



LODI CITY COUNCIL

Carnegie Forum
305 West Pine Street, Lodi

"SHIRTSLEEVE" SESSION

Date: July 23, 2019

Time: 7:00 a.m.

*and via conference call:

1311 Midvale Road
Lodi, CA 95240
&
437 E. Elm Street
Lodi, CA 95240

For information regarding this Agenda please contact:

Jennifer M. Ferraiolo
City Clerk
Telephone: (209) 333-6702

Informal Informational Meeting

A. Roll Call by City Clerk

B. Topic(s)

B-1 Third Quarter Fiscal Year 2018/19 Water, Wastewater and Electric Utility Department Financial Reports (CM)

C. Comments by Public on Non-Agenda Items

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.

Jennifer M. Ferraiolo
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. 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 Jennifer M. Ferraiolo 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 Jennifer M. Ferraiolo (209) 333-6702.



**CITY OF LODI
COUNCIL COMMUNICATION**

TM

AGENDA TITLE: Third Quarter Fiscal Year 2018/19 Water, Wastewater and Electric Utility Department Financial Reports

MEETING DATE: July 23, 2019

PREPARED BY: Deputy City Manager

RECOMMENDED ACTION: Receive utility financial reports for the third quarter of Fiscal Year 2018/19.

BACKGROUND INFORMATION: In accordance with the Lodi Municipal Code, quarterly financial reports are to be prepared for the Water, Wastewater, and Electric Utilities. Highlights of the operations and financial performance of each utility will be presented at the meeting of July 23, 2019.

FISCAL IMPACT: There is no fiscal impact from the preparation of this report.

FUNDING AVAILABLE: Adequate funding is available in the Fiscal Year 2018-19 budget for the items on this report.

Andrew Keys
Deputy City Manager/Internal Services Director

AK:VS

APPROVED: _____
Stephen Schwabauer, City Manager



Public Works Department Water/Wastewater

FY 19 Quarterly Update (Ending March 31, 2019)

City Council Shirtsleeve Session
July 23, 2019



Wastewater Fund Cash Flow Summary

(Ending March 31, 2019)

	Budget	Actuals	% of Budget
Revenue			
Sales	15,208,130	11,862,264	78%
Development Impact Mitigation Fees	1,062,470	981,992	92%
Other (interest, septic, misc.)	3,550,000	2,746,672	77%
Total Revenues	19,820,600	15,590,928	79%
Expenses			
Operating	8,044,710	5,236,111	65%
Capital	14,876,800	5,940,267	40%
Debt Service	3,343,510	2,681,178	80%
Cost of Services Payment To General Fund	1,083,710	812,783	75%
Total Expenses	27,348,730	14,670,339	54%
Beginning Cash (Operations Only)		11,443,143	
Ending Cash (Operations Only)		13,142,147	
Days Cash (Excluding Capital)		406	
% of Target – 90 Days Cash on Hand		452%	



Wastewater Operating Results

(Ending March 31, 2019)

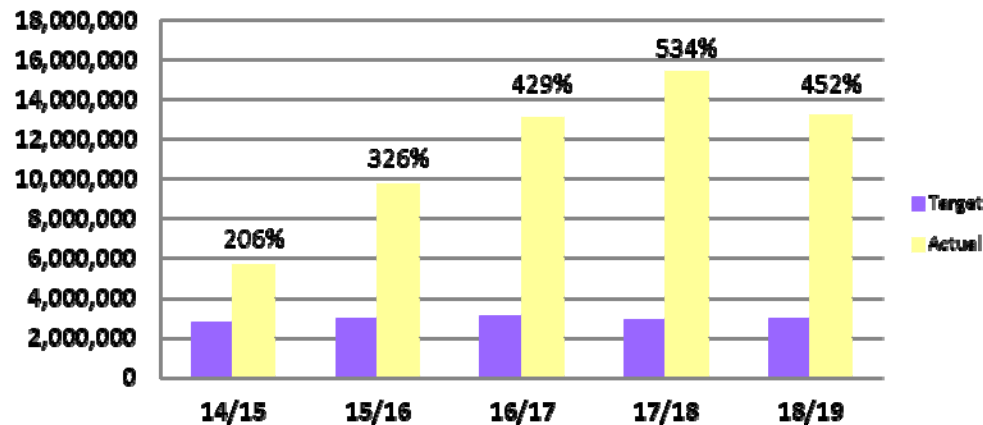
	Budget	Actuals	% of Budget
Personnel	\$ 3,920,820	\$ 2,988,084	76%
Supplies, Materials, Services	\$ 2,670,360	\$ 1,269,834	48%
Equipment, Land, Structures	\$ 280,000	\$ 72,511	26%
Other Payments	\$ 406,160	\$ 300,442	74%
Utilities	\$ 739,060	\$ 605,239	82%
Work for Others	\$ 28,310	-	0%
Total Operating Expenses	\$ 8,044,710	\$ 5,236,111	65%



Wastewater Funds Cash Balances (Ending March 31, 2019)

Operating (530)	13,142,147
Utility Capital / Infrastructure Replacement (531)	1,533,322
Capital Reserve (532) (Fund used to pay White Slough COP Debt Service)	282,402
Wastewater IMF (533)	1,582,171
Rate Stabilization Reserve (534)	500,000
Storm Drain IMF (535)	1,217,288
Total	18,257,330

Actual Reserves vs. Target



Amounts above reserve target are held for scheduled capital maintenance



Wastewater Planned Capital Projects

	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23
Villa Fiore Reimbursement	930,000				
Lockeford Street Improvements	100,000				
Storm Drain Trash Handling			750,000	750,000	
MSC Security Improvements	35,000				
Misc. System Relocations	35,000	35,000	35,000	35,000	35,000
Misc. Wastewater Taps	40,000	40,000	40,000	40,000	40,000
Collection System Capacity Enhancement Projects	20,000	200,000			
Pipeline Condition Assessment	500,000				
Main Replacement Project #7	2,000,000	2,600,000		2,000,000	
Northeast Sewer Lift Pipe Repl.	60,000				
Sewer Lift Station Wet Well Rehab				250,000	
Kofu Storm Water Pump Rehab				200,000	
Salas Storm Water Pump Rehab					200,000
Vinewood Storm Water Pump Rehab	100,000				
Lincoln Storm Pump Rehab		75,000			
Vehicles/Equipment	135,000	150,000	150,000	75,000	75,000
Upgrade Blowers	750,000				
Irrigation Improvements	1,300,000			750,000	
Plant Maintenance Improvements	235,000	265,000	320,000	250,000	260,000
Compliance Studies and Reports	200,000	200,000	200,000	200,000	200,000
Aeration Diffuser Replacement					500,000
Digester #4 Cleaning	220,000				
Pump & Equipment Upgrades	345,000				
Electrical/Screen/SCADA Design	200,000	900,000	600,000		
Electrical Upgrades/SCADA Construction				1,000,000	7,000,000
White Slough Recycled Water Storage	4,000,000				
Field #5 Road Repair	150,000				
Miscellaneous Future Projects	100,000	100,000			
Totals	\$11,455,000	\$4,565,000	\$2,095,000	\$5,550,000	\$8,310,000



Water Fund Cash Flow Summary

(Ending March 31, 2019)

	Budget	Actuals	% of Budget
Revenue			
Sales	12,872,190	10,075,836	78%
Development Impact Mitigation Fees	476,310	481,055	101%
Other (interest, tap fees, water meters, misc.)	1,100,040	1,145,914	104%
Total Revenues	14,448,540	11,702,805	81%
Expenses			
Operating	7,139,150	4,661,167	65%
Capital	4,016,117	793,785	20%
Debt Service	2,969,160	834,175	28%
Cost of Services Payment To General Fund	821,900	616,425	75%
Total Expenses	14,771,105	6,905,552	47%
Beginning Cash (Operations Only)		5,902,387	
Ending Cash (Operations Only)		6,968,238	
Days Cash (Excluding Capital)		309	
% of Target – 90 Days Cash on Hand		342%	



Water Operating Results

(Ending March 31, 2019)

	Budget	Actuals	% of Budget
Personnel	\$ 3,239,320	\$ 2,171,290	67%
Supplies, Materials, Services	\$ 1,563,660	\$ 876,837	56%
Equipment, Land, Structures	\$ 105,000	\$ 12,628	12%
Other Payments	\$ 1,647,500	\$ 1,179,887	72%
Utilities	\$ 483,670	\$ 420,526	87%
Work for Others	\$ 100,000	\$ -	0%
Total Operating Expenses	\$ 7,139,150	\$ 4,661,167	65%

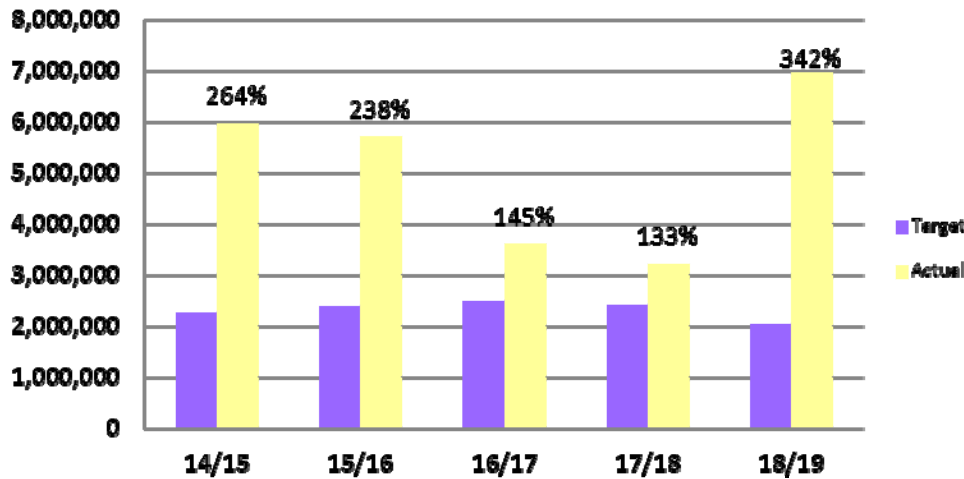


Water Funds Cash Balances

(Ending March 31, 2019)

Operating (560)	6,968,238
Utility Capital / Infrastructure Replacement (561)	103,368
IMF (562)	1,596,128
PCE/TCE Settlements	9,171,947
PCE/TCE Rates (565)	4,015,262
Total	21,854,943

Actual Reserves vs. Target



Amounts above reserve target are held for scheduled capital maintenance



Water Planned Capital Projects

	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23
Water Meter Program		5,980,000		1,000,000	1,000,000
Lockeford Street Imprv.	400,000				
Water Taps	75,000	75,000	75,000	75,000	75,000
Misc. Water Mains	50,000	50,000	50,000	50,000	50,000
Water Meter Replacement Program				75,000	75,000
GAC Replacement		300,000	300,000	300,000	300,000
Meter Shop Design/Construction	200,000				
Water Plant Generator			300,000		
MSC Security Improvements	35,000				
Well 7 Pump Rehab	175,000				
Well 14 Pump Rehab				170,000	
Well 16 Pump Rehab			166,000		
Well 17 Pump Rehab				185,000	
Well 21 Pump Rehab			200,000		
Well 22 Pump Rehab		166,000			
Well 23 Pump Rehab	80,000				
Well 24 Rehab Rehab	165,000				
Well 25 Pump Rehab					200,000
Well 27 GAC Treatment & Standby Generator	70000	750,000			
Well 28 GAC Treatment		70,000	950,000		
Vehicles/Equipment	120,000	80,000	40,000	50,000	50,000
Totals	1,370,000	7,471,000	2,081,000	1,905,000	1,750,000



Water / Wastewater Utility Activities

Operational

- Water Distribution
- Water Production
- Collection System
- Wastewater Treatment

Regulatory

- SSO's
- Discharge Violations
- Monitoring and Reporting



Electric Utility Department

FY 19 Quarterly Update (Ending March 31, 2019)

City Council Shirtsleeve Session
July 23, 2019



Electric Utility Fund Cash Flow Summary (March 31, 2019)

	Budget	Actual	% of Budget
Revenue			
Sales Revenues	69,708,150	53,347,350	76%
Development Impact Fees	178,820	212,192	119%
Other Revenues (interest, misc)	3,728,120	2,643,546	71%
Total Revenues	73,615,090	56,203,088	76%
Expenses			
Purchase Power	40,699,940	30,009,819	74%
Non Power	14,986,240	7,969,195	53%
Capital Projects	4,324,000	1,448,603	34%
Debt Service	5,522,890	1,720,002	31%
Cost of Service/Capital Xfer	2,399,040	1,799,280	75%
In-lieu Transfer to General Fund*	7,197,380	0	0%
Total Expenses	75,129,490	42,946,899	57%

Beginning Cash Balance (6/30/18)		26,573,007
Ending Cash Balance (3/31/19)		42,794,995
Reserve Policy Target		23,714,000
% of Target		180%

*Reflects delayed journal entry posted at year end.



Electric Utility Funds Cash Balances (Ending March 31, 2019)

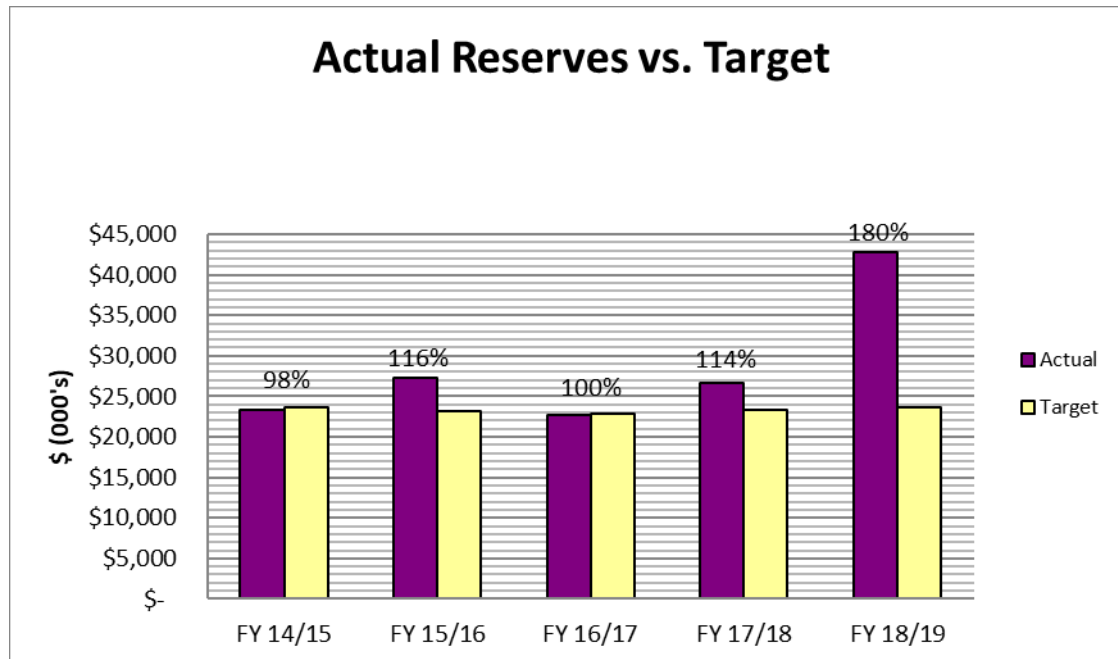
Operating Funds	\$ 29,552,151
Utility Outlay Reserve Fund	\$ 937,500
Public Benefits Fund	\$ 3,277,608
Impact Fee Fund	\$ 853,523
Solar Surcharge Fund	\$ 316,615
Greenhouse Gas Fund	\$ 7,857,598
Total	\$ 42,794,995



Electric Utility Reserve Policy (March 31, 2019)

Purpose	Target	Actual*
Operating Reserves	\$ 22,714,000	\$ 41,857,495
Capital Reserve	\$ 1,000,000	\$ 937,500
Total Target	\$ 23,714,000	\$ 42,794,995

*Includes cash held locally and at NCPA



Cash balances support City Council approved reserve requirements and provide funds for pay as you go Capital Improvement Projects.



Capital Improvement Project 5-Year Spending Plan*

Project	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23
Distribution Capacity Program	\$460,000	\$600,000	\$800,000	\$625,000	\$1,100,000
Underground / Overhead Maint	\$1,200,000	\$1,400,000	\$1,400,000	\$1,400,000	\$1,400,000
Streetlight Maintenance / Repair	\$90,000	\$50,000	\$50,000	\$50,000	\$50,000
LED Streetlight Improvements	\$90,000	\$250,000	\$250,000	\$250,000	\$250,000
230 kV Interconnection Project**	\$60,000	\$500,000	\$0	\$0	\$0
Substation Maint / Improvements	\$525,000	\$1,400,000	\$800,000	\$0	\$300,000
Building & Security Improvements	\$535,000	\$2,000,000	\$155,000	\$35,000	\$35,000
Work for Others	\$100,000	\$350,000	\$350,000	\$550,000	\$550,000
Total Projects	\$3,060,000	\$6,550,000	\$3,805,000	\$2,910,000	\$3,685,000

*Reflects FY 18-19 mid-year estimate; does not include vehicles and equipment

**Includes planning and design costs only



Power Sales (Ending March 31, 2019)

Power Sales (kWh)		
Customer Class	Budget	Actual
Residential	157,969,253	116,230,942
Small Commercial	158,823,735	119,384,846
Large Commercial/Small Industrial	49,847,066	37,244,487
Industrial	68,408,946	46,441,765
Total	435,049,000	319,302,040

Revenue (\$)			
Customer Class	Budget	Actual	Average Rate
Residential	\$ 27,288,494	\$ 22,060,650	\$ 0.1898
Small Commercial	\$ 26,883,003	\$ 20,314,540	\$ 0.1702
Large Commercial/Small Industrial	\$ 7,717,784	\$ 5,580,927	\$ 0.1498
Industrial	\$ 7,818,869	\$ 5,391,233	\$ 0.1161
Total	\$ 69,708,150	\$53,347,350	\$ 0.1671



ECA Revenue

(Ending March 31, 2019)

Customer Class	Total (\$)
Residential	\$ 1,404,764
Small Commercial	\$ 1,410,266
Large Commercial / Small Industrial	\$ 445,046
Industrial	\$ 501,947
Total Revenue	\$ 3,762,023



Electric Utility Fund Operating Results (Ending March 31, 2019)

	Budget	Actual	% of Budget
Personnel	\$ 9,457,360	\$ 6,287,893	66%
Supplies, Materials, Services	\$ 3,874,880	\$ 1,428,480	37%
Other Payments	\$ 1,575,100	\$ 208,310	13%
Utilities	\$ 78,900	\$ 44,512	56%
Total Operating Expenses	\$ 14,986,240	\$ 7,969,195	53%



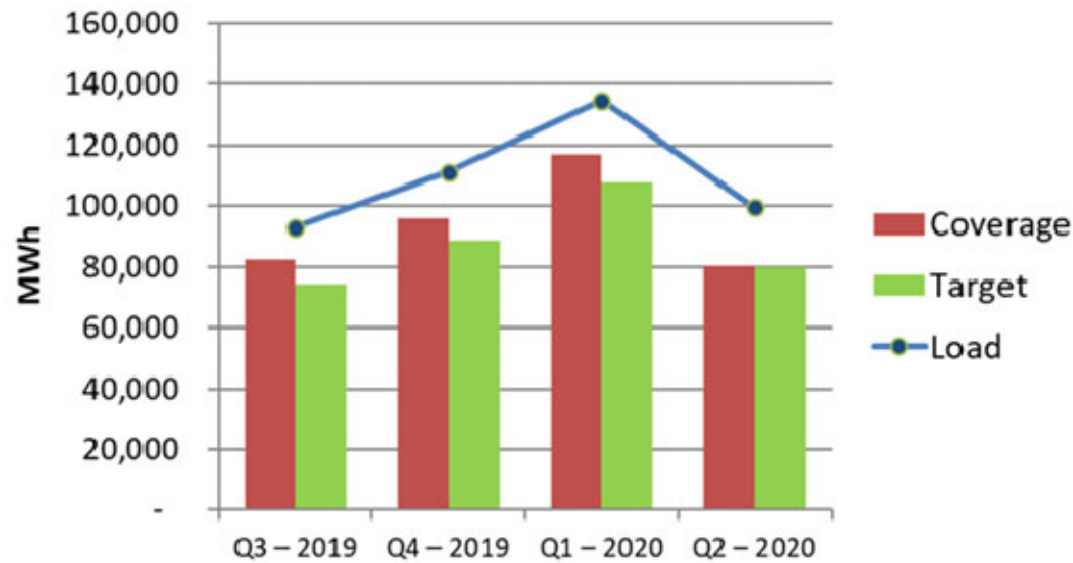
Power Supply Costs (Ending March 31, 2019)

	Budget	Actual	% of Budget
Generation	\$ 28,723,770	\$ 21,882,885	76%
Transmission	\$ 10,591,000	\$ 6,864,239	65%
Management Services	\$ 1,385,170	\$ 1,262,695	91%
Total Power Supply Costs	\$ 40,699,940	\$ 30,009,819	74%



Load Coverage

	MWh Load	ROC Matrix Target	Load Coverage (Including Purchases)
Q3 – 2019	82,973	80.0%	88.5%
Q4 – 2019	111,084	80.0%	88.3%
Q1 – 2020	134,843	80.0%	88.7%
Q2 – 2020	99,805	80.0%	80.4%



Includes energy purchases through June 2019 as approved by the Risk Oversight Committee (ROC)



Risk Oversight Committee Report Highlights

- Forward Energy Purchases
- Cap and Trade Activities
- NCPA Solar Project
- Energy Procurement & Hedging Guidelines



City Council Strategic Areas of Focus

- Customer
- Technology
- Financial
- Reliability
- Workforce