



GAGE CANAL COMPANY CAPITAL EXPENDITURE BUDGET FOR FY 22/23

Riverside Public Utilities

Board of Public Utilities
September 26, 2022

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BACKGROUND

1. The 1965 Agreement For Operation of Gage Canal Facilities establishes budget submittal requirement.
2. Approval was historically done by RPU GM.
3. CAO opined Board and Council should be involved.
4. City's "approval" not necessary for execution of Company expenditures.



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BACKGROUND (CONT.)

5. RPU GM and two Board of Public Utilities members sit on Company Board.
6. Company Board develops and approves capital budget.
7. Budget normally submitted in September.



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DISCUSSION

1. Section 15 of the Agreement states: ..."The Company shall submit an annual capital expenditure budget for approval by the City"...
2. If Company fails to submit budget, then potential breach of contract.
3. Total FY 22/23 budget = \$191,704.



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DISCUSSION (CONT.)

4. Capital improvements necessary for ongoing performance obligations.
5. Not a “direct” financial expenditure of City.
6. City pays proportionate share via Company shareholdings.



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STRATEGIC PLAN ALIGNMENT



Strategic Priority 6 - Infrastructure, Mobility and Connectivity

Goal No. 6.2 – Maintain, protect, and improve assets and infrastructure within the City's built environment to ensure and enhance reliability, resiliency, sustainability, and facilitate connectivity.

Cross-Cutting Threads



Community Trust



Fiscal Responsibility

Sustainability &
Resiliency

Equity



Innovation



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RECOMMENDATIONS

That the Board of Public Utilities:

1. Recommend that the City Council approve the Gage Canal Company's capital expenditure budget for Fiscal Year 2022/23; and
2. Consider forming an Ad Hoc Committee to discuss the sharing of costs for capital expenditures by all Gage Canal Company shareholders, including the City, to address the significant long-term costs associated with major improvements to facilities, with a deadline to complete and report back to the Board of Public Utilities by March 27, 2023.



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