



LODI CITY COUNCIL

Carnegie Forum
305 West Pine Street, Lodi

"SHIRTSLEEVE" SESSION

Date: November 5, 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 Presentation Regarding Authorizing Lodi Electric Utility to Purchase Supplies through Long-Term (Two-Year with One-Year Extension) Contracts (EU)

B-2 Fourth 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**

AGENDA TITLE: Presentation Regarding Authorizing Lodi Electric Utility to Purchase Supplies through Long Term (2-year with 1-year extension) Contracts

MEETING DATE: November 5, 2019

PREPARED BY: Electric Utility Director

RECOMMENDED ACTION: Presentation Regarding Authorizing Lodi Electric Utility to Purchase Supplies through Long Term (2-year with 1-year extension) Contracts.

BACKGROUND INFORMATION: Lodi Electric Utility (LEU) navigates through the existing bidding/purchasing process for supplies like wire, transformers and poles multiple times throughout the year to order the 719 various normal stock material items used daily to construct and maintain the Lodi Electric System.

In the current process:

- LEU is asking vendors to bid on smaller quantities due to minimal storage space at existing facilities; therefore needing to repeat this process more often.
- Some vendors will not bid on these requests due to the small quantity.
- This overall process takes two or more months to receive some materials.
- LEU pays a higher unit cost due to the low volume purchasing.

The proposed process would give LEU the ability to secure bids from vendors for a 2-year purchase agreement with a 1-year extension clause using the existing standard bid process. Each long-term agreement would then be approved by City Council on a one-time basis with staff then ordering off the pre-approved bid "menu."

With the proposed process, LEU expects to:

- Expedite the delivery process from the vendors that have the ability to stock materials at their local facility.
- Have the ability to secure reduced unit pricing by agreeing to 2-year terms with the vendors.
- Have the potential of competitive bidding between vendors.

FISCAL IMPACT: LEU expects to see a reduction in unit pricing by asking vendors to bid on larger quantities of materials for longer terms.

FUNDING AVAILABLE: Continue charging all materials to the same account number(s) 500.13496


 Jeff Berkheimer
 Electric Utility Director

PREPARED BY: Tim Combs, EU Superintendent

APPROVED: 
 Stephen Schwabauer, City Manager



Electric Utility Department

Blanket Purchasing Agreements

City Council Shirtsleeve Session
November 5, 2019



Current Process

CURRENT BID PROCESS –

Electric Utility stocks approximately 719 various material items that are necessary to construct and maintain the Lodi Electric System.

The current process is:

- We complete the existing bidding/purchasing process multiple times throughout the year prior to ordering common Electric Utility stock materials.
- We are asking vendors to bid on smaller quantities due to minimal storage space at our facility therefore needing to repeat this process more often.
- Some vendors won't bid on these requests due to the small quantity.
- This overall process takes 2 or more months for us to receive some of the materials that are necessary to construct and maintain the electric facilities.
- We pay a higher unit cost due to the low purchasing volume.



Emergency Orders

Lead Times:

- It is common for some materials used in the Electric Utility to have 2+ month lead times to receive materials.
- If we do not have this material in our warehouse this may have a negative impact on our customer.
- If we are able to commit to long term contracts some vendors are able to maintain stock at their facility in northern CA. We are able to receive this material within a few days.



Proposed Process

PROPOSED PROCESS –

We would like the ability to secure bids from vendors for a 2 year purchase agreement with a 1 year extension clause using the existing standard bid process.

The Benefits of the proposed process are:

- By committing to larger volumes and longer terms, some vendors have the ability to stock materials at their local facility to expedite the delivery process to us in daily and emergency situations.
- We would have the ability to secure reduced pricing by agreeing to 2 year terms with many of the vendors we currently utilize.
- Since we would be committing to larger purchases over a 2 year period we also have the potential of competitive bidding between vendors.



Recommended Action

RECOMMENDED ACTION:

Lodi Electric Utility would like to secure long term (2 year) contracts with a 1 year extension clause through the standard bid process.

We would request long term bids for all normal stock electric materials from vendors

This will result in better unit cost pricing and improved immediate availability of materials for daily and emergency events.



**CITY OF LODI
COUNCIL COMMUNICATION**

TM

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

MEETING DATE: November 5, 2019

PREPARED BY: Deputy City Manager

RECOMMENDED ACTION: Receive utility financial reports for the fourth 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 November 5, 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 June 30, 2019)

City Council Shirtsleeve Session
November 5, 2019



Wastewater Fund Cash Flow Summary

(Ending June 30, 2019)

	Budget	Actuals	% of Budget
Revenue			
Sales	15,208,130	15,854,205	104%
Development Impact Mitigation Fees	1,062,470	1,107,580	104%
Other (interest, septic, misc.)	3,550,000	2,989,579	84%
Total Revenues	19,820,600	19,951,364	101%
Expenses			
Operating	9,030,022	7,363,347	82%
Capital	*15,026,800	7,566,064	50%
Debt Service	3,343,510	3,156,047	94%
Cost of Services Payment To General Fund	1,083,710	1,083,710	100%
Total Expenses	28,484,042	19,169,168	67%
Beginning Cash (Operations Only)		13,083,439	
Ending Cash (Operations Only)		15,537,563	
Days Cash (Excluding Capital)		491	
% of Target – 90 Days Cash on Hand		547%	

*Of the remaining capital budget, \$1,471,283 or 9.8% of the total budget was rolled to the next FY in encumbered contracts.



Wastewater Operating Results

(Ending June 30, 2019)

	Budget	Actuals	% of Budget
Personnel	\$ 4,906,132	\$ 3,883,038	79%
Supplies, Materials, Services	\$ 2,670,360	\$ 2,004,606	75%
Equipment, Land, Structures	\$ 280,000	\$ 341,091	122%
Other Payments	\$ 406,160	\$ 316,065	78%
Utilities	\$ 739,060	\$ 795,657	108%
Work for Others	\$ 28,310	\$ 22,890	81%
Total Operating Expenses	\$ 9,030,022	\$ 7,363,347	82%

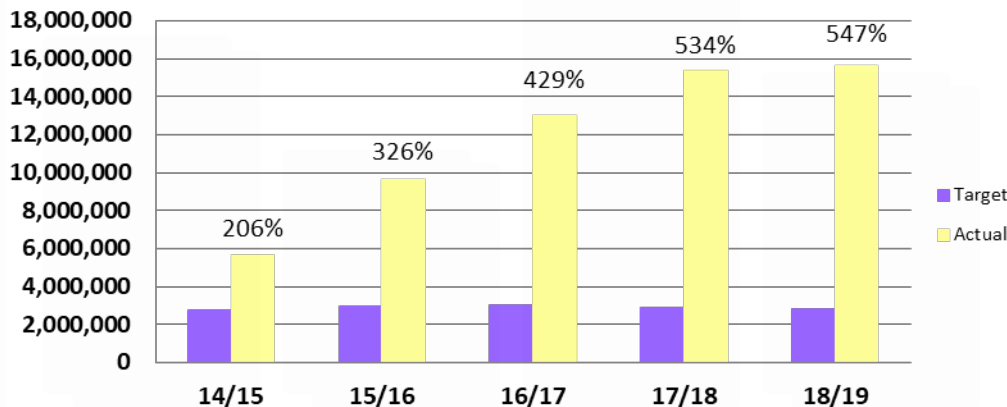


Wastewater Funds Cash Balances

(Ending June 30, 2019)

Operating (530)	15,637,563
Utility Capital / Infrastructure Replacement (531)	685,813
Capital Reserve (532) (Fund used to pay White Slough COP Debt Service)	238,268
Wastewater IMF (533)	1,129,801
Rate Stabilization Reserve (534)	500,000
Storm Drain IMF (535)	1,223,264
Total	19,414,709

Actual Reserves vs. Target



Amounts above reserve target are held for scheduled capital maintenance



5-Year Financial Forecast

	FY 18-19 Actual	FY 19-20 Budget	FY 20-21 Forecast	FY 21-22 Forecast	FY 22-23 Forecast
Available Cash	\$15,537,563	\$11,886,190	\$13,214,700	\$11,136,900	\$6,005,100
Days Cash	491	342	379	312	164
Reserve Target	\$2,861,039	\$3,114,500	\$3,185,000	\$3,258,500	\$3,333,500
% of Target	547%	380%	421%	347%	183%



Wastewater Planned Capital Projects

	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23
Villa Fiore Reimbursement	682,200				
Lockeford Street Improvements	103,360	20,680			
Candy Cane Park		28,000			
Storm Drain Trash Handling	10,233		750,000	750,000	
MSC Security Improvements		70,000			
Misc. System Relocations		35,000	35,000	35,000	35,000
Misc. Wastewater Taps	635	40,000	40,000	40,000	40,000
Collection System Capacity Enhancement Projects	33,679	200,000			
Pipeline Condition Assessment	1,931				
Main Replacement Project	1,966,345	2,600,000		2,000,000	
Northeast Sewer Lift Pipe Repl.	7,141				
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	116,800				
Lincoln Storm Pump Rehab		75,000			
Vehicles/Equipment	80,772	150,000	150,000	75,000	75,000
Upgrade Blowers		750,000			
Irrigation Improvements	201,091	845,931		750,000	
Plant Maintenance Improvements		113,000	320,000	250,000	260,000
Compliance Studies and Reports		200,000	200,000	200,000	200,000
Aeration Diffuser Replacement					500,000
NCPA Maintenance Generator		150,000			
Pump & Equipment Upgrades	107,066				
Electrical/Screen/SCADA Design	271,617	900,000	600,000		
Electrical Upgrades/SCADA Construction				1,000,000	7,000,000
White Slough Recycled Water Storage	3,980,788	354,467			
Miscellaneous Future Projects		100,000			
Totals	\$7,563,658	\$6,632,078	\$2,095,000	\$5,550,000	\$8,310,000



Water Fund Cash Flow Summary

(Ending June 30, 2019)

	Budget	Actuals	% of Budget
Revenue			
Sales	12,872,190	13,344,472	104%
Development Impact Mitigation Fees	476,310	528,885	111%
Other (interest, tap fees, water meters, misc.)	1,100,040	1,588,167	144%
Total Revenues	14,448,540	15,461,524	107%
Expenses			
Operating	7,308,745	6,424,473	88%
Capital	*4,673,273	1,356,218	29%
Debt Service	2,969,160	2,807,513	94%
Cost of Services Payment To General Fund	821,900	821,900	100%
Total Expenses	15,773,078	11,410,104	72%
Beginning Cash (Operations Only)		6,931,797	
Ending Cash (Operations Only)		6,792,346	
Days Cash (Excluding Capital)		247	
% of Target – 90 Days Cash on Hand		274%	

*Of the remaining capital budget, \$623,036 or 13% of the total budget was rolled to the next FY in encumbered contracts.



Water Operating Results

(Ending June 30, 2019)

	Budget	Actuals	% of Budget
Personnel	\$ 3,408,915	\$ 2,893,386	85%
Supplies, Materials, Services	\$ 1,563,660	\$ 1,322,303	85%
Equipment, Land, Structures	\$ 105,000	\$ 16,347	16%
Other Payments	\$ 1,647,500	\$ 1,546,026	94%
Utilities	\$ 483,670	\$ 537,561	111%
Work for Others	\$ 100,000	\$ 108,850	109%
Total Operating Expenses	\$ 7,308,745	\$ 6,424,473	88%

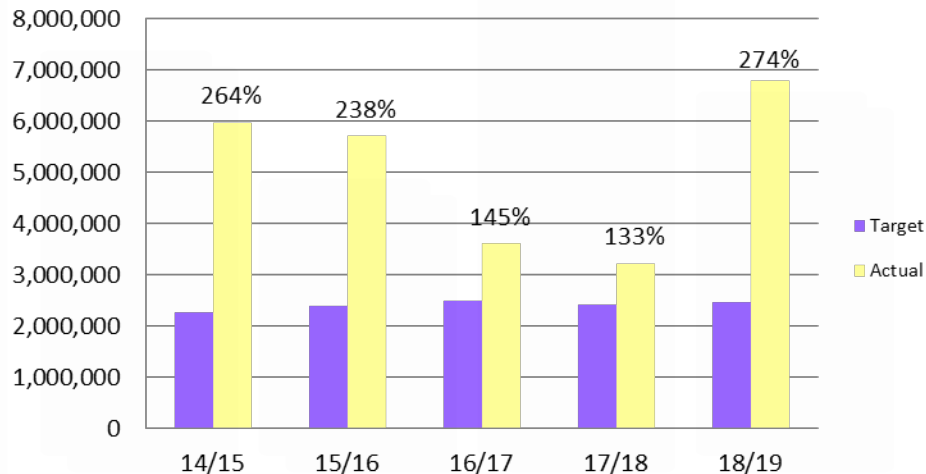


Water Funds Cash Balances

(Ending June 30, 2019)

Operating (560)	6,792,346
Utility Capital / Infrastructure Replacement (561)	409,611
IMF (562)	1,644,497
PCE/TCE Settlements	9,159,188
PCE/TCE Rates (565)	4,013,282
Total	22,018,924

Actual Reserves vs. Target



Amounts above reserve target are held for scheduled capital maintenance



5-Year Financial Forecast

	FY 18-19 Actual	FY 19-20 Budget	FY 20-21 Forecast	FY 21-22 Forecast	FY 22-23 Forecast
Available Cash	\$6,792,346	\$2,982,844	\$3,543,344	\$4,146,544	\$5,019,444
Days Cash	247	98	114	131	155
Reserve Target	\$2,479,040	\$2,768,500	\$2,829,000	\$2,891,000	\$2,951,500
% of Target	274%	109%	127%	145%	174%



Water Planned Capital Projects

	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23
Water Meter Program	652,540	5,980,000		1,000,000	1,000,000
Lockeford Street Imprv.	237,566	48,250			
Water Taps	21,385	75,000	75,000	75,000	75,000
Misc. Water Mains		50,000	50,000	50,000	50,000
Water Meter Replacement Program				75,000	75,000
GAC Replacement	3,871	300,000	300,000	300,000	300,000
Meter Shop Design/Construction	1,760		200,000		
Water Plant Generator			300,000		
MSC Security Improvements		70,000			
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 3R Pump Rehab		170,000			
Well 24 Pump Rehab	171,851				
Well 25 Pump Rehab					200,000
Well 27 GAC Treatment & Standby Generator	70,000	820,000			
Well 28 GAC Treatment		80,000	950,000		
Vehicles/Equipment	120,000	158,000	40,000	50,000	50,000
Totals	1,088,973	7,926,250	2,447,000	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 June 30, 2019)

City Council Shirtsleeve Session
November 5, 2019



Electric Utility Fund Cash Flow Summary (June 30, 2019)

	Budget	Actual	% of Budget
Revenue			
Sales Revenues	69,708,150	67,961,354	97%
Development Impact Fees	178,820	244,989	137%
Other Revenues (interest, misc)	3,728,120	4,498,678	121%
Total Revenues	73,615,090	72,705,021	99%
Expenses			
Purchase Power	40,699,940	38,487,208	95%
Non Power	14,986,240	11,753,934	78%
Capital Projects	4,324,000	2,060,872	48%
Debt Service	5,522,890	1,732,064	31%
Cost of Service/Capital Xfer	2,399,040	2,399,040	100%
In-lieu Transfer to General Fund	7,197,380	7,197,380	100%
Total Expenses	75,129,490	63,630,498	85%

Beginning Cash Balance (6/30/18)		26,573,007
Ending Cash Balance (6/30/19)		37,009,865
Reserve Policy Target		23,714,000
% of Target		156%



Electric Utility Funds Cash Balances (Ending June 30, 2019)

Operating Funds	\$ 23,514,217
Utility Outlay Reserve Fund	\$ 1,000,000
Public Benefits Fund	\$ 3,382,259
Impact Fee Fund	\$ 886,260
Solar Surcharge Fund	\$ 318,195
Greenhouse Gas Fund	\$ 7,908,934
Total	\$ 37,009,865

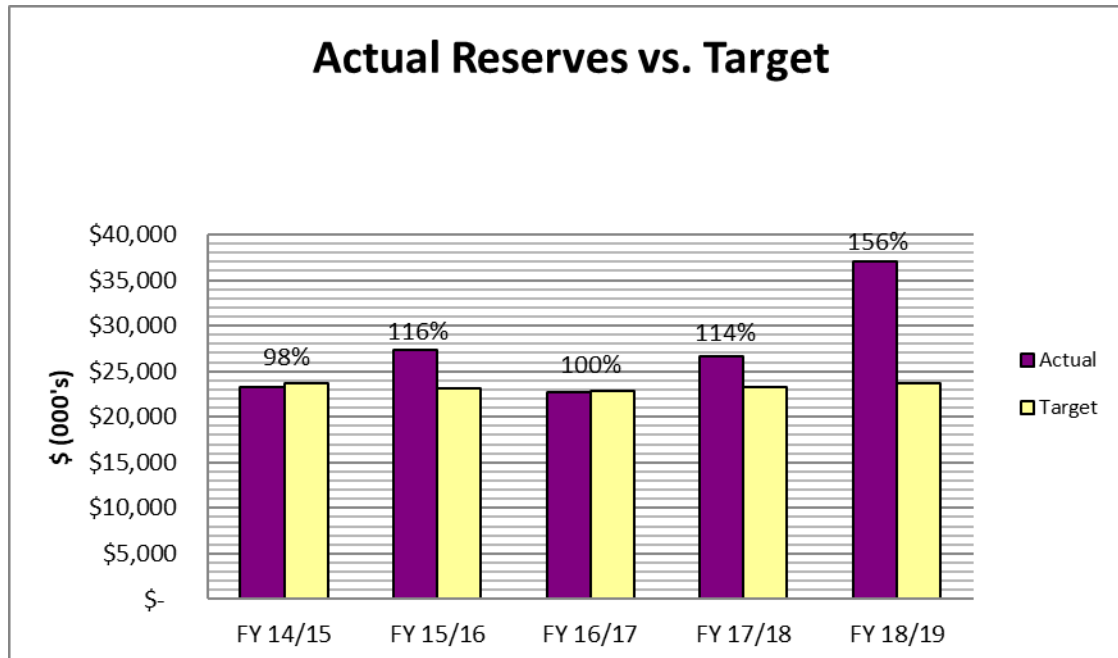


Electric Utility Reserve Policy

(June 30, 2019)

Purpose	Target	Actual*
Operating Reserves	\$ 22,714,000	\$ 36,009,865
Capital Reserve	\$ 1,000,000	\$ 1,000,000
Total Target	\$ 23,714,000	\$ 37,009,865

*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 Actuals	FY 19-20 Budget	FY 20-21 Forecast	FY 21-22 Forecast	FY 22-23 Forecast
Distribution Capacity Program	\$75,516	\$600,000	\$800,000	\$625,000	\$1,100,000
Underground / Overhead Maint	\$1,281,309	\$1,400,000	\$1,400,000	\$1,400,000	\$1,400,000
Streetlight Maintenance / Repair	\$3,492	\$50,000	\$50,000	\$50,000	\$50,000
LED Streetlight Improvements	\$71,822	\$250,000	\$250,000	\$250,000	\$250,000
230 kV Interconnection Project*	\$0	\$500,000	\$0	\$0	\$0
Substation Maint / Improvements	\$424	\$1,400,000	\$800,000	\$0	\$300,000
Building & Security Improvements	\$208,037	\$2,000,000	\$155,000	\$35,000	\$35,000
Work for Others	\$304,781	\$350,000	\$350,000	\$550,000	\$550,000
Vehicles & Equipment	\$115,490	\$0	\$830,000	\$432,000	\$330,000
Total Projects	\$2,060,872	\$6,550,000	\$4,635,000	\$3,342,000	\$4,015,000

*Includes planning and design costs only



5-Year Financial Forecast Looking Ahead

	FY 18-19 Actual	FY 19-20 Budget	FY 20-21 Forecast	FY 21-22 Forecast	FY 22-23 Forecast
Available Cash	\$37,009,865	\$34,414,155	\$32,352,429	\$30,925,366	\$28,187,461
Days Cash	191	185	168	156	139
Reserve Target	\$23,714,000	\$22,512,000	\$23,033,267	\$23,568,483	\$24,035,671
% of Target	156%	153%	140%	131%	117%



Power Sales (Ending June 30, 2019)

Power Sales (kWh)		
Customer Class	Budget	Actual
Residential	157,969,253	149,670,533
Small Commercial	158,823,735	155,964,400
Large Commercial/Small Industrial	49,847,066	44,834,283
Industrial	68,408,946	60,097,598
Total	435,049,000	410,566,814

Revenue (\$)			
Customer Class	Budget	Actual	Average Rate
Residential	\$ 27,288,494	\$ 27,713,015	\$ 0.1852
Small Commercial	\$ 26,883,003	\$ 26,350,979	\$ 0.1690
Large Commercial/Small Industrial	\$ 7,717,784	\$ 6,974,866	\$ 0.1556
Industrial	\$ 7,818,869	\$ 6,922,494	\$ 0.1152
Total	\$ 69,708,150	\$67,961,354	\$ 0.1655



ECA Revenue

(Ending June 30, 2019)

Customer Class	Total (\$)
Residential	\$ 1,540,981
Small Commercial	\$ 1,566,325
Large Commercial / Small Industrial	\$ 484,774
Industrial	\$ 593,701
Total Revenue	\$ 4,185,781



Electric Utility Fund Operating Results (Ending June 30, 2019)

	Budget	Actual	% of Budget
Personnel	\$ 9,457,360	\$ 8,106,154	86%
Supplies, Materials, Services	\$ 3,874,880	\$ 2,612,368	67%
Other Payments	\$ 1,575,100	\$ 971,518	62%
Utilities	\$ 78,900	\$ 63,894	81%
Total Operating Expenses	\$ 14,986,240	\$ 11,753,934	78%



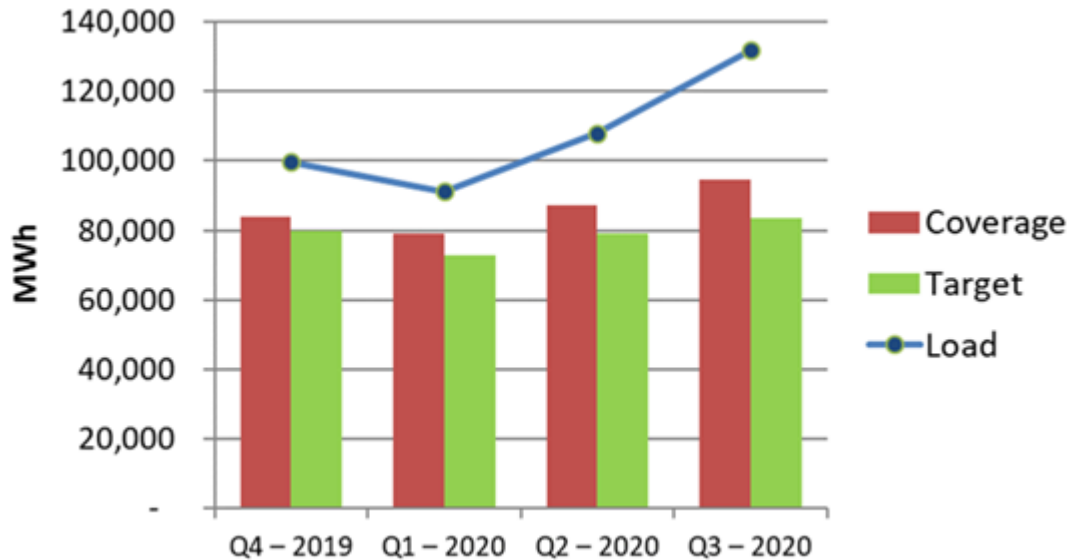
Power Supply Costs (Ending June 30, 2019)

	Budget	Actual	% of Budget
Generation	\$ 28,510,770	\$ 27,671,733	97%
Transmission	\$ 10,591,000	\$ 9,080,061	86%
Management Services	\$ 1,598,170	\$ 1,735,414	108%
Total Power Supply Costs	\$ 40,699,940	\$ 38,487,208	95%



Load Coverage

	MWh Load	ROC Matrix Target	Load Coverage (Including Purchases)
Q4 – 2019	99,605	80.0%	84.2%
Q1 – 2020	91,113	80.0%	86.6%
Q2 – 2020	108,014	73.3%	80.9%
Q3 – 2020	131,785	63.3%	71.7%



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



Risk Oversight Committee Report Highlights

- Forward Energy Purchases
- Cap and Trade Activities
- NCPA Solar Project
- Antelope Solar Project
- Western Base Resource Update
- 2018 Regulatory Reports
- GHG Spending Plan Revisions
- 230 kV Project Updates



Strategic Areas of Focus Highlights

- Customer
 - EV Strategy and Rebates
 - Customer Survey
- Technology
 - Outage Management System
 - Meter Deployment Pilot Project
- Financial
 - Stable Reserves
- Reliability
 - Wildfire Mitigation Plan
- Workforce
 - Recruitments