

**LODI CITY COUNCIL
SHIRTSLEEVE SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, JUNE 7, 2011**

A. Roll Call by City Clerk

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, June 7, 2011, commencing at 7:00 a.m.

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

Absent: Council Member Hansen

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

B. Topic(s)

B-1 Third Quarter Fiscal Year 2010/11 Water, Wastewater, and Electric Utility Department Financial Reports (CM)

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

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

In response to Mayor Pro Tempore Mounce, Mr. Swimley stated the debt service encompasses the payment on plant upgrades for the White Slough facility.

In response to Mayor Johnson, Mr. Bartlam stated the communication and transportation line item also includes utilities in general.

In response to Council Member Nakanishi, Mr. Swimley stated work for others includes work done for other departments in the City including Electric Utility.

In response to Mayor Pro Tempore Mounce, Mr. Swimley confirmed that the \$5 million figure for restricted assets is the remaining committed proceeds that have not yet been issued.

In response to Mayor Johnson, Mr. Swimley stated the City is still collecting on the well situation as part of the settlement agreement, 25 years remain on the 40-year agreement, and expenditures are typically less than revenues so it is a revenue generator. Further, Mr. Swimley stated staff is not sure where the sludge is coming from as it could be from a few different sources and it is coming from far away but staff is looking into it.

In response to Council Member Nakanishi, Mr. Bartlam stated approximately 58 cents of every dollar spent is for regulatory compliance and most of those expenses are White Slough debt service and operating related.

Electric Utility Director Elizabeth Kirkley provided a PowerPoint presentation regarding the electric utility quarterly report. Specific topics of discussion included an overview, financial results, non-power operating expenditures, power supply, power sales, billing statistics, bad debt, Energy Cost Adjustment (ECA) revenue, Northern California Power Agency (NCPA) general operating reserve (GOR), open position, and summary.

In response to Mayor Johnson, Ms. Kirkley stated the GOR increase is due to the settlement at the end of the last fiscal year and a transfer into that line item.

In response to Mayor Pro Tempore Mounce, Deputy City Manager Jordan Ayers stated the books are maintained on an accrual basis and the presentations are made on a cash balance basis. Mr. Ayers stated they can show both numbers in the future.

In response to Mayor Johnson, Ms. Kirkley stated the management services line item is NCPA related and includes pool costs such as membership dues. Further, Mr. Ayers stated the debt write off is a combination of both residential and commercial accounts but is primarily residential. In response to Mayor Pro Tempore Mounce, Mr. Ayers stated the City uses CB Merchant for debt collection.

In response to Mayor Johnson, Ms. Kirkley stated the Scheduling Coordination Balancing Act is termed by NCPA and is used for collateral and security purposes.

In response to Council Member Nakanishi, Mr. Bartlam stated the ECA is designed to balance energy costs based on usage through a monthly true-up to prevent large variations. Mr. Bartlam stated energy is bought forward up to three years. Further, he stated utilities are still risky in that there are unknown regulations and weather that comes into play, which drives supply and costs, and it is a good idea for the City Council to have a working understanding of the same. The electric utility benefits the City by generating approximately \$7 million in transfers to the general fund, providing an economic incentive for businesses, and contributing a \$2 million cost of service for billing, meter reading, and collections.

In response to Council Member Katzakian, Mr. Bartlam stated staff is in the process of reviewing the tier options and will bring the matter back to Council for consideration in the near future.

In response to Myrna Wetzel, Ms. Kirkley stated the solar power increase is related to higher public participation in the rebate and incentive programs.

In response to Mayor Johnson, Ms. Kirkley stated there is no longer a sunset for the 2.85% set aside for public benefit monies.

C. Comments by Public on Non-Agenda Items

In response to Myrna Wetzel, Public Works Director Wally Sandelin stated security cameras in the parking garage are coming and the cameras in the train depot are in the installation process.

Mayor Pro Tempore Mounce provided an update regarding the Governor's proposal as it relates to enterprise zones, stating the revisions may result in a more effective program for the end user and eliminate unnecessary paperwork and fees.

D. Adjournment

No action was taken by the City Council. The meeting was adjourned at 7:58 a.m.

ATTEST:

Randi Johl
City Clerk