

**LODI CITY COUNCIL
SHIRTSLEEVE SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, NOVEMBER 19, 2013**

A. Roll Call by City Clerk

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, November 19, 2013, commencing at 7:00 a.m.

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

Absent: None

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

B. Topic(s)

B-1 Receive Utility Financial Reports for the First Quarter of Fiscal Year 2013/14 Ending September 30, 2013 (CM)

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

In response to Council Member Johnson, Deputy City Manager Jordan Ayers stated the bad debt write-off has come down to approximately \$330,000 annually from \$545,000 a few years ago.

In response to Council Member Hansen, Mr. Parlin stated the City used its full allotment of water this year and did not tap into the banked reserve water. Mr. Parlin stated he anticipates the banked water will be used within 10 to 15 years and there is no time frame during which it must be used because the new plant is already online.

In response to Council Member Hansen, Mr. Parlin stated if new rules are put into place regarding hydrant discharge, there will likely be fines associated with it for cities.

In response to Council Member Mounce, Mr. Parlin stated the hydrant regulation discussions are occurring at the staff level currently and he is not aware of any legislators that have come forward to carry specific legislation for this topic as of yet.

Electric Utility Director Elizabeth Kirkley 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, open position, and activities.

In response to Council Member Hansen, Ms. Kirkley stated there is typically a spike in power sales during December in light of holiday light displays and excess electricity use.

In response to Council Member Hansen, Ms. Kirkley stated the public benefit fund has accumulated its current balance over the last ten years and the fund balance is largely dependent upon the level of program participation.

In response to Council Member Johnson, Ms. Kirkley stated the City is required to set aside 2.85% annually in the public benefit fund and future projects include street light retrofitting.

In response to Council Member Hansen, Ms. Kirkley stated the street lighting project is dependent upon cash flow, which is currently at 121 days cash on hand, 31 days over the 90-day requirement.

In response to Mayor Nakanishi, City Manager Bartlam stated that, while there is no State cap on the public benefit fund, it does need to be spent down but can be done so in a methodical way in light of cash flow considerations.

In response to Mayor Pro Tempore Katzakian, Mr. Bartlam stated the Northern California Power Agency defines the public benefit fund as cash for cash on hand policy purposes and the City is supportive of the same.

In response to Council Member Hansen, Ms. Kirkley stated the management vacancies for the department have now been filled and the three remaining vacancies are in recruitment as well.

Mayor Nakanishi suggested publicizing the fact that the ECA has gone down resulting in cost savings for residents.

In response to Council Member Mounce, Mr. Ayers confirmed that the new service shut-off and payment policy has positively affected bad debt write-off because that number has declined from approximately \$545,000 annually to \$330,000 annually.

Mayor Nakanishi requested information about bad debt write-off in comparison to the percentage of sales for other electric utilities.

In response to Council Member Hansen, Ms. Kirkley stated Cal-ISO has a projected in-service date of May 2017 for the new interconnection project but PG&E has a longer timeline and staff is in support of the shorter in-service date.

In response to Council Member Johnson, Mr. Bartlam confirmed that staff provided assistance to PG&E on the interconnection project by way of sharing general knowledge about land identification but the City is not selecting the actual route for PG&E.

In response to Council Member Hansen, Ms. Kirkley stated the price of renewables has gone down, which is good news, and staff is working on projects to help the City meet the 33% goal by 2020.

In response to Council Member Hansen, Business Development Manager Rob Lechner confirmed that the low income for weatherization program is primarily for homeowners although an additional phase includes residential rentals.

In response to Council Member Mounce, Mr. Lechner stated residential rentals for the weatherization program would be identified through the SHARE and rate discount programs.

In response to Council Member Mounce, Mr. Lechner stated that, while the goal of the Energy Orbit program is to process rebates online for efficiency purposes, mail processing, including the availability of rebate forms, will remain for those customers that do not have online access.

In response to Mayor Nakanishi, Mr. Bartlam stated that, if a Proposition 218 protest was successful and the City was unable to raise rates at anytime in the future, the City would have a variety of temporary options including capital project delays and elimination, but would eventually go bankrupt in the future without the revenue to pay for the service.

In response to Mayor Pro Tempore Katzakian, Mr. Ayers confirmed that the \$8.2 million debt service amount includes \$5.3 million for a 2002 issue to retire in 2015-2016 and approximately \$3 million for a 2008 issue with a 30-year payoff.

In response to Council Member Mounce, Mr. Bartlam stated the downtown camera has not worked properly since its inception and he has received very few comments about it since it has been in place indicating there is not a strong need for it.

C. Comments by Public on Non-Agenda Items

None.

D. Adjournment

No action was taken by the City Council. The meeting was adjourned at 7:48 a.m.

ATTEST:

Randi Johl-Olson
City Clerk