

**LODI CITY COUNCIL
SHIRTSLEEVE SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, JUNE 10, 2014**

A. Roll Call by City Clerk

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, June 10, 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: City Manager Schwabauer, City Attorney Magdich, and City Clerk/Legislative Affairs Officer Johl-Olson

B. Topic(s)

B-1 Public Benefits, Renewable Energy Funds, Utilization of Greenhouse Gas Revenue, and Participation in Solar Energy Project (EU)

Electric Utility Director Elizabeth Kirkley provided a PowerPoint presentation regarding the public benefits and renewable energy funds. Specific topics of discussion included program history, eligible expenses, revenues, recent expenditures, expenditure plan, current and future projects, and Astoria 2 solar project overview including participants, project features, and economics.

Council Member Nakanishi requested information regarding the average cost of energy for customers.

In response to Council Member Johnson, Ms. Kirkley stated the rebate reduction was put into place to incentivize solar companies to reduce the cost for solar panels.

In response to Council Member Johnson, Ms. Kirkley stated there is no current mandate regulating when public benefit funds must be spent.

In response to Council Member Nakanishi, Ms. Kirkley confirmed that the administration cost of the public benefits program is 3%.

In response to Mayor Pro Tempore Hansen, Ms. Kirkley stated the total cash balance in the budget does not change because funds move from one fund to another for public benefit projects but the bottom line remains the same.

In response to Council Member Nakanishi, Mr. Schwabauer confirmed that public benefit fund expenditures are authorized by Council and he anticipates coming back to the City Council in the next few meetings.

In response to Council Member Nakanishi, Ms. Kirkley stated the cap and trade program is administered directly by Electric Utility staff.

In response to Council Member Johnson, Ms. Kirkley stated the effluent project is funded by everyone in Northern California Power Agency (NCPA) who is a part of the geyser project and Lodi has been paying into the project as a part of the Electric Utility budget.

In response to Council Member Johnson, Rates and Resources Manager Melissa Price stated

the Astoria 2 project was not fully subscribed by Southern California Public Power Authority members because the members were already involved with other projects.

In response to Council Member Johnson, Ms. Kirkley and City Manager Schwabauer confirmed that the Renewable Portfolio Standards (RPS) requirement needs to be met, traditional power source prices are low, power prices will go up with demand, developer tax credits will expire in 2016, and the project will be up and running in 2017.

In response to Council Member Nakanishi, Ms. Kirkley confirmed that the City of Lodi would be buying energy at 10mw in the Astoria 2 project but will not own any portion of the project.

In response to Mayor Katzakian, Ms. Price discussed the difficulty associated with being a smaller and medium size in NCPA as it relates to obtaining full subscription for projects. Mr. Schwabauer confirmed there would be no conflict with NCPA if the City of Lodi were to participate in the Astoria 2 project.

In response to Council Member Nakanishi, General Counsel for NCPA Mike Dean confirmed that, if the Astoria 2 project goes under, the City does not have any liability associated with the same because it is only purchasing the power and does not have ownership in the project.

In response to Mayor Pro Tempore Hansen, Ms. Price and Ms. Kirkley stated it is difficult to ascertain what the fines and penalties will be if agencies do not meet the RPS by the 2020 deadline because it has not yet happened.

In response to Council Member Johnson, Ms. Price stated NCPA previously had a "Green Pool" for smaller and medium size members and that, while requests for proposals for projects were submitted, none of those projects came to fruition due to the high costs associated with them.

In response to Council Member Nakanishi, Mr. Schwabauer stated PG&E has 100mw in the Astoria 1 project and typically green energy projects are done through private entities.

In response to Council Member Nakanishi, Ms. Price stated the break even time frame for solar power costs is ten years and staff will continue to look into solar options for the City going into the future.

In response to Mayor Katzakian, Ms. Price confirmed that the life expectancy of the project is 20 years and it will no longer exist after that time.

Mr. Dean provided a brief overview of project governance for the City of Lodi through the buyers joint project agreement and power purchase agreement and briefly discussed proportionate voting abilities for power purchases.

In response to Council Member Nakanishi, Mr. Dean confirmed that the City's primary and alternate representatives on the purchase committee can be staff or elected officials.

Council Member Johnson requested additional information regarding similar solar projects that have been tried before, including when they came online and how successful they were.

In response to Council Member Johnson, Mr. Schwabauer stated the Light-Emitting Diode (LED) street lighting project is a big project and will cost approximately \$3 million and the City Hall chiller project will also be costly. A brief discussion ensued between Mr. Johnson and Mr. Schwabauer regarding other City projects that may be considered for public benefit funds.

In response to Council Member Nakanishi, Ms. Kirkley confirmed that the greenhouse gas fund

has no other revenue source other than auction funds, and that the solar and public benefit funds have no other revenue source other than the surcharge.

In response to Mayor Pro Tempore Hansen, Ms. Kirkley stated currently the City is at approximately 20% and with the proposed Astoria 2 project it will meet its 33% renewable requirement by 2020.

In response to Mayor Katzakian, Ms. Kirkley confirmed there is a 25% renewable benchmark for 2016 to ensure agencies are on track.

Myrna Wetzel spoke in regard to her concern about a news story regarding LED lights in the City of Davis and urged staff to look into the same.

C. Comments by Public on Non-Agenda Items

None.

D. Adjournment

No action was taken by the City Council. The meeting was adjourned at 7:55 a.m.

ATTEST:

Randi Johl-Olson
City Clerk/Legislative Affairs Officer