

**LODI CITY COUNCIL
SHIRTSLEEVE SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, AUGUST 25, 2009**

A. Roll Call by City Clerk

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, August 25, 2009, commencing at 7:04 a.m.

Present: Council Member Hitchcock, Mayor Pro Tempore Katzakian, and Mayor Hansen

Absent: Council Member Johnson, and Council Member Mounce

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

B. Topic(s)

B-1 Fourth Quarter Fiscal Year 2008-09 Water, Wastewater, and Electric Utility Department Financial Reports (EUD)

City Manager King briefly introduced the subject matter of the fourth quarter fiscal year 2008-2009 water, wastewater, and electric utility financial reports.

Water Services Manager Charlie Swimley provided a PowerPoint presentation regarding the fourth quarter water and wastewater financial reports. Mr. Swimley specifically discussed the water and wastewater operating results ending June 30, 2009, cash flow summary operations, cash balances, operating results, and water and wastewater utility accomplishments.

In response to Mayor Hansen, Mr. Swimley stated violations and permits do come out of operating costs, although they are not necessarily budgeted for because the goal is always to have zero violations. Mr. Swimley stated that, if there is a significant change coming from the State, a time schedule for implementation is issued and there is time to prepare budget wise. He said he does not anticipate any significant changes over the next year.

In response to Council Member Hitchcock, Mr. Swimley stated the rate increase will bring in approximately \$1.7 million, the negative balance will remain until 2011 and will become positive thereafter, and then the work will begin toward establishing a reserve.

In response to Mayor Hansen, Mr. King stated the impact mitigation fee line item is in the negative because of the \$1.2 million and the level of development is directly related to the impact mitigation fee fund repayment.

In response to Council Member Hitchcock, Mr. King stated the City's impact fee program was based on a formula that used the projected amount of units to be developed.

In response to Mayor Hansen, Mr. King stated new annexations are included in the sense that the City does charge them.

In response to Council Member Hitchcock, Mr. King explained the two methodologies used for calculating impact mitigation fees are the costs are equally spread out among all proposed units regardless of whether or not they are built or equally spreading costs over only already developed units.

In response to Council Member Hitchcock, Public Works Director Wally Sandelin stated three years into the program there was a minor adjustment downward with no inflation adjustments for

the years thereafter despite the fire station costs coming in higher than expected.

In response to Mayor Hansen, Mr. Sandelin stated the in-fill number for the area south of Century Boulevard is approximately 800 units.

In response to Council Member Hitchcock, Mr. Sandelin stated funding sources for new development could include impact fees, developer costs, and grants. He stated the grants are not counted until they are received and are generally water related.

In response to Council Member Hitchcock, Mr. King stated generally changes in land value and market value are reflected in adjustments. Mr. Sandelin stated staff will be looking at the policy to establish the service area, establish the cost of service to the area, look at the number of units affected, equally assess the costs accordingly, and the older area would roll into the new program. Mr. Sandelin stated staff will be reviewing the program this Fall prior to development starting up again.

In response to Mayor Hansen, Mr. Swimley stated the new sewer vacuum truck would cost approximately \$340,000.

In response to Myrna Wetzel, Mr. King stated there is a vehicle replacement program for existing vehicles in the General Fund, although there is no reserve fund for adding new vehicles to the fleet.

Electric Utility Director George Morrow provided a PowerPoint presentation regarding the quarterly update for electric utility. Specific topics of discussion included an overview, financial results, operating expenditures, power supply, power sales, billing statistics, Energy Cost Adjustment (ECA) revenue, Northern California Power Agency general operating reserve, fiscal year 2010 open position, cash balance, and summary.

In response to Mayor Hansen, Mr. Morrow stated the City spent approximately \$4.7 million to date on the new Lodi Energy Center and that money will be recoverable by the City when the project goes to construction.

In response to Mayor Hansen, Mr. Morrow stated the bids for the next small purchase of power are due tomorrow.

In response to Mayor Hansen, Mr. Morrow stated technology upgrades will allow for daily usage data to be retrieved and then made available to customers over the next few years.

In response to Council Member Hitchcock, Mr. Morrow stated the data collection is done on a drive by basis and the more remote collection of the data from a few larger receivers in the community can be costly.

In response to Mayor Hansen, Mr. Morrow stated debt payment is due in August 2010 and revenues may be coming in from the debt service payoff and the Roseville payment.

In response to Council Member Hitchcock, Mr. Morrow stated adjustments to the ECA and base rates are generally done at the same time.

In response to Mayor Hansen, Mr. Morrow stated there is a possibility in the future that the ECA could turn into a negative or flat number throughout the year if the energy costs remain steady and the new Lodi Energy Center comes on line.

C. Comments by Public on Non-Agenda Items

None.

D. Adjournment

No action was taken by the City Council. The meeting was adjourned at 8:11 a.m.

ATTEST:

Randi Johl
City Clerk