certain improvements to the wastewater collection, treatment and disposal system of the City. Principal is payable annually on October 1 in amounts from $170,000 to $2,070,000 with final payment due October 1, 2024. The City has pledged future wastewater revenues, net of specified operating expenses, to repay these certificates. The total principal and interest remaining to be paid on the certficates is $29,805,012. Principal and interest paid for the current year and total net revenues were $2,147,600 and $10,536,457 respectively.

$30,320,000 Certificates of Participation (2007A COP) were issued on November 16, 2007 to provide funds to finance the costs of certain improvements to the wastewater collection, treatment and disposal system of the City and to provide resources for the repayment of the 1991 Certificates of Participation (Wastewater Treatment Plant Expansion Refunding Project). Principal is payable annually on October 1 in amounts from $105,000 to $2,980,000 with final payment due October 1, 2037. The City has pledged future wastewater revenues, net of specified operating expenses, to repay these certificates. The total principal and interest remaining to be paid on the certificates is $58,833,988. Principal and interest paid for the current year and total net revenues were $1,588,750 and $10,536,457, respectively.

$26,745,000 Certificates of Participation (2002 COP) were issued in January 2002 to provide funds to finance the costs of constructing, furnishing and equipping a new police building and jail for the City; to finance portions of certain other projects and to refund the outstanding 1995 and 1996 Certificates of Participation. As of June 30, 2011, there are no outstanding balances of these refunded Certificates. The 1995 Certificates of Participation (1995 COP) were sold in October 1995 to finance the City Downtown Revitalization and the Cherokee Lane Beautification projects. The 1996 Certificates of Participation (1996 COP) were sold in August 1996 to finance the construction of the Hutchins Street Square Conference and Performing Arts Center. Principal is payable annually on October 1 in amounts from $730,000 to $1,600,000 with final payment due October 1, 2031.

$21,225,000 Revenue Certificates of Participation 2002 Series C and **$22,740,000** Revenue Certificates of Participation Series D were issued to buy out the energy purchase agreement with Calpine.

In February 2001, the City entered into an energy purchase agreement (the Original Agreement) with Calpine Energy Services L.P. (Calpine) to purchase 25 MW of energy at $65/mwh for a ten-year period beginning January 1, 2002. Since the execution of the Original Agreement, actions of the State in connection with the energy market conditions, including the initiation of conservation programs, and other factors, have resulted in lower electric load requirements and reduced energy costs throughout the State. As a result, the City's need for the energy purchased under the Original Agreement to serve its load has been reduced. The Original Agreement was amended on September 4, 2002, and was divided into three parts. The City sold its interests in the energy purchased under the Original Agreement to Calpine and nets the payments due from the City with respect to its purchase of such energy against the payments due from Calpine with respect to its purchase of the City's rights to such energy. On November 21, 2002, the City issued $21,225,000 Revenue Certificates of Participation 2002 Series C and $22,740,000 Revenue

Certificates of Participation 2002 Taxable Series D to buy out the amended contract in the amount of $42,406,175. Principal is payable annually on July 1 in amounts from $110,000 to $5,195,000 with final payment due July 1, 2015.

The City has pledged future electric revenues, net of specified operating expenses, to repay these certificates. The total principal and interest remaining to be paid on the certificates is $25,879,903. Principal and interest paid for the current year and total net revenues were $4,274,454 and $14,909,432, respectively.

The City issued **$60,685,000** Certificates of Participation (2008A COP) on July 24, 2008 to allow the City to prepay and cause the immediate defeasance of the outstanding $46,760,000 Certificates of Participation (Electric System Revenue Certificates of Participation 2002 Series A Variable Rate Certificates) and to pay $8,979,000 for the termination of a swap agreement related to the refunded 2002 certificates. Principal is payable annually on July 1 in amounts from $2,390,000 to $5,090,000 with final payment due July 1, 2032. The City has pledged future electric revenues, net of specified operating expenses, to repay these certificates. The total principal and interest remaining to be paid on the certificates is $102,731,500. Interest paid for the current year and total net revenues were $2,957,775 and $14,909,432, respectively.

On October 1, 2010, the City issued $9,015,000 Water Revenue Certificates of Participation, 2010 Series A and $29,650,000 Water Revenue Bonds, 2010 Series B (Federally taxable - Build America Bonds) to finance the construction of the Surface Water Treatment Facility which is designed to pump water from the Mokelumne River, treat and deliver it to the City's water distribution system. Principal is payable annually on June 1 in amounts from $775,000 to $2,210,000 with final payment due June 1, 2040. The City has pledged future water revenues, net of operation and maintenance costs, to repay these certificates. The total principal and interest remaining to be paid on the certificates is $81,142,121. Interest paid for the current year and total net revenues were $1,296,849 and $8,836,592, respectively.

The various indentures contain significant limitations and restrictions on annual debt service requirements, maintenance of and flow of moneys through various restricted accounts and minimum revenue bond coverage. The City is in compliance with all such significant limitations and restrictions.

Annual debt service requirements to maturity for certificates of participation are as follows:

Fiscal Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2012	630,000	1,036,156	5,475,000	8,900,541
2013	655,000	1,010,047	6,875,000	8,626,550
2014	690,000	981,013	7,150,000	8,296,081
2015	715,000	949,400	7,460,000	7,948,813
2016	745,000	916,550	10,185,000	7,582,344
2017-2021	4,275,000	4,001,564	28,680,000	33,489,093
2022-2026	5,425,000	2,833,144	36,030,000	25,939,141
2027-2031	6,920,000	1,298,250	38,455,000	16,439,879
2032-2036	1,600,000	40,000	23,750,000	7,275,931
2037-2040			13,090,000	1,649,708
Total	$ 21,655,000	$ 13,066,124	$ 177,150,000	$ 126,148,081

Special Assessment District Debt

The City issued limited obligation improvement bonds on July 22, 1996, for the "Lodi Central City Revitalization Assessment District." These bonds have no governmental commitment and debt service is recorded in an Agency Fund. These bonds were issued under the Improvement Act of 1915 and will mature in the year 2011. The City's liability in the event of delinquent assessment shall not exceed the balance of the established Reserve Fund. The amount outstanding as of June 30, 2011, is $165,000.

Industrial Development Bonds

The City of Lodi has lent its name to the City of Lodi Industrial Development Authority for the purpose of issuing the following industrial development bonds: Minton Corporation $5,000,000; Dart Corporation $8,000,000; Wallace Computer Services $3,000,000; and Luster-Cal Nameplate Corporation $3,000,000. These bonds are special obligation bonds only, payable solely out of the bond revenues or other sources of the above companies and are not a pledge of the general credit of the City. The City is not obligated for the redemption or administration of these industrial development bonds.

Woodbridge Irrigation District Bonds

On October 8, 2003, the City lent its name to the Woodbridge Irrigation District (the "District") in the procurement of $11.745 million 2003 Revenue Certificates of Participation, to provide funds to finance the costs of construction of a new diversion dam on the Mokelumne River and related facilities of the water district. A significant portion of the District's sources of payment for the 2003 Certificates are expected to be derived from amounts to be received by the District from the City of Lodi pursuant to an Agreement for purchase of water from the Woodbridge Irrigation District by the City of Lodi, dated May 13, 2003 (the "Lodi Water Sales Agreement"). Under the agreement, the City will purchase 6,000 acre feet of water per annum from the District for 40 years.

(9) DEFINED BENEFIT PENSION PLAN

(a) Plan Description

The City of Lodi contributes to the California Public Employees' Retirement System (PERS); an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of PERS' annual financial report may be obtained from their Executive Office- 400 Q Street, Sacramento, CA 95811.

(b) Funding Policy

Participants are required to contribute 7% (9% for safety employees) of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate; the current rate is 12.081% for miscellaneous employees, 25.016% for fire and police employees, of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by PERS.

(c) Annual Pension Cost

For the year ended June 30, 2011, the City's annual pension cost of $2,726,074 for the Safety Plan and $2,080,303 for the Miscellaneous Plan were equal to the City's required contributions. The required contribution was determined as part of the June 30, 2008, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses) (b) projected annual salary increases that vary by age, length of service, and type of employment (c) 3.25% payroll growth, and (d) 3.00% inflation. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a fifteen-year period (smoothed market value). PERS unfunded actuarial liability is being amortized as a level

percentage of projected payroll on a closed basis. Amortization of the remaining period for the Safety Plan was 30 years and for the Miscellaneous Plan was 21 years as of June 30, 2010.

(d) Trend Information

Three-Year Trend information ($ Amounts in Thousands):

SAFETY PLAN

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/09	$ 2,761	100%	$0
6/30/10	2,674	100%	$0
6/30/11	2,726	100%	$0

MISCELLANEOUS PLAN

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/09	$ 2,184	100%	$0
6/30/10	2,018	100%	$0
6/30/11	2,080	100%	$0

(e) Funded Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the Safety Plan was 76.9% funded and the Miscellaneous Plan was 86.5% funded. The actuarial accrued liability for benefits was $116 million for the Safety Plan and $128 million for the Miscellaneous Plan, and the actuarial value of assets were $89 million for the Safety Plan and $110 million for the Miscellaneous Plan; resulting in an unfunded actuarial accrued liability (UAAL) of $27 million for the Safety Plan and $17 million for the Miscellaneous Plan. The covered payroll (annual payroll of active employees covered by the plans) were $11 million for the Safety Plan and $19 million for the Miscellaneous Plan, and the ratio of the UAAL to the covered payroll was 234.6% and 92.1% for the Safety and Miscellaneous plans, respectively.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

(10) POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

(a) Plan Description

The City sponsors a single-employer defined-benefit postemployment healthcare plan (Plan) to provide medical insurance benefits to eligible retired employees and their spouses. The Plan does not issue a publicly available financial report. Medical coverage is provided through PERS healthcare program. Employees who retire from the City and receive a PERS pension are eligible for postemployment medical benefits. The City contributes the minimum amount provided under Government Code Section 22825 of the Public Employees Medical and Hospital Care Act. In general, retirees must contribute any premium amounts in excess of the City contribution. However, as described below, a closed group of active employees and retirees receive additional postemployment benefits.

Employees hired prior to the dates shown in the following table are allowed to convert their accumulated sick leave into postemployment medical benefits at retirement as long as they have ten or more years of service with the City.

Group	Hired prior to:
Executive Management	July 1, 1994
Mid-Management	July 1, 1994
Fire Mid-Management	July 1, 1994
Police Mid-Management	July 1, 1994
General Services	July 1, 1995
IBEW	July 1, 1995
Maintenance and Operators	July 1, 1995
Dispatchers	July 9, 1994
Police	October 10, 1994
Fire	December 6, 1995

The most widely elected options are the "Bank" option and the "Conversion" option. Under the "Bank" option, accumulated sick leave amounts are translated by specified formulas into a bank amount that is then used to pay postemployment healthcare premiums until the "Bank" is

exhausted. Under the "Conversion" option, the accumulated sick leave hours are converted by specified formulas into a period of time during which the retiree will receive postemployment benefits. The number of hours is multiplied by 50% and converted to days. The City pays one month's premium for employee and dependents for each day after conversion. For each year of employment in excess of ten years, 2.5% is added to the 50% before conversion. The amount of premium paid will be the same as the premium paid by the City at the time of retirement. In the event that the premium increases, the retiree pays the difference.

The City also allows a surviving dependent of a retiree to enroll in the Sick Leave Conversion program to purchase medical insurance at the employee only premium for the same period as if the retiree had not died. Retirees are allowed to enroll in any of the available PERS medical plans. The PERS minimum amount will continue for the life of the retiree and surviving spouse. The "Conversion" benefit will continue until the end of a period that is based on accumulated sick leave at retirement.

(b) Funding Policy

Contribution requirements of the postemployment benefit are based on pay-as-you-go financing. For fiscal year 2010-11, the City contributed $469,593, or 33.16%, of the actuarially required contributions.

(c) Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefits (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Annual required contribution	$	1,415,969
Interest on net OPEB obligation		80,763
Adjustment to annual required contribution		(82,550)
Annual OPEB cost (expense)		1,414,182
Contribution made		(469,593)
Increase in net OPEB obligation		944,589
Net OPEB obligation - beginning of year		2,070,199
Net OPEB obligation - end of year	$	3,014,788

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation, are as follows:

Fiscal year ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/2009	$ 1,785,173	33.03%	$ 1,195,521
06/30/2010	1,333,881	34.43%	2,070,199
06/30/2011	1,414,182	33.21%	3,014,788

(d) Funding Status and Funding Progress

As of January 1, 2010, the most recent actuarial valuation date, the funded status of the Retiree Health Plan was as follows:

Actuarial accrued liability (AAL)	$ 17,710,456
Actuarial value of plan assets	0
Unfunded actuarial accrued liability (UAAL)	$ 17,710,456
Funded ratio (actuarial value of plan assets/AAL)	0.0%
Annual covered payroll (active plan members)	$ 9,409,782
UAAL as percentage of annual covered payroll	188.21%

(e) Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and the assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2010 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 4% discount rate to calculate the present value of future benefit payments; an annual healthcare cost trend rate of 8.5% initially, reduced by .3 percent increments to an ultimate rate of 5.5% in the eleventh year and beyond; the PERS minimum benefit will increase 5% per year; a 3.25% annual rate of increase in payroll; assumed that 100% of future eligible retirees will elect to maintain their enrollment in a PERS medical plan and qualify for the City's minimum contribution; 75% of future retirees will enroll a spouse; and also assumed that 100% of General Services, Maintenance and Operators and Dispatchers will elect the conversion option and 50% of Executive Management, Mid Management and Police will elect the option. The conversion option is not available to IBEW and Fire retirees. The unfunded actuarial accrued liability is amortized as a level of percentage of expected payroll over a closed thirty year period.

Since the prior valuation in 2008, there have been several factors which decreased the City's GASB 45 Actuarial Accrued Liability. These include (1) fewer participants covered under the Conversion option due to pre-retirement termination of employment or cessation of medical coverage with the City; (2) updated actuarial assumptions and methods regarding coordination of the PERS minimum benefit and the Conversion benefit, effect of Medicare premiums on the Conversion benefit, and assumed duration of the PERS minimum benefit for widows; and (3) health premium increases which were lower than expected.

(11) CLAIMS AND BENEFITS

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is self-insured as discussed in the following paragraphs for which liabilities are recorded in the Internal Service Fund-Insurance Funds.

The City is self-insured for general liability up to the first $500,000 per occurrence with claims from $500,000 to $40,000,000 per occurrence and in the aggregate insured through the California Joint Powers Risk Management Authority. The City never had any settlements that exceeded its general liability insurance coverage (See Note 13).

The City is self-insured for workers' compensation up to the first $250,000 per claim. Any claims of $250,000 up to California statutory limits are covered under a purchased policy through the membership with the Local Agency Workers' Compensation Excess Joint Powers Authority with coverage up to $300,000,000 in the current year. The City never had any settlements that exceeded its workers' compensation insurance coverage (See Note 13).

The City is fully self-insured for dental and unemployment for its employees.

General liability and workers' compensation claims are administered by an outside agency and all other claims are administered by the City. The City has accrued a liability of $8,350,338 at June 30, 2011, for all self-insured claims in the Internal Service Fund-Insurance Funds that includes an amount for incurred but not reported claims. The liability amount is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. In the opinion of the City, the amounts accrued are adequate to cover claims incurred but not reported in addition to known claims.

Changes in the self-insurance liability for fiscal years ended June 30, 2011 and 2010 are as follows:

	Beginning	Current-Year Claims and Changes in Estimates	Claim Payments	Ending
FY 09-10	$ 6,531,336	4,064,109	(1,665,478)	$ 8,929,967
FY 10-11	$ 8,929,967	819,128	(1,398,757)	$ 8,350,338

(12) PARTICIPATION IN JOINT VENTURES

Northern California Power Agency

The City, along with thirteen other public agencies, is a member of the Northern California Power Agency (NCPA) that was formed in 1968 as a joint powers agency. Its membership consists of eleven cities with publicly owned electric utility distribution systems, one irrigation district, one public utility district, one port authority and four other associate member entities. NCPA is generally empowered to purchase, generate, transmit, distribute and sell electrical energy. Members participate in the projects of NCPA on an elective basis. A commission comprising of one representative from each member organization governs NCPA. The commission is responsible for the general management of the affairs, property and business of NCPA. Under the direction of the general manager, the staff of NCPA is responsible for providing various administrative, operating and planning services for NCPA and its associated power corporations.

Project Financing and Construction

NCPA's project construction and development programs have been individually financed by project revenue bonds collateralized by NCPA's assignment of all payments, revenues and proceeds associated with its interest in each project. Each Project Participant has agreed to pay its proportionate share of debt service and other costs of the related project, notwithstanding the suspension, interruption, interference, reduction or

curtailment of output from the project for any reason. Certain of the revenue bonds are additionally supported by municipal bond insurance credit enhancements.

Increase in Non-defaulting Project Participant's Original Project Entitlement Percentage
Upon the failure of any Project Participant to make any payment, which failure constitutes a default under the Member Agreement for the projects, and except as sales and transfers are made pursuant thereto, the Member Agreements provide that Project Entitlement for each non-defaulting Project Participant shall be automatically increased for the remaining term of the Member Agreement; pro rata with those of the non-defaulting Project Participant thereunder; provided, however, that the sum of such increase for any non-defaulting Project Participant shall not exceed, without written consent of such non-defaulting Project Participant, an accumulated maximum of 25% of the non-defaulting Project Participant's original Project Entitlement Percentage Share.

General Operating Reserve with NCPA
Members of NCPA established a general operating reserve in 1992 for the purposes of providing a vehicle to fund reasonably foreseeable contingent liabilities. It was set up primarily to provide the following advantages: minimizes the number and dollar amount of reserve that might otherwise be funded separately in connection with NCPA's individually financed operating plants, projects and programs; provides each member with flexibility and unilateral control over the determination of what they will fund, how they will fund it and what expenditures from the reserve will be made on their individual behalf. It provides funding for contingent liabilities that are not budgeted but that may require significant future expenditures. The reserve is segregated by participant and is refundable on demand by the participant.

As of June 30, 2011, the City's balance in the NCPA General Operating Reserve, which has been credited with annual interest earnings and settlements, is $12,866,272.

Project Participation

The NCPA members and their percentage share at June 30, 2011, which is the most recent available data, are as follows:

NCPA MEMBERS	Geothermal Project	Hydro Electric Project	Combustion Turbine Project #1	Multiple Capital Facilities	Transmission Project	Lodi Energy Center
Alameda	16.8825%	10.00%	21.820%	19.00%	30.7803%	%
BART						5.882
Biggs	0.2270		.197		0.3446	0.392
Gridley	0.3360		.350		0.6248	1.961
Healdsburg	3.6740	1.66	5.833		6.6947	1.569
Lodi	10.2800	10.37	13.393	39.50	20.6077	11.765
Lompoc	3.6810	2.30	5.833	5.00	6.7101	1.961
Palo Alto		22.92				
Plumas-Sierra Rural Electric Coop	.7010	1.69	1.817		1.3112	0.784
Port of Oakland						1.176
Roseville	7.8830	12.00		36.50	13.0846	
Santa Clara	44.3905	37.02	41.667			
Silicon Valley Power						19.608
Turlock Irrigation District	6.3305				9.6106	
Ukiah	5.6145	2.04	9.090		10.2315	3.137
NON-MEMBERS						
Azusa						2.745
CDWR						23.529
Modesto Irrigation District						23.529
PWRPA						1.961

Bulk power purchased by the City through NCPA amounted to $35,282,422 during the year ended June 30, 2011 and is reflected in utilities expense in the Electric Enterprise Fund. This amount is net of the proceeds received from Roseville electric for the sale of the combustion turbine one (CT1 Phase II) rights in the amount of $650,000.

NCPA Geothermal Project

A purchase power agreement with NCPA obligates the City for a 10.28% share of the operating costs and debt service of two of NCPA's 110-megawatt steam powered plants, Project Number 2 and Project Number 3. Outstanding long-term debt related to this project was approximately $63 million at June 30, 2010.

In addition to federal geothermal leasehold, steam wells, gathering system and related facilities, the project consists of two electric generating stations (Plant 1 and Plant 2). Each plant has two 55MW turbine generator units utilizing low temperature geothermal steam; associated electrical, mechanical and control facilities; a heat dissipation system; a steam gathering system; a transmission tapline; and, other related facilities. Geothermal steam for the project is derived from the geothermal property, which includes wellpads, access roads, steam wells and reinjection wells.

Calaveras Hydroelectric Project

NCPA contracted to finance, manage, construct and operate Hydroelectric Project Number One for the licensed owner, Calaveras County Water District. In exchange, NCPA has the right to the electric output of the project for 50 years from February 1982. NCPA has also the option to purchase power from the project in excess of the District's requirements for the subsequent 50 years, subject to regulatory approval.

Under a power purchase agreement the City is obligated to pay 10.37% of the debt service and operating costs. At June 30, 2010, approximately $458 million in long-term debt used to finance this project was outstanding.

NCPA Combustion Turbine Project

The project consists of five combustion turbine units; each nominally rated at 25 megawatts. Two such units are located in Roseville, two in Alameda and one in Lodi. The project provides capacity during peak load periods and emergency capacity reserves. Excess capacity and energy from the project are also sold to other entities from time to time. Under the NCPA power agreement, the City is obligated to pay 13.393% of the debt service and operating costs. At June 30, 2010 approximately $4 million in long-term debt was outstanding.

Transmission Project

The project was undertaken to meet certain obligations of NCPA under the NCPA/PG & E Interconnection Agreement. The project includes an ownership interest in PG & E's 230kv Castle Rock to Lakeville Substation Transmission Line in Sonoma County, additional firm transmission

rights in that Transmission Line, and a central scheduling and dispatch facility in service at the NCPA headquarters in Roseville, California. Under a power purchase agreement, the City is obligated to pay 18.4861% of the debt service and operating costs. At June 30, 2010, approximately $0.9 million in long-term debt was outstanding.

Capital Facilities Project

The Project consists of one 49.9 megawatt natural gas-fired steam injected combustion turbine generator unit located in Lodi, California. Wastewater is reclaimed from the City of Lodi's White Slough water pollution control facility, processed to eliminate contaminants, and used in the turbine to produce steam for power enhancement and emissions control.

Under a power purchase agreement, the City is obligated to pay 39.5% of the debt service and operating costs. At June 30, 2010, approximately $55 million in long-term debt was outstanding.

Lodi Energy Center

The Lodi Energy Center project is a 280 MW base load, combined cycle, natural gas-fired, combustion turbine generating station (one gas turbine and one steam turbine) currently being built in Lodi on city property. Total project cost is estimated at about $375 million and expected to start producing electricity in June 2012.

Under a power purchase agreement, the City is obligated to pay 11.765% of the debt service and operating costs. At June 30, 2010, approximately $396 million in long-term debt was outstanding.

The following are the most recent available audited condensed financial statements of NCPA:

Combined Balance Sheet
June 30, 2010
(in thousands)

Assets			Liabilities and Capitalization		
Current assets	$	66,022	Current portion of long-term debt	$	41,475
Restricted assets		508,400	Other current liabilities		43,179
Electric plant, net		410,304	Other liabilities and deferred credits		186,256
Other assets and deferred charges		186,839	Long-term debt, net		866,874
			Net assets		33,781
Total assets	$	1,171,565	Total liabilities and net assets	$	1,171,565

Combined Statement of Revenues and Expenses and Changes in net Assets
Year ended June 30, 2010
(in thousands)

Sales for resale	$	304,345
Operating expenses		(257,851)
Other expenses		(29,903)
Future recoverable costs		(5,251)
Net revenues before refunds		11,340
Refunds to participants		(9,573)
Increase in net assets		1,767
Net assets, beginning of year		32,014
Net assets, end of year	$	33,781

Combined Statement of Cash Flow
Year ended June 30, 2010
(in thousands)

Net cash from operating activities	$	97,890
Net from investing activities		28,554
Net cash from capital and related financing activities		252,751
Net cash from noncapital and related financing activities		(49,485)
Increase in cash and cash equivalents		329,710
Cash and cash equivalents, beginning of year		110,269
Cash and cash equivalents end of year	$	439,979

At June 30, 2010, NCPA's total outstanding long-term debt was $977,440,000 at an average interest rate of 5%. The current portion of long-term debt at June 30, 2010, was $41,475,000.

Complete financial information for NCPA may be obtained at the following administration office:

Northern California Power Agency
180 Cirby Way
Roseville, CA 95678

Transmission Agency of Northern California

The Transmission Agency of Northern California (TANC) was organized under the California Government Code pursuant to a joint powers agreement entered into by fifteen Northern California utilities including the City of Lodi. The purpose of TANC is to provide electric transmission or other facilities for the use of its members through its authority to acquire, construct, finance, operate and maintain facilities for electric power transmission. The joint powers agreement provides that the costs of TANC's activities can be financed or recovered through assessment of its members or user charges through transmission contracts with its members. Each TANC member has agreed to pay a pro rata share of the costs to operate TANC and has the right to participate in future project agreements. The joint power agreement remains in effect until debt obligations and interest thereon have been paid, unless otherwise extended by the members.

Increase in Non-defaulting Project Participant's Original Project Entitlement Percentage

Upon the failure of any Project Participant to make any payment, which failure constitutes a default under the Member Agreement for the projects, and except as sales and transfers are made pursuant thereto, the Member Agreements provide that Project Entitlement for each non-defaulting Project Participant shall be automatically increased for the remaining term of the Member Agreement; pro rata with those of the non-defaulting Project Participant thereunder; provided, however, that the sum of such increase for any non-defaulting Project Participant shall not exceed, without written consent of such non-defaulting Project Participant, an accumulated maximum of 25% of the non-defaulting Project Participant's original Project Entitlement Percentage Share.

California-Oregon Transmission Project

The project is a 340-mile long, 500-kilovolt alternating current transmission project between Southern Oregon and Central California. The project is operated in coordination with the Pacific AC Intertie as a part of the California-Oregon Intertie (COI) within the Western Electricity Coordinating Council (WECC) region. The WECC approved rating of the COI is 4,800 MW.

TANC, Western Area Power Authority (WAPA), and five other parties have agreed to an Interim Participation Agreement (IPA) under which project participant is granted a percentage entitlement in project transfer capability and is required to pay a percentage of the costs. Pursuant to the IPA and a subsequent agreement with WAPA, and the purchase of entitlement, rights and title, and interest in the City of Vernon's share of the project transmission assets, TANC is entitled to use approximately 1,362 MW, and is obligated to pay an average of approximately 80 percent of the operating costs associated with the project.

Under the TANC joint powers agreement, the City is obligated to pay 1.89% of its debt service and operating costs. At June 30, 2010, approximately $417 million in long-term debt was outstanding of which $25 million is considered current.

Complete financial information for TANC may be obtained at the following administration office:

Transmission Agency of Northern California
3100 Zinfandel Drive, Suite 600
Sacramento, CA 95670

(13) MEMBERSHIP IN INSURANCE POOLS

California Joint Powers Risk Management Authority

The City is a member, along with 16 other individual cities and 4 joint powers authorities, of California Joint Powers Risk Management Authority (CJPRMA) organized under a Joint Powers Agreement pursuant to the California Government Code for the purpose of sharing the risk of catastrophic general liability, automobile liability and public officials' errors and omissions losses because adequate insurance is not available in the commercial insurance market. CJPRMA has a twenty-one member Board of Directors, including a director from the City of Lodi. The Board members elect officers of CJPRMA every two years.

The ultimate cost of the program to the City depends on the catastrophic losses of all members, as well as the City's own loss experience and will be determined through an actuarial analysis of loss history during the ten-year period preceding the three years prior to the end of the current program year. The City periodically pays deposits to the CJPRMA. These deposits are recorded as expenses in the year paid, as they are a reasonable estimate of the actual cost of the program. During the year ended June 30, 2011, deposits of $46,671 were paid to CJPRMA for the liability program.

The participants at June 30, 2011, are as follows: City of Alameda, Chico, Fairfield, Fremont, Livermore, Lodi, NCCSIF, Petaluma, Redding, Redwood Empire Municipal Insurance Fund, Richmond, Roseville, San Leandro, San Rafael, Santa Rosa, Small Cities Organized Risk Effort, Stockton, Sunnyvale, Vacaville, Vallejo, and Yolo County Public Agencies Risk Management Insurance Authority.

Complete financial information for CJPRMA may be obtained at the following administration office:

California Joint Powers Risk Management Authority
3252 Constitution Dr.
Livermore, CA 94551

Local Agency Workers' Compensation Excess Joint Powers Authority

The City, along with thirty-two other public agencies, is a member of the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX), which was formed July 1992, for the purpose of sharing the risk of workers' compensation losses. LAWCX offers $150,000, 250,000, $350,000, $500,000 and $1 million self-insured retentions (SIR) or a member can attach directly to the purchased excess insurance. LAWCX covers the layer above the member SIR up to $5 million. The City of Lodi's self-insured retention is $250,000. LAWCX participates in the California State Association of Counties Excess Insurance Authority (CSAC-EIA) to obtain coverage up to statutory limits. The City paid $302,391 in deposits to LAWCX during the fiscal year ended June 30, 2011.

The participants at June 30, 2011, are as follows: Alameda, ABAG, BCJPIA, City of Benicia, CCCTA, Central San Joaquin Valley Risk Mgmt Authority (CSJVRMA), City of Clovis, City of Coronado, City of Encinitas, FASIS, City of Gilroy, City of Livermore, City of Lodi, Town of Los Gatos, City of Merced, MCLAIA, City of Morgan Hill, City of Newark, PARSAC, City of Placentia, PERMA, City of Pleasanton, City of Roseville, City of San Leandro, City of Santa Maria, City of Santee, Small Cities Org. Risk Effort (SCORE), City of South Lake Tahoe, City of Suisun City, City of Vacaville, City of Vallejo, Vector Control JPA and City of Vista.

Complete financial information for LAWCX may be obtained at the following administration office:

Local Agency Workers' Compensation Excess Joint Powers Authority
1750 Creekside Oaks Drive, Suite 200
Sacramento, California 95833

California Transit Insurance Pool

The City, along with thirty-four other public agencies is a member of California Transit Insurance Pool (CalTIP), a joint powers insurance authority which was formed for the purpose of sharing the risk of property damage, bodily injury, personal injury and public officials errors and omissions losses for public transit systems.

Liability protection coverage is provided under two programs:

Program I applies to members who choose to utilize CalTIP's claims administrator services.

Program II applies to members with self-insured retentions who choose to provide their own claims administrator services.

CalTIP purchases excess insurance over its $1,000,000 retention up to $20 million per occurrence. Each member is provided with $4 million in excess of the pooled retention for a total of $5 million in coverage and has the option to choose one or both of two additional layers for the full $20 million.

CalTIP also provides physical damage coverage to its members. This coverage program is optional for all members and offers damage or loss protection for transit, staff and maintenance vehicles to transit operators. CalTIP self-insures to $100,000, under which members have the option of five levels of deductible ranging from $500 to $10,000 per vehicle. Claims are administered by the CalTIP's adjuster.

The City paid $90,052 in deposits to CalTIP during the fiscal year ended June 30, 2011. There have been no reductions in insurance coverage from the prior year and there were no insurance settlements in excess of insurance coverage in any of the last three years.

	Program	Self-Insured Retention	Limit (in millions)	Physical Damage
City of Lodi Transit System	I	Prefunded	20	Yes

Complete financial information for CalTip may be obtained at the following administration office:

California Transit Insurance Pool
1750 Creekside Oaks Drive, Suite 200
Sacramento, California 95833

(14) DEFICIT IN FUND EQUITY

Nonmajor Governmental Fund – Community Center – A deficit in fund equity in the amount of $473,194 at June 30, 2011, is attributed to operations not meeting revenue projections due to a reduction in Arts Specialty class attendance and a reduction in facility rentals.

Nonmajor Governmental Fund – Recreation Fund - A deficit in fund equity in the amount of $373,187 at June 30, 2011, is attributed to the department not meeting revenue projections due to a reduction in user fee revenues.

Revenue reductions are a direct result of current economic conditions and mirror similar shortfalls seen in surrounding communities.

Internal Service Funds - Benefits Fund – A deficit in fund equity in the amount of $2,934,664 at June 30, 2011, is attributed to the net OPEB obligation set up in accordance with the requirements of GASB Statement No. 45. Net OPEB obligation as of June 30, 2011, was $3,014,788. The City is still weighing its options whether to pre-fund the OPEB obligation or continue on a pay-as-you-go basis. It will be addressed during the budget process.

Internal Service Funds - Insurance Fund – The deficit in fund equity in the amount of $286,387 at June 30, 2011, represents a decrease of $1,081,963 from prior year and was attributed to the decrease in required workers' compensation reserves; and decrease in claims payments. This deficit will be addressed during the budget process.

(15) EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2011, expenditures exceeded appropriations in the Recreation special revenue fund by $20,539. This overexpenditure was funded by an interfund loan from the General Fund.

(16) POLLUTION REMEDIATION OBLIGATION

Lodi relies on groundwater for its drinking water and in the late 1980's, PCE and TCE pollution was discovered in several municipal water supply wells. Investigations conducted by the California Regional Water Quality Control Board in the early 1990's under the Well Investigation program revealed numerous areas where TCE was discharged, or where PCE from dry cleaning operations were discharged to the sewer system. In 1997, the Department of Toxic Substances Control and the City entered into a cooperative agreement whereby the City assumed a lead role in the cleanup and agreed to pursue legal action against potentially responsible parties (PRPs). The City has settled with all the involved parties.

The City received a draft cleanup and abatement order to investigate the discharges of waste, clean up the waste and abate the effects of the discharges of waste in conformance with the State Board's Resolution No. 92-49 Policies and Procedures for Investigation and Cleanup and Abatement of Discharges Under the Water Code Section 13304 and with the Regional Boards' Water Quality Control Plan for the Sacramento River and San Joaquin River. The City then engaged the services of Treadwell and Rollo to advise the City on courses of action in the preparation of feasibility studies, remedial design, and remedial action plan to comply with the technical and reporting requirements of the State Board. The City's total pollution remediation obligation as of June 30, 2011, is $65,874,150. This amount is an estimate and subject to changes resulting from price increases or reductions, technology, or changes in applicable laws or regulations.

(17) COMMITMENTS AND CONTINGENCIES

Litigation and claims – The City has fully resolved all the litigation arising out of its groundwater contamination. Settlement and rate revenues have amassed $16 million dollar reserve which is expected to cover all costs through the next 10 years. Costs thereafter can be effectively managed with new rate revenues. As such, the City Attorney does not anticipate a material effect on the City's financial condition.

The City owns a 1,000 acre wastewater treatment facility known as "White Slough" approximately 5 miles west of the contiguous city limit. Neighboring farming and dairy operations are in litigation over elevated nitrate levels in the area. Efforts to join the City in the litigation have been so far unsuccessful but are expected to continue. It is too early at this stage to estimate liability or damages if the City is joined in the action. However, the City Attorney does not currently expect the matter to have a material effect on the City's financial condition.

All other actions against the City are under $75,000 or have no arguable cost and will therefore not have a material financial effect on the City.

Water Purchase Agreement with Woodbridge Irrigation District – The City obtains its municipal water supply from wells located within the City, extracting water from the underground aquifer, which is replenished in part by flows of the Mokelumne River. To avoid being wholly dependent upon wells and the possible impacts of eventual overdraft of the groundwater supply, the City made a commitment in 2003 to purchase surface water supply from Woodbridge Irrigation District for 40 years beginning in 2003. The agreement provides for the purchase of 6,000 acre feet per year and the City pays the District $1.2 million annually. Commencing on January 1 of the seventh year, the amount payable to the District shall be increased by two percent (2%) per year or by the change in the Consumer Price Index whichever is higher but shall not exceed five percent (5%).

Arbitrage Earnings Rebate Liability – Arbitrage earnings are defined as income earned on the unexpended tax-exempt certificate proceeds in excess of that which would have been earned had the moneys been invested in securities with a yield of the effective rate of the certificates. Currently, arbitrage earnings must be rebated to the United States Treasury every five years. There is no cumulative arbitrage liability as of June 30, 2011, for any of the City's outstanding Certificates of Participation.

(18) SPECIAL ITEM

The City sold a parcel of parkland to a developer for $630,000 to build a senior housing project. The parcel is adjacent to land that had been given to the City to develop a park. Through the sale of the adjacent parcel to the developer, the City is able to develop the park and have a senior housing development. This sale resulted in a net gain to the City of $320,739.

REQUIRED SUPPLEMENTARY INFORMATION

City of Lodi
Required Supplementary Information
Schedule of Funding Progress - Pension Plan
June 30, 2011
(in thousands of dollars)

Plan	Actuarial Valuation Date	Actuarial Asset Value (A)	Entry Age Actuarial Accrued Liability (B)	Unfunded Actuarial Accrued Liability [(B) - (A)]	Funded Ratio [(A) / (B)]	Covered Payroll (C)	Unfunded Actuarial Liability as Percentage of Covered Payroll {[(B) – (A)]/(C)}
Safety	6/30/07	$ 79,126	$ 94,644	$ 15,518	83.6%	$ 9,900	156.7%
	6/30/08	84,853	103,447	18,594	82.0%	10,422	178.4%
	6/30/09	88,892	115,657	26,765	76.9%	11,409	234.6%
Miscellaneous	6/30/07	98,377	108,528	10,151	90.6%	17,421	58.3%
	6/30/08	105,760	117,537	11,777	90.0%	18,486	63.7%
	6/30/09	110,318	127,535	17,217	86.5%	18,696	92.1%

City of Lodi
Required Supplementary Information
Schedule of Funding Progress – OPEB Plan
June 30, 2011
(in thousands of dollars)

Actuarial Valuation Date	Actuarial Value of Assets (A)	Normal Accrued Liability (B)	Unfunded Liability [(B) - (A)]	Funded Ratio [(A) / (B)]	Annual Covered Payroll (C)	UAAL As a Percentage of Covered Payroll {[(B) – (A)]/(C)}
1/1/08	$ 0	$ 23,323	$ 23,323	0%	$ 9,846	237%
1/1/10	0	17,710	17,710	0%	9,410	188%

As, required by GASB Statement No. 45, the City will report three years of data in the above table, as the information becomes available in subsequent years.

CITY OF LODI
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year ended June 30, 2011

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 22,885,360	22,885,360	23,061,164	$ 175,804
Licenses and permits	94,700	94,700	83,395	(11,305)
Intergovernmental revenues	10,052,630	10,052,630	10,032,523	(20,107)
Charges for services	969,370	969,370	1,035,220	65,850
Fines, forfeits and penalties	1,316,000	1,316,000	1,404,307	88,307
Investment and rental income	413,520	413,520	455,923	42,403
Miscellaneous revenue	260,700	260,700	480,028	219,328
Total revenues	35,992,280	35,992,280	36,552,560	560,280
EXPENDITURES				
Current:				
General government:				
City Council	136,500	136,500	126,280	10,220
City Manager	1,147,650	1,160,850	1,150,628	10,222
City Clerk	469,600	473,600	433,716	39,884
City Attorney	468,150	480,467	480,467	
Human Resources	523,650	523,650	509,415	14,235
Information Systems	944,950	944,950	926,850	18,100
Financial Services	1,605,070	1,647,366	1,647,366	
Budget and Treasury	337,930	350,083	350,083	
Non Departmental	1,169,010	1,066,144	853,354	212,790
Total general government	6,802,510	6,783,610	6,478,159	305,451
Public protection:				
Police	15,863,250	15,860,850	15,512,775	348,075
Fire	8,846,587	8,882,587	8,578,697	303,890
Total public protection	24,709,837	24,743,437	24,091,472	651,965
Public Works	1,702,580	1,737,880	1,421,238	316,642
Library	1,362,930	1,362,930	1,357,473	5,457
Parks	2,234,750	2,234,750	2,191,102	43,648
Debt service:				
Interest and fiscal charges	6,427	6,427	6,427	
Principal payments	141,576	141,576	141,576	
Total debt service	148,003	148,003	148,003	
Total expenditures	36,960,610	37,010,610	35,687,447	1,323,163
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(968,330)	(1,018,330)	865,113	1,883,443
OTHER FINANCING SOURCES (USES)				
Transfers in	5,367,987	5,367,987	5,379,186	11,199
Transfers out	(4,383,110)	(4,383,110)	(4,383,110)	
Total other financing sources (uses)	984,877	984,877	996,076	11,199
NET CHANGE IN FUND BALANCE	16,547	(33,453)	1,861,189	1,894,642
FUND BALANCE , beginning of year	3,841,936	3,841,936	4,285,216	443,280
FUND BALANCE, end of year	$ 3,858,483	3,808,483	6,146,405	$ 2,337,922

The note to the required supplementary information is an integral part of this schedule.

CITY OF LODI
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STREETS FUND
Year ended June 30, 2011

	Budget			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Intergovernmental revenues	$ 3,633,920	3,633,920	5,533,846	$ 1,899,926
Charges for services	535,350	565,350	555,440	(9,910)
Investment and rental income	49,610	49,610	53,429	3,819
Contributions and donations		750,000	688,565	(61,435)
Miscellaneous revenue	60,000	60,000	88,689	28,689
Total Revenue	4,278,880	5,058,880	6,919,969	1,861,089
EXPENDITURES				
Current				
Public works	2,176,560	2,186,399	1,817,928	368,471
Capital outlay	3,726,800	11,541,054	6,744,515	4,796,539
Total Expenditures	5,903,360	13,727,453	8,562,443	5,165,010
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(1,624,480)	(8,668,573)	(1,642,474)	7,026,099
OTHER FINANCING SOURCES (USES)				
Transfers in	661,270	661,270	661,270	
Transfers out	(93,279)	(93,279)	(93,279)	
Total other financing sources (uses)	567,991	567,991	567,991	
NET CHANGE IN FUND BALANCE	(1,056,489)	(8,100,582)	(1,074,483)	7,026,099
FUND BALANCE, BEGINNING OF YEAR	8,663,509	8,663,509	8,663,509	
FUND BALANCE, END OF YEAR	$ 7,607,020	562,927	7,589,026	$ 7,026,099

Budgetary Data

The City adopts an annual budget for the general and special revenue funds. These budgets are prepared in accordance with generally accepted accounting principles. As part of the City's internal controls, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with the legal provisions embodied in the annual appropriated budget approved by the City Council. The accompanying financial statements present budget and actual data only of funds for which an annual budget was adopted. The budgets of capital projects are primarily "long-term" budgets that emphasize the major programs and capital project plans extending over a number of years. Due to the long-term nature of these projects, "annual" budget and actual comparisons are not considered meaningful. Formal budgetary integration is not employed for Debt Service Funds since effective budgetary control is alternatively achieved through the bond indenture provisions. Accordingly, no budgetary information is included in the accompanying basic financial statements for capital projects and debt service funds.

The City Council follows the following procedures in establishing the budgetary data reflected in the accompanying basic financial statements:

Original Budget

On or prior to the first regular Council meeting in June of each year, the City Manager submits to the City Council a proposed Financial Plan and Budget for the fiscal year commencing July 1. The budget includes proposed expenditures and the means of financing them.

Budgeted revenues are adopted by the City Council at the time the budget is approved. Budgeted revenues are modified when the tax base changes, when fees are modified or when new revenue sources are identified.

Public hearings are conducted during meetings of the City Council to obtain citizens' comments. Prior to July 1, the budget is legally enacted through passage of a resolution.

Final Budget

The final budgetary data presented in the basic financial statements reflects the following changes to the original budget:

- Budgeted expenditures represent original appropriations adjusted by budget transfers and appropriation amendments. The legal level of budgetary control (that is, the level at which expenditures can not legally exceed the appropriated

amount) is at the department level. The operating budget is prepared and controlled at the department level (e.g., city clerk, city manager, etc.) for the General Fund. Special revenue fund expenditures, including transfers out, are approved by Council at the fund level.

- The City Manager may transfer appropriations from one activity to another within a department without approval from the City Council. All other appropriation adjustments during the year, whether transfers, increases or decreases, require City Council approval.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS

Nonmajor Governmental Funds include:

Special Revenue Funds account for the proceeds of specific revenue sources that are restricted by law or administrative action to expenditures for specified purposes, other than those for major capital projects;

Debt Service Fund accounts for the accumulation of resources for the repayment of principal and interest on general long-term debt;

Capital Project Funds account for the financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds.

CITY OF LODI
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2011

	Special Revenue	Capital Projects	Total
Assets			
Cash and investments	$ 260,897	5,869,483	$ 6,130,380
Restricted assets		1,692,841	1,692,841
Receivables:			
Accounts, net	90,620		90,620
Interest	250	3,863	4,113
Due from other funds	2,468		2,468
Due from other governmental agencies	327,216		327,216
Loans receivable	1,108,324		1,108,324
Other assets	3,277		3,277
Total assets	$ 1,793,052	7,566,187	$ 9,359,239
Liabilities and Fund Balances			
Liabilities:			
Accounts payable and other liabilities	$ 54,960	64,868	$ 119,828
Due to other funds	1,108,536		1,108,536
Advances from other funds		1,596,653	1,596,653
Deferred revenue	1,174,955	8,196	1,183,151
Total liabilities	2,338,451	1,669,717	4,008,168
Fund Balances (Deficit) :			
Restricted for:			
Capital projects		4,203,629	4,203,629
Debt service		1,692,841	1,692,841
Other purposes	300,982		300,982
Unassigned	(846,381)		(846,381)
Total fund balances (deficit)	(545,399)	5,896,470	5,351,071
Total liabilities and fund balances (deficit)	$ 1,793,052	7,566,187	$ 9,359,239

CITY OF LODI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year ended June 30, 2011

	Special Revenue	Debt Service	Capital Projects	Total
Revenues:				
Licenses and permits	$ 870,690			$ 870,690
Intergovernmental revenues	1,272,136		26,534	1,298,670
Charges for services	2,240,650		114,861	2,355,511
Fines, forfeits and penalties	2,600			2,600
Investment and rental income	286,867		20,566	307,433
Miscellaneous revenue	129,753		100,750	230,503
Total revenues	4,802,696		262,711	5,065,407
Expenditures:				
Current:				
General government	1,188,951			1,188,951
Public protection	397,883			397,883
Public works	475,441			475,441
Community development	969,409			969,409
Parks and recreation	1,936,165			1,936,165
Capital outlay	49,550		2,582,440	2,631,990
Debt service:				
Interest and fiscal charges		1,063,817	10,920	1,074,737
Principal payments		610,000		610,000
Total expenditures	5,017,399	1,673,817	2,593,360	9,284,576
Deficiency of revenues under expenditures	(214,703)	(1,673,817)	(2,330,649)	(4,219,169)
Other financing sources (uses):				
Transfers in	1,805,950	1,673,817	2,360,764	5,840,531
Transfers out	(682,396)		(65,000)	(747,396)
Proceeds from the sale of land			97,359	97,359
Total other financing sources (uses)	1,123,554	1,673,817	2,393,123	5,190,494
Special item - sale of parkland			630,000	630,000
Net change in fund balances	908,851		692,474	1,601,325
Fund balances (deficit), beginning of year	(1,454,250)		5,203,996	3,749,746
Fund balances (deficit), end of year	$ (545,399)		5,896,470	$ 5,351,071

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

SPECIAL REVENUE FUNDS

Community Center
This fund was established to account for the revenues and expenditures related to the activities of the Hutchins Street Square and Performing Arts Theater.

Recreation
This fund was established to account for the revenues and expenditures related to the wide-range of recreation activities and programs offered to the public.

Public Safety
This fund was established to account for the revenues and expenditures related to the City's share of property forfeited by persons convicted of possession and selling illegal drugs and the State of California auto theft prosecution monies.

Community Development
This fund was established to account for development planning and project review services including land use entitlements, permit processing and review/inspection of public improvements to ensure orderly physical growth and development of the City.

Transportation
This fund was established to account for the receipt of moneys from the State of California apportioned to the City for transportation purposes. The State has designated 1/4% of the 6% sales tax levied statewide for local transportation purposes. Funding for this program was provided during the 1971 legislative session with the enactment of the Transportation Development Act, which extended the 6% sales tax to include purchases of gasoline. Revenues allocated to the City of Lodi under this program are divided into two categories: Article 8 funds, which are restricted for the improvement and maintenance of street systems; and Article 4 funds, which are restricted for public transit systems.

HOME Program and Community Development Block Grants
This fund was established to account for the City's HOME Program that provides adequate and affordable housing for low and very low-income residents, and Community Development Block Grants provided to the City principally for low and moderate income residents to develop a suitable living environment and expand economic opportunities.

CITY OF LODI
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
June 30, 2011

	Community Center	Recreation	Public Safety	Community Development	Transportation	HOME Program & Community Development Block Grants	Total
ASSETS							
Cash and Investments	$		202,497	58,400			$ 260,897
Receivables:							
Accounts, net	5,078	18,754	25,000	8,179	33,609		90,620
Interest			237	13			250
Due from other funds				2,468			2,468
Due from other governmental agencies			45,776			281,440	327,216
Loans receivable						1,108,324	1,108,324
Other assets	1,766	1,511					3,277
TOTAL ASSETS	$ 6,844	20,265	273,510	69,060	33,609	1,389,764	$ 1,793,052
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable and other liabilities	$ 20,847	3,634	3,845	2,250	3	24,381	$ 54,960
Due to other funds	459,191	389,818			2,468	257,059	1,108,536
Deferred revenue			66,631			1,108,324	1,174,955
TOTAL LIABILITIES	480,038	393,452	70,476	2,250	2,471	1,389,764	2,338,451
FUND BALANCES (DEFICIT)							
Restricted for other purposes			203,034	66,810	31,138		300,982
Unassigned	(473,194)	(373,187)					(846,381)
TOTAL FUND BALANCES (DEFICIT)	(473,194)	(373,187)	203,034	66,810	31,138		(545,399)
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	$ 6,844	20,265	273,510	69,060	33,609	1,389,764	$ 1,793,052

CITY OF LODI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
Year ended June 30, 2011

	Community Center	Recreation	Public Safety	Community Development	Transportation	HOME Program & Community Development Block Grants	Total
REVENUES							
Licenses and permits	$			870,690			$ 870,690
Intergovernmental revenues			763,086		33,609	475,441	1,272,136
Charges for services	351,513	1,159,261		729,876			2,240,650
Fines, forfeits and penalties			2,600				2,600
Investment and rental income	216,030	68,719	1,663		455		286,867
Miscellaneous revenue	3,133			126,620			129,753
Total revenues	570,676	1,227,980	767,349	1,727,186	34,064	475,441	4,802,696
EXPENDITURES							
Current							
General government	1,188,951						1,188,951
Public protection			397,883				397,883
Public works						475,441	475,441
Community development				969,409			969,409
Parks and recreation		1,936,165					1,936,165
Capital outlay					49,550		49,550
Total expenditures	1,188,951	1,936,165	397,883	969,409	49,550	475,441	5,017,399
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(618,275)	(708,185)	369,466	757,777	(15,486)		(214,703)
OTHER FINANCING SOURCES (USES)							
Transfers in	1,162,570	493,180		150,200			1,805,950
Transfers out	(665,290)	(3,400)	(11,196)	(2,510)			(682,396)
Total other financing sources (uses)	497,280	489,780	(11,196)	147,690			1,123,554
NET CHANGE IN FUND BALANCES	(120,995)	(218,405)	358,270	905,467	(15,486)		908,851
FUND BALANCES (DEFICIT), beginning of year	(352,199)	(154,782)	(155,236)	(838,657)	46,624		(1,454,250)
FUND BALANCES (DEFICIT), end of year	$ (473,194)	(373,187)	203,034	66,810	31,138		$ (545,399)

CITY OF LODI
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
Year ended June 30, 2011

	COMMUNITY CENTER		
	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES			
Charges for services	$ 428,000	351,513	$ (76,487)
Investment and rental income	260,000	216,030	(43,970)
Miscellaneous revenue		3,133	3,133
Total Revenue	688,000	570,676	(117,324)
EXPENDITURES			
Current			
General government	1,189,892	1,188,951	941
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(501,892)	(618,275)	(116,383)
OTHER FINANCING SOURCES (USES)			
Transfers in	1,162,570	1,162,570	
Transfers out	(665,290)	(665,290)	
Total other financing sources (uses)	497,280	497,280	
NET CHANGE IN FUND BALANCE	(4,612)	(120,995)	(116,383)
FUND DEFICIT, BEGINNING OF YEAR	(352,199)	(352,199)	
FUND DEFICIT, END OF YEAR	$ (356,811)	(473,194)	$ (116,383)

CITY OF LODI
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
Year ended June 30, 2011

	RECREATION		
	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES			
Charges for services	$ 1,293,620	1,159,261	$ (134,359)
Investment and rental income	120,000	68,719	(51,281)
Total Revenue	1,413,620	1,227,980	(185,640)
EXPENDITURES			
Current			
Parks and recreation	1,915,626	1,936,165	(20,539)
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(502,006)	(708,185)	(206,179)
OTHER FINANCING SOURCES (USES)			
Transfers in	493,180	493,180	
Transfers out	(3,400)	(3,400)	
Total other financing sources (uses)	489,780	489,780	
NET CHANGE IN FUND BALANCE	(12,226)	(218,405)	(206,179)
FUND DEFICIT, BEGINNING OF YEAR	(154,782)	(154,782)	
FUND DEFICIT, END OF YEAR	$ (167,008)	(373,187)	$ (206,179)

CITY OF LODI
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
Year ended June 30, 2011

	PUBLIC SAFETY		
	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES			
Intergovernmental revenues	$ 786,483	763,086	$ (23,397)
Fines, forfeits and penalties		2,600	2,600
Investment and rental income	1,350	1,663	313
Miscellaneous revenue	1,500		(1,500)
Total Revenue	789,333	767,349	(21,984)
EXPENDITURES			
Current			
Public protection	487,082	397,883	89,199
EXCESS OF REVENUES OVER EXPENDITURES	302,251	369,466	67,215
OTHER FINANCING USES			
Transfers out	(11,196)	(11,196)	
NET CHANGE IN FUND BALANCE	291,055	358,270	67,215
FUND DEFICIT, BEGINNING OF YEAR	(155,236)	(155,236)	
FUND BALANCE, END OF YEAR	$ 135,819	203,034	$ 67,215

CITY OF LODI
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
Year ended June 30, 2011

	COMMUNITY DEVELOPMENT		
	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES			
Licenses and permits	$ 461,850	870,690	$ 408,840
Charges for services	193,820	729,876	536,056
Miscellaneous revenue	162,120	126,620	(35,500)
Total Revenue	817,790	1,727,186	909,396
EXPENDITURES			
Current			
Community development	1,062,990	969,409	93,581
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(245,200)	757,777	1,002,977
OTHER FINANCING SOURCES (USES)			
Transfers in	150,200	150,200	
Transfers out	(2,510)	(2,510)	
Total other financing sources (uses)	147,690	147,690	
NET CHANGE IN FUND BALANCE	(97,510)	905,467	1,002,977
FUND DEFICIT, BEGINNING OF YEAR	(838,657)	(838,657)	
FUND BALANCE (DEFICIT), END OF YEAR	$ (936,167)	66,810	$ 1,002,977

CITY OF LODI
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
Year ended June 30, 2011

	TRANSPORTATION		
	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES			
Intergovernmental revenues	$ 33,600	33,609	$ 9
Investment and rental income	200	455	255
Total Revenue	33,800	34,064	264
EXPENDITURES			
Capital outlay	76,304	49,550	26,754
NET CHANGE IN FUND BALANCE	(42,504)	(15,486)	27,018
FUND BALANCE, BEGINNING OF YEAR	46,624	46,624	
FUND BALANCE, END OF YEAR	$ 4,120	31,138	$ 27,018

CITY OF LODI
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
Year ended June 30, 2011

	HOME PROGRAM and COMMUNITY DEVELOPMENT BLOCK GRANTS		
	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES			
Intergovernmental revenues	$ 1,162,860	475,441	$ (687,419)
EXPENDITURES			
Current			
Public works	$ 1,162,860	475,441	$ 687,419
NET CHANGE IN FUND BALANCE			
FUND BALANCE, BEGINNING OF YEAR			
FUND BALANCE, END OF YEAR			

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NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECT FUNDS

CAPITAL PROJECT FUNDS

Vehicle and Equipment
This fund was established to account for the financing and replacement of vehicles and equipment for all funds of the City with the exception of the Enterprise Funds. Financing is primarily provided through transfers from other funds, interest earnings and sales of surplus property.

Library
This fund is used to account for the acquisition, construction and installation of capital facilities for the Library.

Hutchins Street Square
When the old Lodi High School burned down, the City purchased the property and renamed it Hutchins Street Square. The Old Lodi High Site Foundation was established and this organization organizes events to raise money for the capital restoration of Hutchins Street Square.

Capital Outlay Reserve
This fund was established to account for the entire City's construction projects and capital purchases in excess of $10,000 with the exception of those funded through Enterprise Funds. Financing is provided primarily by operating transfers from other funds and from State and Federal grants.

Lodi Lake
This fund was established to account for moneys charged for activities held at Lodi Lake. The Council designated the monies to be used for Lodi Lake capital projects.

CITY OF LODI
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECT FUNDS
June 30, 2011

	Vehicle and Equipment	Library	Hutchins Street Square	Capital Outlay Reserve	Lodi Lake	Total
ASSETS						
Cash and investments	$ 2,326,812		2,181	2,224,213	1,316,277	$ 5,869,483
Restricted assets				1,692,841		1,692,841
Receivables:						
Interest				2,451	1,412	3,863
TOTAL ASSETS	$ 2,326,812		2,181	3,919,505	1,317,689	$ 7,566,187
LIABILITIES						
Accounts payable and other liabilities	$ 452			61,966	2,450	$ 64,868
Advances from other funds				1,596,653		1,596,653
Deferred revenue				8,196		8,196
TOTAL LIABILITIES	452			1,666,815	2,450	1,669,717
FUND BALANCES						
Restricted for:						
Capital projects	2,326,360		2,181	559,849	1,315,239	4,203,629
Debt service				1,692,841		1,692,841
TOTAL FUND BALANCES	2,326,360		2,181	2,252,690	1,315,239	5,896,470
TOTAL LIABILITIES AND FUND BALANCES	$ 2,326,812		2,181	3,919,505	1,317,689	$ 7,566,187

CITY OF LODI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECT FUNDS
Year ended June 30, 2011

	Vehicle and Equipment	Library	Hutchins Street Square	Capital Outlay Reserve	Lodi Lake	Total
REVENUES						
Intergovernmental revenues	$			26,534		$ 26,534
Charges for services				108,405	6,456	114,861
Investment and rental income				17,179	3,387	20,566
Miscellaneous revenue	36,464				64,286	100,750
Total revenues	36,464			152,118	74,129	262,711
EXPENDITURES						
Capital outlay	231,153	24,839		2,294,608	31,840	2,582,440
Debt service:						
Interest and fiscal charges				10,920		10,920
Total expenditures	231,153	24,839		2,305,528	31,840	2,593,360
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(194,689)	(24,839)		(2,153,410)	42,289	(2,330,649)
OTHER FINANCING SOURCES (USES)						
Transfers in	377,150	8,223		872,750	1,102,641	2,360,764
Transfers out				(65,000)		(65,000)
Proceeds from sale of land					97,359	97,359
Total other financing sources (uses)	377,150	8,223		807,750	1,200,000	2,393,123
SPECIAL ITEM						
Sale of parkland				630,000		630,000
NET CHANGE IN FUND BALANCES	182,461	(16,616)		(715,660)	1,242,289	692,474
FUND BALANCES, BEGINNING OF YEAR	2,143,899	16,616	2,181	2,968,350	72,950	5,203,996
FUND BALANCES, END OF YEAR	$ 2,326,360		2,181	2,252,690	1,315,239	$ 5,896,470

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INTERNAL SERVICE FUNDS

Internal Service Funds are maintained to account for the internal transfer of services between operating units of the City and to achieve a level of operating efficiency that may not be available if the same activities were performed by multiple organizations.

Fleet Services

This fund is used to account for the operation, maintenance and timely replacement of the City's fleet of vehicles which serve the transportation needs of all city departments.

Benefits

These funds are used to account for the following employee benefits:

Dental	Employee assistance program
Chiropractic	Employee recognition program
Life/accidental insurance	Unemployment insurance
Medical	Flexible spending program
Vision	Long Term Disability

Insurance

These funds are used to account for the following insurances:

General Liability
Workers' Compensation
Other Insurance

CITY OF LODI
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
June 30, 2011

	Fleet Services	Benefits	Insurance	Total
ASSETS				
Current assets:				
Cash and investments	$ 115,724	151,351	8,530,181	$ 8,797,256
Receivables:				
Accounts, net			17,942	17,942
Interest		159	9,107	9,266
Inventory	124,816			124,816
Noncurrent assets:				
Capital assets (net)	33,286			33,286
Total current assets	273,826	151,510	8,557,230	8,982,566
LIABILITIES				
Current liabilities:				
Accounts payable and other liabilities	70,844	71,386	493,279	635,509
Self-insurance liability			1,445,428	1,445,428
Accrued compensated absences	42,354			42,354
Noncurrent liabilities:				
Self-insurance liability			6,904,910	6,904,910
Accrued compensated absences	64,927			64,927
Net OPEB obligation		3,014,788		3,014,788
Total liabilities	178,125	3,086,174	8,843,617	12,107,916
NET ASSETS (DEFICIT)				
Invested in capital assets, net of related debt	33,286			33,286
Unrestricted (deficit)	62,415	(2,934,664)	(286,387)	(3,158,636)
Total net assets (deficit)	$ 95,701	(2,934,664)	(286,387)	$ (3,125,350)

CITY OF LODI
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
Year ended June 30, 2011

	Fleet Services	Benefits	Insurance	Total
OPERATING REVENUES				
Charges for services	$ 1,802,711	6,800,581	2,223,311	$ 10,826,603
OPERATING EXPENSES				
Personnel services	910,663	411,761		1,322,424
Supplies, materials and services	862,429	5,804,784	384,752	7,051,965
Utilities	2,215			2,215
Depreciation and amortization	1,448			1,448
Claims	19,640	1,604,390	819,128	2,443,158
TOTAL OPERATING EXPENSES	1,796,395	7,820,935	1,203,880	10,821,210
OPERATING INCOME (LOSS)	6,316	(1,020,354)	1,019,431	5,393
NONOPERATING REVENUES				
Investment income		940	41,812	42,752
Other revenues		15,624	20,720	36,344
TOTAL NONOPERATING REVENUES		16,564	62,532	79,096
Change in net assets	6,316	(1,003,790)	1,081,963	84,489
NET ASSETS (DEFICIT) - BEGINNING OF YEAR	89,385	(1,930,874)	(1,368,350)	(3,209,839)
NET ASSETS (DEFICIT) - END OF YEAR	$ 95,701	(2,934,664)	(286,387)	$ (3,125,350)

CITY OF LODI
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year ended June 30, 2011

	Fleet Services	Benefits	Insurance	Total
Cash flows from operating activities:				
Receipts from customers and users	$	29,917	4,818	$ 34,735
Receipts from interfund services provided	1,802,711	6,800,581	2,223,311	10,826,603
Cash paid to suppliers for goods & services	(890,911)	(6,427,696)	(1,716,337)	(9,034,944)
Payments to employees	(928,909)	(411,761)		(1,340,670)
Net cash provided by (used for) operating activities	(17,109)	(8,959)	511,792	485,724
Cash flows from investing activities:				
Interest on investments	154	1,036	42,182	43,372
Net increase (decrease) in cash and cash equivalents	(16,955)	(7,923)	553,974	529,096
Cash and cash equivalents, beginning of year	132,679	159,274	7,976,207	8,268,160
Cash and cash equivalents, end of year	$ 115,724	151,351	8,530,181	$ 8,797,256
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating Income (loss)	$ 6,316	(1,020,354)	1,019,431	$ 5,393
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation and amortization	1,448			1,448
Other revenues		15,624	20,720	36,344
Change in assets and liabilities:				
Increase in accounts receivable			(15,902)	(15,902)
Increase in inventory	(2,869)			(2,869)
Decrease in other assets		14,293		14,293
Increase (decrease) in accounts payable and other liabilities	(3,758)	36,889	67,172	100,303
Decrease in compensated absences	(18,246)			(18,246)
Decrease in self-insurance liability			(579,629)	(579,629)
Increase in net OPEB obligation		944,589		944,589
Net cash provided by (used for) operating activities	$ (17,109)	(8,959)	511,792	$ 485,724

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FIDUCIARY FUNDS

Private-purpose Trust Funds

These funds are used to account for trust agreements under which the principal and income benefit individuals, private organizations or other governments.

Agency Fund

This fund was established to account for special assessments collected on the property tax roll by the City on behalf of the property owners within the Industrial Way Beckman Districts and the Downtown and Cherokee Lane Districts.

CITY OF LODI
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PRIVATE-PURPOSE TRUST FUNDS
June 30, 2011

	Library	Hutchins Street Square Bequest	Total
ASSETS			
Cash and Investments	$ 260,947	1,498	$ 262,445
TOTAL ASSETS	260,947	1,498	262,445
NET ASSETS	$ 260,947	1,498	$ 262,445

CITY OF LODI

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

PRIVATE-PURPOSE TRUST FUNDS

Year ended June 30, 2011

	Library	Hutchins Street Square Bequest	Total
ADDITIONS			
Investment income and donations	$ 39,526	10	$ 39,536
Total additions	39,526	10	39,536
DEDUCTIONS			
Current			
Library	1,975		1,975
Total deductions	1,975		1,975
CHANGE IN NET ASSETS	37,551	10	37,561
NET ASSETS, BEGINNING OF YEAR	223,396	1,488	224,884
NET ASSETS, END OF YEAR	$ 260,947	1,498	$ 262,445

CITY OF LODI
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
Year ended June 30, 2011

	Special Assessments			
	Balance 7/1/10	Additions	Deductions	Balance 6/30/11
ASSETS				
Cash and investments	$ 585,172	489,367	605,419	$ 469,120
Special assessment receivable	13,850	35,846	13,850	35,846
Interest receivable		478		478
TOTAL ASSETS	$ 599,022	525,691	619,269	$ 505,444
LIABILITIES				
Agency obligations	$ 599,022		93,578	$ 505,444
TOTAL LIABILITIES	$ 599,022		93,578	$ 505,444

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STATISTICAL TABLES

UNAUDITED

STATISTICAL SECTION

The Statistical Section provides detailed information as a framework for understanding the information in the financial statements, notes and required supplementary information. This section presents additional data and analysis that may provide the reader with valuable insight regarding the demographics and the overall health of the City.

Contents **Pages**

Financial Trends
These schedules contain trend information to help the reader understand how the City's financial performance and well-being has changed over time. 105-110

Revenue Capacity
These schedules contain information to help the reader assess the factors affecting the City's most significant local revenue source, the property tax. 111-116

Debt Capacity
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. 117-123

Demographic and Economic Information
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments. 124-126

Operating Information
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the city provides and the activities it performs. 127-131

Sources

Unless otherwise noted, the information in these schedules are derived from the comprehensive annual financial reports for the current year. The City implemented GASB Statement 34 for the fiscal year ended June 30, 2003, schedules presenting government-wide information include information beginning that year.

CITY OF LODI

NET ASSETS BY COMPONENT
LAST NINE FISCAL YEARS
(Dollar amounts in thousands)

	Fiscal Year								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities:									
Invested in capital assets, net of related debt	$ 114,165	$ 113,308	$ 115,036	$ 107,874	$ 110,815	$ 111,572	$ 106,293	$ 100,749	$ 94,681
Restricted	14,894	13,233	13,492	15,043	15,044	14,526	13,465	11,205	12,811
Unrestricted	(5,148)	(6,110)	(3,462)	(4,162)	(3,968)	(8,838)	(8,801)	(9,437)	(7,334)
Total governmental activities net assets	$ 123,911	$ 120,431	$ 125,066	$ 118,755	$ 121,891	$ 117,260	$ 110,957	$ 102,517	$ 100,158
Business-type activities:									
Invested in capital assets, net of related debt	$ 104,858	$ 100,233	$ 95,533	$ 98,109	$ 97,961	$ 77,494	$ 67,668	$ 64,214	$ 62,752
Restricted	5,303			8,657	8,711	10,969	2,351	2,578	240
Unrestricted	(34,129)	(28,591)	(35,448)	26,460	6,417	1,880	7,445	(7,511)	(10,270)
Total business-type activities net assets	$ 76,032	$ 71,642	$ 60,085	$ 133,226	$ 113,089	$ 90,343	$ 77,464	$ 59,281	$ 52,722
Primary government:									
Invested in capital assets, net of related debt	$ 219,023	$ 213,541	$ 210,569	$ 205,983	$ 208,776	$ 189,066	$ 173,961	$ 164,963	$ 157,433
Restricted	20,197	13,233	13,492	23,700	23,755	25,495	15,816	13,783	13,051
Unrestricted	(39,277)	(34,701)	(38,910)	22,298	2,449	(6,958)	(1,356)	(16,948)	(17,604)
Total primary government net assets	$ 199,943	$ 192,073	$ 185,151	$ 251,981	$ 234,980	$ 207,603	$ 188,421	$ 161,798	$ 152,880

Note: The City of Lodi implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB 34 is not available.

Source: City of Lodi Financial Services Division

CITY OF LODI

CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS
(Dollar amounts in thousands)

	Fiscal Year								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
Expenses									
Governmental activities:									
General government	$ 8,262	$ 8,749	$ 9,451	$ 8,307	$ 7,853	$ 9,746	$ 9,958	$ 13,167	$ 12,238
Public protection	25,113	27,186	27,110	25,531	23,328	22,105	22,253	19,162	16,632
Public works	9,305	10,462	10,464	12,224	10,599	13,229	12,377	11,868	10,946
Community development	973	1,114	1,323	2,027	2,130	2,290			
Library	1,355	1,440	1,495	1,696	1,630	1,485	1,484	1,409	1,454
Parks and recreation	5,778	5,077	4,609	4,414	4,172	4,114	4,565	4,095	3,989
Interest and fiscal charges	1,075	1,105	1,134	1,166	1,201	1,234	1,617	1,267	1,214
Total governmental activities expenses	51,861	55,133	55,586	55,365	50,913	54,203	52,254	50,968	46,473
Business-type activities:									
Electric	63,399	64,364	73,358	65,201	67,534	63,780	57,308	55,943	51,388
Wastewater	11,687	11,289	10,940	12,227	9,271	8,574	10,653	6,297	6,141
Water	8,188	6,148	9,604	9,920	9,875	8,256	11,748	7,489	12,879
Transit	4,132	4,785	4,832	3,908	3,577	3,643	3,018	3,064	5,389
Total business-type activities expenses	87,406	86,586	98,734	91,256	90,257	84,253	82,727	72,793	75,797
Total primary government expenses	$ 139,267	$ 141,719	$ 154,320	$ 146,621	$ 141,170	$ 138,456	$ 134,981	$ 123,761	$ 122,270
Program Revenues									
Governmental activities:									
Charges for services:									
General government	$ 1,793	$ 2,184	$ 1,631	$ 1,544	$ 1,280	$ 1,232	$ 3,639	$ 3,144	$ 2,355
Public protection	643	714	844	837	582	563	623	525	541
Public works	356	326	358	755	295	320	461	430	335
Community development	1,601	786	749	1,085	1,174	1,630			
Library	47	48	44	53	53	54	49	50	57
Parks and recreation	1,245	1,269	1,158	851	1,007	918	833	679	586
Operating grants and contributions	2,236	1,927	1,951	2,305	2,589	2,587	2,195	2,321	3,315
Capital grants and contributions	6,737	5,122	10,822	4,717	6,975	14,631	17,559	13,894	6,814
Total governmental activities program revenues	14,658	12,376	17,557	12,147	13,955	21,935	25,359	21,043	14,003
Business-type activities:									
Charges for services:									
Electric	62,167	69,664	74,000	69,284	65,809	59,112	53,908	52,899	48,873
Wastewater	13,090	11,513	9,276	9,091	8,524	8,927	8,086	6,560	6,760
Water	11,940	11,716	11,787	11,350	10,040	8,343	7,713	6,007	5,532
Transit	195	217	251	278	401	386	340	244	293
Operating grants and contributions	3,983	3,449	3,653	3,381	2,621	3,377	2,731	2,547	1,772
Capital grants and contributions	5,150	1,408	5,774	8,064	19,984	11,146	3,401	8,268	6,566
Total business-type activities program revenues	96,525	97,967	104,741	101,448	107,379	91,291	76,179	76,525	69,796
Total primary government program revenues	$ 111,183	$ 110,343	$ 122,298	$ 113,595	$ 121,334	$ 113,226	$ 101,538	$ 97,568	$ 83,799
Net (Expense)/Revenue									
Governmental activities	$ (37,203)	$ (42,757)	$ (38,029)	$ (43,218)	$ (36,958)	$ (32,268)	$ (26,895)	$ (29,925)	$ (32,470)
Business-type activities	9,119	11,381	6,007	10,192	17,122	7,038	(6,548)	3,732	(6,001)
Total primary government net expense	$ (28,084)	$ (31,376)	$ (32,022)	$ (33,026)	$ (19,836)	$ (25,230)	$ (33,443)	$ (26,193)	$ (38,471)

(Continued)

CITY OF LODI

CHANGES IN NET ASSETS (Continued)
LAST NINE FISCAL YEARS
(Dollar amounts in thousands)

	Fiscal Year								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Revenues and Other Changes in Net Assets:									
Governmental activities:									
Taxes:									
Property	$ 12,698	$ 12,836	$ 13,564	$ 13,838	$ 9,524	$ 8,031	$ 7,124	$ 7,188	$ 6,398
Franchise taxes	8,692	8,658	8,357	9,338	9,609	8,721	8,918	8,381	7,624
Business license tax	1,246	1,242	1,190	1,140	1,082	973	982	874	822
Transient occupancy tax	426	382	405	396	380	368	352	317	400
Grants and contributions not restricted to specific programs	8,954	7,064	8,249	9,593	14,772	14,215	13,193	11,895	12,069
Investment earnings	133	155	467	1,008	874	328	150	125	269
Other	1,556	1,917	2,382	1,077	621	1,012	608	590	137
Special item-gain on sale of parkland	321								
Transfers	6,657	5,868	5,368	3,693	4,727	4,923	4,008	2,915	2,981
Total governmental activities	40,683	38,122	39,982	40,083	41,589	38,571	35,335	32,285	30,700
Business-type activities:									
Investment earnings	575	731	1,385	2,028	2,380	2,008	1,880	2,242	6,457
Litigation- environmental lawsuits proceeds	-	300	2,010	8,892	6,222	6,700	9,150	865	2,728
Other	1,353	923	1,891	2,717	1,749	2,056	2,432	2,635	1,594
Special item-forgiveness of debt							15,277		
Special item-swap termination			(8,979)						
Transfers	(6,657)	(5,868)	(5,368)	(3,693)	(4,727)	(4,923)	(4,008)	(2,915)	(2,981)
Total business-type activities	(4,729)	(3,914)	(9,061)	9,944	5,624	5,841	24,731	2,827	7,798
Total primary government	$ 35,954	$ 34,208	$ 30,921	$ 50,027	$ 47,213	$ 44,412	$ 60,066	$ 35,112	$ 38,498
Change in Net Assets									
Governmental activities	$ 3,480	$ (4,635)	$ 1,953	$ (3,135)	$ 4,631	$ 6,303	$ 8,440	$ 2,360	$ (1,770)
Business-type activities	4,390	7,467	(3,054)	20,136	22,746	12,879	18,183	6,559	1,797
Total primary government	$ 7,870	$ 2,832	$ (1,101)	$ 17,001	$ 27,377	$ 19,182	$ 26,623	$ 8,919	$ 27

The City of Lodi implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB 34 is not available.

Source: City of Lodi Financial Services Division

CITY OF LODI

FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Dollar amounts in thousands)

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General Fund										
Reserved	$	$ 389	$ 383	$ 1,150	$ 1,144	$ 1,321	$ 1,185	$ 1,296	$ 927	$ 856
Unreserved		3,896	3,383	4,159	5,175	3,048	1,507	157	640	2,507
Nonspendable	357									
Assigned	136									
Unassigned	5,654									
Total General Fund	$ 6,147	$ 4,285	$ 3,766	$ 5,309	$ 6,319	$ 4,369	$ 2,692	$ 1,453	$ 1,567	$ 3,363
All other governmental funds										
Reserved	$	$ 7,801	$ 1,487	$ 1,932	$ 1,874	$ 1,138	$ 4,942	$ 3,778	$ 6,405	$ 3,363
Unreserved, reported in:										
Special revenue funds		963	6,540	7,433	6,651	6,271	1,400	534	2,322	1,814
Capital projects funds		3,649	5,217	5,504	6,200	5,663	5,650	5,720	7,655	17,905
Nonspendable										
Restricted	13,786									
Unassigned	(846)									
Total all other governmental funds	$ 12,940	$ 12,413	$ 13,244	$ 14,869	$ 14,725	$ 13,072	$ 11,992	$ 10,032	$ 16,382	$ 23,082
	$ 19,087	$ 16,698	$ 17,010	$ 20,178	$ 21,044	$ 17,441	$ 14,684	$ 11,485	$ 17,949	$ 26,445

Implemented GASB 54 during the 2011 fiscal year changing the presentation of fund balance.

Source: City of Lodi Financial Services Division

CITY OF LODI

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Dollar amounts in thousands)

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Revenues:										
Taxes	$ 23,061	$ 23,118	$ 23,516	$ 24,712	$ 20,594	$ 18,094	$ 17,606	$ 16,908	$ 24,100	$ 23,043
Licenses and permits	954	520	431	683	717	1,020	2,511	2,021	1,669	1,464
Intergovernmental revenues	16,865	12,579	13,229	14,980	19,892	25,491	22,834	16,657	7,385	22,000
Charges for services	3,946	4,116	3,329	4,757	4,696	3,848	9,404	4,479	6,272	3,888
Fines and forfeitures	1,407	1,444	1,416	1,321	1,245	1,173	1,190	1,085	803	806
Investment and rental income	817	923	922	1,312	998	707	753	537	832	1,234
Contributions and donations	689									
Miscellaneous revenue	799	1,093	1,762	822	304	653	458	473	453	1,349
Total revenues	48,538	43,793	44,605	48,587	48,446	50,986	54,756	42,160	41,514	53,784
Expenditures:										
Current:										
General government	7,667	7,666	8,431	9,545	8,893	8,345	10,858	10,815	10,874	8,987
Public protection	24,489	24,466	24,716	23,979	22,211	20,863	20,351	17,491	15,597	13,562
Public works	3,715	4,383	4,657	5,842	5,587	7,827	7,361	7,303	6,926	5,741
Community development	969	1,013	1,341	2,006	2,062	1,847				
Library	1,357	1,322	1,500	1,673	1,588	1,468	1,420	1,356	1,316	1,158
Parks and recreation	4,127	4,180	3,776	3,826	3,598	3,440	3,691	3,412	3,385	2,860
Capital outlay	9,377	5,108	6,791	4,207	3,526	7,232	9,508	10,041	12,943	17,948
Debt service:										
Interest and fiscal charges	1,081	1,110	1,139	1,170	1,205	1,238	1,645	1,245	1,220	679
Principal payments	752	725	789	898	900	892	855	759	730	555
Total expenditures	53,534	49,973	53,140	53,146	49,570	53,152	55,689	52,422	52,991	51,490
Excess (deficiency) of revenues Over (under) expenditures	(4,996)	(6,180)	(8,535)	(4,559)	(1,124)	(2,166)	(933)	(10,262)	(11,477)	2,294

(Continued)

CITY OF LODI

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (continued)
LAST TEN FISCAL YEARS
(Dollar amounts in thousands)

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Other financing sources (uses):										
Transfers in	11,881	11,173	10,609	7,058	8,863	9,142	8,017	9,774	11,209	12,500
Transfers out	(5,224)	(5,305)	(5,242)	(3,365)	(4,136)	(4,219)	(4,009)	(6,859)	(8,228)	(13,052)
Proceeds from sale of land	98									
Capital lease proceeds							124	883		148
Proceeds from bond refunding										13,269
Payment to refunded bond escrow										(13,269)
Proceeds of certificates of participation										13,396
Total other financing sources (uses)	6,755	5,868	5,367	3,693	4,727	4,923	4,132	3,798	2,981	12,992
Special item- sale of parkland	630									
Net change in fund balances	2,389	(312)	(3,168)	(866)	3,603	2,757	3,199	(6,464)	(8,496)	15,286
Fund balances, beginning of year	16,698	17,010	20,178	21,044	17,441	14,684	11,485	17,949	26,445	10,859
Adjustment to fund balance as previously reported										300
Fund balances, end of year	$ 19,087	$ 16,698	$ 17,010	$ 20,178	$ 21,044	$ 17,441	$ 14,684	$ 11,485	$ 17,949	$ 26,445
Debt service as a percentage of noncapital expenditures	4.3%	4.3%	4.3%	4.4%	4.8%	4.9%	5.7%	5.0%	5.1%	3.8%

Source: City of Lodi Finance Services Division

City of Lodi

TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Dollar amounts in thousands)

	Fiscal Year										
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	% Change 2002 to 2011
Property	$ 8,285	$ 8,342	$ 8,887	$ 9,210	$ 9,289	$ 7,676	$ 6,771	$ 6,948	$ 6,191	$ 5,641	47%
Sales & Use	8,663	6,873	8,028	9,296	10,137	9,812	9,183	8,533	8,709	8,300	4%
Transient Occupancy	426	382	405	396	380	368	352	317	400	439	-3%
Franchise	1,715	1,681	1,415	976	929	890	821	800	730	931	84%
Documentary Transfer	95	117	114	125	235	355	353	240	207	172	-45%
Motor Vehicle in Lieu	4,317	4,377	4,784	4,797	4,635	4,402	4,606	2,767	3,430	3,276	32%
Public Protection	250	267	296	338	390	310	304	264	247	231	8%
Business License	958	962	1,038	1,140	1,082	973	982	874	822	787	22%
In Lieu Franchise	6,977	6,977	6,942	8,362	8,680	7,831	8,097	7,581	6,894	6,569	6%
Totals	$ 31,686	$ 29,978	$ 31,909	$ 34,640	$ 35,757	$ 32,617	$ 31,469	$ 28,324	$ 27,630	$ 26,346	20%

Note: General governmental tax revenues are included in taxes, licenses and permits, intergovernmental revenues and miscellaneous revenues.

Source: City of Lodi Financial Services Division

CITY OF LODI

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(Dollar amounts in thousands)

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Secured roll	$ 4,907,588	$ 4,986,693	$ 5,156,706	$ 5,069,788	$ 4,799,141	$ 4,254,184	$ 3,877,398	$ 3,619,116	$ 3,381,945	$ 3,096,937
Utility roll	2,423	2,423	2,031	2,035	2,773	3,654	3,782	3,893	3,352	3,379
Unsecured roll	270,600	270,315	263,648	258,687	242,082	216,065	215,469	202,785	207,095	198,678
Gross assessed value	5,180,611	5,259,431	5,422,385	5,330,510	5,043,996	4,473,903	4,096,649	3,825,794	3,592,392	3,298,994
Less exemptions (1)	321,138	332,701	265,154	243,259	229,049	220,590	217,077	212,102	200,957	190,252
Net assessed value	4,859,473	4,926,730	5,157,231	5,087,251	4,814,947	4,253,313	3,879,572	3,613,692	3,391,435	3,108,742
Land	1,322,830	1,345,815	1,562,729	1,537,554	1,431,203	1,226,293	1,107,776	1,027,462	960,166	889,262
Improvements	3,534,778	3,600,824	3,577,741	3,503,186	3,327,453	2,989,575	2,739,061	2,549,860	2,366,887	2,164,121
Personal property	323,003	312,792	281,915	289,770	285,340	258,035	249,812	248,472	265,339	245,611
Gross assessed value	5,180,611	5,259,431	5,422,385	5,330,510	5,043,996	4,473,903	4,096,649	3,825,794	3,592,392	3,298,994
Less exemptions (1)	321,138	332,701	265,154	243,259	229,049	220,590	217,077	212,102	200,957	190,252
Net assessed value	$ 4,859,473	$ 4,926,730	$ 5,157,231	$ 5,087,251	$ 4,814,947	$ 4,253,313	$ 3,879,572	$ 3,613,692	$ 3,391,435	$ 3,108,742
Total Direct Tax Rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

(1) All exemptions (secured, utility, and unsecured rolls) are homeowners - $66,657 and other - $254,481 =$321,138

Note: In 1978, the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only assessed at the time that it is sold to a new owner. At that point, the property being sold is reassessed at the purchase price. The assessed valuation data shown above represents the only data currently available with respect to the the actual market value of taxable property and is subject to the limitations described above.

Source: San Joaquin County Auditor-Controller's Office

CITY OF LODI

DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Rate per $100 of assessed value)

Fiscal Year	Basic Countywide Levy	School	All Other	Total
2011	1.0000	0.0626	0.0000	1.0626
2010	1.0000	0.0575	0.0000	1.0575
2009	1.0000	0.0517	0.0000	1.0517
2008	1.0000	0.0478	0.0000	1.0478
2007	1.0000	0.0478	0.0000	1.0478
2006	1.0000	0.0570	0.0000	1.0570
2005	1.0000	0.0311	0.0000	1.0311
2004	1.0000	0.0475	0.0000	1.0475
2003	1.0000	0.0487	0.0000	1.0487
2002	1.0000	0.0002	0.0000	1.0002

Source: San Joaquin County Tax Collector

CITY OF LODI

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(Dollar amounts in thousands)

	Fiscal Year					
	2011			2002		
Taxpayer	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value
Lodi Memorial Hospital Assn	$ 150,937	1	3.291 %			
General Mills	137,873	2	3.006	$ 171,116	1	5.887 %
Pacific Coast Producers	83,481	3	1.820	59,325	2	2.041
Calif Physicians Service Corp	55,304	4	1.206			
Cottage Bakery Inc	40,769	5	0.889			
Westcore Vine LP	23,173	6	0.505			
Dart Container Corp	18,379	7	0.401	13,486	4	0.464
Certainteed Corp	17,519	8	0.382	15,532	3	0.534
Archer Daniels Midland Co Corp	16,843	9	0.367			
Wine & Roses LLC	15,581	10	0.340			
King Video Cable Company				12,363	5	0.425
Edmund N. Richmond				11,852	6	0.408
Wal Mart Stores				10,894	7	0.375
Wallace Computer Service				10,855	8	0.373
Interlake Material Handling Inc				10,837	9	0.373
Dayton Hudson Corp				10,504	10	0.361
Principal Secured Property Valuation	559,859		12.207	326,764		11.241
Other Secured Taxpayers	4,347,729		94.795	2,770,173		95.304
Exemptions relative to secured tax roll	321,138		7.002	190,252		6.545
Total Secured Property Valuation	$ 4,586,450		100.000 %	$ 2,906,685		100.000 %

Source: San Joaquin County Assessor's Office

CITY OF LODI

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Dollar amounts in thousands)

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Total Collections to Date	
		Amount	Percent of Levy (1)	Amount	Percent of Levy
2011	$ 8,143	$ 8,143	100.0%	$ 8,143	100.0%
2010	8,291	8,291	100.0%	8,291	100.0%
2009	7,966	7,966	100.0%	7,966	100.0%
2008	8,167	8,167	100.0%	8,167	100.0%
2007	8,170	8,170	100.0%	8,170	100.0%
2006	7,815	7,815	100.0%	7,815	100.0%
2005	7,057	7,057	100.0%	7,057	100.0%
2004	6,570	6,570	100.0%	6,570	100.0%
2003	5,832	5,832	100.0%	5,832	100.0%
2002	5,757	5,757	100.0%	5,757	100.0%

1) Per agreement with San Joaquin County, the County provides the City of Lodi with 100% of the amount owed to the City for secured properties, regardless of collection status. In exchange, the County is entitled to 100% of revenues collected for interest and penalties. This agreement is commonly referred to as the Teeter Plan.

Source: San Joaquin County Auditor/Controller's Office

CITY OF LODI

ELECTRICITY SOLD BY TYPE OF CUSTOMER
LAST SIX FISCAL YEARS

Type of Customer	Billed Accounts					
	2011	2010	2009	2008	2007	2006
City Accounts	197	189	189	187	186	184
Contract Large Industrial				5	5	6
Contract Medium Industrial				1	1	2
Contract Small Industrial				1	0	1
Domestic Residential	22,360	22,525	22,506	22,510	22,938	22,860
Domestic Mobile Home Park	13	13	13	13	13	13
Dusk to Dawn	89	89	92	92	95	95
Large Commercial	350	357	377	380	375	359
Large Industrial	40	39	37	32	33	33
Medium Industrial	9	9	8	8	10	13
Residental Low Income	2,258	2,193	1,847	1,943	2,003	1,910
Small Commerical	3,324	3,280	3,249	3,199	3,241	3,279
Small Industrial	11	10	10	9	9	9
Total	28,651	28,704	28,328	28,380	28,909	28,764

Information prior to the implementation of GASB 44 is not available.

Source: City of Lodi Financial Services Division

CITY OF LODI

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Dollar amounts in thousands, except per capita)

	Governmental Activities				Business-type Activities					
Fiscal Year	Certificates of Participation	Loan Payable	Notes Payable	Total Governmental Activities	Certificates of Participation	Notes Payable	Total Business-type Activities	Total Primary Government	Percent of Personal Income (1)	Per Capita (1)
2011	$ 21,655		$ 245	$ 21,900	$ 177,150		177,150	$ 199,050	n/a %	2,607
2010	22,265	-	245	22,510	142,935	1,409	144,344	166,854	8.43	2,626
2009	22,855	-	245	23,100	147,175	1,585	148,760	171,860	8.74	2,714
2008	23,420	94	245	23,759	139,760	1,755	141,515	165,274	8.94	2,608
2007	23,975	187	245	24,407	121,675	1,918	123,593	148,000	8.12	2,335
2006	24,510	279	245	25,034	125,340	2,077	127,417	152,451	8.90	2,427
2005	25,030	368	245	25,643	126,615	2,230	128,845	154,488	9.43	2,473
2004	25,530	456	245	26,231	148,675	2,378	151,053	177,284	11.43	2,917
2003	26,015	543	245	26,803	117,515	2,521	120,036	146,839	9.85	2,427
2002	26,745	622	245	27,612	75,285	2,660	77,945	105,557	7.36	1,776

Details regarding the City's outstanding debt can be found in the Note 8 of these financial statements.

(1) See Demographic and Economic Statistics table for personal income and population.

Source: City of Lodi Financial Services Division

CITY OF LODI

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Dollar amounts in thousands, except per capita)

Fiscal Year	Certificates of Participation	Total	Percent of Assessed Value (1) of Property	Per Capita
2011	$ 21,655	$ 21,655	0.4 %	$ 346.63
2010	22,265	22,265	0.4	350.36
2009	22,855	22,855	0.4	360.98
2008	23,420	23,420	0.4	369.62
2007	23,975	23,975	0.5	378.18
2006	24,510	24,510	0.5	390.18
2005	25,030	25,030	0.6	400.69
2004	25,530	25,530	0.7	420.12
2003	26,015	26,015	0.7	430.00
2002	26,745	26,745	0.8	450.02

General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which, the City has none).

(1) Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

Source: City of Lodi Financial Services Division

CITY OF LODI

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(Dollar amounts in thousands)

	FISCAL YEAR									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Assessed valuation (1)	$ 4,926,130	$ 4,995,362	$ 5,227,580	$ 5,159,269	$ 4,887,074	$ 4,325,000	$ 3,951,862	$ 3,686,227	$ 3,464,195	$ 3,177,319
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	1,231,533	1,248,841	1,306,895	1,289,817	1,221,769	1,081,250	987,966	921,557	866,049	794,330
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt Limit	184,730	187,326	196,034	193,473	183,265	162,188	148,195	138,234	129,907	119,149
Total net debt applicable to limit					-	-	-	-	-	-
Legal debt margin	$ 184,730	$ 187,326	$ 196,034	$ 193,473	$ 183,265	$ 162,188	$ 148,195	$ 138,234	$ 129,907	$ 119,149
Total net debt applicable to the limit as a percent of debt limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1982 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computation shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time the legal debt margin was enacted by the State of California for local governements located within the state.

(1) Reflects City assessed valuation with other exemptions of $254,482 deducted for 2011.

Source: San Joaquin County Auditor-Controller's Office

CITY OF LODI
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
June 30, 2011

	Total Debt (3)	Percentage Applicable (1)	City's Share of Debt
OVERLAPPING DEBT:			
San Joaquin Community College District	$ 143,540,616	8.664 %	$ 12,436,359
Lodi Unified School District	101,265,000	37.03	37,498,430
City of Lodi 1915 Act Bonds	165,000	100.00	165,000
San Joaquin County Certificates of Participation	$ 183,520,000	9.703 %	17,806,946
Lodi Unified School District Certificates of Participation	41,665,000	37.03	15,428,550
SUBTOTAL OVERLAPPING DEBT			83,335,285
DIRECT DEBT:			
City of Lodi Certificates of Participation	21,655,000	100.00	21,655,000
TOTAL DIRECT AND OVERLAPPING DEBT(2)			$ 104,990,285

			Per Capita	Value
2010-11 Assessed Valuation	$ 5,259,431,000			
2010-11 Population	63,549			
DEBT RATIOS	Total Gross Debt	$ 104,990,285	$ 1,652	2.00%

(1) Percent of overlapping agency's assessed valuation located within the boundaries of the City.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

(3) The June 30, 2010 information is not available so data as of September 1, 2010 was used to approximate the June 30, 2010 information.

SOURCE: California Municipal Statistics, San Francisco, CA
San Joaquin County Auditors-Controller Office
State of California, Department of Finance, Demographic Research Unit

CITY OF LODI

PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS
(Dollars amounts in thousands)

Fiscal Year	Adjusted Annual Revenues (1)	Less: Adjusted Operating Expenses (2)	Net Available Revenue	Debt Service Principal	Debt Service Interest	Debt Service Total	Coverage
Electric Revenue Certificates of Participation							
2011	$ 63,307	$ 48,397	$ 14,910	$ 3,080	$ 4,152	$ 7,232	2.06
2010	70,288	49,949	20,339	2,920	4,274	7,194	2.83
2009	75,195	58,370	16,825	5,240	4,720	9,960	1.69
2008	74,923	54,437	20,486	2,305	3,961	6,266	3.27
2007	67,865	52,984	14,881	2,350	3,977	6,327	2.35
2006	61,066	51,131	9,935	-	3,613	3,613	2.75
2005	60,793	44,252	16,541	5,895	3,146	9,041	1.83
2004	56,347	45,045	11,302	2,150	3,261	5,411	2.09
2003	55,847	39,584	16,263	4,575	2,836	7,411	2.19
2002	49,858	61,039	(11,181)	1,100	1,646	2,746	(4.07)

continued

CITY OF LODI

PLEDGED-REVENUE COVERAGE (continued)
LAST TEN FISCAL YEARS
(Dollars amounts in thousands)

Fiscal Year	Adjusted Annual Revenues (1)	Less: Adjusted Operating Expenses (2)	Net Available Revenue	Debt Service Principal	Debt Service Interest	Debt Service Total	Coverage
Wastewater Certificates of Participation							
2011	$ 16,508	$ 5,972	$ 10,536	$ 1,370	$ 2,748	$ 4,118	2.56
2010	12,284	6,180	6,104	1,320	2,832	4,152	1.47
2009	10,764	5,921	4,843	1,270	2,882	4,152	1.17
2008	10,530	6,189	4,341	1,355	2,334	3,689	1.18
2007	9,881	5,287	4,594	1,315	2,017	3,332	1.38
2006	9,865	4,886	4,979	1,275	2,056	3,331	1.49
2005	9,232	4,781	4,451	540	2,210	2,750	1.62
2004	7,211	4,385	2,826	175	715	890	3.18
2003	7,428	4,380	3,048	160	639	799	3.81
2002	5,277	4,808	469	150	649	799	0.59

continued

CITY OF LODI

PLEDGED-REVENUE COVERAGE (continued)
LAST TEN FISCAL YEARS
(Dollars amounts in thousands)

Fiscal Year	Adjusted Annual Revenues (1)	Less: Adjusted Operating Expenses (2)	Net Available Revenue	Debt Service Principal	Debt Service Interest	Debt Service Total	Coverage
Water Certificates of Participation							
2011	$ 14,498	$ 5,662	$ 8,836	$ 1,409	$ 1,321	$ 2,730	3.24

Includes all nongeneral obligation long term debt backed by pledged revenues.

Details regarding the City's outstanding debt can be found in the Note 8 of these financial statements.

(1) Total operating revenues including investment earnings, operating grants, capital contributions and other revenue.

(2) Total operating expenses including cost of services paid to the General Fund and excluding in-lieu fees, depreciation and amortization.

Source: City of Lodi Financial Services Division

CITY OF LODI

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Square Miles	City Population	Population Percent Change	San Joaquin County Population	Population Percent of County	Rank in Size of California Cities	Personal Income (millions of dollars)	Per Capita Personal Income	Unemployment Rate
2011	13.92	62,473	0.6%	690,899	9.0%	135	n/a	n/a	13.4%
2010	13.92	63,549	0.6%	694,293	9.2%	136	$ 1,980	31,166	13.3%
2009	13.92	63,313	-0.1%	689,480	9.2%	135	1,967	31,071	12.2%
2008	13.92	63,362	-0.1%	685,600	9.2%	133	1,849	29,178	7.1%
2007	13.17	63,395	0.9%	679,687	9.3%	129	1,822	28,743	6.1%
2006	12.81	62,817	0.6%	668,265	9.4%	131	1,713	27,272	5.5%
2005	12.81	62,467	2.8%	653,333	9.6%	131	1,639	26,239	5.9%
2004	12.79	60,769	0.4%	630,600	9.6%	130	1,551	25,527	6.5%
2003	12.69	60,500	1.8%	613,500	9.9%	179	1,490	24,620	6.9%
2002	12.62	59,431	1.4%	596,000	10.0%	129	1,435	24,150	6.6%

Personal income is the income received by all persons from all sources. Personal income is the sum of net earnings by place of residence, rental income of persons, personal dividend income, personal interest income, and personal current transfer receipts.

Per capita personal income is calculated as the personal income of residents of a given area divided by the resident population of the area. In computing per capita personal income, Bureau of Economic analysis uses the Census Bureau's annual midyear population estimates.

Source: State of California, Department of Finance, Demographic Reseach Unit and Department of Labor.

CITY OF LODI

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

	Current			Nine Years Ago		
Employer	Employees	Rank	Percent of Total City Employment	Employees	Rank	Percent of Total City Employment
Lodi Unified School District	2,762	1	10.57 %	2,247	1	8.60
Lodi Memorial Hospital	1,329	2	5.09	650	2	2.49
Pacific Coast Producers	1,000	3	3.83	530	4	2.03
Blue Shield	850	4	3.25			
Cottage Bakery	540	5	2.07			
General Mills	480	6	1.84	575	3	2.20
City of Lodi	440	7	1.68	429	5	1.64
Farmers & Merchants Bank	353	8	1.35	183	10	0.70
Walmart	245	9	0.94	226	6	0.86
Target	209	10	0.80	200	7	0.77
Lodi Fab Industries, Inc				200	8	0.77
Valley Industries				191	9	0.73
Total	8,208		31.42	5,431		20.79

Note: The City of Lodi implemented GASB 44 for the fiscal year ended June 30, 2006.

CITY OF LODI

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY DEPARTMENT LAST TEN FISCAL YEARS

	Fiscal Year									
	2011*	2010	2009	2008	2007	2006	2005	2004	2003	2002
Department:										
Administration	13	31	32	19	35	33	37	36	37	34
Community Development	13	13	13	14	18	17	17	17	18	17
Electric	41	51	50	48	64	65	52	52	52	50
Financial Services		24	26	39	30	28	38	38	38	35
Fire	64	64	64	64	64	61	68	61	68	55
Internal Services	35									
Library	14	14	14	14	16	14	15	15	15	14
Parks & Recreation		31	31	30	34	31	34	34	34	29
Parks, Recreation and Cultural services	37									
Police	125	125	125	125	116	117	117	116	117	115
Public Works	98	102	102	107	114	99	111	110	110	108
Total	440	455	457	460	491	465	489	479	489	457

* Community Center, Human Resources and Information Systems were previously included in Administration. Budget, Financial Services, Human Resources and Information Services are now Internal Services. Community Center, Parks & Recreation are now Parks, Recreation and Cultural Services.

Source: City of Lodi Budget Document

CITY OF LODI

OPERATING INDICATORS BY FUNCTION/PROGRAM/DEPARTMENT
LAST SIX FISCAL YEARS

	Fiscal Year					
	2011	2010	2009	2008	2007	2006
General government:						
Building permits issued	2,022	1,709	1,754	1,851	2,317	2,699
Business tax certificates:						
Retail sales and service	2,530	2,406	2,496	2,442	2,632	2,565
Manufacturers and processors	76	80	82	78	78	125
Professions	371	373	380	398	404	322
Miscellaneous contractors, peddlers, delivery vehicles, etc.	1,357	1,312	1,411	1,063	1,127	533
Utility billing/customer service:						
Number of customers	23,575	25,573	25,555	25,555	25,712	25,655
Energy sales (KWH)	421,130,329	434,200,987	452,075,554	450,407,709	458,740,745	459,637,092
Peak demand (MW)	116	120	134	134	144	127
Public safety:						
Police:						
Major reported crimes	2,885	2,377	2,454	2,993	3,096	3,234
Total arrests	4,410	4,238	4,646	5,590	5,463	5,162
Dispatched calls for service	52,061	51,870	56,391	55,911	53,686	55,937
Fire:						
Interior structure fire calls	56	47	69	88	79	66
Non-structural fire calls	121	123	123	160	163	158
Hazardous materials calls	69	70	70	35	27	26
Emergency medical calls	3,752	3,494	3,364	3,420	3,213	2,912
Total emergency calls	5,753	5,385	5,392	5,346	5,000	4,447
Total number of units dispatched	7,835	7,390	7,038	7,841	7,005	6,055
Public works:						
Miles of streets resurfaced	6	3	6	5	4	33
Fleet job orders completed	2,810	3,303	3,921	3,520	6,938	5,608
Trees planted	-	-	96	130	95	-
Water utility:						
New connections	8	17	17	35	110	266
Water main breaks	8	6	4	4	10	8
Wastewater utility:						
Average daily treatment (million gal/day)	6.5MG	6.5MG	6.5MG	6.5MG	6.9MG	6.7MG
Library:						
Registered borrowers	43,927	39,199	53,530	48,969	44,558	52,779
Circulation of library materials	248,250	251,967	219,711	280,466	273,270	281,216
Reference, research and informational questions answered	16,234	16,501	15,379	19,257	18,854	17,342
Annual attendance at libraries	210,279	207,123	n/a	296,793	288,070	287,986
Number of programs offered	388	344	316	348	339	320
Annual attendance at programs	13,133	10,676	8,765	11,242	10,700	10,872
Public access computer usage	58,990	52,124	38,388	38,999	35,260	29,896

(Continued)

CITY OF LODI

OPERATING INDICATORS BY FUNCTION/PROGRAM/DEPARTMENT (continued)
LAST SIX FISCAL YEARS

	Fiscal Year					
	2011	2010	2009	2008	2007	2006
Community center:						
Community center bookings	926	789	475	494	302	220
Instructional classes	536	583	507	530	478	509
Registered students	3,438	3,525	3,316	5,550	3,548	4,369
Yearly attendance	14,217	13,355	14,050	14,410	14,429	15,369
Parks and recreation:						
After school program registration (number of participants/sites)	1,920/4	1,920/4	1,920/4	3,014/4	145000/12	135,000/12
Adult sports						
Program/Participation	2,528	2,528	2,284	28,000	36,000	36,000
Programs offered	16	16	13	11	11	11
Partnerships	5	5	1	3	3	5
Tournaments	7	7	10	10	20	20
Youth/Teen sports						
Program attendance	4,251	4,251	215,000	195,000	200,000	200,000
Programs offered	16	16	24	14	14	20
Aquatics						
Program attendance	32,566	32,566	2,433	50,000	59,000	59,000
Number of programs	13	13	6	3	8	6

Note: The City of Lodi implemented GASB 44 for the fiscal year ended June 30, 2006.
Information prior to the implementation of GASB 44 is not available.

Source: City of Lodi

CITY OF LODI

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM/DEPARTMENT
LAST SEVEN FISCAL YEARS

	Fiscal Year						
	2011	2010	2009	2008	2007	2006	2005
General government:							
Total square miles	13.92	13.92	13.92	13.92	13.17	12.81	12.81
Public safety:							
Police:							
Facilities:							
Stations	1	1	1	1	1	1	1
Animal control facility	1	1	1	1	1	1	1
Police training facility (pistol range)	1	1	1	1	1	1	1
Vehicles:							
Marked patrol cars	23	23	25	25	25	28	28
Motorcycles and scooters	5	5	5	5	5	4	1
Animal control vehicles	2	2	2	2	2	3	3
Other automobiles	37	37	38	40	41	41	41
Fire:							
Facilities:							
Fire stations	4	4	4	4	4	4	4
Vehicles:							
Fire engines	7	7	7	6	6	5	5
Trucks/Trailers	5	6	6	9	8	7	7
Other automobiles	8	10	12	7	10	11	11
Public works:							
Miles of streets	202	202	202	200	184	198	100
Miles of alley ways	16	16	16	16	16	16	14
Traffic signals	67	62	62	64	66	64	60
Street lights	7,270	7,270	7,270	7,270	7,270	7,203	6,995

(Continued)

CITY OF LODI

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM/DEPARTMENT (continued)
LAST SEVEN FISCAL YEARS

	Fiscal Year						
	2011	2010	2009	2008	2007	2006	2005
Parks and recreation:							
Parks and squares	26	26	26	23	23	23	23
Park acreage	373	373	371	275	275	275	275
Boating facilities - launch lanes	1	1	1	1	1	1	1
Senior center	1	1	1	1	1	1	1
Community Centers	1	1	1	1	1	1	1
Swimming pools	4	4	4	3	3	3	3
Baseball/softball diamonds	24	24	24	26	26	26	26
Tennis courts	11	11	11	11	11	11	11
Skateboard park	1	1	1	1	1	1	1
Playgrounds	25	25	25	22	22	22	22
Ballpark	24	24	24	26	26	26	26
Soccer Field	22	22	22	22	22	22	22
Football Field	1	1	1	3	3	3	3
Handball/Basketball/Volleyball Courts	10	10	10	8	8	8	8
Horseshoe Pits	6	6	6	7	10	10	10
Library:							
Central library	1	1	1	1	1	1	1
Total items in collection	134,804	130,530	135,197	142,885	142,098	134,129	137,673
Integrated library system	1	1	1	1	1	1	1
Microfilm readers	1	1	1	1	1	1	1
Microfilm readers/printers	1	1	1	1	1	1	1
Self check out machines	2	2	2	0	1	1	1
Electric utility:							
Overhead lines 12kv (miles)	133	130	130	130	129	129	129
Overhead lines 60kv (miles)	13	13	13	13	13	13	13
Underground lines (miles)	157	155	154	153	151	151	151

(Continued)

CITY OF LODI

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM/DEPARTMENT (continued)
LAST SEVEN FISCAL YEARS

	Fiscal Year						
	2011	2010	2009	2008	2007	2006	2005
Water utility:							
Water main lines	236	237	233	233	238	235	230
Water storage capacity (gallons)	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
Water wells	27	26	26	26	26	26	25
Water reservoirs	2	2	2	2	2	2	2
Wastewater utility:							
Wastewater main lines (miles)	196	191	194	194	189	182	182
Treatment capacity	8.5 MG	8.5 MG	8.5 MG	8.5 MG	8.5 MG	8.5 MG	8.5 MG
Wastewater treatment plant	1	1	1	1	1	1	1
Stormwater utility:							
Stormwater main drain lines (miles)	124	124	161	119	161	115	114
Stormwater pump stations	14	14	14	14	14	13	14
Central parking district:							
Parking structure	1	1	1	1	1	1	1
Parking spaces	2,453	2,453	2,453	2,453	2,453	2,453	2,453
Parking lots	25	25	25	25	25	25	25

Note: The City of Lodi implemented GASB 44 for the fiscal year ended June 30, 2006. Information prior to 2005 is not readily available.

Source: City of Lodi Departments

SINGLE AUDIT REPORTS

CITY OF LODI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

Federal Grantor Pass-through Grantor or Direct Program Title	CFDA Number	Grant/Project Number	Expenditures
U.S. Department of Housing and Urban Developmen			
Direct:			
Community Development Block Grants/Entitlement Grants	14.218	B-09-MC-06-0038	115,201
Community Development Block Grants/Entitlement Grants	14.218	B-10-MC-06-0038	330,541
Total Community Development Block Grants/Entitlement Grants			445,742
Passed through State of California Department of Housing and Community Development:			
Home Investment Partnerships Program	14.239	09-HOME-6271	29,699
Total U.S. Department of Housing and Urban Development			475,441
U.S. Department of Justice			
Direct:			
ARRA - Public Safety Partnership and Community Policing Grants	16.710	2009-RK-WX-0151	409,795
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2007-DJ-BX-0138	2,178
Passed through City of Stockton:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2009-DJ-BX-0574	4,563
Total Edward Byrne Memorial Justice Assistance Grant Program			6,741
Passed through San Joaquin County:			
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants to Units of Local Government	16.804	2009-SB-B9-0539	66,408
Total JAG Program Cluster			73,149
Total U.S. Department of Justice			482,944
U.S. Department of Transportation			
Direct:			
Federal Transit - Formula Grants	20.507	CA-90-Y906-00	1,698,022
ARRA - Federal Transit - Formula Grants	20.507	CA-96-X052-00	147,715
Total Federal Transit - Formula Grants			1,845,737
State and Community Highway Safety	20.600	AL1112	22,307

See accompanying notes to the schedule of expenditures of federal awards.

CITY OF LODI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2011

Federal Grantor Pass-through Grantor or Direct Program Title	CFDA Number	Grant/Project Number	Expenditures
U.S. Department of Transportation (Continued)			
Passed through University of Berkekey:			
State and Community Highway Safety	20.600	CT11230	1,622
State and Community Highway Safety	20.600	CT10230	1,101
Total State and Community Highway Safety			25,030
Occupant Protection Incentive Grants	20.602	CT11230	913
Occupant Protection Incentive Grants	20.602	CT10230	620
Total Occupant Protection Incentive Grants			1,533
Total Highway Safety Cluster			26,563
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	SC10230	12,411
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	SC11230	11,038
Direct:			
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	AL1112	68,530
Passed through City of Stockton:			
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	AL1160	21,218
Total Minimum Penalties for Repeat Offenders for Driving While Intoxicated			113,197
Passed through California Department of Transportation:			
ARRA - Highway Planning and Construction	20.205	ESPLE-5154(036)	1,490,018
Total U.S. Department of Transportation			3,475,515
U.S. Department of Energy			
Direct:			
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	DE-SC0002707	127,426
U.S. Department of Homeland Security			
Passed through San Joaquin County:			
Homeland Security Grant Program	97.067	2008-0006	64,527
Total Federal Awards			$ 4,625,853

See accompanying notes to the schedule of expenditures of federal awards.

CITY OF LODI
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 1 – GENERAL

The accompanying Schedule of Expenditures of Federal Awards (SEFA) for the year ended June 30, 2011, presents the activity of all federal award programs of the City of Lodi, California (City). The City reporting entity is defined in Note 1 of the City's basic financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included in the SEFA.

NOTE 2 – BASIS OF ACCOUNTING

The accompanying SEFA is presented using the modified accrual basis of accounting for grants accounted for in governmental fund types and the full accrual basis of accounting for grants accounted for in proprietary fund types, as described in Note 1 of the City's basic financial statements.

NOTE 3 – CATALOG OF FEDERAL DOMESTIC ASSISTANCE

The CFDA numbers included in the accompanying SEFA were determined based on the program name, review of grant contract information and Office of Management and Budget's Catalog of Federal Domestic Assistance.

NOTE 4 – SUBRECIPIENTS

Of the federal expenditures presented in the schedule, the City provided federal awards to subrecipients as follows:

Federal Program	Federal CFDA Number	Amount Provided to Subrecipients
Community Development Block Grants/ Entitlement Grants	14.218	$ 86,075

The Honorable Members of City Council
City of Lodi, California

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Lodi, California (City), as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 6, 2011. Our report contained an explanatory paragraph discussing the City's adoption of the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during the year ended June 30, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency in internal control over financial reporting as item 2011-1. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

3000 S Street
Suite 300
Sacramento
CA 95816

2121 N. California Blvd.
Suite 750
Walnut Creek
CA 94596

505 14th Street
5th Floor
Oakland
CA 94612

2029 Century Park East
Suite 500
Los Angeles
CA 90067

1201 Dove Street
Suite 680
Newport Beach
CA 92660

225 Broadway
Suite 1750
San Diego
CA 92101

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

We noted certain matters that we reported to the City Council and others that we reported to management of the City of Lodi, in separate letters dated December 6, 2011.

This report is intended solely for the information and use of the City Council, management, federal and state grantor agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Macias Gini & O'Connell LLP

Sacramento, California
December 6, 2011

The Honorable Members of City Council
City of Lodi, California

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Compliance

We have audited the compliance of the City of Lodi, California (City), with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2011. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2011-2 and 2011-3.

Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2011-1, 2011-2, and 2011-3. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the City Council, management, federal and state grantor agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Macias Gini & O'Connell LLP

Sacramento, California
December 6, 2011

CITY OF LODI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
▪ Material weaknesses identified?	No
▪ Significant deficiencies identified that are not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards:

Internal control over major programs:	
▪ Material weaknesses identified?	No
▪ Significant deficiencies identified that are not considered to be material weaknesses?	Yes
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	Yes

Identification of major programs:

Federal Program Title	CFDA No.
Community Development Block Grants/Entitlement Grants	14.218
ARRA – Public Safety Partnership and Community Policing Grants	16.710
ARRA – Highway Planning and Construction	20.205
ARRA – Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128

Dollar threshold used to distinguish between type A and type B programs:	$300,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

Reference Number: **2011-1**

Criteria:
Pursuant to Subpart C, section .310(b)(3) of Office of Management and Budget (OMB) Circular A-133, *Audits, of States, Local Governments, and Non-Profit Organizations*, auditees must complete the schedule of expenditures of federal awards (SEFA) and include catalog of federal domestic assistance (CFDA) numbers provided in federal awards/subawards and associated expenditures.

In addition, many Federal agencies began including requirements in their terms and conditions for American Recovery and Reinvestment Act (ARRA or Recovery Act) awards to ensure separate identification of ARRA awards. For recipients covered by the Single Audit Act Amendments of 1996 and OMB Circular A-133, recipients are to separately identify the expenditures for federal awards under the ARRA on the SEFA and the data collection form (SF-SAC) required by OMB Circular A-133. This shall be accomplished by identifying expenditures for federal awards made under the ARRA separately on the SEFA, and as separate rows under Item 9 of Part III on the SF-SAC by CFDA number, and inclusion of the prefix "ARRA-" in identifying the name of the federal program on the SEFA and as the first characters in Item 9d of Part III on the SF-SAC.

Condition:
Several federal awards were noted as either omitted from or not accurately identified in the SEFA.

It was determined that the Public Safety Partnership and Community Policing Grants (CFDA no. 16.710) was a Recovery Act grant, but it was not identified in either the City's draft of the 2011 SEFA or its 2010 SEFA or SF-SAC as such. It was also determined that the Home Investment Partnerships Program (CFDA no 14.239), the State and Community Highway Safety (CFDA no. 20.600) program, the Occupant Protection Incentive Grants (CFDA no. 20.602), and the Minimum Penalties for Repeat Offenders for Driving While Intoxicated (CFDA no. 20.608) program were omitted from the City's draft of the 2011 SEFA.

Questioned Costs:
There are no questioned costs.

Context:
The Public Safety Partnership and Community Policing Grants expenditures reported in the 2011 SEFA are $409,795, and the expenditures reported in the 2010 SEFA and SF-SAC were $73,112. The Home Investment Partnerships Program expenditures reported in the 2011 SEFA are $29,699. The State and Community Highway Safety, Occupant Protection Incentive Grants, and Minimum Penalties for Repeat Offenders for Driving While Intoxicated combined expenditures reported in the 2011 SEFA are $139,760.

Effect:
The City exposes itself to the risk of inaccurately preparing the SEFA in accordance with the requirements of OMB Circular A-133 by not properly reporting all federal programs or identifying ARRA programs, which could result in the misidentification of major programs.

Cause:
It appears that there is not adequate communication between City departments concerning the identification and measuring of federal awards.

Recommendation:
While federal funds are a valuable source of revenue for the City, the receipt of federal funds imposes very specific and stringent reporting requirements that can be complicated and consume considerable staff time related to administration and monitoring. It is recommend that the City develop written policies and procedures that document the process for measuring and reporting federal expenditures as it pertains to the SEFA and SF-SAC pursuant to the requirements of OMB Circular A-133. The new policies and procedures should provide current and new staff with the proper guidelines on the reporting requirements and provide a framework for ensuring consistency and continuity in the identification and reporting of federal award expenditures.

Management Response and Corrective Action:
As staff was made aware that some small grants were federal programs, not state programs as previously reported, the draft SEFA was corrected immediately. Management has since designated a point person to oversee all City grants to ensure that all grants are properly identified, monitored and reported.

Section III – Federal Award Findings and Questioned Costs

Reference Number: 2011-2
Federal Program Title: ARRA – Public Safety Partnership and Community Policing Grants
Federal Catalog Number: 16.710
Federal Award Number and Year: 2009-RK-WX-0151; 2009
Federal Agency: U.S. Department of Justice
Category of Finding: Reporting

Criteria:
OMB Circular A-102, the Common Rule – Subpart C – Post-Award Requirements; Section .41, Financial Reporting

(b) *Financial Status Report* –
(1) *Form.* Grantees will use Standard Form 260 or 269A (SF-260 or SF-269A), Financial Status Report, to report the status of funds for all nonconstruction grants and for construction grants when required in accordance with paragraph Section .41(e)(2)(iii) of this section.
(4) *Due Date.* When reports are required on a quarterly or semiannual basis, they will be due 30 days after the reporting period. When required on an annual basis, they will be due 90 days after the grant year. Final reports will be due 90 days after the expiration or termination of grant support.

The Office of Community Oriented Policing Services within the U.S. Department of Justice requires the financial status report (SF-425) to be submitted on a quarterly basis. The SF-425, *Federal Financial Report*, replaces SF-269 and SF-269A.

Per OMB memorandum M-09-21, *Implementing Guidance for the Reports on Use of Funds Pursuant to the American Recovery and Reinvestment Act of 2009* dated June 22, 2009, Section 2.1, Section 1512 of the Recovery Act requires reports on the use of Recovery Act funding by recipients no later than the 10th day after the end of each calendar quarter (beginning the quarter ending September 30, 2009) and for the Federal agency providing those funds to make the reports publicly available no later than the 30th day after the end of that quarter. Aimed at providing transparency into the use of these funds, the recipient reports are required to include the following detailed information:

- Total amount of funds received; and of that, the amount spent on projects and activities;
- A list of those projects and activities funded by name to include:
  - Description
  - Completion status
  - Estimates on jobs created or retained;
- Details on sub-awards and other payments.

Condition:
It was noted that expenditures reported in the Federal Financial Reports and Section 1512 reports were not for the periods reported. The reports covering the period of October 2010 through December 2010 reported expenditures to date of $73,112, which were the cumulative expenditures through June 30, 2010 as reported in the 2010 SEFA. The reports covering the period of January 2011 through March 2011 reported expenditures to date of $269,795, which were the cumulative expenditures through December 2010 as reported in the 2010 SEFA ($73,112) plus requested in the Drawdown Report for the period of July 2010 through December 2010 ($196,683).

Questioned Costs:
There are no questioned costs.

Context:
The Federal Financial Reports and Section 1512 reports were submitted quarterly for the year ended June 30, 2011. The Drawdown Reports for the period of July 2010 through December 2010 ($196,683) plus the period of January 2011 through March 2011 ($107,271) plus the period of April 2011 through June 2011 ($105,841) equals the expenditures reported in the SEFA of $409,795.

Effect:
Reporting expenditures in arrears will provide for non-current data and could mislead readers of the reports and provide false annual expenditure amounts.

Cause:
Per the Support Services Manager at the City of Lodi Police Department, the cause of the delay in the reporting of expenditures is due to the Federal Financial Reports and Section 1512 reports being prepared and submitted at the end of a quarter before the Drawdown Reports are prepared and submitted.

Recommendation:
It is recommended that the City prepare the Drawdown Reports prior to preparing the Section 1512 reports and Federal Financial Reports to report current expenditures for each quarter.

Management Response and Corrective Action:
The recommendation has been noted and the condition will be rectified in future reports.

Reference Number:	**2011-3**
Federal Program Title:	**ARRA – Energy Efficiency and Conservation Block Grants (EECBG)**
Federal Catalog Number:	**81.128**
Federal Award Number and Year:	**DE-SC0002707; 2009**
Federal Agency:	**U.S. Department of Energy**
Category of Finding:	**Reporting**

Criteria:
OMB Circular A-102, the Common Rule – Subpart C – Post-Award Requirements; Section .40, Performance Reporting

(b) *Nonconstruction Performance Reports.*
(1) Grantees shall submit annual performance reports unless the awarding agency requires quarterly or semi-annually reports. However, performance reports will not be required more frequently than quarterly. Annual reports shall be due 90 days after the grant year, quarterly or semi-annual reports shall be due 30 days after the reporting period. The final performance report will be due 90 days after the expiration or termination of grant support. If a justified request is submitted by a grantee, the Federal agency may extend the due date for any performance report. Additionally, requirements for unnecessary performance reports may be waived by the Federal agency.

The award agreement terms and conditions require quarterly reports.

OMB Circular A-102, the Common Rule – Subpart C – Post-Award Requirements; Section .41, Financial Reporting

(b) *Financial Status Report –*
(1) *Form.* Grantees will use Standard Form 260 or 269A (SF-260 or SF-269A), Financial Status Report, to report the status of funds for all nonconstruction grants and for construction grants when required in accordance with paragraph Section .41(e)(2)(iii) of this section.
(4) *Due Date.* When reports are required on a quarterly or semiannual basis, they will be due 30 days after the reporting period. When required on an annual basis, they will be due 90 days after the grant year. Final reports will be due 90 days after the expiration or termination of grant support.

The award agreement terms and conditions require Standard Form 425 (SF-425) on a quarterly basis. The SF-425, *Federal Financial Report*, replaces SF-269 and SF-269A.

Per OMB memorandum M-09-21, *Implementing Guidance for the Reports on Use of Funds Pursuant to the American Recovery and Reinvestment Act of 2009* dated June 22, 2009, Section 2.1, Section 1512 of the Recovery Act requires reports on the use of Recovery Act funding by recipients no later than the 10th day after the end of each calendar quarter (beginning the quarter ending September 30, 2009).

Condition:
It was noted that the City submitted one Federal Financial Report for the entire year. This Federal Financial Report, four quarterly performance reports, and one Section 1512 report were submitted after their respective due dates.

Questioned Costs:
There are no questioned costs.

Context:
The City was required to submit four quarterly performance reports, four Federal Financial Reports, and four Section 1512 reports during the year ended June 30, 2011.

Effect:
Continued noncompliance could result in future EECBG grants being funding on a reimbursement basis or the City losing out on future EECBG grants.

Cause:
Per management, the City is short-staffed and was unable to complete the tasks on a timely basis.

Recommendation:
The City should strengthen procedures to ensure compliance with the reporting requirements over the EECBG program set forth by OMB Circular A-133, specifically procedures to submit quarterly performance reports and Federal Financial Reports no later than 30 days following the end of each quarter and Section 1512 reports no later than 10 days following the end of each quarter.

Management Response and Corrective Action:
The recommendation has been noted and the City will ensure that future reports will be submitted in a timely manner.

CITY OF LODI
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

Reference Number:	**2010-1**
Federal Program Title:	**Community Development Block Grants/Entitlement Grants (CDBG)**
Federal Catalog Number:	**14.218**
Federal Award Number and Year:	**B-09-MC-06-0038; 2009**
Federal Agency:	**U.S. Department of Housing and Urban Development (HUD)**
Category of Finding:	**Reporting**

Criteria:
OMB Circular A-102, the Common Rule – Subpart C – Post-Award Requirements; Section .41, Financial Reporting

(c) *Federal Cash Transaction Report* –
(1) *Form.*
(i) For grants paid by letter or credit, Treasury check advances or electronic transfer of funds, the grantee will submit the Standard Form 272, Federal Cash Transactions Report, and when necessary, its continuation sheet, Standard Form 272a, unless the terms of the award exempt the grantee from this requirement.
(ii) These reports will be used by the Federal agency to monitor cash advanced to grantees and to obtain disbursement or outlay information for each grant from grantees. The format of the report may be adapted as appropriate when reporting is to be accomplished with the assistance of automatic data processing equipment provided that the information to be submitted is not changed in substance.
(4) *Frequency and due date.* Grantees must submit the report no later than 15 working days following the end of each quarter.

Condition:
In gaining an understanding of the City's procedures to ensure compliance with the reporting requirements over the CDBG program set forth by OMB Circular A-133, we noted that the City does not submit Standard Form 272 (SF-272 reports).

Questioned Costs:
There are no questioned costs.

Context:
The City should have submitted four SF-272 reports during the year ended June 30, 2010.

Effect:
Continued noncompliance could result in the City losing out on future CDBG grants.

Cause:
The City was under the impression that the Integrated Disbursement and Information System (IDIS) satisfies all financial reporting requirements for the CDBG program. However, in an Information Bulletin issued on August 23, 2010, the HUD Office of Community Planning and Development reminded grantees that have converted to the IDIS that the SF-272 reports are still required to be completed and submitted to HUD on a quarterly basis.

Recommendation:
The City should develop procedures that will ensure compliance with the reporting requirements over the CDBG program set forth by OMB Circular A-133, specifically procedures to prepare and submit SF-272 reports no later than 15 working days following the end of each quarter.

Management Response:
Upon learning of this issue from the auditor, we immediately generated and submitted the required report to the local HUD office and are committed to submit the report quarterly from that point forward.

Status:
The City prepared and submitted the SF-272 reports for the year ended June 30, 2011, therefore we consider our recommendation implemented.

CITY OF LODI
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2011

Reference Number:	**2010-2**
Federal Program Title:	**ARRA – Energy Efficiency and Conservation Block Grants (EECBG)**
Federal Catalog Number:	**81.128**
Federal Award Number and Year:	**DE-SC0002707; 2009**
Federal Agency:	**U.S. Department of Energy**
Category of Finding:	**Reporting**

Criteria:
OMB Circular A-102, the Common Rule – Subpart C – Post-Award Requirements; Section .40, Performance Reporting

(b) *Nonconstruction Performance Reports.*
(2) Grantees shall submit annual performance reports unless the awarding agency requires quarterly or semi-annually reports. However, performance reports will not be required more frequently than quarterly. Annual reports shall be due 90 days after the grant year, quarterly or semi-annual reports shall be due 30 days after the reporting period. The final performance report will be due 90 days after the expiration or termination of grant support. If a justified request is submitted by a grantee, the Federal agency may extend the due date for any performance report. Additionally, requirements for unnecessary performance reports may be waived by the Federal agency.

The award agreement terms and conditions require quarterly reports.

OMB Circular A-102, the Common Rule – Subpart C – Post-Award Requirements; Section .41, Financial Reporting

(b) *Financial Status Report –*
(1) *Form.* Grantees will use Standard Form 260 or 269A (SF-260 or SF-269A), Financial Status Report, to report the status of funds for all nonconstruction grants and for construction grants when required in accordance with paragraph Section .41(e)(2)(iii) of this section.
(4) *Due Date.* When reports are required on a quarterly or semiannual basis, they will be due 30 days after the reporting period. When required on an annual basis, they will be due 90 days after the grant year. Final reports will be due 90 days after the expiration or termination of grant support.

The award agreement terms and conditions require Standard Form 425 (SF-425) on a quarterly basis. The SF-425, *Federal Financial Report*, replaces SF-269 and SF-269A.

Per OMB memorandum M-09-21, *Implementing Guidance for the Reports on Use of Funds Pursuant to the American Recovery and Reinvestment Act of 2009* dated June 22, 2009, Section 2.1, Section 1512 of the Recovery Act requires reports on the use of Recovery Act funding by recipients no later than the 10th day after the end of each calendar quarter (beginning the quarter ending September 30, 2009).

Condition:
During our testing of the reporting requirements set forth by OMB Circular A-133, we noted two quarterly performance reports, one Federal Financial Report, and three Section 1512 reports were submitted after their respective due dates.

Questioned Costs:
There are no questioned costs.

Context:
The City submitted three quarterly performance reports, four Federal Financial Reports, and four Section 1512 reports during the year ended June 30, 2010.

Effect:
Continued noncompliance could result in future EECBG grants being funding on a reimbursement basis or the City losing out on future EECBG grants.

Cause:
Per management, the City is short-staffed and was unable to complete the tasks on a timely basis.

Recommendation:
The City should strengthen procedures to ensure compliance with the reporting requirements over the EECBG program set forth by OMB Circular A-133, specifically procedures to submit quarterly performance reports and Federal Financial Reports no later than 30 days following the end of each quarter and Section 1512 reports no later than 10 days following the end of each quarter.

Management Response:
Timelines are noted and the City will comply in future reporting periods.

Status:
For the year ended June 30, 2011, the City failed to submit three Federal Financial Reports and submitted late four quarterly performance reports, one Federal Financial Report, and one Section 1512 report; therefore our recommendation continues (see finding 2011-3 in the schedule of findings and questioned costs).

CONTINUING DISCLOSURES

UNAUDITED

CONTINUING DISCLOSURE REQUIREMENTS FOR THE CITY OF LODI AND THE LODI PUBLIC IMPROVEMENT CORPORATION
Fiscal Year 2010-11

The City of Lodi has executed Continuing Disclosure Certificates associated with the various debt issues outstanding by the Electric Utility, Wastewater Utility and the Lodi Public Improvement Corporation. These Certificates were executed to satisfy provisions of Securities and Exchange Commission Rule 15c2-12(b) (5). The material provided herein applies to the various debt issues as noted. Data for each utility is shown separately.

This Bond Disclosure Section included within the City's Comprehensive Annual Financial Report (CAFR) provides the information required by the Continuing Disclosure Certificates. The CAFR, in turn, will be filed with the Municipal Securities Rulemaking Board. The CAFR may also be found on the City's website at www.lodi.gov.

ANNUAL REPORT FOR ELECTRIC UTILITY

The Lodi Electric Utility has Continuing Disclosure requirements associated with its 2008A Series A Certificates of Participation, 2002 Series C Certificates of Participation and 2002 Taxable Series D Certificates of Participation. The annual report includes, by reference, the audited financial statement of the City of Lodi (including the Electric Utility).

The annual report also contains the following five (5) tables as required in the Certificates:

1. A table setting forth the City's power supply resources for the most recently completed fiscal year.
2. A table showing the average number of customers, sales, revenues and demand for the past five fiscal years.
3. A table showing the outstanding debt of joint powers agencies in which Lodi participates and the City of Lodi share of that debt for the most recent fiscal year.
4. A table showing a summary of Operating Results for the past five fiscal years.
5. A table showing Lodi Electric Utility Department Rate Changes since November 1996 (applicable only to the 2002 Series C and D issues).

Reporting of Significant Events

The Certificates identify eleven (11) specific events that require special reporting. As of June 30, 2011, none of the specified events have occurred. Further, there is no knowledge on the part of the City Council, officers or employees of the City of any impending Significant Event that would require disclosure under the provisions of the Certificates.

Table 1 A table setting forth the City's power supply resources.

CITY OF LODI
ELECTRIC UTILITY DEPARTMENT
POWER SUPPLY RESOURCES

Source	Capacity Available (MW)[1][4]	Actual Energy (MWh)	% of Total Energy
Purchased Power[2]:			
Western	4.7	16,270	3.04%
NCPA			
Geothermal Project	13.3	89,025	16.63
Hydroelectric Project	26.2	88,361	16.51
Combustion Turbine Project No. 1	9.4	85	0.02
Capital Facilities, Unit One	19.6	4,974	0.93
Contracts, Exchanges and Bilaterals[3]	70.0	336,558	62.87
Total	143.2	535,273[4] [5]	100.00%
Total Capacity and Energy Sold at Wholesale	N/A	91,794	
City System Requirement for Retail Load	143.2	443,479	

(1) Non-coincident capacity available.
(2) Entitlements, firm allocations and contract amounts.
(3) Includes participation in NCPA/Seattle City Light exchange. See "OTHER NCPA PROJECTS—Power Purchase Contracts" in the forepart of Official Statement.
(4) Units at Backbone Output.
(5) Includes supply from exchanges and line losses.

Table 2 **A table showing the average number of customers, sales, revenues and demand for the past five fiscal years.**

CITY OF LODI
ELECTRIC UTILITY DEPARTMENT
CUSTOMER SALES, REVENUE AND DEMAND

	Fiscal Years Ended June 30,				
	2007	2008	2009	2010	2011
Number of Customers:					
Residential	22,928	22,523	22,465	21,981	22,251
Commercial	2,423	2,714	2,696	3,163	2,865
Industrial	33	32	37	31	39
Other	182	187	188	194	229
Total Customers	25,566	25,456	25,386	25,369	25,384
Kilowatt-Hour (kWh) Sales:					
Residential	159,247,195	153,563,188	153,487,430	150,811,587	144,256,683
Commercial	153,963,719	155,146,983	155,206,324	146,644,990	137,584,723
Industrial	133,816,956	129,429,938	131,059,764	125,000,860	128,072,575
Other	11,712,875	12,267,600	12,322,036	11,563,550	11,216,348
Total kWh sales	458,740,745	450,407,709	452,075,554	434,020,987	421,130,329
Revenues from Sale of Energy:					
Residential	$ 27,013,494	$ 27,127,049	$ 29,016,776	$ 27,642,200	$ 24,513,202
Commercial	23,241,809	25,173,286	26,883,557	24,901,257	21,870,624
Industrial	13,470,620	14,591,885	15,875,038	15,015,036	13,914,539
Other	2,071,324	2,132,120	2,224,567	2,105,196	1,868,985
Total Revenues from Sale of Energy:	$ 65,797,247	$ 69,024,340	$ 73,999,939	$ 69,663,689	$ 62,167,350
Peak Demand (kW)	140.4	132.4	117.4	119.6	123.9

Excludes revenues from California Energy Commission Tax.

Sources: City of Lodi, audited annual financial statements and Customer Information System reports.

Table 3 **A table showing the outstanding debt of joint powers agencies in which Lodi participates.**

CITY OF LODI
ELECTRIC UTILITY DEPARTMENT
OUTSTANDING DEBT OF JOINT POWERS AGENCIES
(Dollar Amounts in Millions)

	Outstanding Debt	Lodi's Participation[1]	Lodi's Share of Outstanding Debt
NCPA			
Geothermal Project	$ 33.8	10.28%	$ 3.5
Hydroelectric Project	440.8	10.37[2]	45.7
Capital Facilities Project Unit One	55.1	39.50	21.8
Lodi Energy Center Project	255.0	17.03	43.4
TANC			
COTP	396.7	1.92[3]	7.6
TOTAL*	$ 1,181.4	10.32%	$ 122.0

* Columns may not add to totals due to independent rounding.

(1) Participation obligation is subject to increase upon default of another project participant. Such increase shall not exceed, without the written consent of a non-defaulting participant, an accumulated maximum of 25% of such non-defaulting participant's original participation.

(2) Participant's project entitlement remains the same but share of debt has increased to 10.64% due to change in debt participation

(3) Lodi's actual obligation differs slightly from this percentage due to varying shares of certain series of TANC bonds relating to each TANC member-participant's taxable portion and each TANC member-participant's participation or non-participation in acquisition of assets from Vernon.

Source: City of Lodi.

Table 4 **A table showing a summary of operating results for the past five fiscal years.**

CITY OF LODI
ELECTRIC SYSTEM
SUMMARY OF OPERATING RESULTS [1]
Ending Fiscal Year June 30 (Dollars in 000s)

	Actual 2007[2]	Actual 2008	Actual 2009	Actual 2010	Actual 2011
Operating Revenues					
Rate Revenue	$ 65,809	65,110	$ 65,229	$ 62,613	$ 59,676
ECA Revenue	-	4,174	8,771	7,050	2,491
Other Revenue [3]	2,056	5,639	1,195	625	1,140
Total Operating Revenue	67,865	74,923	75,195	70,288	63,307
Operating Expenses					
Purchased Power	43,362	42,862	46,405	37,943	35,282
Non-Power Costs [4]	9,622	11,575	11,965	12,006	13,115
Total Operating Expenses	52,984	54,437	58,370	49,949	48,397
Net Revenue Available for Debt Service	14,881	20,486	16,825	20,339	14,910
Parity Debt Service					
2002 C & D, 2008 A Bonds	6,327	6,266	9,960	7,194	7,232
Total Net Debt Service	6,327	6,266	9,960	7,194	7,232
Debt Service Coverage	2.35	3.27	1.69	2.83	2.06
Remaining Revenue Available for Other Purposes	8,554	14,220	6,865	13,145	7,678
Non-Operating Expenses					
In-Lieu Transfer to General Fund	(6,779)	(6,873)	(6,942)	(6,977)	(6,977)
Other Changes in Working Capital [5]	(1,562)				
Net Cash Flow Before Capital Expenditures	213	7,347	(77)	6,168	701
Beginning Operating Reserve	3,632	5,470	14,513	13,854	25,899
Changes in GOR	1,625	1,696	(582)	5,877	1,854
Net Deposit/Withdrawal from Reserves	213	7,347	(77)	6,168	701
Ending Operating Reserve	$ 5,470	$ 14,513	$ 13,854	$ 25,899	28,454

Source: City of Lodi
(1) As defined in the Installment Purchase Contract, which may or may not be on the same basis as Generally Accepted Accounting Principles.
(2) Certain amounts have been recast to reflect corrected coverage amounts.
(3) Other revenues for FY 08 include $3.25 million for the sale of the City's rights to the NCPA Combustion Turbine #1 to Roseville.
(4) Non-power costs include cost of services provided by other departments and does not include depreciation and amortization expense.
(5) Consists of non-cash accounting entries.

Table 5 A table showing Lodi Electric Utility Department Rate Changes since November 1996.

CITY OF LODI
ELECTRIC UTILITY DEPARTMENT
RATE CHANGES

Effective Date	Percent Change
December 2007	Established Solar Initiative Surcharge of $0.00125 per kilowatt-hour
August 2007	Implemented monthly Energy Cost Adjustment
December 2005	Average 17% increase across all rate classes
December 2002	4.5% average rate increase
August 2001	Increased MCA for all but contract customers: 10% to 12% rate change
June 2001	Implemented MCA for residential and small commercial: 8% to 10% rate change
December 1998	5.00% rate decrease for small commercial/industrial customers
May 1998	2.50% general rate increase to fund public benefit programs
September 1997	4.5 to 5.5 cents per kilowatt-hour, non-demand, non-time-use, contract rate available for new large commercial/industrial loads
December 1996	10% to 40% economic development discount on new small to medium commercial/industrial electric loads
November 1996	Economic Stimulus Rate Credit increased to 1.262 cents per kilowatt-hour from 0.4 cents per kilowatt-hour for largest primary service customers (estimated 19% reduction)

Source: City of Lodi.

ANNUAL REPORT FOR WASTEWATER UTILITY

The Lodi Wastewater Utility has Continuing Disclosure requirements associated with its 2007 Series A Certificates of Participation and 2004 Series A Certificates of Participation. The annual report includes, by reference, the audited financial statement of the City of Lodi (including the Wastewater Utility).

The annual report also contains the following five (5) tables as required in the Certificates:

1. A table setting forth the City's number of connections by user type for the past five fiscal years.
2. A table showing the proportion of service charge revenue by class of user for the most recent fiscal year (applicable only to the 2004 Series A issue).
3. A table showing the largest users by service charge revenues for the most recent fiscal year.
4. A table showing a schedule of service charges.
5. A table showing a summary of historic operating results and debt service coverage for the past five fiscal years.

Additionally, the Certificate for the 2007 Series A issue requires a description of any additional indebtedness incurred during the prior fiscal year which is payable from the system net revenues on a parity with the installment payments.

Reporting of Significant Events

The Certificates identify eleven (11) specific events that require special reporting. As of June 30, 2011, none of the specified events have occurred. Further, there is no knowledge on the part of the City Council, officers or employees of the City of any impending Significant Event that would require disclosure under the provisions of the Certificates.

Table 1 **A table setting forth the City's number of connections by user type for the past five fiscal years.**

City of Lodi
Wastewater System
Number of Connections by User Type
as of June 30
and Percentage of Fiscal Year 2010-11 Service Charge Revenue by User Type

User Type	2007	2008	2009	2010	2011	% of FY 10/11 Service Charge Revenue
Residential	22,571	22,277	22,227	21,974	21,956	73.7%
Commercial/Industrial	1,562	1,847	1,815	1,768	1.785	26.3%
Total All Users	24,133	24,124	24,042	23,742	23,741	100.0%

Source: City of Lodi

Table 2 **A table showing the proportion of service charge revenue by class of user for the most recent fiscal year.**

City of Lodi
Wastewater System
Proportion of Service Charge Revenues by Class of User
Fiscal Year 2010-11

User Type	Percentage of Total Annual Service Charge Revenue
Single Family Residential	60.3%
Multiple Family Residential	13.4%
Commercial/Industrial	26.3%
Total	100.0%

Source: City of Lodi

Table 3 **A table showing the largest users by service charge revenue for the most recent fiscal year.**

City of Lodi
Wastewater System
Largest Users by Service Charge Revenues
Fiscal Year 2010-11

User	Type of Business		Service Charge Revenue	Percentage of Total Annual Service Charge Revenue
Cottage Bakery	Specialty bakery, frozen dough	$	372,844	2.85%
Lodi Unified School District	K-12, adult education		369,879	2.83
General Mills	Cereals, bread mixes, snack foods		346,212	2.64
City of Lodi	Government		61,999	.47
Pacific Coast Producers	Private label fruit canning		46,167	.35
Miller Packing Company	Hot dog producer		39,170	.30
Lodi Memorial Hospital	Health Care		36,768	.28
Blue shield of California	Health Insurance		34,095	.26
Armourstruxx	Armor producer		27,059	.21
Archer Daniels Midland	Agricultural processor		24,548	.19
Total top ten users		$	1,358,741	10.38%
Total System		**$**	**13,089,679**	**100.00%**

Table 4 **A table showing the schedule of service charges.**

City of Lodi
Wastewater System
Schedule of Wastewater Service Charges

	Service Charge (effective July 1, 2007)	Service Charge (effective July 1, 2008	Service Charge (effective July 16, 2009)	Service Charge (effective July 1, 2010)
For Residential Users (per month):				
1 Bedroom.....	$16.03	$16.65	$20.81	$23.30
2 Bedrooms.....	21.37	22.19	27.74	31.07
3 Bedrooms.....	26.71	27.74	34.68	38.84
4 Bedrooms.....	32.06	33.29	41.61	46.61
5 Bedrooms.....	37.40	33.84	48.55	54.37
6 Bedrooms.....	42.74	44.38	55.48	62.14
7 Bedrooms.....	48.08	49.93	62.42	69.91
For Commercial/Industrial Users:				
Moderate Strength (annual per Sewage Service Unit (SSU).....	$256.33	$266.28	$332.88	$372.84
High Strength:				
Flow (annual per MG).....	2,164.00	2,247.10	2,808.88	3,145.95
BOD (annual per 1,000 lbs.).....	357.12	370.83	463.54	519.16
SS (annual per 1,000 lbs.).....	223.29	231.86	289.83	324.61
Grease Interceptor/Septic Holding Tank Waste within City Limits (per 1,000 gal.).....	189.09	196.35	245.44	274.89
Septic Holding Tank Waste Outside City Limits (per 1,000 gal.).....	401.41	416.82	521.03	583.55
Disposal to Storm Drain System (per MG).....	198.61	206.24	257.80	288.74
Disposal to Industrial System:				
Flow (per MG, annual basis).....	1,309.48	2,218.78	2,218.78	2,485.03
BOD (per 1,000 lbs., annual basis).....	22.82	20.34	20.34	22.78
Winery Waste (per 1,000 gallons).....	191.47	198.82	248.53	278.35

Table 5 **A table showing historic operating results and debt service coverage for the past five fiscal years.**

City of Lodi
Wastewater System
Historical Operating Results and Debt Service Coverage
Fiscal Years 2006-07 through 2010-11

	2006-07	2007-08	2008-09	2009-10	2010-11
Operating Revenues					
Charges for Services	$8,523,530	$9,091,220	$9,276,217	$11,513,389	$13,089,679
Non-Operating Revenues					
Interest Income	922,153	836,862	428,586	298,337	220,600
Rent	176,202	165,931	221,422		
Other	259,618	435,935	838,007	472,578	3,198,194
Total System Revenues	9,881,503	10,529,948	10,764,232	12,284,304	16,508,473
Operating Expenses					
Personnel services	2,289,035	2,996,028	2,984,049	2,800,891	3,257,618
Supplies, Materials and services	2,314,233	2,394,804	2,067,646	2,532,246	1,955,464
Utilities	683,669	798,652	869,129	847,167	758,934
Total Operating Expenses	5,286,937	6,189,484	5,920,824	6,180,304	5,972,016
System Net Revenues	4,594,566	4,340,464	4,843,408	6,104,000	10,536,457
Parity Debt Service					
1991 Installment Payments	800,755	311,127			
2003 Installment Payments	379,748	380,873	426,022	381,400	381,393
2004 Installment Payments	2,151,194	2,144,438	2,134,856	2,138,700	2,147,600
2007 Installment Payments		852,239	1,591,200	1,631,500	1,588,750
Total Parity Debt Service	3,331,697	3,688,677	4,152,078	4,151,600	4,117,743
Debt Service Coverage	1.38	1.18	1.17	1.47	2.56
Non-Operating Expenses					
Transfers (In)/Out	1,315,191	575,326	1,451,478	1,451,478	1,451,480
Total Non-Operating Expenses	1,315,191	575,326	1,451,478	1,451,478	1,451,480
Net Cashflow Before Capital Expenditures	$(52,322)	$76,461	$(760,148)	$500,922	4,967,234

Source: Financial Services Division

Additional Indebtedness

The Wastewater Utility did not incur any additional indebtedness during the 2010-11 fiscal year which is payable from the system net revenues on a parity with the installment payments.

ANNUAL REPORT FOR THE LODI PUBLIC IMPROVEMENT CORPORATION

The Lodi Public Improvement Corporation has Continuing Disclosure requirements associated with its 2002 Certificates of Participation. The annual report includes, by reference, the audited financial statement of the City of Lodi.

The annual report also contains the following five (5) tables as required in the Certificates:

1. A table setting forth the approved budget and actual results for the most recent fiscal year.
2. A table showing the comparative statements of revenue, expenditures and changes in fund balance for the general fund for the past five fiscal years.
3. A table showing the assessed valuations for the last five fiscal years.
4. A table showing the secured property tax collections for the past ten fiscal years.
5. A table showing the ten largest locally secured taxpayers for the last fiscal year.

Reporting of Significant Events

The Certificates identify eleven (11) specific events that require special reporting. As of June 30, 2011, none of the specified events have occurred. Further, there is no knowledge on the part of the City Council, officers or employees of the City of any impending Significant Event that would require disclosure under the provisions of the Certificates.

Table 1 A table setting forth the approved budget and actual results for the most recent fiscal year.

Please refer to the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual on page 75 of this Comprehensive Annual Financial Report.

Table 2 **A table showing the comparative statements of revenue expenditures and changes in fund balance for the general fund for the past five fiscal years.**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND
LAST FIVE YEARS

	2007	2008	2009	2010	2011
Revenues:					
Taxes	$ 20,594,293	24,712,405	23,516,164	23,118,461	$ 23,061,164
Licenses and permits	83,964	80,925	61,783	72,171	83,395
Intergovernmental revenues	16,091,446	10,642,600	8,967,410	7,772,071	10,032,523
Charges for services	1,854,575	2,510,207	1,055,137	1,343,199	1,035,220
Fines, forfeits and penalties	1,241,051	1,317,407	1,415,174	1,441,354	1,404,307
Investment and rental income	380,375	662,164	231,181	516,304	455,923
Miscellaneous revenue	210,495	630,413	446,404	462,592	480,028
Total revenues	40,456,199	40,556,121	35,693,253	34,726,152	36,552,560
Expenditures:					
Current:					
General government	8,893,677	9,545,370	6,922,096	6,411,741	6,478,159
Public protection	21,775,531	23,771,574	24,463,771	23,854,905	24,091,472
Public works	3,871,311	3,935,366	2,967,402	1,471,779	1,421,238
Library	1,587,714	1,672,910	1,499,720	1,322,052	1,357,473
Parks and recreation	3,597,718	3,826,450	2,160,035	2,234,349	2,191,102
Debt service:					
Interest and fiscal charges	41,464	29,724	18,516	12,578	6,427
Principal payments	273,823	249,624	129,487	135,425	141,576
Total expenditures	40,041,238	43,031,018	38,161,027	35,442,829	35,687,447
Deficiency of revenues under expenditures	414,961	(2,474,897)	(2,467,774)	(716,677)	865,113
Other financing sources (uses):					
Transfers in	4,937,314	4,040,166	5,367,983	5,867,983	5,379,186
Transfers out	(3,401,814)	(2,575,809)	(4,442,883)	(4,632,278)	(4,383,110)
Total other financing sources (uses)	1,535,500	1,464,357	925,100	1,235,705	996,076
Net change in fund balances	1,950,461	(1,010,540)	(1,542,674)	519,028	1,861,189
Fund balances, beginning of year	4,368,941	6,319,402	5,308,862	3,766,188	4,285,216
Fund balances, end of year	$ 6,319,402	5,308,862	3,766,188	4,285,216	$ 6,146,405

Table 3 **A table showing the assessed valuations for the last five fiscal years.**

Please refer to the table shown in the Statistical Section on page 112.

Table 4 **A table showing the secured property tax collections for the past ten fiscal years.**

Please refer to the table shown in the Statistical Section on page 115.

Table 5 **A table showing the ten largest locally secured taxpayers for the last fiscal year.**

Please refer to the table shown in the Statistical Section on page 114.

ANNUAL REPORT FOR WATER UTILITY

The Lodi Water Utility has Continuing Disclosure requirements associated with its 2010 Series A and B Certificates of Participation. The annual report includes, by reference, the audited financial statement of the City of Lodi (including the Water Utility).

The annual report also contains the following four (4) tables as required in the Certificates:

1. A table setting forth the City's number of accounts and revenues by user type for the past five fiscal years.
2. A table showing the largest users by service charge revenues for the most recent fiscal year.
3. A table showing a schedule of selected rates effective January 1, 2011.
4. A table showing a summary of historic operating results and debt service coverage for the past five fiscal years.

Additionally, the Certificate for the 2010 Series A issue requires a description of any additional indebtedness incurred during the prior fiscal year which is payable from the system net revenues on a parity with the installment payments.

Reporting of Significant Events

The Certificates identify eleven (11) specific events that require special reporting. As of June 30, 2011, none of the specified events have occurred. Further, there is no knowledge on the part of the City Council, officers or employees of the City of any impending Significant Event that would require disclosure under the provisions of the Certificates.

Table 1 **A table showing number of accounts and revenues by user type.**

CITY OF LODI
WATER SYSTEM
Number of Accounts and revenues by User Type

	Commercial/Industrial/ Municipal		Residential	
Year Ending December 31	**Number of Accounts**	**Revenue**	**Number of Accounts**	**Revenue**
2006	1,435	$1,806,309	21,588	$7,668,308
2007	1,445	2,043,731	21,533	8,715,928
2008	1,470	2,184,496	21,449	9,429,594
2009	1,382	2,188,486	21,577	9,600,129
2010	1,383	2,097,001	21,622	9,604,412

Source: City of Lodi

Table 2 **A table showing the largest users by service charge revenue for the most recent fiscal year.**

City of Lodi
Water System
Largest Users by Service Charge Revenues
Fiscal Year 2010-11

User	Type of Business		Service Charge Revenue	Percentage of Total Annual Service Charge Revenue
Lodi Unified School District	K-12, adult education	$	223,620	1.87%
City of Lodi	Government		153,419	1.29
Pacific Coast Producers	Private label fruit canning		118,037	0 .99
General Mills	Cereals, bread mixes, snack foods		71,482	0.60
Cottage Bakery	Specialty bakery, frozen dough		43,417	0.36
Lodi Memorial Hospital	Health Care		40,857	0.34
Blue shield of California	Health Insurance		17,731	0.15
Temple Baptist Church	Church		15,110	0.13
CalTrans	Government		12,438	0.10
Miller Packing Company	Hot dog producer		12,184	0.10
Subtotal Top Ten Users		$	708,295	5.93%
TOTAL SYSTEM		$	11,940,022	100.00%

Table 3 **A table showing selected rates effective January 1, 2011.**

CITY OF LODI
WATER SYSTEM
Selected Rates Effective January 1, 2011

Percent Increase	Current
Flat Rates ($/month)	
Single Family Residential Unit ($/month)	
1 Bedroom	$28.54
2 Bedroom	$34.28
3 Bedroom	$41.09
Metered Water Rates	
Service Charge ($/month)	
Single Family Residential	
Up to 3/4" Meter	$22.70
Multi-Family and Non-Residential	
1" Meter	$36.85
1 1/2" Meter	$72.00
2" Meter	$114.35
Water Usage rates ($/CCF)	
Single Family Residential	
Tier 1 - 0 to 10 CCF/month	$0.88
Tier 2 - 11 to 50 CCF/month	$1.32
Tier 3 - Over 50CCF/month	$1.74
Multi-Family and Non-Residential	
All Water Usage	0.88

Source: City of Lodi.

Table 4 **A table showing historic operating results and debt service coverage for the past five fiscal years.**

CITY OF LODI
WATER SYSTEM
Historical Operating results and Debt Service Coverage
Fiscal Years 2006-07 through 2010-11

	2006-07	2007-08	2008-09	2009-10	2010-11
Gross Revenues					
Water Sales [1]	$10,039,706	$11,349,986	$11,787,140	$11,715,748	$11,940,022
Investment Earnings	83,347	72,823	258,552	103,640	83,374
Water Impact Mitigation Fees	119,837	30,783	13,086	270,863	14,803
Meter Retrofit Installation Charges					1,653,399
Other Revenues [2]	365,077	407,988	350,950	372,034	806,859
Total Gross Revenues	10,607,967	11,861,580	12,409,728	12,462,285	14,498,457
Operating and Maintenance Expenses					
Personnel Services [3]	1,077,002	1,121,921	1,471,463	1,325,536	1,359,227
Supplies, Materials and Services [3]	3,128,256	2,905,860	2,490,875	1,981,880	2,590,222
New Treatment Plant Operations (net)					
Utilities	698,063	779,845	804,767	733,653	652,296
Administrative Overhead	962,055	624,296	1,060,122	1,060,122	1,060,120
Total O & M Expenses	5,865,376	5,431,922	5,827,227	5,101,191	5,661,865
Net Revenue Available for Debt Service	4,742,591	6,429,658	6,582,501	7,361,094	8,836,592
Debt Service					
1991 California DWR SRF loan [4]	228,012	228,012	228,012	228,025	1,433,395
2010 Bonds [5]					1,296,848
Total Net Debt Service	228,012	228,012	228,012	228,025	2,730,243
Debt Service Coverage [6]					
Debt Service Coverage	20.80	28.20	28.87	32.28	3.24
Debt Service Coverage (excluding impact mitigation fees)	20.27	28.06	28.81	31.09	3.23
Net Remaining Revenues Available for Capital	4,514,579	6,201,646	6,354,489	7,133,069	6,106,349

Capital Improvement Projects					
Meter Retrofit Program [7]	-	-	582,000		919,555
Other Water System Improvements [8]	699,421	552,215	782,382	3,932,424	3,666,202
Total Capital Improvement Projects	699,421	552,215	1,364,382	3,932,424	4,585,757
Net Change in Reserve	3,815,158	5,649,431	4,990,107	3,200,645	1,520,592
Water Enterprise Fund [9]					
Beginning Cash Balance	11,380,502	13,935,947	17,621,590	13,469,170	14,120,605
Ending Cash Balance	$ 13,935,947	17,621,590	13,469,170	14,120,605	12,807,412

(1) Water sales reflect Council-adopted rate increases of 2% effective January 1, 2011.
(2) Includes rent, sales of City property, discounts, water reimbursements, and damage to property, water tap fees, DBCP reimbursements, and other miscellaneous revenues. DBCP reimbursements are expected to decline beginning in Fiscal Year 2012-13 as new plant becomes operational and groundwater draws diminish. PCE/TCE litigation revenues are excluded from Fiscal year 2005-06 through 2009-10. Fiscal year 2009-10 reflects one-time adjustments from prior years.
(3) PCE/TCE litigation expenses are excluded from Fiscal Year 2006-07 through Fiscal year 2010-11.
(4) Debt service on 1991 Loan was paid off in full on October 1, 2010.
(5) Reflects total debt service for the 2010 Water Revenue Bonds net of the 35% interest rate subsidy for the Series 2010B bonds.
(6) Coverage calculated based on Net Revenues divided by net Debt Service and Net Revenues less mitigation fees divided by Net Debt Service.
(7) Annual capital costs of transition to water meters. Program expected to be completed in Fiscal Year 2017-18.
(8) Excludes costs of the Project to be funded from proceeds of the Series 2010 Bonds.
(9) Water Enterprise Fund balance includes both operating and capital reserves and is presented on a cash basis. Cash position is expected to increase substantially upon completion of the water meter installation program.

Source: City of Lodi

CITY OF LODI, CALIFORNIA

Report to City Council

For the Year Ended June 30, 2011

CITY OF LODI, CALIFORNIA
Report to City Council
For the Year Ended June 30, 2011

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City Council
City of Lodi, California

We have audited the financial statements of the governmental activities, the business-types activities, each major fund, and the aggregate remaining fund information of the City of Lodi, California (City), as of and for the year ended June 30, 2011, and have issued our report thereon dated December 6, 2011. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards,* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 25, 2011. Professional standards also require that we communicate to you the information related to our audit that is included in the Required Communications section of this report.

Also, in planning and performing our audit of the financial statements of the City for the year ended June 30, 2011 we considered the City's internal controls in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements, and not to provide assurance on internal control over financial reporting.

During our audit for the year ended June 30, 2011, we identified a condition that we believe warrants communication to the City Council. The Current Year Recommendation section of this report summarizes that condition and our recommendation to address it. We also followed up on our recommendations to address conditions we identified during previous years' audits. The status of those recommendations is included in the Status of Prior Year Recommendations section of this report. This report does not affect our report dated December 6, 2011, on the basic financial statements of the City.

We also noted certain matters that we reported to management of the City of Lodi, in a separate letter dated December 6, 2011.

This letter is intended solely for the information and use of City Council and management and is not intended to be and should not be used by anyone other than these specified parties.

We would like to thank the City's management and staff for the courtesy and cooperation extended to us during the course of our engagement. We have discussed our comments and suggestions with management and would be pleased to discuss them further.

Macias Gini & O'Connell LLP

Sacramento, California
December 6, 2011

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2011. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

- The self-insurance liability is based on the development of amounts from various consultants' actuarial studies.
- The pollution remediation obligation is based upon estimated cash flows determined by an engineering consultant's remedial action plan.
- The actuarial pension data contained in Note 9 to the financial statements and required supplementary information (unaudited) is based on actuarial calculations performed in accordance with the parameters set forth in GASB Statement No. 50 and GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers.*
- The actuarial data for other postemployment benefits contained in Note 10 to the financial statements and required supplementary information (unaudited) is based on actuarial calculations performed in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.*

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of the audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 6, 2011.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or the financial statements themselves.

DEFICIT BENEFITS INTERNAL SERVICE FUND

Condition

For the year ended June 30, 2011, the revenue charged to user funds and/or departments by the City's Benefits Internal Service Fund was $255,951 less than the CalPERS invoice billings of health insurance premiums for active participants enrolled in the health care plans offered by CalPERS. Absent a reconciliation of the enrolled participants in the CalPERS health care plans and the City's internal payroll and Human Resources system, the costs related to the CalPERS invoice billings of health insurance premiums could be permanently stranded in the internal service fund, and therefore, the user funds and/or departments not being charged their proportionate share of the costs.

In addition, the City isn't recovering its annual OPEB costs of $944,589 from user funds and/or departments.

Internal service funds are expressly designed to function as *cost-reimbursement devices.* That is, an internal service fund is simply a means of accumulating costs related to a given activity on an accrual basis so that the costs can subsequently be allocated to the benefiting funds in the form of fees and charges. This condition resulted in an increase in the net deficit of the Benefits Internal Service Fund of $1,003,790 to $2,934,664.

Recommendation

Management and/or authorized employees should perform a monthly reconciliation of the enrolled participants in the health care plans as reported by CalPERS in the monthly health insurance invoice roster detail with the City's internal payroll system and Human Resources records to ensure accuracy and completeness of the roster.

Furthermore, the City should develop a plan to begin charging funds and/or departments their share of the annual OPEB costs as opposed to limiting the charges to their share of the contributions made.

Management Response

Procedures for an annual reconciliation and adjustment are in place. However, due to staff turnover at year-end, the reconciliation and adjustment were not performed timely.

With regard to Other Post Employment Benefit (OPEB) costs, the City Council has chosen to operate on a pay-as-you-go basis. The City understands and accepts that an impact of this choice is a deficit net assets position in this internal services fund.

CITY OF LODI, CALIFORNIA
Report to City Council
Status of Prior Year Recommendations
For the Year Ended June 30, 2011

The following is a summary of the status of prior years' recommendations.

FROM YEAR ENDED JUNE 30, 2005 -

INFORMATION TECHNOLOGY (IT)

Accounting System Development and Maintenance

Condition
While most procedures for the accounting system development and maintenance are in place, they are not formally documented. Having the policies, procedures and standards formally documented should address any ambiguity in implementation and reliance upon only a few key individuals.

Program changes are not always initiated, tested and approved by the functional users before being applied to the production system.

The Information Systems (IS) Division Programmer is not restricted from making changes in the production environment and is also responsible for transporting changes and updates from the test environment to the production system.

Recommendation
Official policies, procedures and standards for the accounting system development and maintenance should be documented and maintained. These policies, procedures and standards should ensure that:

- All new programs and changes are initiated and approved by the appropriate user management.
- The impact of new programs and updates are assessed in a test environment before implementation in the production system.
- Programmers do not have update access to the production system, except for emergency fixes.
- Any emergency fix in the production system is properly logged.
- Program testing is reviewed and approved by someone other than the programmer.
- The process of moving programs into the production system is formal, well documented, and performed by someone independent from programming.

Current Year Status
The IS Division drafted a formal change control and patch management policy that incorporates procedures and standards as recommended, which was adopted by the City Council on December 15, 2010. Therefore, our recommendation is considered implemented.

Packaged Accounting Software and Systems Software – Selection Method

Condition
There is not currently a documented system and application software selection method outlined for the City.

Recommendation
The City should document their system and application software selection processes and ensure that the following areas are addressed:

- Business needs,
- Technical requirements,
- Analysis/comparison of several products
- Implementation issues, including conversion, and
- Cost/benefit analysis

The City should pursue the needs assessment for the new financial and billing system as noted below, but the procedures for system and application acquisition should be documented.

Current Year Status
The IS Division drafted a formal software selection and acquisition policy that incorporates procedures and standards as recommended, which was adopted by the City Council on December 15, 2010. Therefore, our recommendation is considered implemented.

Packaged Accounting Software and Systems Software – Test Environment

Condition
The IS Division has implemented a test environment for application software, but not for system software. Update and patches are being applied directly to the production system.

Recommendation
Procedures to test updates to system software should be implemented, either on a separate machine or as a partition with the current AS400, to ensure that updates and upgrades are not applied directly to the production system without proper testing beforehand.

Current Year Status
The IS Division has drafted a formal change control and patch management policy that incorporates procedures and standards as recommended, which was adopted by the City Council on December 15, 2010. Therefore, our recommendation is considered implemented.

Computer Operations – Disaster Preparedness/Business Continuity Plans

Condition
The City currently has no disaster preparedness or business continuity plans in place.

Recommendation
The City should work to develop a comprehensive disaster preparedness and business continuity plan. The plan, upon completion, should be thoroughly tested and provisions made for periodic reviews of the plan.

Current Year Status
The City performs its own disaster recovery by doing two nightly backups on tapes and one weekly full backup. One copy of the nightly backup is stored in the IS Division and another copy in the Public Safety Building. Although best practices recommend that the backup tapes be stored at least 20 miles from the primary data center, the City has no plans to change the secondary storage site. This puts the City at increased risk of losing financial information as the backup tapes are subject to many of the same environmental risks as the primary data center, such as floods, large fires or earthquakes. The City has developed a disaster preparedness plan, however the plan has not been fully tested. Therefore, our recommendation is in the process of implementation.

Current Year Management Response
The City received grant money to update certain hardware and software that allows a high level of system and data redundancy and has tested the redundancy of the systems. The City had planned to fully test the disaster plan by December 31, 2010 but was unable to do so. The City explored options over the last year to ensure that our systems can be recovered timely from the backup tapes. Unfortunately, the City has been unable to identify a cost effective solution that provides the protections the City requires. The City will continue to explore its options in this regard.

Other Matters

Since 2005, the City has been in various stages of addressing our prior recommendations. Efforts to implement several have been hampered by budgetary constraints and other higher priority undertakings. Overall, of the four IT findings and recommendations from our 2005 review that remained last year, three have been implemented and the remaining one is in the process of being implemented. The recommendation in the process of implementation is expected to be completed before the end of fiscal year 2011-2012.

FROM YEAR ENDED JUNE 30, 2004 -

CAPITAL ASSETS

Condition
During our audit of the City's financial statements for the year ended June 30, 2004, we noted that the acquisition and construction of capital assets is maintained on a spreadsheet, outside of the City's accounting system, which can lead to inaccurate recording and depreciation of capital assets.

Recommendation
We recommend that the City place into operation the JDE fixed asset module that records the City's capital assets and automatically calculates depreciation. The system would support the City's deprecation method and automatically post accumulated depreciation expense to the General Ledger module for a specified accounting period.

The system provides methods to track assets, their beginning cost, current value, and method of depreciation. Some of the advantages include:

1. Flexible Asset Numbering System – an unlimited number of assets can be maintained. The assets can be grouped by many types of categories for reporting purposes.
2. User Defined Asset Control - Accumulated depreciation, depreciation expense and asset master accounts can be user specified for each asset.
3. Reports - variety of reports can be produced including a listing of all assets by type, category and description, method of depreciation, and all other information maintained in the master file. The module could be programmed to also print reports listing assets with original cost and current book value plus calculated depreciation for a specified period.

To reduce operating overhead, the City should consider hiring temporary staff for data entry into the capital assets module.

Current Year Status
Condition unchanged. Prior recommendation remains.

Current Year Management Response
While the City understands that its current practices are not optimal, the City lacks the resources to fully implement the fixed asset module of its current financial system. Full implementation of fixed asset accounting will be included in the future replacement of the existing financial system.

FROM YEAR ENDED JUNE 30, 2010-

FEDERAL TRANSIT ADMINISTRATION INDIRECT COSTS

Condition
We noted, during our review of the fiscal year 2003/2004 Federal Transit Administration (FTA) apportionment that management had originally decided to use the apportionment to cover indirect costs. Per our review of FTA guidelines, grantees who intend to seek FTA reimbursement for indirect costs must prepare a cost allocation plan that has been approved by the FTA or another cognizant Federal agency. Further inquiry determined that the cost allocation plan has not been approved in the prescribed manner.

Recommendation
We recommend that the City perform a review of all grants and make the determination if indirect costs can be applied against grant funds.

Current Year Status
The City engaged a consultant for a five-year period to perform an A-87 compliant cost allocation plan and indirect cost rate services and secure cognizant agency approval, therefore our recommendation is in the process of implementation.

Current Year Management Response
The City and consultant have not finalized the allocation bases for the A-87 compliant cost allocation plan. Finalization is expected in fiscal year 2011/12.

CITY OF LODI

Agreed-Upon Procedures Report for
Gann Appropriations Limit

For the Fiscal Year Ended June 30, 2011

City Council
Lodi, California

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES RELATED TO THE ARTICLE XIII-B APPROPRIATIONS LIMIT CALCULATION

We have performed the procedures enumerated below to the accompanying Appropriations Limit Worksheet of the City of Lodi, California (City) for the fiscal year ended June 30, 2011. These procedures, which were agreed to by City management and the League of California Cities (as presented in its publication entitled *Article XIII-B Appropriations Limitations Uniform Guidelines),* were performed solely to assist the City in meeting the requirements of Section 1.5 of Article XIII-B of the California Constitution. The City's management is responsible for the Appropriations Limit Worksheet. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and our findings were as follows:

1. We obtained the completed worksheets setting forth the calculations necessary to establish the City's appropriations limit and compared the limit and annual adjustment factors included in those worksheets to the limit and annual adjustment factors that were adopted by resolution of the City Council. We also compared the population and inflation options included in the aforementioned worksheets to those that were selected by a recorded vote of the City Council.

   Finding: No exceptions were noted as a result of our procedures.

2. For the accompanying Appropriations Limit Worksheet, we added last year's appropriations limit to the annual adjustment amount, and compared the resulting amount to this year's appropriations limit.

   Finding: No exceptions were noted as a result of our procedures.

3. We compared the current year information presented in the accompanying Appropriations Limit Worksheet to the worksheets described in No. 1 above.

   Finding: No exceptions were noted as a result of our procedures.

4. We agreed the prior year appropriations limit presented in the accompanying Appropriations Limit Worksheet to the prior year appropriations limit adopted by the City Council.

   Finding: No exceptions were noted as a result of our procedures.

We were not engaged to and did not perform an examination, the objective of which would be the expression of an opinion on the accompanying Appropriations Limit Worksheet. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. No procedures have been performed with respect to the determination of the appropriation limit for the base year, as defined by Article XIII-B of the California Constitution.

This report is intended solely for the information and use of the City Council and management of the City and is not intended to be and should not be used by anyone other than these specified parties.

Macias Gini & O'Connell LLP

Sacramento, California
August 24, 2011

CITY OF LODI
APPROPRIATIONS LIMIT WORKSHEET
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Appropriation Limit, fiscal year ended June 30, 2010, as adopted	$77,022,286
Adjustment factors:	
Population factor, for fiscal year ended June 30, 2011, as adopted	1.0061
Inflation factor, for fiscal year ended June 30, 2011, as adopted	0.9746
Annual percentage increase	0.9805%
Annual adjustment	(1,498,464)
Appropriation limit, fiscal year ended June 30, 2011 as adopted	$75,523,822

AGENDA ITEM J-01

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Ordinance No. 1855 Entitled, "An Ordinance of the Lodi City Council Amending Lodi Municipal Code Chapter 13.20 – Electrical Service – by Adding Section 13.20.020, 'Energy Theft Diversion/Field Services Fee Recovery Schedule'"

MEETING DATE: December 21, 2011

PREPARED BY: City Clerk

RECOMMENDED ACTION: Motion waiving reading in full and (following reading by title) adopting the attached Ordinance No. 1855.

BACKGROUND INFORMATION: Ordinance No. 1855 entitled, "An Ordinance of the Lodi City Council Amending Lodi Municipal Code Chapter 13.20 – Electrical Service – by Adding Section 13.20.020, 'Energy Theft Diversion/Field Services Fee Recovery Schedule,'" was introduced at the regular City Council meeting of November 16, 2011.

ADOPTION: With the exception of urgency ordinances, no ordinance may be passed within five days of its introduction. Two readings are therefore required – one to introduce and a second to adopt the ordinance. Ordinances may only be passed at a regular meeting or at an adjourned regular meeting; except for urgency ordinances, ordinances may not be passed at a special meeting. Id. All ordinances must be read in full either at the time of introduction or at the time of passage, unless a regular motion waiving further reading is adopted by a majority of all council persons present. ***Cal. Gov't Code § 36934***.

Ordinances take effect 30 days after their final passage. ***Cal. Gov't Code § 36937***.
This ordinance has been approved as to form by the City Attorney.

FISCAL IMPACT: None.

FUNDING AVAILABLE: None required.

Randi Johl
City Clerk

RJ/jmr
Attachment

APPROVED: _____
Konradt Bartlam, City Manager

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ORDINANCE NO. 1855

AN ORDINANCE OF THE LODI CITY COUNCIL
AMENDING LODI MUNICIPAL CODE CHAPTER 13.20 –
ELECTRICAL SERVICE – BY ADDING SECTION
13.20.020, "ENERGY THEFT DIVERSION/FIELD
SERVICES FEE RECOVERY SCHEDULE"

==========

BE IT ORDAINED BY THE LODI CITY COUNCIL AS FOLLOWS:

SECTION 1. Lodi Municipal Code Section 13.20 – Electrical Service – is hereby amended by adding Section 13.20.020, "Energy Theft Diversion/Field Services Fee Recovery Schedule," and shall read as follows:

Section 13.20.020 Energy Theft Diversion/Field Services Fee Recovery Schedule

A. PURPOSE: The Lodi City Council finds and determines that there is and has been a rise in utility theft in the City of Lodi whereby electricity services are being obtained without payment, including but not limited to, shutoff costs, meter tampering, damage to or removal of meter locking devices, energy diversion or theft of electric service, resulting in substantial monetary losses to the City's ratepayers in the form of, including but not limited to, loss of revenue, replacement of damaged meters, meter testing fee and other related equipment replacement or repair costs, personnel time in investigating and remedying theft matters, investigative costs, and attorney's fees. The purpose of this ordinance is to establish clear guidelines for the processing and recovery of revenues related to theft as well as costs, fees, and expenditures incurred by the City as a result of utilities theft as described herein.

B. ADOPTION OF FEES: The Lodi City Council shall from time to time establish by Resolution fees to be charged to utility account holders where the City incurs costs as a result of nonpayment, meter tampering, or actual or attempted theft of energy. Costs shall not exceed actual cost. Fees shall be limited to the following:

1) Theft Inspection Fee - shall be charged upon an inspection that shows that the meter has been tampered with or that the meter has been bypassed.

2) Field Services Field Trip Fee - shall be charged on accounts that are sealed for nonpayment.

3) Service Cut-At-Pole Fee – shall be charged on accounts that cannot be turned off at meter box when sealed for nonpayment or on accounts that the meter has been bypassed or tampered with.

4) Meter Set Fee – shall be charged when a meter must be replaced when the meter has been tampered with or bypassed.

5) Damaged Meter Test Fee – shall be charged when a meter must be tested after the meter was tampered with or bypassed.

6) Meter Ring Fee – shall be charged when meter ring must be replaced after the meter was tampered with or bypassed.

7) Padlock Fee – shall be charged when padlock must be installed or replaced after the meter was tampered with or bypassed.

8) Meter Cover Fee – shall be charged when meter cover must be replaced after the meter was tampered with or bypassed.

9) Damaged Meter Replacement Fee – shall be charged when meter is unrepairable and must be replaced after meter was tampered with or bypassed (separate fees for Single-Phase and/or Poly-Phase).

10) Nighthawk Collar/Nighthawk Meter Replacement Fee – shall be charged when Nighthawk Collar and/or Nighthawk meter must be replaced after the meter was tampered with or bypassed.

SECTION 2. No Mandatory Duty of Care. This ordinance is not intended to and shall not be construed or given effect in a manner which imposes upon the City, or any officer or employee thereof, a mandatory duty of care towards persons or property within the City or outside of the City so as to provide a basis of civil liability for damages, except as otherwise imposed by law.

SECTION 3. Severability. If any provision of this ordinance or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of the ordinance which can be given effect without the invalid provision or application. To this end, the provisions of this ordinance are severable. The City Council hereby declares that it would have adopted this ordinance irrespective of the invalidity of any particular portion thereof.

SECTION 4. All ordinances and parts of ordinances in conflict herewith are repealed insofar as such conflict may exist.

SECTION 5. This ordinance shall be published pursuant to law and shall become effective 30 days from the date of passage and adoption.

Approved this 21st day of December, 2011

_____
BOB JOHNSON
Mayor

Attest:

RANDI JOHL
City Clerk

State of California
County of San Joaquin, ss.

I, Randi Johl, City Clerk of the City of Lodi, do hereby certify that Ordinance No. 1855 was introduced at a regular meeting of the City Council of the City of Lodi held November 16, 2011, and was thereafter passed, adopted, and ordered to print at a regular meeting of said Council held December 21, 2011, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

I further certify that Ordinance No. 1855 was approved and signed by the Mayor on the date of its passage and the same has been published pursuant to law.

RANDI JOHL
City Clerk

Approved to Form:

D. STEPHEN SCHWABAUER
City Attorney

AGENDA ITEM K (Agency Meetings)

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Reorganization of the Following Agencies for the Purpose of Electing New Officers:

- Lodi Public Improvement Corporation
- Industrial Development Authority
- Lodi Financing Corporation
- City of Lodi Redevelopment Agency
- Lodi Public Financing Authority

MEETING DATE: December 21, 2011

PREPARED BY: City Clerk

RECOMMENDED ACTION: Conduct meetings of the following agencies for the purpose of electing new officers and adopt resolutions certifying the same.

- Lodi Public Improvement Corporation
- Industrial Development Authority
- Lodi Financing Corporation
- City of Lodi Redevelopment Agency
- Lodi Public Financing Authority

BACKGROUND INFORMATION: In light of the City Council reorganization, it is necessary to appoint new officers to the above listed agencies.

The City Council will appoint the newly elected Mayor and Mayor Pro Tempore as determined in the Council's reorganization to serve as the officers for each of these agencies for calendar year 2012.

There is no other business to come before the agencies at this meeting.

FISCAL IMPACT: None.

FUNDING AVAILABLE: None required.

Randi Johl
City Clerk/Secretary

RJ/JMR

APPROVED: _____
Konradt Bartlam, City Manager

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RESOLUTION NO. LPIC2011-01

A RESOLUTION ELECTING OFFICERS OF THE
LODI PUBLIC IMPROVEMENT CORPORATION

==========

WHEREAS, under the organizational procedures of the Lodi Public Improvement Corporation, an annual meeting of Directors shall be held and officers elected.

NOW, THEREFORE, BE IT RESOLVED by the Directors of the Lodi Public Improvement Corporation that the following persons are elected to the offices set forth opposite their names below as officers of the Corporation, to serve until the election and qualification of their successors as provided in Article III, Section 2, of the bylaws of the Corporation:

Name	**Title**
JoAnne Mounce	President
Alan Nakanishi	Vice President
Jordan V. Ayers	Treasurer
Randi Johl	Secretary

Dated: December 21, 2011

==========

I hereby certify that Resolution No. LPIC2011-01 was passed and adopted by the Board of Directors of the Lodi Public Improvement Corporation in a regular meeting held December 21, 2011, by the following vote:

AYES: DIRECTORS –

NOES: DIRECTORS –

ABSENT: DIRECTORS –

ABSTAIN: DIRECTORS –

RANDI JOHL
Secretary

RESOLUTION NO. IDA-34

A RESOLUTION OF THE INDUSTRIAL
DEVELOPMENT AUTHORITY AMENDING
RESOLUTION NO. IDA-33 BY ELECTING
NEW OFFICERS

==========

RESOLVED by the Industrial Development Authority that Industrial Development Authority Resolution No. IDA-33 is hereby amended by electing new officers, as follows:

SECTION 1: There shall be appointed from the Board of Directors a Chairperson and Vice Chairperson as follows:

Chairperson: JoAnne Mounce

Vice Chairperson: Alan Nakanishi

SECTION 2: There shall be appointed from the staff to the Authority, a Secretary and Treasurer, as follows:

Secretary: Randi Johl

Treasurer: Jordan V. Ayers

SECTION 3: This Resolution shall take effect immediately upon its passage.

==========

Approved and adopted December 21, 2011, by the following vote:

AYES: AUTHORIZING MEMBERS –

NOES: AUTHORIZING MEMBERS –

ABSENT: AUTHORIZING MEMBERS –

ABSTAIN: AUTHORIZING MEMBERS –

_____
JOANNE MOUNCE
Chairperson, Industrial Development
Authority, City of Lodi, California

Attest:

RANDI JOHL, Secretary
Industrial Development Authority,
City of Lodi, California

RESOLUTION NO. LFC-21

A RESOLUTION ELECTING OFFICERS OF THE
LODI FINANCING CORPORATION

==========

WHEREAS, under the organizational procedures of the Lodi Financing Corporation, an annual meeting of Directors shall be held and officers elected.

NOW, THEREFORE, BE IT RESOLVED by the Directors of the Lodi Financing Corporation that the following persons are elected to the offices set forth opposite their names below as officers of the Corporation, to serve until the election and qualification of their successors as provided in Article III, Section 303, of the bylaws of the Corporation:

Name	**Title**
JoAnne Mounce	President
Alan Nakanishi	Vice President
Jordan V. Ayers	Treasurer
Randi Johl	Secretary

Dated: December 21, 2011
==========

I hereby certify that Resolution No. LFC-21 was passed and adopted by the Board of Directors of the Lodi Financing Corporation in a regular meeting held December 21, 2011, by the following vote:

AYES: DIRECTORS –

NOES: DIRECTORS –

ABSENT: DIRECTORS –

ABSTAIN: DIRECTORS –

RANDI JOHL
Secretary

RESOLUTION NO. RDA2011-01

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF LODI ELECTING OFFICERS OF SAID AGENCY AND WAIVING COMPENSATION FOR THE DECEMBER 21, 2011, MEETING

WHEREAS, under the organizational procedures of the Redevelopment Agency of the City of Lodi, an annual meeting of Members shall be held and officers elected.

NOW, THEREFORE, THE REDEVELOPMENT AGENCY OF THE CITY OF LODI DOES HEREBY RESOLVE that the following persons are elected to the offices set forth opposite their names below as officers of the Agency, to serve until the election and qualification of their successors as provided in Article II of the bylaws of the Agency:

Name	**Title**
JoAnne Mounce	Chairperson
Alan Nakanishi	Vice Chairperson
Konradt Bartlam	Executive Director
Randi Johl	Secretary
Jordan V. Ayers	Finance Director
D. Stephen Schwabauer	General Counsel

NOW, THEREFORE, THE REDEVELOPMENT AGENCY OF THE CITY OF LODI DOES FURTHER RESOLVE that the members of the Agency have waived the entitled compensation for the December 21, 2011, meeting.

Dated: December 21, 2011

I hereby certify that Resolution No. RDA2011-01 was passed and adopted by the Members of the Redevelopment Agency of the City of Lodi in a regular meeting held December 21, 2011, by the following vote:

AYES: MEMBERS –

NOES: MEMBERS –

ABSENT: MEMBERS –

ABSTAIN: MEMBERS –

_____
JOANNE MOUNCE
Chairperson, City of Lodi
Redevelopment Agency

Attest:

_____
RANDI JOHL
Secretary, City of Lodi Redevelopment Agency

RESOLUTION NO. LPFA2011-01

A RESOLUTION ELECTING OFFICERS OF THE
LODI PUBLIC FINANCING AUTHORITY

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RESOLVED, under the organizational procedures of the Lodi Public Financing Authority, an annual meeting of Directors is hereby held and the following officers elected:

SECTION 1: There shall be appointed from the Board of Directors a Chairperson and Vice Chairperson as follows:

Chairperson:	JoAnne Mounce
Vice Chairperson:	Alan Nakanishi

SECTION 2: There shall be appointed from the staff to the Authority, an Executive Director, Secretary, Treasurer, and General Counsel, as follows:

Konradt Bartlam	Executive Director
Randi Johl	Secretary
Jordan V. Ayers	Treasurer
D. Stephen Schwabauer	General Counsel

SECTION 3: This Resolution shall take effect immediately upon its passage.

Dated: December 21, 2011
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I hereby certify that Resolution No. LPFA2011-01 was passed and adopted by the Board of Directors of the Lodi Public Financing Authority in a regular meeting held December 21, 2011, by the following vote:

AYES: BOARD MEMBER –

NOES: BOARD MEMBER –

ABSENT: BOARD MEMBER –

ABSTAIN: BOARD MEMBER –

RANDI JOHL
Secretary