



LODI CITY COUNCIL

Carnegie Forum
305 West Pine Street, Lodi

AGENDA – Shirtsleeve Session

Date: May 10, 2022

Time: 7:00 a.m.

For information regarding this Agenda please contact:

Olivia Nashed
City Clerk
Telephone: (209) 333-6702

Notice Regarding Public Comments

Public Comment may be submitted in the following ways:

- In-person – The Carnegie Forum is open to the public in accordance with CDPH and CalOSHA guidelines.
- Zoom Webinar
 - Meeting ID: 872 2014 2274
 - Passcode: 401448
 - Phone number: +1 720 07 2699 or +1 253 215 8782
 - Link:
<https://us06web.zoom.us/j/87220142274?pwd=dzYySXc2bTkvZ0ZFdlpMTkRZdW9XZz09>
- Email – councilcomments@lodi.gov
 - Received no later than 4:30 p.m. on the business day prior to the meeting.
- Mail – City Clerk's Office, P.O. Box 3006, Lodi, CA 95241
- Hand delivered to: City Clerk's Office, 221 W. Pine Street, Lodi, CA 95240

A. Call to Order / Roll Call

B. Topics

B-1 Receive Presentation Regarding Fiscal Year 2022/23 Enterprise Funds (ISD)

C. Comments by Public on Non-Agenda Items

THE TIME ALLOWED PER NON-AGENDA ITEM FOR COMMENTS MADE BY THE PUBLIC IS LIMITED TO FIVE MINUTES.

Public comment may only be made on matters within the Lodi City Council's jurisdiction (Government Code Section 54954.3, Lodi City Council Protocol Manual Section 6.3I). The Council cannot take action or deliberate on items that are not on this agenda unless there is an emergency and the need to take action on that emergency arose after this agenda was posted (Government Code Section 54954.2(b)(2)). All other items may only be referred for review to staff or placement on a future Council agenda.

If you wish to address the Council, please refer to the Notice at the beginning of this agenda. Individuals are limited to one appearance during this section of the Agenda.

D. Adjournment

Pursuant to Section 54954.2(a) of the Government Code of the State of California, this agenda was posted at least 72 hours in advance of the scheduled meeting at a public place freely accessible to the public 24 hours a day.

Olivia Nashed
City Clerk

All staff reports or other written documentation relating to each item of business referred to on the agenda are on file in the Office of the City Clerk, located at 221 W. Pine Street, Lodi, and are available for public inspection. Agendas and staff reports are also posted on the City's website at www.lodi.gov. If requested, the agenda shall be made available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and the federal rules and regulations adopted in implementation thereof. To make a request for disability-related modification or accommodation contact the City Clerk's Office as soon as possible and at least 72 hours prior to the meeting date. Language interpreter requests must be received at least 72 hours in advance of the meeting to help ensure availability. Contact Olivia Nashed at (209) 333-6702. Solicitudes de interpretación de idiomas deben ser recibidas por lo menos con 72 horas de anticipación a la reunión para ayudar a asegurar la disponibilidad. Llame a Olivia Nashed (209) 333-6702.

Meetings of the Lodi City Council are telecast on SJTV, Channel 26. The City of Lodi provides live and archived webcasts of regular City Council meetings. The webcasts can be found on the City's website at www.lodi.gov by clicking the meeting webcasts link. Members of the public may view and listen to the open session of this teleconference meeting at www.facebook.com/CityofLodi/ or <https://us06web.zoom.us/j/87220142274?pwd=dzYySXc2bTkvZ0ZFdpMTkrZdW9XZz09>.



COUNCIL COMMUNICATION

AGENDA TITLE: Receive Presentation Regarding Fiscal Year 2022/23 Enterprise Funds

MEETING DATE: May 10, 2022

PREPARED BY: Deputy City Manager

RECOMMENDED ACTION: Receive presentation regarding Fiscal Year 2022/23 Enterprise Funds.

BACKGROUND INFORMATION: Staff has planned a series of presentations to provide the City Council and public an opportunity to review and comment on basic assumptions within the FY 2022/23 budget to be proposed to Council later this month. The draft budget will be released and made available for public review online once the draft is finalized. This session is designed to provide information on the enterprise funds consisting of Electric Utility, Water Utility, Wastewater Utility and Transit Funds.

The first opportunity for the City Council to adopt the Fiscal Year 2022/23 budget will be at its regular meeting on June 1, 2022.

FISCAL IMPACT: There is no impact from this informational presentation.

FUNDING AVAILABLE: The draft budgets for the enterprise funds for Fiscal Year 2022/23 are as follows:

Fund	Revenues	Expenditures
Electric Utility		92,284,650
Water Utility		13,394,190
Wastewater Utility		21,953,670
Transit		12,169,430

Andrew Keys
Deputy City Manager/Internal Services Director

APPROVED: _____
Stephen Schwabauer, City Manager

Fiscal Year 2022/23 Budget Enterprise Funds

Presented by Andrew Keys, Deputy City Manager



Overview

- Enterprise Funds
 - Electric
 - Water
 - Wastewater
 - Transit



Electric Utility Overview

Estimate Changes in Fund Balance For the Fiscal Year Ended June 30, 2023 With Actuals for FY2020-21 and Year End Estimates for FY2021-22			
Electric Utility	2020-21	Estimated	2022-23
	Actual	2021-22 Actuals	Budget
Cash Balance			
Beginning Cash Balance Unreserved	38,969,879	42,164,766	36,232,516
Revenues	80,142,797	85,022,060	93,033,760
Expenditures	76,947,910	90,954,310	92,284,650
Net Difference (Revenues Less Expenditures)	3,194,887	(5,932,250)	749,110
Restricted Cash Balance		-	-
Ending Cash Balance Unreserved	42,164,766	36,232,516	36,981,626
Cash Balance as a percentage of expenses:	55%	40%	40%



Electric Utility

Revenue Highlights

- Revenues are \$8,011,700 higher than FY 2021/22 estimated actuals
 - Customer charges - \$10,315,190 higher
 - Work for others - \$103,000 lower
 - Public Benefits - \$1,149,020 lower
 - Greenhouse gas - \$731,800 lower



Electric Utility

Expenditure Highlights

- Expenses are \$1,330,340 higher than FY 2021/22 estimated actuals
 - Salary & benefits - \$2,666,280 higher
 - Supplies, materials & services - \$6,523,330 higher
 - \$5.8m higher Generation and Transmission costs
 - Transfer Out - \$296,020 higher
 - Capital projects & equipment - \$8,179,490 lower
- Staffing requests:

Job Title	Department	+/-
Administrative Clerk	Electric Utility	+1
Electric Foreman	Electric Utility	+1
Net Increase		+2



Electric Utility

Expenditure Highlights (cont'd)

- Power Supply Costs – the “Perfect Storm”
 - Global Unrest
 - Sanctions on oil imports; constraints on natural gas supply
 - Higher fuel costs for generating plants – lower margins
 - California Drought
 - Drought conditions over 88% of Western US
 - Reduced hydroelectric generation
 - Increased reliance on market
 - Supply Chain Challenges
 - Solar project delays; increased reliance on market
 - State Climate Goals
 - Zero carbon goals = significant investment in transmission grid
 - Infrastructure to support renewable resources and electrification
 - Higher transmission access charges
 - LEU projecting 3.5 cent ECA for FY 23
 - ~\$10/month increase to 700 kWh/month user



Electric Utility

Forecasted Rate Actions

- Forecasted CPI level base rate increase(s) starting FY 2025/26
 - Assumes all positions are staffed 100%
 - Includes CPI level adjustments to all bargaining groups
 - Includes recently approved IBEW contract
- ECA adjusts for changes in power supply costs
 - Need for base rate adjustments dependent on changes in *non-power supply costs*

	FY 22-23 Budget	FY 23-24 Forecast	FY 24-25 Forecast	FY 25-26 Forecast	FY 26-27 Forecast
Proposed Rate Adjustments	0%	0%	0%	2%	2%
Available Cash*	\$37.3M	\$35.1M	\$32.0M	\$32.0M	\$33.3M
Reserve Target	\$26.8M	\$28.0M	\$28.5M	\$28.9M	\$29.3M
% of Target	139%	125%	112%	111%	114%

*Includes CAPP funds and estimates for PARS Stabilization Fund contributions



Electric Utility Capital Projects

Additions to the CIP Program for FY 23

\$2,342,000

- 12kV Overhead - \$777,000
- 12kV Underground - \$555,000
- Work for Others - \$550,000
- LED Streetlight Improvements – \$250,000
- Substation Relay Modernization - \$120,000
- Streetlight Maintenance - \$50,000
- 230kV Interconnection - \$20,000
- Substation Intrusive Maintenance - \$20,000



Electric Utility

Equipment and Vehicle Requests

\$897,000

- Replace (3) bucket trucks @\$225,000 each
- Replace (2) trucks for metering repairs @ \$50,000 each
- Replace SUV for meter reading staff - \$50,000
- Replace voice recorders for operations calls - \$40,000
- Replace large flatbed trailer - \$32,000



Electric Utility

5-Year Capital Forecast

Project	FY 22-23 Budget*	FY 23-24 Forecast	FY 24-25 Forecast	FY 25-26 Forecast	FY 26-27 Forecast
Distribution Capacity Program	\$0	\$260,000	\$0	\$0	\$0
Underground / Overhead Maintenance	\$1,332,000	\$1,042,000	\$542,000	\$442,000	\$442,000
Streetlight Maintenance / LED Improvements	\$300,000	\$300,000	\$300,000	\$50,000	\$50,000
230 kV Interconnection Project*	\$20,000	\$20,000	\$25,000	\$25,000	\$25,000
Substation Maintenance / Improvements	\$140,000	\$1,727,500	\$1,917,500	\$1,057,500	\$557,500
Work for Others	\$550,000	\$550,000	\$550,000	\$550,000	\$550,000
Vehicles & Equipment	\$897,000	\$1,010,000	\$1,063,000	\$170,000	\$480,000
Total Projects	\$3,239,000	\$4,909,500	\$4,397,500	\$2,294,500	\$2,104,500

*Does not include rollover or unexpended funds from FY 22

**Includes planning and design costs only – construction costs estimated at ~\$30M and will be debt financed



Electric Utility Reserves

Purpose	Basis	2022/23
Operating Reserves	90 days cash	22,261,410
Capital Reserve	Largest distribtuion systm contingency	1,000,000
NCPA General Operating Reserves	NCPA identified items	3,588,920
Total Target		26,850,330
Estimated FY 2022/23 Reserve		36,981,626



Water Utility Overview

Estimate Changes in Fund Balance For the Fiscal Year Ended June 30, 2023 With Actuals for FY2020-21 and Year End Estimates for FY2021-22			
Water Utility	2020-21	Estimated	2022-23
	Actual	2021-22 Actuals	Budget
Cash Balance			
Beginning Cash Balance Unreserved	25,451,690	17,753,178	16,380,548
Revenues	16,579,385	16,070,090	15,715,900
Expenditures	24,277,897	17,442,720	13,394,190
Net Difference (Revenues Less Expenditures)	(7,698,512)	(1,372,630)	2,321,710
Restricted Cash Balance	-	-	-
Ending Cash Balance Unreserved	17,753,178	16,380,548	18,702,258
Cash Balance as a percentage of expenses:	73%	94%	140%



Water Utility

Revenue Highlights

- Revenues are \$254,190 lower than FY 2021/22 estimated actuals
 - Developer Impact fees - \$40,000 lower
 - Customer accounts - \$70,530 higher
 - Investment earnings - \$295,600 lower (due to fluctuations in investment calculations, this item is no longer being included as a budgetary item. Actual interest earnings will be posted according to fund cash balances.)



Water Utility

Expenditure Highlights

- Expenses are \$4,108,530 lower than FY 2021/22 estimated actuals
 - Salary & benefits - \$153,400 higher
 - Supplies, materials & services - \$487,640, higher
 - Transfer Out - \$219,270 higher
 - Capital projects & equipment - \$4,981,140 lower
- Staffing requests:

Job Title	Department	+/-
Electrician	Water Services	+1
Water/Wastewater Maint. Worker	Water Services	+1
Net Increase		+2

Electrician will be shared with Wastewater and Streets

Water/Wastewater Maintenance Worker will be shared with Wastewater



Water Utility Capital Projects

Additions to the CIP Program for FY 23

\$1,500,000

- Water Meter Multi-Family - \$1,000,000
- Well 25 Pump Rehab - \$250,000
- Water Taps/Main Replacements - \$125,000
- PCE/TCE Oversight - \$100,000
- Water Project Planning - \$25,000



Water Utility

Equipment and Vehicle Requests

\$250,000

- Truck for new Electrician - \$90,000
- Compact SUV for Municipal Utilities Administration (pool car) - \$40,000
- Replace trailer vacuum excavator - \$120,000



Water 5-Year Financial Forecast

	FY 21-22 Budget	FY 22-23 Forecast	FY 23-24 Forecast	FY 24-25 Forecast	FY 25-26 Forecast	FY 26-27 Forecast
Available Cash	\$9,655,222	\$8,014,050	\$7,911,050	\$5,649,450	\$4,953,750	\$5,648,950
Days Cash (180 day target)	312	264	254	177	152	168
Minimum Reserve Target (25%)	\$2,701,500	\$2,769,500	\$2,838,000	\$2,910,000	\$2,983,500	\$3,059,500
Reserve Target (50%)	\$5,403,000	\$5,539,000	\$5,676,000	\$5,820,000	\$5,967,000	\$6,119,000
% of Days Cash Target	181%	147%	141%	98%	84%	94%



Wastewater Utility Overview

Estimate Changes in Fund Balance For the Fiscal Year Ended June 30, 2023 With Actuals for FY2020-21 and Year End Estimates for FY2021-22			
Wastewater Utility	2020-21	Estimated	2022-23
	Actual	2021-22 Actuals	Budget
Cash Balance			
Beginning Cash Balance Unreserved	23,084,953	26,591,516	20,880,636
Revenues	20,681,321	18,897,390	19,319,250
Expenditures	17,174,759	24,608,270	21,953,670
Net Difference (Revenues Less Expenditures)	3,506,562	(5,710,880)	(2,634,420)
Restricted Cash Balance		-	-
Ending Cash Balance Unreserved	26,591,516	20,880,636	18,246,216
Cash Balance as a percentage of expenses:	155%	85%	83%



Wastewater Utility

Revenue Highlights

- Revenues are \$421,860 higher than FY 2021/22 estimated actuals
 - Development Impact fees - \$433,880 higher
 - Remaining revenues are flat



Wastewater Utility

Expenditure Highlights

- Expenses are \$2,654,600 lower than FY 2021/22 estimated actuals
 - Salary & benefits - \$538,460 higher (due to less staff transfers to other funds)
 - Supplies, materials & services - \$67,290 higher
 - Transfer Out - \$271,380 higher
 - Capital projects & equipment - \$3,556,710 lower
- Staffing requests:

Job Title	Department	+/-
Electrician	Water Services	+1
Water/Wastewater Maint. Worker	Water Services	+1
Net Increase		+2

Electrician will be shared with Water and Streets

Water/Wastewater Maintenance Worker will be shared with Water



Wastewater Utility Capital Projects

Additions to the CIP Program for FY 23

\$7,200,000

- White Slough South Electric Building and Improvements - \$7,000,000
- Miscellaneous Projects - \$100,000
- Wastewater Taps and Relocations - \$75,000
- Wastewater Project Planning - \$25,000



Wastewater Utility

Equipment and Vehicle Requests

\$710,000

- New combination jet/vacuum cleaner truck - \$650,000
- Replace truck for White Slough staff - \$60,000



Wastewater 5-Year Financial Forecast

	FY 21-22 Budget	FY 22-23 Forecast	FY 23-24 Forecast	FY 24-25 Forecast	FY 25-26 Forecast	FY 26-27 Forecast
Available Cash	\$15,185,508	\$10,902,900	\$7,891,200	\$11,268,400	\$12,120,700	\$5,747,400
Days Cash (180 day target)	414	291	206	323	292	135
Minimum Reserve Target (25%)	\$3,345,500	\$3,420,500	\$3,497,500	\$3,176,500	\$3,786,500	\$3,872,000
Reserve Target (50%)	\$6,691,000	\$6,841,000	\$6,995,000	\$6,353,000	7,573,000	7,744,000
% of Days Cash Target	230%	162%	114%	180%	162%	75%



Water/Wastewater Additional Information

- The City is monitoring the current drought and its impact on Lodi.
- Sufficient supplies through surface and ground water are available to serve the City's needs however depending on WID surface water allocations additional conservation measures may be necessary for the summer months.
 - WID allocations are anticipated to be released in the next few weeks.



Water/Wastewater Additional Information

- Both water and wastewater financial plans forecast 3% rate increases for the next fiscal year. The current Prop 218 rate plan expires December 31, 2023.
 - Future rate increases will be based on a future study what will consider current inflationary and supply chain pressures along with the City's capital and operating needs.



Transit Overview

Estimate Changes in Fund Balance For the Fiscal Year Ended June 30, 2023 With Actuals for FY2020-21 and Year End Estimates for FY2021-22			
Transit	2020-21	Estimated	2022-23
	Actual	2021-22 Actuals	Budget
Cash Balance			
Beginning Cash Balance Unreserved	1,428,137	2,983,653	2,491,113
Revenues	5,913,944	12,584,920	10,396,210
Expenditures	4,358,428	13,077,460	12,169,430
Net Difference (Revenues Less Expenditures)	1,555,516	(492,540)	(1,773,220)
Restricted Cash Balance		-	-
Ending Cash Balance Unreserved	2,983,653	2,491,113	717,893
Cash Balance as a percentage of expenses:	68%	19%	6%



Transit

Revenue Highlights

- Revenues are \$2,188,719 lower than FY 2021/22 estimated actuals
 - Measure K (capital) - \$1,400,000 lower
 - CMAQ (capital) - \$750,000 lower



Transit

Expenditure Highlights

- Expenses are \$908,030 lower than FY 2021/22 estimated actuals
 - Salary & benefits - \$124,100 higher
 - Supplies, materials & services - \$278,610 higher
 - Insurances - \$52,000 higher (PL/PD costs)
 - Transfer Out - \$40,900 higher
 - Capital projects & equipment - \$1,403,640 lower



Transit Capital

Additions to the CIP Program for FY 23
\$350,000

- Transit Facility Repairs/Upgrades - \$200,000
- Park Structure Roll-up Doors Install - \$150,000



Transit Capital

Equipment and Vehicle Requests

\$6,950,000

- Replace (12) 27' and (6) 32' busses - \$6,900,000
(this is being reprogrammed from FY 22)
- Equipment for Transit Fleet Maintenance - \$50,000



Questions?

