

**LODI CITY COUNCIL
SHIRTSLEEVE SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, FEBRUARY 25, 2014**

A. Roll Call by City Clerk

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, February 25, 2014, commencing at 7:00 a.m.

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

Absent: Mayor Pro Tempore Hansen

Also Present: Interim City Manager Schwabauer, Interim City Attorney Magdich, and City Clerk Johl-Olson

B. Topic(s)

B-1 Second Quarter Fiscal Year 2013/14 Water, Wastewater, and Electric Utility Department Financial Reports (CM)

Deputy Public Works Director Larry Parlin provided a PowerPoint presentation regarding the quarterly update. Specific topics of discussion included water and wastewater cash flow summary, operating results, cash balances, bad debt write off, and activities.

In response to Council Member Johnson, Mr. Parlin stated the Finance Department makes transfers to the utility operations throughout the year.

In response to Council Member Johnson, Mr. Parlin stated hot spots for sewer back-ups due to increased conservation are more likely to occur in commercial areas such as downtown.

In response to Council Member Nakanishi, Mr. Parlin stated costs for sewer back-up calls vary based on the time of call out and whether or not it is after hours.

In response to Council Member Johnson, Mr. Parlin and Mr. Schwabauer confirmed that, while the water report may be distributed electronically per State law, Proposition 218 matters cannot be handled electronically.

In response to Council Member Johnson, Mr. Parlin stated the water for the banking authority project will come from the Mokelumne rivershed.

Electric Utility Director Elizabeth Kirkley provided a PowerPoint presentation regarding the quarterly update. Specific topics of discussion included electric fund cash flow summary, reserve policy, cash balances, power sales, Energy Cost Adjustment revenue, operating results, power supply costs, billing statistics, bad debt write off, load coverage, and activities.

In response to Council Member Johnson, Ms. Kirkley stated the utility is required to collect 2.85% of sales revenue for the public benefit fund.

In response to Mayor Katzakian, Ms. Kirkley stated when we buy load for next fiscal year it is accounted for in that next fiscal year because the utility is not charged until the power is delivered.

In response to Council Member Johnson, Ms. Kirkley stated the utility layers in purchases

throughout the year based on a diversified portfolio while monitoring the market in conjunction with Northern California Power Agency and buys the power when the timing is right. Ms. Kirkley stated the open position gap is typical of industry standards.

In response to Council Member Nakanishi, Ms. Kirkley provided an overview of how the natural gas prices are tied to power supply purchases and drought conditions.

In response to Council Member Johnson, Ms. Kirkley confirmed that staff is looking into options for labeling the utility's copper as PG&E has done in response to increased copper thefts.

In response to Council Member Johnson, Mr. Schwabauer stated immunity is not available from PG&E for the 230kV project because the project risk associated with being classified as a transmission operator involves the City directly entering and exiting the system at 230kV versus 60kV. A brief discussion ensued amongst the City Council and Mr. Schwabauer regarding the benefits of the project to the City and PG&E.

In response to Council Member Mounce, Mr. Schwabauer stated with respect to impact fees the project should pay for itself based on the study and existing load profile is already being maximized notwithstanding projected growth in areas such as Reynolds Ranch.

In response to Mayor Katzakian, Ms. Kirkley stated the project will save approximately \$2 million annually.

In response to Council Member Nakanishi, Ms. Kirkley stated the utility is not a part of the grid so there is no revenue generation as a result. Ms. Kirkley stated the transmission operator classification would be based on the utility's direct impact on the grid.

C. Comments by Public on Non-Agenda Items

None.

D. Adjournment

No action was taken by the City Council. The meeting was adjourned at 7:50 a.m.

ATTEST:

Randi Johl-Olson
City Clerk