

**LODI CITY COUNCIL
SHIRTSLEEVE SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, FEBRUARY 2, 2010**

A. Roll Call by City Clerk

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, February 2, 2010, commencing at 7:01 a.m.

Present: Council Member Hansen, Council Member Johnson, Council Member Mounce, Mayor Pro Tempore Hitchcock, and Mayor Katzakian

Absent: None

Also Present: City Manager King, City Attorney Schwabauer, and City Clerk Johl

B. Topic(s)

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

City Manager King provided a brief introduction to the subject matter of the quarterly utility updates.

Deputy Public Works Director Charlie Swimley provided a PowerPoint presentation regarding the Fiscal Year 2010 Water and Wastewater Quarterly Update. Specific topics of discussion included wastewater operating results, wastewater cash flow summary for operations, wastewater cash balances, water operating results, water cash flow summary for operations, water cash balances, and water/wastewater utility operational and regulatory accomplishments.

In response to Council Member Hansen, Mr. Swimley stated spills are generally related to grease overflows and manifest themselves onto streets in and around manholes.

In response to Council Member Hansen, Mr. Swimley stated some supplement of synthetics to the nitrogen is needed to even out the land to get the crops to grow. Mr. Swimley stated the biosolids report, along with a few other reports, are due annually while the monitoring and reporting requirements are done quarterly.

In response to City Manager King, Mr. Swimley stated the City is fully staffed at the White Slough facility in response to coverage inquiries for licensed plant operators from the city of Galt.

In response to Council Member Hansen, Mr. Swimley stated licensed staff is generally trained in-house although higher permit holder positions may be recruited.

In response to Mayor Pro Tempore Hitchcock, Mr. Swimley stated the increase of approximately \$1 million in wastewater undesignated reserves is a combination of funding not being specifically earmarked, infrastructure replacement, and rates.

In response to Mayor Pro Tempore Hitchcock, Mr. Swimley stated over the 12-month period there could be a \$2 million undesignated reserve that would be offset by the debt service for operation, which is \$2.3 million.

In response to Council Member Hitchcock, Deputy City Manager Jordan Ayers stated the current numbers are a snapshot of what is as of December 31 and the numbers cannot necessarily be doubled to project year-end numbers.

In response to Council Member Mounce, Mr. Ayers stated the water fund has nominal debt service, which is primarily covered by revenues in the fund.

Interim Electric Utility Director Ken Weisel provided a PowerPoint presentation regarding the Fiscal Year Electric Utility quarterly update. Specific topics of discussion included an overview, financial results, operating expenditures, power supply, power sales, billing statistics, Energy Cost Adjustment revenue, Northern California Power Agency (NCPA) general operating reserve, open position, and conclusion for power costs, revenues, reserves, and supply.

In response to Council Member Mounce, Mr. Weisel stated the current reserve amount is consistent with the current policy for the minimum reserve amount.

In response to Mayor Pro Tempore Hitchcock, Mr. Weisel stated the \$3.5 million is not expected to annualize to \$7 million because costs will be higher in the second half of the year and year-end projections are not yet available.

In response to Council Member Hansen, Mr. Weisel stated staff will have a reserve amount study completed within the next few months to bring to Council for consideration. Mr. Schwabauer stated the City's portion of the NCPA/PG&E settlement as a participant is expected to be approximately \$650,000 and should be coming due in the next 60 days or so.

In response to Council Member Mounce, Mr. Weisel stated staff received on Thursday the figures due from NCPA as a result of their accelerated payments and will discuss options with the larger utility users on how to absorb the cost.

In response to Council Member Hitchcock, Mr. Weisel stated the payment acceleration by NCPA is expected to be a one-time event and will not be recurring.

In response to Council Member Hansen, Mr. Weisel stated the NCPA amount due was approximately \$900,000, about \$600,000 over what was anticipated.

In response to Council Member Johnson, Mr. Weisel and Mr. King stated staff can propose two sets of numbers to the larger utility users to see if they would like to absorb the entire cost upfront or spread it out over the next few months.

In response to Mayor Pro Tempore Hitchcock, Mr. King stated a narrative description and explanation of the NCPA cost on the utility billing may be more feasible than a separate line item.

C. Comments by Public on Non-Agenda Items

None.

D. Adjournment

No action was taken by the City Council. The meeting was adjourned at 7:52 a.m.

ATTEST:

Randi Johl
City Clerk