

**LODI CITY COUNCIL  
SHIRTSLEEVE SESSION  
CARNEGIE FORUM, 305 WEST PINE STREET  
TUESDAY, AUGUST 16, 2011**

A. Roll Call by City Clerk

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, August 16, 2011, commencing at 7:00 a.m.

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

Absent: Council Member Hansen, and Council Member Katzakian

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

B. Topic(s)

B-1 Receive Utility Financial Reports for the Fourth Quarter of Fiscal Year 2010/11 Ending June 30, 2011 (CM)

City Manager Rad Bartlam briefly introduced the subject matter of the utility quarterly update.

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

In response to Mayor Pro Tempore Mounce, Mr. Swimley stated the development fees received were associated with the water treatment facility and a PCE/TCE project.

In response to Council Member Nakanishi, Mr. Bartlam stated with wastewater everything that is not spent from what is collected goes into the utility reserve.

In response to Mayor Johnson, Mr. Swimley stated there are still some wineries that continue to truck waste out to the facility.

In response to Mayor Pro Tempore Mounce, Mr. Swimley stated the average cash on hand is 90 days for Lodi. He stated currently the utility well exceeds that amount because some money will be spent on capital projects.

In response to Mayor Pro Tempore Mounce, Mr. Swimley stated previously the capital fund was used to pay debt service and was not back-filled. He stated that account is now being back-filled at \$750,000 per year for debt service and when the balance is zero that fund will no longer be negative.

In response to Council Member Nakanishi, Public Works Director Wally Sandelin stated the debt service that was paid out of the capital fund was related to a bond issue for the White Slough facility back in the 1980s.

In response to Mayor Pro Tempore Mounce, Mr. Swimley stated the Build America bonds will be used for the water treatment facility bond issue.

A brief discussion ensued among Mayor Pro Tempore Mounce, Mr. Sandelin, Deputy City Manager Jordan Ayers, and Mr. Bartlam regarding how cash on hand days are calculated with the City and rating agencies and the inclusion of capital costs. Mr. Sandelin stated he will

distribute to the Council the current financial model, which shows the true actual numbers for operating.

In response to Council Member Nakanishi, Mr. Swimley stated the PCE/TCE line item was set up some years ago to provide an accounting of the clean-up and settlement of PCE/TCE.

In response to Mayor Johnson, Mr. Swimley stated the actual costs associated with implementing the latest state mandate associated with storm water drainage permits is unknown as is the effect on local businesses.

In response to Council Member Nakanishi, Mr. Swimley stated the supplies and equipment line item is considerably less because there were some roll overs from previous years that did not get spent.

In response to Mayor Johnson, Mr. Sandelin stated the final resurfacing of Mills Avenue will occur in October during the two week school break and the pipe on Turner has already been boarded.

Electric Utility Director Elizabeth Kirkley provided a PowerPoint presentation regarding the electric utility quarterly update. Specific topics of discussion included electric cash flow summary, operating results, cash balances, power supply costs, power sales, Energy Cost Adjustment revenue, billing statistics, bad debt write-off, Northern California Power Agency (NCPA) general operating reserve (GOR), open position, and accomplishments.

In response to Mayor Pro Tempore Mounce, Ms. Kirkley stated the reserve goal for the utility for cash on hands is 90 days.

In response to Mayor Pro Tempore Mounce, Ms. Kirkley stated the revenues and expenditures will be matched up throughout the year for timing purposes to ensure that the solar rebates do not run out.

In response to Council Member Nakanishi, Ms. Kirkley confirmed the utility is mandated to set aside 2.5% of revenues for public benefit programs, the funds can accumulate for use on a larger energy efficiency project, and the average amount spent annually is approximately \$900,000.

In response to Mayor Johnson, Ms. Kirkley stated the sale of excess power is done on a daily basis at market rates, sales vary greatly depending upon the amount of the original purchase, and there have been days when Cal-ISO is giving power away.

In response to Mayor Johnson, Mr. Bartlam stated staff is going to try to ratchet down the number of days for delinquent accounts from 90 to 45 because the longer unpaid amounts turn into bad debt write off.

In response to Mayor Pro Tempore Mounce, Mr. Bartlam and Mr. Ayers stated the City could pull the amount of the GOR increase from NCPA if it so desired although NCPA currently has a better interest rate.

In response to Council Member Nakanishi, Mr. Ayers provided an overview of how GOR works, stating he will research the amount that has been over or under paid at the end of year previously and provide those numbers as requested.

In response to Mayor Pro Tempore Mounce, Mr. Ayers stated the rating agency does not have a preference for the money being held at the City versus NCPA.

In response to Mayor Johnson, Ms. Kirkley confirmed that overall there were no negative

comments received with respect to automated meters and provided an overview of the energy theft diversion program.

In response to Myrna Wetzel, Ms. Kirkley stated the new pole installation and testing is being handled by Osmose, the City's contractor on the project.

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  
City Clerk