

**CITY OF LODI
INFORMAL INFORMATIONAL MEETING
"SHIRTSLEEVE" SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, NOVEMBER 20, 2007**

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, November 20, 2007, commencing at 7:01 a.m.

A. ROLL CALL

Present: Council Members – Hansen, Hitchcock, Katzakian, Mounce, and Mayor Johnson

Absent: Council Members – None

Also Present: City Manager King, City Attorney Schwabauer, and City Clerk Johl

B. TOPIC(S)

B-1 "Receive Report on Litigation Status and Groundwater Cleanup Model"

City Manager King provided a brief introduction to the subject matter of the litigation status and groundwater cleanup model.

City Attorney Schwabauer gave a PowerPoint presentation regarding the PCE litigation update. Specific topics of discussion included executive summary, M & P settlements, Central Plume status, Busy Bee Plume status, Southern Plume status, Northern Plume status, Southwestern Plume status, insurance settlements, other settlements, cleanup estimates, net City cost of \$46.5 million, legal expenses, Folger Levin & Kahn contingency, and cost summary.

In response to Council Member Hitchcock, Mr. Schwabauer confirmed the Æ Capital settlement is \$30,000, which was based on a nuisance-type exposure rather than actual liability.

In response to Council Member Hansen, Mr. Schwabauer stated the Service Laundry is accounted for in the Northern Plume settlement.

In response to Council Member Hansen, Mr. Schwabauer stated that, with respect to the Holz deal, there is a lien on the subject property, whereby the City must be notified when the property is sold. He stated the title company does not have the ability to transfer title on the property without transferring the appropriate amount to the lien holder to release the lien.

Council Member Hitchcock requested a copy of the PowerPoint presentation. In response to Council Member Hitchcock, Mr. Schwabauer stated the cleanup is going to run at least 30 years and the City has enough money to install the remedy while operations and maintenance and replacement costs will remain unknown and continue to run for some time. Mr. Schwabauer stated the currently unknown amount may become clearer in the next year or so during the course of the remediation and as the Board considers the remedy plan.

In response to Mayor Johnson, Mr. Schwabauer stated the Lehman \$30 million cost for cleanup and the Lehman \$24 million settlement was listed separately due to the extensive litigation process involved with this particular party, including matters regarding the original loan and obligation to pursue the suit. He stated, as a way of clarifying the accounting, the difference of \$6 million alone could be listed. Council Members Hitchcock and Hansen concurred.

City Manager King stated it is also important to replenish the infrastructure replacement account and other funds that were affected by the litigation with the appropriate monies. He stated that topic will be brought back to Council as a separate item.

Public Works Director Prima stated the exact amount of the cleanup costs is still unknown. He stated that, while some settlements are still pending final approval, the City does have enough money to install the remedy while operations and maintenance costs will be ongoing. Mr. Prima also stated that most people are providing access to their respective properties and meetings pertaining to remediation with the Regional Board are continuing.

Consultant Phil Smith provided a PowerPoint presentation regarding the status of the groundwater contamination. Specific topics of discussion included work to be completed, an overview of the dual phased extraction system, Central Plume update, Central Plume groundwater model, groundwater flow and transport model uses, Lodi groundwater contamination plumes, model domain, and examples of remedial alternatives in the Central & South Central/Western Plumes.

In response to Council Member Hitchcock, Mr. Smith stated the simulations were created from a commercially available computer program combined with City specific data and a geological model based on the City statistics and facts. Mr. Smith and Mr. Prima discussed the thousands of cells that are broken down under the ground and the structural engineering process, whereby mass is broken up into pieces and measurements are taken from the corners and centers of the pieces and configured accordingly. Mr. Smith stated the goal is to utilize the wells in a manner so as to maximize the containment and remediation of source sites in the most economical fashion.

In response to Mayor Johnson, Mr. Smith stated the efforts in the high source red area on the simulation are working very well. A brief discussion ensued between Mr. Smith and Mayor Johnson regarding the process of first containing a highly contaminated source area and then focusing on removal so as to obtain the most benefit of the treatment.

In response to Council Member Hitchcock, Mr. Smith stated the number of wells needed for cleaning up particular source areas will depend upon the final remediation plan that is approved by the Board.

In response to Council Member Katzakian, Mr. Smith stated the Regional Board staff that is working on the City's case are practical people who are trying to obtain the right remedy over a reasonable period of time. He stated the Board is the lead regulatory agency and writes compliance requirements for all plumes. Mr. Prima stated the Board is appointed by the Governor's office and governs the entire Central Valley area.

In response to Council Member Hansen, Mr. Smith stated he has a high level of confidence that the containment and remediation efforts being discussed will protect the City's groundwater on a long-term basis.

In response to Council Member Hansen, Mr. Smith stated all communities that had or currently have dry cleaner businesses in their cities are dealing with this issue in some form or another.

B-2 "Discussion Regarding Electric Utility's Power Needs for Fiscal Year 2009 through 2011"

City Manager King provided a brief introduction of the subject matter of purchasing additional power supply.

Electric Utility Manager Ken Weisel provided a brief PowerPoint presentation regarding the Electric Utility's power needs. He specifically discussed the overview of the fiscal year 2009 to 2011 open position and corresponding numbers. Mr. Weisel also discussed laddering guidelines and provided staff's recommendation of having the authority to purchase up to \$10 million if the opportunities to do so arise.

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A brief discussion ensued between Council Member Hansen and Mr. Weisel regarding the opportunities to purchase power over the next few months if the area has a particularly wet winter, which is also predicted by the Northern California Power Agency.

City Manager King stated any power purchases will be consistent with the new Lodi Project, which is getting ready to move into Phase 2. Mr. Weisel confirmed that the project is almost fully subscribed and will likely come online at the end of the 2012 fiscal year after the gas is purchased.

C. COMMENTS BY THE PUBLIC ON NON-AGENDA ITEMS

None.

D. ADJOURNMENT

No action was taken by the City Council. The meeting was adjourned at 8:21 a.m.

ATTEST:

Randi Johl
City Clerk