

**LODI CITY COUNCIL  
SHIRTSLEEVE SESSION  
CARNEGIE FORUM, 305 WEST PINE STREET  
TUESDAY, MARCH 12, 2013**

A. Roll Call by City Clerk

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, March 12, 2013, commencing at 7:00 a.m.

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

Absent: Council Member Mounce, and Mayor Nakanishi

Also Present: City Manager Bartlam, City Attorney Schwabauer, and Assistant City Clerk Robison

B. Topic(s)

B-1 Second Quarter Fiscal Year 2012/13 Water, Wastewater, and Electric Utility Department Financial Reports (CM)

City Manager Rad Bartlam provided a brief introduction to the subject matter of the quarterly updates from the water, wastewater, and electric utilities.

Deputy Public Works Director Larry Parlin provided a PowerPoint presentation regarding the second quarter water and wastewater utility department report. 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 Hansen, Mr. Parlin stated the personnel vacancies have resulted in some savings and Human Resources has been working to get those positions filled.

In reply to Council Member Johnson, Mr. Parlin responded that it remains difficult to recruit for the certified operator positions; however, the recruitment for non-licensed positions has improved and the pool of applicants has increased.

In response to Council Member Johnson, Mr. Parlin stated that the actual cash on hand greatly exceeded the target due primarily to the capital money from the water treatment plant bond and the water meter program, which will be spent down on an annual basis.

In response to Council Member Hansen, Public Works Director Wally Sandelin explained that staff is currently replacing the oldest pipes throughout the city and that will eventually taper off. Mr. Bartlam further responded that, upon completion of the water meter program and pipe replacement, the goal would be to focus on rate stabilization and debt retirement.

Mayor Pro Tempore Katzakian questioned if there would be excess funds from the water treatment plant, to which Mr. Bartlam replied in the affirmative and stated the goal would be to retire that.

In response to Council Member Hansen, City Attorney Schwabauer stated the only PCE/TCE plume with active remediation is the Central Plume. Busy Bee will wrap up within six months; the Southern and Southwestern Plumes will have an inactive remediation schedule soon; and the Northern Plume will have some activity but more work is necessary before then. Most of the stalls have been due to regulatory issues and staffing at the state level.

City Manager Bartlam stated staff is in the process of reevaluating its liabilities, the current estimate dates back to the strong movement from the state, and the liability on the books will most likely drop significantly. Mr. Schwabauer confirmed that the money on the books will be spent but the City will probably not have to worry about picking up the other \$45 million in liability.

In response to Mayor Pro Tempore Katzakian, Management Analyst Rebecca Areida-Yadav stated the amount in the "other" category on the water fund cash flow summary is an overestimation on the water meter payments and the tap fees are ongoing but should drop off over time. In further response, Mr. Bartlam stated staff monitors the rates to ensure all is on track.

Electric Utility Director Elizabeth Kirkley provided a PowerPoint presentation regarding the second quarter electric utility department report. Specific topics of discussion included electric fund operating results, cash balances, power supply costs, power sales, Energy Cost Adjustment revenue, billing statistics, bad debt write off, general operating reserve, open position, and accomplishments.

Council Member Hansen questioned the current assessment of the cap and trade program, to which Ms. Kirkley replied the amount came in lower than anticipated but the trend is going up. She does not see any unexpected backlash or cost for the City. In further response, Ms. Kirkley stated the next auction is in May and the City will realize those revenues in this fiscal year.

In response to Council Member Hansen, Mr. Bartlam stated he would like to see the cash on hand target a little higher as long as it is achievable on a consistent basis.

In reply to Council Member Hansen, Mr. Bartlam stated most of the Electric Utility personnel vacancies occurred at the end of this quarter.

In response to Council Member Johnson, Ms. Kirkley stated staff is reviewing the public benefits fund program and will be returning to Council with recommendations. The hope is to include more efficient street lighting; however, the program has to operate within the cash requirements.

Discussion ensued amongst Council Member Hansen, Mayor Pro Tempore Katzakian, Ms. Kirkley, and Mr. Bartlam regarding interconnection to the west and east, the possibility of having both, PG&E's opposition, and potential Cal-ISO decision and upcoming vote.

Rob Lechner, Manager of Rates and Resources, provided information on the Energy Theft Diversion Program, recent energy efficiency class which was well attended by the key accounts, the new on-line residential rebate application, and the Youth Energy Summit.

In response to Council Member Hansen, Mr. Lechner explained that the on-line rebate application is for rebates of less than \$300 in value and provides an expedited process.

Council Member Hansen questioned what the five-year plan is regarding clean energy, to which Ms. Kirkley replied that staff has been working with Northern California Power Agency on bio-methane options and renewables and will have a future Shirtsleeve Session on the subject.

In response to Mayor Pro Tempore Katzakian, Ms. Kirkley stated that hydro will most likely not happen.

In response to Mayor Pro Tempore Katzakian, Deputy City Manager Jordan Ayers stated the City retired one debt this year, the next debt will retire in 2015 with an estimated \$3 to \$5 million payment, and the third will retire in 2028.

C. Comments by Public on Non-Agenda Items

None.

D. Adjournment

No action was taken by the City Council. The meeting was adjourned at 7:45 a.m.

ATTEST:

Jennifer M. Robison  
Assistant City Clerk