

**LODI CITY COUNCIL  
SHIRTSLEEVE SESSION  
CARNEGIE FORUM, 305 WEST PINE STREET  
TUESDAY, APRIL 21, 2015**

A. Roll Call by City Clerk

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, April 21, 2015, commencing at 7:01 a.m.

Present: Council Member Nakanishi, Mayor Pro Tempore Chandler, and Mayor Johnson  
Absent: Council Member Kuehne, and Council Member Mounce  
Also Present: City Manager Schwabauer, City Attorney Magdich, and City Clerk Ferraiolo

B. Topic(s)

B-1 Second Quarter Fiscal Year 2014/15 Water, Wastewater, and Electric Utility Department Financial Reports (CM)

Electric Utility Director Elizabeth Kirkley provided a PowerPoint presentation regarding the second quarter Fiscal Year 2014/15 electric utility financial reports. Specific topics of discussion included cash flow summary, reserve policy, cash balances, power sales, energy cost adjustment (ECA) revenue, operating results, power supply costs, bad debt write off, load coverage, and activities.

In response to Mayor Pro Tempore Chandler, Ms. Kirkley stated that a number of expenses that were eligible for public benefits were not charged to the Public Benefits Fund account and staff will transfer the funds accordingly.

In response to Council Member Nakanishi, Ms. Kirkley stated that not all utilities have an ECA and she was uncertain whether private utilities, such as PG&E, have an ECA. City Manager Schwabauer stated that PG&E charges a higher utility rate in order to build its reserve and to cover fluctuations in energy costs. In further response, Ms. Kirkley stated that staff responds to all of John Johnson's questions regarding the ECA each time a request is received.

In response to Mayor Johnson, Ms. Kirkley stated that decorative lights can be found in the downtown area and older subdivisions that do not have the Cobra-head style lighting. She stated the decorative lights will be replaced with light emitting diode lights with in-house labor because it is more cost effective to handle with staff. Mr. Schwabauer further responded that a majority of the east side has decorative lights on concrete posts, as well as the downtown and City Hall neighborhoods and through to Ham Lane.

Public Works Director Wally Sandelin provided a PowerPoint presentation regarding the second quarter Fiscal Year 2014/15 water and wastewater financial reports. Specific topics of discussion included cash flow summary, operating results, cash balances for the wastewater and water funds, bad debt write off, and activities.

In response to Mayor Johnson, Mr. Sandelin reported on the current status of the water meter project, stating that it is currently at 75 percent completion and, out of 16,000 residential customers, only 4,000 remain.

In response to Mayor Johnson, Mr. Schwabauer stated that approximately \$500,000 in PCE/TCE settlement funding is outstanding from Albertsons/S-Mart, primarily due to unresolved court issues, but lately there has been a lack of cooperation, which the City could force by filing a motion to enforce the settlement.

Mr. Sandelin announced that staff will report to Council at its meeting of May 20 on the new water conservation regulations and the discrepancies between the City's data and the State's, along with an explanation for the difference including the City not being fully metered which resulted in higher assumptions. Current data of metered customers over a six-month span has provided more accurate results, and the month of March showed usage at 83 gallons of water per capita per day.

Mayor Johnson suggested it would be more productive at this meeting to demonstrate the desired target the City needs to get to in order to achieve adequate conservation. Mr. Sandelin agreed, stating that staff will recommend options for Stage 3 water conservation, which could include reducing watering days or hours, as well as data to better understand how the numbers are calculated and what the City can do to improve those.

Mayor Johnson stated that the message needs to be made clear to the public that there could be significant penalties for lack of water conservation. Mr. Schwabauer stated that currently water conservation officers can cite people who water on non-watering days or otherwise violate the regulations. Mayor Johnson stated that citing people for running sprinklers on non-watering days may not be sufficient, adding that he recalled in the mid-1970s that people who used too much water were penalized on their utility bill. Mr. Sandelin stated that the Governor is leaning in that direction, to financially punish people who do not conserve water. Mr. Sandelin provided the following statistics from the last quarter: 1) water conservation officers responded to 413 calls and violations, a majority of which were for flooding, water running into the gutter, and watering on the wrong day; 2) 50 citizens called with complaints; 3) staff responded to 309 customers; and 4) only one citation for \$35 was issued.

In response to Council Member Nakanishi, Mr. Sandelin confirmed that new residential units in Lodi pay for operating and capital expenses, as well as debt service, but revenue from water and wastewater will increase by only 1 percent, or roughly \$2,000, because it is anticipated that only 30 to 40 new homes will be occupied in the next fiscal year.

In response to Mayor Pro Tempore Chandler, Mr. Sandelin stated that complaints regarding the taste of the water may be due to those individuals' sensitivity to chlorine. Mr. Sandelin stated that reports can be made by location, in which case staff could flush the system; however, with the current water situation, that may be problematic to do at this time because the process causes water to flood the street.

In response to Myrna Wetzel, Mr. Sandelin confirmed that the City of Lodi has a tiered structure for water billing. Ms. Wetzel pointed out that there was a judgment recently that determined this tiered type structure was illegal and questioned what that would mean for Lodi. City Attorney Magdich stated that the judgment in San Juan Capistrano was issued only yesterday, the attorneys are still reviewing the case, and it is likely an appeal will be filed. Mr. Schwabauer added that it is not binding on Northern California; the third district court of appeals has no standing on rates in Lodi; it is a jurisdictional issue; and staff will be discussing the matter with Council. In further response, Mr. Sandelin stated that the 36 percent reduction in water use would be calculated across the city, not on an individual basis.

C. Comments by Public on Non-Agenda Items - None

D. Adjournment

No action was taken by the City Council. The meeting was adjourned at 7:30 a.m.

ATTEST:

Jennifer M. Ferraiolo  
City Clerk