

**LODI CITY COUNCIL
SHIRTSLEEVE SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, MAY 13, 2014**

A. Roll call by City Clerk

A Special Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held at the Lodi Public Library, 201 West Locust Street, Lodi, on Tuesday, May 13, 2014, commencing at 7:00 a.m.

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

Absent: Council Member Mounce

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

B. Topic(s)

B-1 Receive Presentation Regarding Fiscal Year 2014/15 Budget (CM)

Deputy City Manager Jordan Ayers provided a PowerPoint presentation regarding the Fiscal Year 2014/15 budget. Specific topics of discussion included an overview of the electric, water, and wastewater utility funds, revenue, expenditures, capital projects, and reserves.

In response to Council Member Nakanishi, Mr. Ayers confirmed that the customer charges figure has declined due to conservation.

In response to Council Member Johnson, Interim City Manager Schwabauer stated that the proposed electrical engineer position is needed for the approximately five subdivisions that are expected to build within the next few years and to handle the current technical workload of the department.

In response to Mayor Pro Tempore Hansen, Electric Utility Rate and Resources Manager Melissa Price stated there are currently two active recruitments for the line worker positions, the positions are difficult to recruit for because the City has to compete with SMUD and other agencies, the labor hall is available to pull from although the quality may not be what the City is specifically looking for, and currently while overtime has not been utilized, capital projects and maintenance has been reprioritized.

In response to Council Member Johnson, Mr. Schwabauer stated the current direct buried cable in some of the subdivisions will be replaced with conduit, which has a longer life.

In response to Council Member Nakanishi, Ms. Price stated the power costs are higher due to the transmission upgrade for increased capacity.

A brief discussion ensued between Council Member Nakanishi, Mayor Pro Tempore Hansen, and Mr. Schwabauer regarding the revenue decreases expected in future years, the impact of new development on power costs, and how other agencies are continuing to deal with enhanced regulations and growing energy costs.

In response to Mayor Pro Tempore Hansen, Ms. Price confirmed that the street light retrofit project will be discussed at a future meeting as part of the public benefits program discussion and the bids for the project are due on June 5, 2014.

In response to Council Member Johnson, Ms. Price stated the Northern California Power Agency (NCPA) identifies items for reserves for the City as a part its annual budget process.

In response to Mayor Pro Tempore Hansen, Mr. Ayers stated the NCPA general operating reserve is similar to where it was at this time last year without any major variances.

In response to Council Member Johnson, Mr. Ayers stated the reserve amount for the utility ebbs and flows not based upon what the actual debt service is but rather when that debt service is paid from reserves and when the reserve builds itself back up. A brief discussion ensued amongst Council Member Nakanishi and Mr. Schwabauer regarding how the reserve amount is affected by debt payment and net revenue.

B-2 Third Quarter Fiscal Year 2013/14 Water, Wastewater, and Electric Utility Department Financial Reports (CM)

Electric Utility Rate and Resources Manager Melissa Price provided a PowerPoint presentation regarding the electric utility quarterly update. Specific topics of discussion included cash flow summary, reserve policy, cash balances, power sales, Energy Cost Adjustment (ECA) revenue, operating results, power supply costs, billing statistics, bad debt write off, rolling load coverage, and utility activities.

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

In response to Mayor Pro Tempore Hansen, Mr. Sandelin provided an overview of the duties and responsibilities that will be assigned to the proposed watershed program coordinator position, including coordinating water related discussions and activities with outside agencies and conducting public outreach activities. Mr. Sandelin stated a specific skill set will be required for the position.

In response to Council Member Johnson, Mr. Ayers stated the financial system upgrade will be complete by August 1, 2016.

In response to Mayor Katzakian, Ms. Price confirmed that the open position is a reflection of the load and there will not be a need to sell excess load.

In response to Mayor Pro Tempore Hansen, Ms. Price and Mr. Schwabauer stated that some power costs will go up as a result of the decline in hydro availability, gas purchases are the primary replacement for hydro purchases, the City's hydro portfolio is approximately 5% to 8% and will therefore not be significantly impacted, and the ECA will capture power cost fluctuation but not capital costs.

In response to Council Member Nakanishi, Mr. Schwabauer confirmed that the purchases are made up to three years in advance consistent with the City's policy and NCPA's policy.

In response to Mayor Pro Tempore Hansen, Ms. Price stated the state mandated reports are primarily handled by in-house staff although a consultant assists with greenhouse gas emission compliance.

In response to Council Member Johnson, Mr. Sandelin stated the department will be proposing a new position of Utilities Manager to replace the position previously held by Larry Parlin.

Ed Miller spoke in regard to his concerns about the staff report information being presented in a manner that is not understandable by the public and the lack of data presented to support fee and cost assertions.

John Slaughterback spoke in regard to his concerns about the reduction of developer impact fees, adding to the number of City employees versus contracting services, and the lack of information presented to the City Council and the public when decisions are made.

C. Comments by public on non-agenda items

None.

D. Adjournment

No action was taken by the City Council. The meeting was adjourned at 8:30 a.m.

ATTEST:

Randi Johl-Olson
City Clerk