

**LODI CITY COUNCIL
SHIRTSLEEVE SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, JULY 23, 2019**

A. Roll Call by City Clerk

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, July 23, 2019, commencing at 7:02 a.m.

Present: Council Member Mounce, Council Member Nakanishi, and Mayor Pro Tempore Kuehne

Absent: Council Member Johnson, and Mayor Chandler

Also Present: City Manager Schwabauer, Deputy City Attorney Fukasawa, and City Clerk Ferraiolo

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

B. Topic(s)

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

Interim Electric Utility Director Melissa Price provided a PowerPoint presentation regarding the Electric Utility (EU) Department quarterly update. Specific topics of discussion included EU fund cash flow summary, cash balances, Reserve Policy, Capital Improvement Project five-year spending plan, power sales, Energy Cost Adjustment revenue, operating results, power supply costs, load coverage, Risk Oversight Committee report highlights, and City Council strategic areas of focus.

Mayor Pro Tempore Kuehne suggested the City consider adding more electric vehicle charging stations in town since the public benefits account has a high fund balance.

In response to Mayor Pro Tempore Kuehne, Ms. Price stated that time-of-use meters is mandatory for investor-owned utilities, but not for publicly-owned utilities. Some publicly-owned utilities are moving toward that; however, Lodi is not at this time because it would be extremely expensive to change out all of the meters, build the necessary infrastructure, and update the billing system to handle time-of-use billing. City Manager Schwabauer added that the City installed new meters prior to the current version of smart meters being introduced and to change out those meters now would leave stranded costs unamortized, which is not a best business practice. Ms. Price stated the cost of a new meter varies depending on the type, i.e. small residential customer versus large commercial customer, and could range from \$100 to \$1,000 per meter plus installation costs. Mayor Pro Tempore Kuehne asked if the City requires smart meters be installed in new homes being built, to which Ms. Price responded in the negative, stating the infrastructure and billing system would have to change to accommodate smart meters. Mr. Schwabauer added that the entire system must communicate with itself, it cannot have different functioning meters and systems.

Council Member Mounce stated this is a costly endeavor that Council previously discussed.

Council Member Nakanishi stated he is pleased that Lodi is not required to move to time-of-use billing because low-income customers could not afford the high rates and would be suffering during the hot summer months.

Myrna Wetzel, member of the public, expressed concern about time-of-use billing, stating that people can reduce air conditioning use during 5 to 8 p.m., but they still need to cook dinner for

their families during that timeframe, which should be addressed. Mr. Schwabauer assured her the City is not moving to time-of-use rates at this time.

Utilities Manager Lance Roberts provided a PowerPoint presentation regarding the Water/Wastewater quarterly update. Specific topics of discussion included Wastewater fund cash flow summary, operating results, cash balances, planned and Capital projects; Water fund cash flow summary, operating results, cash balances, and planned Capital projects; and Water/Wastewater utility activities.

Mayor Pro Tempore Kuehne and Council Member Mounce requested a Shirtsleeve Session to receive an update from staff on the PCE/TCE issue, and Mr. Roberts added that staff will also update Council on the new constituent of PCE at that time.

Mike Lusk, member of the public, posed questions regarding the 230 kV line and associated savings in transmission costs, the reason for the difference in transmission costs as stated during the presentation, the reality of PG&E shutting off Lodi's power due to the wildfire situation, the feasibility of constructing a westward connection to the White Slough Water Pollution Control Facility, and whether the City is charged through the California Independent Service Operator or through PG&E for extra power costs for high-energy times during the day. Mr. Schwabauer responded that Electric Utility purchases power at both high and low load hours, which is similar to a time-of-use rate but not passed onto customers in a time-of-use base rate. With regard to the 230 kV project, there are two funding sources: one is money paid statewide by all utility payers for transmission costs, and the other is funded by the Utility for interconnection between the systems, which the City anticipates will be paid back by reduced costs for no longer paying the low-voltage transmission access charge. In response to potential PG&E shut offs, staff is evaluating options, all of which would have a significant expense for the amount of hours anticipated being without power. One option is the suggestion made by Mr. Lusk going west to White Slough; however, such a project could potentially cost upwards of \$20 million. In further response, Ms. Price stated that transmission costs referenced in the presentation have increased due to costs being passed down to utilities to maintain and add lines to move power around the state. Mr. Lusk questioned when the City will receive the \$4 million reimbursement from the State for the pond project at White Slough and whether Impact Fee revenues are being applied toward the Certificates of Participation for the White Slough and Water Treatment Plant facilities. Public Works Director Charlie Swimley stated the City continues to receive portions of the reimbursement from the State as the pond is being constructed. Deputy City Manager Andrew Keys confirmed that the new development of the portion of Impact Fees is being allocated toward the debt service.

C. Comments by Public on Non-Agenda Items

Betty Wilson, member of the public, requested the City Council consider adopting an ordinance requiring homeowners to maintain redwood trees on their properties on a regular basis, based on the concern of the size of the trees and the risk of falling debris or trees toppling onto adjacent properties.

Council Member Mounce requested staff look into this matter and report back to Council. While she does not like forcing regulations onto homeowners, at-risk trees negatively effect neighboring homes, especially with the increased fire dangers plaguing the state.

D. Adjournment

No action was taken by the City Council. The meeting was adjourned at 7:57 a.m.

ATTEST:

Jennifer M. Ferraiolo
City Clerk