



# RIVERSIDE PUBLIC UTILITIES

## Board Memorandum

**BOARD OF PUBLIC UTILITIES**

**DATE: APRIL 28, 2025**

**SUBJECT: PROPOSED AMENDMENT OF FISCAL YEAR 2025-26 OF THE PREVIOUSLY ADOPTED FISCAL YEAR 2024-2026 BIENNIAL BUDGET INCLUDING AN INCREASE TO THE ELECTRIC 510 FUND EXPENDITURES OF \$15,246,212 AND AN INCREASE TO THE WATER 520 FUND EXPENDITURES OF \$1,130,569, FOR A TOTAL AMOUNT OF \$16,376,781**

**ISSUE:**

Consider recommending that the City Council approve the proposed adjustments to Fiscal Year 2025-26 of the previously adopted Fiscal Year 2024-2026 Biennial Budget including an increase in expenditures in the Electric 510 fund of \$15,246,212 and the expenditures in the water 520 fund of \$1,130,569, for a total amount of \$16,376,781.

**RECOMMENDATION:**

The Board of Public Utilities recommend that the City Council approve:

1. Increasing the Electric 510 Fund proposed Fiscal Year 2025-26 budget amendments comprising of an increase in expenditures of \$15,246,212; and
2. Increasing the Water 520 Fund proposed Fiscal Year 2025-26 budget amendments comprising of an increase in expenditures of \$1,130,569.

**BACKGROUND:**

The Riverside Public Utilities (RPU) Electric and Water Funds Fiscal Years (FY) 2024-26 biennial budget was approved by the Board of Public Utilities on April 8, 2024 and was subsequently adopted by City Council on June 25, 2024.

The purpose of this budget update is to recommend amendments to the previously adopted FY 2025-26 budget based on new financial data and significant events that impact the Electric and Water Funds' finances. This report provides a brief overview of the recommended adjustments to expenditures for both the Electric and Water Funds. These recommendations will be incorporated into the City's FY 2025-26 budget update that will be presented to City Council on May 13, 2025.

**DISCUSSION:**

The FY 2025-26 proposed budget adjustments reflect a \$16.4 million increase in expenditures for the Electric and Water Funds.

Proposed budget adjustments are a result of the City Council actions approving Memorandum of Understanding (MOU) agreements with International Brotherhood of Electric Workers (IBEW) for Field and Supervisory Groups. The MOU includes, but is not limited to, merit increases, health and dental plan increases and salary adjustments, which are refreshed each year and result in increased costs. The combined increase to RPU personnel costs is \$4,215,759.

RPU has a 7.617% share of the Intermountain Power Project (IPP). The IPP Draft Final Operating Budget for FY 25/26 provides \$144.2 million in debt service to finance the Gas Repowering. RPU's share of the net debt service is approximately \$12.0 million for FY 25/26 and will be included in Electric Power Supply. Effective July 2027, RPU is exiting IPP and these costs will cease after that date.

The Charges from Others for the Electric and Water Funds represent increase of \$161,022. Which includes the impact of increases in personnel costs that support RPU, City financial audit charges, and costs associated with Public Works Urban Forestry Tree Inspector for pre and post utility line clearance inspections previously omitted from the originally approved FY 25/26 Charges from Others.

**510 Fund – Electric: Proposed Budget Adjustment**

<b>Fund Category</b>	<b>Adopted FY 2025/26</b>	<b>Proposed Adjustment</b>	<b>Amended FY 2025/26</b>
Personnel	\$80,030,543	\$3,093,660	\$83,124,203
Power Supply	246,270,494	12,000,000	258,270,494
Charges from Others	10,485,088	152,552	10,637,640
<b>Total</b>		<b>\$15,246,212</b>	

**520 Fund – Water: Proposed Budget Adjustment**

<b>Fund Category</b>	<b>Adopted FY 2025/26</b>	<b>Proposed Adjustment</b>	<b>Amended FY 2025/26</b>
Personnel	\$27,373,976	\$1,122,099	\$28,496,075
Charges from Others	7,186,601	8,470	7,195,071
<b>Total</b>		<b>\$1,130,569</b>	

FY 2025-26 includes interdepartmental transfers that have no net fiscal impact and no change to the total number of Full-time Equivalent positions (FTEs) in the 510 Electric Fund. In FY 2024-25, RPU realigned existing staffing to establish a new division within the Electric Fund called Strategic Initiatives. As part of this change, RPU proposes an interdepartmental transfer of 8.0 FTEs, along with all associated personnel and non-personnel budgets, from the Electric Fund's Power Supply Operations division to the Electric Fund's Administration division, Strategic Initiatives. Additionally, RPU is proposing the transfer of 1.0 Safety Specialist FTE and the corresponding personnel budgets from the Electric Fund's Electric Production and Operations division to the Electric Fund's Administrative division, Safety.

**Fund 510 – Electric: Interdepartmental Transfers with No Net Fiscal Impact**

Division	Category	Adopted FY 2025/26	Proposed Adjustment	Amended FY 2025/26
<b>Adjustments to Power Supply Operations and Strategic Initiatives</b>				
Power Supply Operations	Personnel	\$10,392,923	(\$1,776,644)	\$8,616,279
Power Supply Operations	Non-Personnel	5,125,729	(1,505,444)	3,620,285
Subtotal			(3,282,088)	
Strategic Initiatives	Personnel	0	1,776,644	1,776,644
Strategic Initiatives	Non-Personnel	0	1,505,444	1,505,444
Subtotal			3,282,088	
Power Supply Operations	FTE's	50	-8	42
Strategic Initiatives	FTE's	0	8	8
<b>Adjustments to Electric Prod &amp; Ops and Safety</b>				
Electric Prod & Ops	Personnel	16,319,635	(111,025)	16,208,610
Safety	Personnel	587,276	111,025	698,301
Electric Prod & Ops	FTE's	71	-1	70
Safety	FTE's	4	1	5
<b>Fund 510 Proposed Adjustment Total</b>			<b>\$0</b>	
<b>Fund 510 Proposed FTE Change</b>			<b>0</b>	

**STRATEGIC PLAN ALIGNMENT:**

This item contributes to Strategic Priority 5, High Performing Government and Goal 5.3, Enhance communication and collaboration with community members to improve transparency, build public trust and encourage shared decision making.

This item aligns with EACH of the FIVE Cross-Cutting Threads:

1. **Community Trust** – Presentation of the proposed budget amendments provides a transparent view and communication of Utility finances in a forum that accommodates community engagement and the involvement of Board of Public Utilities.
2. **Equity** – The proposed budget amendments are available to all members of the public via the City website, and the presentation of the proposed budget in a public forum accommodates community engagement from all members of the public.
3. **Fiscal Responsibility** – The proposed budget amendments and recommendations demonstrate the Utility's commitment to responsible management of the Utility's financial resources.
4. **Innovation** – Adopting the proposed budget amendments will help in meeting the community's changing needs as the Utility's infrastructure needs are projected to grow as the system continues to age.

- 5. Sustainability & Resiliency** – The proposed budget amendments demonstrates the Utility's commitment to the long-term fiscal health of the Utility and preservation of Utility services.

**FISCAL IMPACT:**

The total fiscal impact is \$16,376,781. Sufficient funds are available in undesignated reserves to fund the increase to the FY 2025-26 budget. Future years' impacts will be included as a part of the biennial budget process.

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Approved as to form:	Jack Lui, Interim City Attorney

Attachment:	Presentation
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