

**LODI CITY COUNCIL
SHIRTSLEEVE SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, OCTOBER 5, 2010**

A. Roll Call by City Clerk

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, October 5, 2010, commencing at 7:00 a.m.

Present: Council Member Hansen, Council Member Johnson, Council Member Mounce, and Mayor Katzakian

Absent: Mayor Pro Tempore Hitchcock

Also Present: Interim City Manager Bartlam, City Attorney Schwabauer, and City Clerk Johl

B. Topic(s)

B-1 Receive Presentation Regarding Fourth Quarter Fiscal Year 2009/2010 Water, Wastewater and Electric Utility Department Financial Reports (CM)

Interim City Manager Rad Bartlam introduced the subject matter of the fourth quarter Fiscal Year 2009/10 water, wastewater, and electric utility department financial reports.

Electric Utility Director Elizabeth Kirkley provided a PowerPoint presentation regarding the Electric Utility Department quarterly update. Specific topics of discussion included an overview through June 30, 2010, FY10 financial results, non-power operating expenditures, power supply, power sales, sales comparison, billing statistics, Energy Cost Adjustment revenue, Northern California Power Agency (NCPA) general operating reserve (GOR), FY11 "Open Position," and conclusion.

In response to Council Member Mounce, Ms. Kirkley stated other revenues include interest but not sales.

In response to Council Member Mounce, Ms. Kirkley stated that, over the last year and during the interim period when there was no electric utility director, several capital projects did not progress as anticipated.

In response to Council Member Mounce, Ms. Kirkley stated the increase in the GOR was from the \$5 million refund from the Lodi Energy Center, which is housed at NCPA.

In response to Council Member Mounce, Ms. Kirkley stated the public benefit programs did not have as much participation as anticipated based primarily on the economy.

In response to Council Member Hansen, Ms. Kirkley stated public benefit monies carry over from year to year and also include the incentives for businesses.

In response to Council Member Johnson, Ms. Kirkley stated 2.5% of revenues must be put toward public benefit programs, unused funds continue to remain in the public benefits program line item, and staff is currently reviewing various projects for which that funding can be used.

In response to Council Member Hansen, Ms. Kirkley stated staff is looking at options to make the City's street light system more energy efficient.

In response to Council Member Johnson, Ms. Kirkley stated staff does look internally for projects

that may help bring energy efficiency to City facilities, which also benefits the public at large.

In response to Council Member Hansen, Ms. Kirkley stated the transmission numbers include Cal-ISO.

In response to Council Member Mounce, Mr. Bartlam stated the Electric Utility reserve policy will be coming to Council for consideration in approximately a month and the requested reserve numbers with respect to what NCPA requires versus recommends will also be covered.

In response to Council Member Hansen, Ms. Kirkley stated in terms of load coverage the City is covered with a conservative 4% open position.

In response to Mayor Katzakian, Ms. Kirkley stated staff is reviewing the 2012/13 open position on a monthly basis and will forward the current numbers as requested. Mr. Bartlam stated the open and closed position percentages are determined by the relevant policy and review of the Risk Oversight Committee and the position numbers will also be affected by the new Lodi Energy Center.

In response to Mayor Katzakian, Ms. Kirkley stated staff is in the process of reviewing and purchasing gas as well.

In response to Council Member Johnson, Ms. Kirkley stated it is anticipated that the 33% recommendation will become the law for renewable sources and the City is currently at 23%.

In response to Council Member Hansen, Mr. Bartlam stated the City has been approached by a company to look at options near the White Slough facility for wind turbines.

In response to Council Member Mounce, Mr. Bartlam stated the potential for the previously considered solar power near White Slough remains and the wind turbine potential is in addition to the solar potential.

Deputy Public Works Director Charlie Swimley provided a PowerPoint presentation regarding the water and wastewater utilities. Specific topics of discussion included wastewater operating results, wastewater cash flow summary, wastewater cash balances, water operating results, water cash flow summary for operations, water cash balances, water and wastewater accomplishments, operations, regulations, water meter program schedule, self-installation option status, installations generally, and phase descriptions for installation.

In response to Council Member Mounce, Mr. Swimley stated the Woodbridge Irrigation District (WID) payment is related to ability to discharge and is not connected to the annual payment for water.

In response to Council Member Hansen, Mr. Swimley stated the engineer's estimate for the upcoming project is \$5 million but it is anticipated the project will come in lower than the estimate.

In response to Council Member Johnson, Mr. Swimley stated engineers are traditionally more conservative in their estimates regardless of the economy.

In response to Council Member Hansen, Mr. Swimley stated there will be a cost of \$100,000 per well to change a part and make the carbon-related improvement to each well.

In response to Council Member Johnson, Mr. Swimley stated the City continues to receive \$250,000 annually based on the amount of water drawn from the wells.

In response to Council Member Hansen, Mr. Swimley stated the North San Joaquin Water Conservation District pumping charge was not billed, which is why the WID payment line item is lower than anticipated.

In response to Council Member Hansen, Mr. Swimley stated the various reports are all mandated and required by the State as a condition of the operating permit.

In response to Mayor Katzakian, Mr. Swimley stated the plant is permitted until 2012 and a new round of studies is underway with some emphasis on groundwater and pharmaceuticals.

A brief discussion ensued among the City Council, Mr. Bartlam, and Public Works Director Wally Sandelin regarding the \$300 cost of the water meter itself, the \$1,200 cost of installation for the water meter, and the potential of the City charging property owners the \$300 only while recovering the remaining installation costs from other funding sources.

In response to Council Member Johnson, Mr. Sandelin stated the phases that are indicated as being complete mean that all properties in those areas were visited and determinations were made with respect to what is already there and what is additionally needed.

In response to Council Member Hansen, Mr. Bartlam provided an overview of the ratings system with Standard and Poors and Moody's, stating the City now has an A+ rating with Standard and Poors and an Aa3 rating with Moody's.

In response to Council Member Johnson, Mr. Bartlam stated there are no guarantees on what the State will do in the future but right now it continues to have the City on a monitoring status only with respect to the PCE/TCE related plumes.

In response to Mayor Katzakian, Mr. Bartlam stated there are no immediate savings for the City with the improved ratings.

In response to Council Member Johnson, Mr. Bartlam stated staff will provide additional information as requested regarding the need for the City to obtain insurance, if at all, and what the applicable rates would be.

C. Comments by Public on Non-Agenda Items

None.

D. Adjournment

No action was taken by the City Council. The meeting was adjourned at 8:12 a.m.

ATTEST:

Randi Johl
City Clerk