



RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES

DATE: SEPTEMBER 23, 2024

SUBJECT: BOARD OF PUBLIC UTILITIES 2024 ANNUAL WORKPLAN 6 MONTH UPDATE

ISSUE:

Review and discuss the 6-month update to the Board of Public Utilities 2024 Annual Workplan.

RECOMMENDATIONS:

That the Board of Public Utilities review and discuss the 6-month update to the Board of Public Utilities 2024 Workplan.

BACKGROUND:

In late 2023, the City Manager's Office requested each board and commission to develop an Annual Workplan to ensure the work of boards and commissions align with the City Charter and the Envision Riverside 2025 Strategic Plan. Each workplan was taken to the respective City Council Standing Committee for review and approval with the workplans earmarked to begin in March 2024 and conclude in February 2025. Per Resolution 23976, the Board of Public Utilities (Board) is under the purview of the Mobility and Infrastructure Committee.

The Board held a workshop November 27, 2023 to discuss a draft 2024 Annual Workplan. During the discussion, the Board provided several recommendations and requested that the workplan be brought back at their next meeting. On December 11, 2023, the Board reviewed the revised report and recommended that the City Council approve the Board's workplan. On January 11, 2023 the Mobility and Infrastructure Committee approved a condensed version of the Board's workplan.

Staff commenced work on the workplan items immediately with the intent to address each by February 2025.

Power and Duty of the Board

As stated above, the intent of the preparation of the Workplan is to also align tasks with the City Charter as well as the City's Envision Riverside 2025 Strategic Plan (attached). The portions of the City Charter that directly addresses the Board of Public Utilities is described in this section.

Riverside City Charter (RCC) Article 12, Section 1200 (attached) created the Department of Public Utilities (Riverside Public Utilities, RPU) and is the primary Article in the Charter the identifies the power and duties of the Board. The section states: "There shall be a Department of Public Utilities,

which shall be under the management and control of the City Manager subject, however, to the powers and duties of the Board of Public Utilities as hereafter set forth in this Article. Said department shall be responsible for electric and water supplies, services and conservation and any other utility as determined by ordinance of the City Council, and shall include all works owned, controlled, operated, leased or contracted for by the City for supplying the City and its inhabitants with such utilities.”

RCC Article 12, Section 1201 establishes the Board of Public Utilities. This section states: “There shall be a Board of Public Utilities. All of the provisions of Article VIII of this Charter relating to boards and commissions generally, to the organization, meetings, conduct of proceedings, and expenses thereof, and to the appointment, qualifications, term of office, removal, compensation, and powers of members thereof, where not inconsistent with the provisions of this Article, shall apply to the Board of Public Utilities.” RCC Section 1202 of Article 12 goes on to state that the Board shall have the power and duty to:

- a) Consider the annual budget for the Department of Public Utilities during the process of its preparation and make recommendations with respect thereto to the City Council and the City Manager.
- b) Authorize, and let public works contracts in compliance with Section 1109, within the limits of the budget of the Department of Public Utilities, any purchase of equipment, materials, supplies, goods or services, or any acquisition, construction, improvement, extension, enlargement, diminution, or curtailment of all or any part of any public utility system when the amount exceeds \$50,000, and authorize the City Manager, or his designee, to execute contracts or issue purchase orders for the same. This amount may be increased in \$1,000 increments by ordinance to account for inflation whenever the cumulative increase in the consumer price index exceeds \$2,000 from the last increase. No such purchase, or acquisition, construction, improvement, extension, enlargement, diminution or curtailment shall be made without such prior authorization.

Notwithstanding the above, such a purchase, or acquisition, construction, extension, enlargement, diminution or curtailment may be made without prior approval (1) for work done at the request of and at the expense of a customer, pursuant to rules established by the Board of Public Utilities and approved by the City Council, or (2) if there is an urgent necessity to preserve life, health or property (i) as determined by the Director of Public Utilities or, (ii) if the amount exceeds \$100,000 by the Director of Public Utilities and the City Manager. As soon as practicable thereafter, the Director of Public Utilities shall take the matter under Section 1202(b)(2) to the Board of Public Utilities for ratification.

- c) Within the limits of the budget of the Department of Public Utilities, make appropriations from the contingency reserve fund for capital expenditures directly related to the appropriate utility function.
- d) Require of the City Manager monthly reports of receipts and expenditures of the Department of Public Utilities, segregated as to each separate utility, and monthly statements of the general condition of the department and its facilities.
- e) Establish rates for all utility operations as provided under Section 1200 including but not limited to water and electrical revenue producing utilities owned, controlled or operated by the City, but subject to the approval of the City Council.

- f) Authorize the Director of Public Utilities to negotiate and execute contracts with individual retail customers for water, electric and any other utility service as provided under Section 1200, consistent with rates for such individualized service established pursuant to Section 1202(e).
- g) Approve or disapprove the appointment of the Director of Public Utilities, who shall be the department head.
- h) Designate its own secretary.
- i) Make such reports and recommendations in writing to the City Council regarding the Department of Public Utilities as the City Council shall deem advisable.
- j) Exercise such other powers and perform such other duties as may be prescribed by ordinance not inconsistent with any of the provisions of this Charter.

RCC Article 8, Sections 800-805 (attached) outline additional information relevant to the Board of Public Utilities. Unless specified in Article 12, Article 8 applies. Article 8 includes but is not limited to, addressing the appointment of Board members, how vacancies are filled, and the organization of meetings and subpoena power.

Additional guidance or direction can also be provided by Board policies and by resolutions of the City Council. Board policies must be alignment with the power and duties in the Charter language above. The Council may approve resolutions that provide exceptions to certain policies such as Resolution 15507 (attached) that affirmed the policy for the extension or development of the electric and water utilities and excepted certain types of utility projects from Section 1109 (attached) of the Riverside City Charter.

DISCUSSION:

The Board’s 2024 Annual Workplan (attached) was consolidated for consideration by the Mobility and Infrastructure Committee into five activities (attached). The approved 2024 Annual Workplan action items are shown listed below with a status of each item and a crosswalk of how the Board approved items fit into the Committee’s consolidated workplan. The status of each item is also shown.

	Action Items	Description	Status
1.	Develop an awareness of utility policy and operational matters through reviewing Board duties, administration, and engagement.		
a.	Standing Rules of the Board	Review of Board Specific Policies A-C	Pending. Anticipated to begin in late 2024/early 2025
b.	Ethics Review	Annual item of business	Completed. Annual presentation of the Code of Ethics and Conduct was presented to the Board on July 8, 2024. Board members provided their recommendations for changes to the Code of Ethics and Conduct at their meeting on July 22, 2024.

Action Items		Description	Status
c.	Board Training	Develop structured practice for Board Education and awareness of utility policy and operational matters.	<p>Ongoing. The development of the structured practice will be developed and presented in late 2024/early 2025.</p> <p>Education and awareness of utility policy has been provided through new Board member orientations provided by RPU's Executive Managers, facility tours and opportunities to attend conferences.</p>
2. Review and recommend to City Council amendments to utility specific legislative policy; develop recommendations to positions on upcoming bills and actively advocate for grant opportunities.			
a.	2024 Legislative Policy Engagement	Review and recommend amendments to utility specific legislative policy platform principles, develop recommendations for City positions on upcoming bills and actively advocate for grant opportunities	<p>Pending. RPU staff will provide a fall review of legislation passed for year 2024 and will provide a review of the City's legislative platform for 2025/2026.</p>
3. Review and discuss the development of Master Plans including the Annual Water Supply and Demand Assessment, Non-Potable and Recycled Water Master Plan, Water Quality Master Plan, Water and Energy Delivery Infrastructure Master Plan, and Electric Integrated Resource Plan.			
a.	Annual Water Supply and Demand Assessment Report	Review and discuss report prepared by staff including Updates to Water Atlas and policy discussion on water conservation standards	<p>Completed. The Annual Water Supply and Demand Assessment Report was approved by the Board on May 13, 2024.</p> <p>Pending. RPU staff will provide a review of and provide an opportunity for the Board to discuss water conservation standards in late 2024/early 2025.</p>
b.	Non-Potable and Recycled Water Master Plan	Discuss opportunities to expand utility services	<p>Completed. The Non-Potable and Recycled Water Master Plan was presented to the Board on February 26, 2024.</p>
c.	Water Quality Master Plan	Identify what infrastructure improvements are required to meet new regulations and operational challenges	<p>Completed. The Water Quality Master Plan was presented to the Board on April 8, 2024.</p>
d.	Water and Energy Delivery Infrastructure Master Plan	Development of new 10-year projections	<p>Pending. Energy Delivery is preparing their annual update to their 5-year plan at this time. Water Planning and Engineering are preparing their 5-year plan at this time.</p>
e.	Electric Integrated Resource Plan	Project energy supply needs and customer demand projections including public outreach for community input	<p>Completed. The Integrated Resources Plan (IRP) was presented to the RPU Board on April 8, 2024, the Mobility and Infrastructure Committee on May 9, 2024, and the City Council on June 11, 2024. Two public meetings were held on April 13 and 18 of 2024. The IRP and all supporting documentation were submitted to the California Energy Commission on June 12, 2024.</p>

Action Items	Description	Status
4	Remain engaged and develop advisory reports related to the Riverside Transmission and Reliability Project (RTRP).	
a.	Riverside Transmission Reliability Project (RTRP) Engagement	<p>Remain engaged on project's issues to prepare for future actions of the Board, if any, and develop advisory reports to Council if the project encounters further delay past 2024.</p> <p>Ongoing. The Board is provided updates, as needed and appropriate, as part of the GM report. The City Council reaffirmed its support of the RTRP on May 14, 2024.</p>
5.	Review and provide recommendations to the Biannual RPU budget, five-year Capital Improvement Plan, and internal services.	
a.	Review and approval of the Biannual RPU budget and Capital Improvement Plan	<p>Review of the Biannual budget, five-year Capital Improvement Plan (CIP), and internal services.</p> <p>Completed for 2024. Ongoing efforts to continue.</p> <ul style="list-style-type: none"> • Biannual budget and CIP approved by the Board on April 8, 2024 and the City Council on June 25, 2024 • Internal services updates on services provided presented to the Board. Human Resources presented on March 11, 2024 and Office of Communications presented updates on April 22, 2024 and June 10, 2024. • The City of Riverside Cost Allocation Plan was provided to the Board on February 26, 2024.
b.	Review of the Customer Benefits Programs	<p>Review of the Business and Residential programs, inclusive of customer engagement and education to accelerate programs that support environmental sustainability, decarbonization and equity goals</p> <p>Ongoing. The following Business and Residential programs have been provided:</p> <ul style="list-style-type: none"> • Tree Power (Shade tree program) – RPU Board on 1/22/24 and Council on 2/27/24 • Water Conservation Surcharge Fund Renewal – RPU Board on 1/22/24 and Council on 3/19/24 and 4/16/24 • Water Program Enhancements – RPU Board on 7/22/24 and Council on 8/20/24 • Heat Pump Program – RPU Board on 6/10/24 and Council on 6/25/24 • Multi Family / Mobile Home Energy Assistance Program – RPU Board on 6/24/24 and Council on 8/6/24 • SHARE Low Income Assistance Contract with CAP – RPU Board on 5/13/24 and Council on 6/11/24 <p>Additional program updates are planned for Board and City Council before the end of the calendar year and monthly updates are provided as part of the General Manager's Reports.</p>
c.	Develop long-term utility rate projections in conjunction with the Master Plan development and budget processes	<p>Review of the Biannual budget, the Five-Year Capital Improvement Plan, internal services and project impact of various General Fund Transfer scenarios as developed by the City Council</p> <p>Ongoing. Electric and Water 5-Year Rate Plans approved by the Board and City Council on August 28, 2023 and September 19, 2023, respectively. The annual rate plan updates were provided to the Board as a discussion on April 22, 2024 and to the City Council as a consent item on May 7, 2024.</p>
d.	Reserve and Fiscal Policy Review	<p>As required by each individual Policy</p> <p>Completed. The Reserve and Fiscal Policy were presented and approved by the Board on June 24, 2024 and by the Council on August 8, 2024.</p>

Staff will continue to work on providing the Board with items on the work plan. Pending Items are anticipated to be presented to the Board over the next several months.

Next Steps

At this time, it is anticipated that the Board will be asked to update the Board Annual Workplan for calendar year 2025. Staff will bring the item to the Board for consideration in November 2024, taking into consideration the existing Board Workplan and the discussion from the mid-year update (this report). It is anticipated that the Board's Workplan will be presented to the Mobility and Infrastructure Committee at their January 2025 meeting.

STRATEGIC PLAN ALIGNMENT:

This item contributes most directly to the following strategic priorities.

This item contributes to:

Strategic Priority #1 – Arts, Culture & Recreation

Goal 1.5 – Support programs and amenities to further develop literacy, health, and education of children, youth and seniors throughout the community.

Strategic Priority #2 – Community Well-Being

Goal 2.1 – Facilitate the development of a quality and diverse housing supply that is available and affordable to a wide range of income levels.

Goal 2.2 – Collaborate with partner agencies to improve household resiliency and reduce the incidence and duration of homelessness.

Goal 2.4 – Support programs and innovations that enhance community safety, encourage neighborhood engagement, and build public trust.

Goal 2.5 – Foster relationships between community members, partner organizations, and public safety professionals to define, prioritize, and address community safety and social service needs.

Goal 2.6 – Strengthen community preparedness for emergencies to ensure effective response and recovery.

Strategic Priority #3 – Economic Opportunity

Goal 3.1 – Facilitate partnerships and programs to develop, attract and retain innovative business sectors.

Goal 3.3 – Cultivate a business climate that welcomes innovation, entrepreneurship and investment.

Goal 3.4 – Collaborate with key partners to implement policies and programs that promote local business growth and ensure equitable opportunities for all.

Strategic Priority #4 – Environmental Stewardship:

Goal 4.1 – Rapidly decrease Riverside's carbon footprint by acting urgently to reach a zero-carbon electric grid with the goal of reaching 100% zero-carbon electricity

production by 2040 while continuing to ensure safe, reliable, and affordable energy for all residents.

Goal 4.2 – Sustainably manage local water resources to maximize reliability and advance water reuse to ensure safe, reliable, and affordable water to our community.

Goal 4.6 – Implement the requisite measures to achieve citywide carbon neutrality no later than 2040.

Strategic Priority #5 – High Performing Government and the following goals:

Goal 5.1 – Attract, develop, engage, and retain a diverse and highly skilled workforce across the entire City organization.

Goal 5.2 – Utilize technology, data, and process improvement strategies to increase efficiencies, guide decision making and ensure services are accessible and distributed equitably throughout all geographic areas of the City.

Goal 5.3 – Enhance communication and collaboration with community members to improve transparency, build public trust, and encourage shared decision-making.

Strategic Priority #6 – Infrastructure, Mobility & Connectivity, and the following goal:

Goal 6.3 – Identify and pursue new and unique funding opportunities to develop, operate maintain, and renew infrastructure and programs that meet the community’s needs.

This item aligns with each of the five Cross-Cutting Threads based as follows:

1. **Community Trust** – The Board Work Plan 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 Board Work Plan is available to all members of the public via the City website, and the presentation of the proposed plan in a public forum accommodates community engagement from all members of the public.
3. **Fiscal Responsibility** – The Board Work Plan demonstrates the Utility’s commitment to responsible management of the Utility’s financial resources.
4. **Innovation** – The Board Work Plan 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 Board Work Plan demonstrates the Utility’s commitment to the long-term fiscal health of the Utility and preservation of Utility services.

FISCAL IMPACT:

There is no fiscal impact associated with this report.

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Certified as to

availability of funds: Kristie Thomas, Finance Director/Assistant Chief Financial Officer

Approved by: Rafael Guzman, Assistant City Manager

Approved as to form: Phaedra A. Norton, City Attorney

Attachments:

1. Board of Public Utilities Approved 2024 Annual Workplan
2. Mobility and Infrastructure Committee Approved 2024 Annual Workplan for the Board of Public Utilities
3. City Charter Article 12
4. City Charter Article 8
5. Envision Riverside 2025 Strategic Plan
6. City Council Resolution 15507
7. City Charter Article 11, Section 1109
8. Presentation