

**LODI CITY COUNCIL  
SHIRTSLEEVE SESSION  
CARNEGIE FORUM, 305 WEST PINE STREET  
TUESDAY, MAY 21, 2019**

A. Roll Call by City Clerk

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, May 21, 2019, commencing at 7:00 a.m.

Present: Council Member Johnson, Council Member Nakanishi, Mayor Pro Tempore Kuehne, and Mayor Chandler

Absent: Council Member Mounce

Also Present: City Manager Schwabauer, City Attorney Magdich, and City Clerk Ferraiolo

NOTE: Council Member Johnson participated in the meeting via teleconference.

NOTE: Council Member Nakanishi arrived at 7:02 a.m.

B. Topic(s)

B-1 Receive Presentation Regarding Fiscal Year 2019/20 Enterprise and Special Revenue Fund (CM)

Deputy City Manager Andrew Keys provided a PowerPoint presentation regarding Fiscal Year 2019/20 budget - Utility Fund and Special Revenue. Specific topics of discussion included an overview of Enterprise funds and Special Revenue funds; Electric Utility overview, revenues, expenses, capital projects, and reserves; Water Utility overview, revenues, expenses, capital projects, and reserves; Wastewater Utility overview, revenues, expenses, capital projects, and reserves; Transit overview, revenues, expenditures, and capital expenditures; Streets overview, revenues, expenditures, and capital projects; Community Development overview, revenues, and expenditures; Parks, Recreation and Cultural Services overview, revenues, and expenditures; and Library overview, revenues, and expenditures.

Mayor Pro Tempore Kuehne questioned if the collection system enhancements will include the catch basins the City plans to install, to which City Manager Schwabauer responded that it will, but not all of them. In further response, Public Works Director Charlie Swimley stated he will get back to Council with how many catch basins will be installed.

With regard to the reserve balances in all of the utilities, Mayor Chandler suggested staff better explain why the amounts are so massive because at a glance the public will not understand that the money is being collected to pay for capital projects; they will only see a reserve balance that is significantly higher than necessary. Mr. Keys stated that it will be thoroughly explained during the budget presentation.

Mr. Keys concluded that staff anticipates providing Council with draft budget documents later in the day for review prior to budget approval on June 5, 2019, during which staff will include greater detail on capital projects and fund balances.

Mike Lusk, member of the public, posed questions relating to PG&E's threats to shut down major power lines due to the Camp Fire and how the City plans to address that; the repayment of the water impact mitigation fees (IMF), stating he does not see the money being paid back in the utilities; the State grant money that would off-set the City's cost of the new wastewater holding pond, stating he does not see that in the presentation; and the elevator repair costs and whether the individual who damaged the elevator would be made to pay for the repairs.

In response to Mr. Lusk, City Attorney Magdich stated the City will be looking for subrogation for the person who damaged the elevator.

Mr. Schwabauer responded that the City will not have an option this time to opt out of PG&E's brown outs and the City is working with PG&E and exploring all possibilities to determine how to address the situation. The City could expand and get power from the Lodi Energy Center, but that would be a \$25 to \$35 million project and comes with a lot of political opposition from the neighbors along the route. Before spending millions of dollars on an expansion project, staff wants to research the matter fully, understand what PG&E intends to do, and explore all options. With regard to the IMF, Mr. Schwabauer stated the fees are being used to pay for the water plant, but they are not paying what they would have if the IMF had not been discounted.

Mr. Swimley stated the City has not collected IMF for many years, but is accounting for what is owed on the debt service for the water plant. The IMF can be spent on future projects, and it is planned that \$2.7 million will be expended around 2022 to construct a new water tank. He added that the water and wastewater utilities have a back-up power supply in place should PG&E's brown outs go into effect. With regard to the State grant, the City will be reimbursed roughly \$4 million by the State, which will come to the City over time. Mr. Schwabauer further explained that grants and reimbursements usually come to the City in arrears of a project. Further, the budget may show significant swings in revenue due to grant-funded projects, because in one year the City may have an extremely large grant project but not in the next year, which shows as a reduction in revenue.

C. Comments by Public on Non-Agenda Items

None.

D. Adjournment

No action was taken by the City Council. The meeting was adjourned at 7:04 a.m.

ATTEST:

Jennifer M. Ferraiolo  
City Clerk