

5-Year Capital Improvement Program FY 2018-2020 Two-Year Budget FY 2018-2023 Five-Year Plan

Riverside Public Utilities

Board of Public Utilities
April 23, 2018

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AGENDA

1. Budget Overview
2. Capital Improvement Program
3. Electric Utility Operating Budget
4. Water Utility Operating Budget
5. Recommendations



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BUDGET OVERVIEW - TIMELINE



1. City of Riverside Budget Timeline Nov – Jun.
2. Department Preparation of Budget Submittals (RPU Directives – Oct. 1) Oct. – Feb.
3. RPU GM/AGM Meetings Dec.
4. BEC and Community Budget Workshops Jan. – Feb.
5. Board of Public Utilities Budget Presentation Apr.
6. Proposed Budget to City Council for Approval May
7. Final Budget to City Council – Public Hearing Jun.
8. City Council Final Adopted Budget Jun.

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BUDGET OBJECTIVES

1. Support Riverside 2.1 strategic priorities
 - a) Customer Service
 - b) Customer Value
2. RPU strategic goals
 - a) Customer Experience
 - b) Reliability & resiliency
 - c) Affordability
 - d) Sustainability
 - e) Operational excellence
 - f) Strong workforce

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BUDGET CHALLENGES

1. Rate Proposal in process
2. Prior bond funds depleted
3. Reserves decreasing
4. Regulatory constraints and mandates – higher supply costs
5. Rising personnel and CalPERS costs
6. Significant backlog of capital needs



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OPERATIONAL IMPROVEMENTS AND EFFICIENCIES

1. Reduced three executive management and two vacant positions - \$1M / year
2. Consolidated divisions under existing Assistant General Managers – Customer Engagement, Public Benefits, Legislative, Customer Service and Field Services
3. RPU functions consolidated with City Departments – Communications and Workforce Development
4. Addressed overtime (OT) through hiring staff, improved reporting and budgeting processes and management oversight – RPU projects reducing OT expenditures by \$679,000 during the FY ended June 30, 2018.
5. Reduced costs where possible to be in line with rate proposal – reduced operational spending FY 2018/19 and FY 2019/20 by \$3.1M and \$2.9M, respectively.



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INCORPORATES RATE PROPOSAL

	Years 1-5 (2018-2022)	Years 6-10 Preview (2023-2027)
Electric	July 2018 2.95%	Estimated rate requirement Average annual 3.0%
	July 2019 3.0%	
	July 2020 3.0%	
	July 2021 3.0%	
	July 2022 3.0%	
Water	July 2018 4.50%	Estimated rate requirement Average annual 6.5%
	July 2019 5.75%	
	July 2020 5.75%	
	July 2021 5.75%	
	July 2022 6.50%	

Based on system average, rate increases vary by customer class and consumption levels.



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FY 2018/19 & 2019/20 PROPOSED CAPITAL IMPROVEMENT PROGRAM



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CAPITAL IMPROVEMENT PROGRAM (CIP) OVERVIEW

1. First 5 years of 10-Year Improvement Plan
 - a. Maintains most vital infrastructure
 - b. Replaces and modernizes aging infrastructure
 - c. Improves efficiency
 - d. Supported by proposed rate plan
2. Only Approving 1st & 2nd Year Budget (FY 18/19 & FY 19/20)
3. Subsequent Years for Financial Planning
4. Primarily funded by bond proceeds



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CIP ELECTRIC UTILITY



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IMPLEMENTING PROPOSED 10-YEAR ELECTRIC PLAN

50% Renewable Energy

7 Transformers

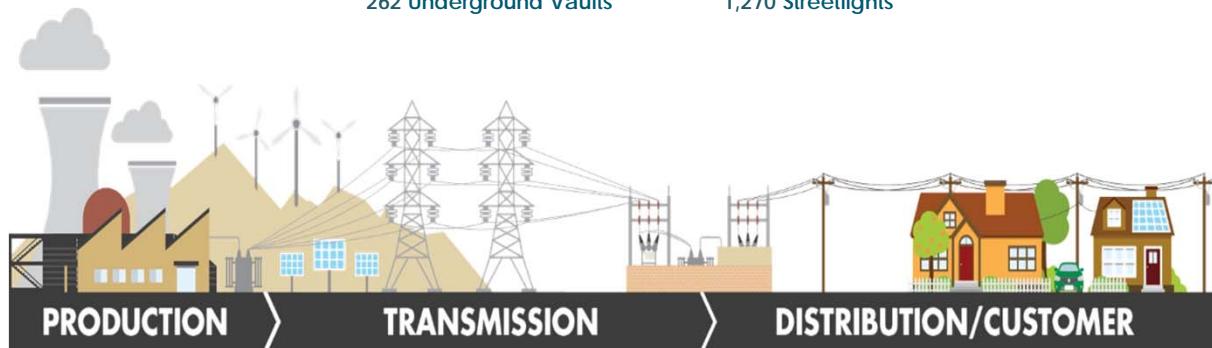
62 Miles of Underground Cable

3,080 Poles

Delayed City-wide Voltage Conversions

262 Underground Vaults

1,270 Streetlights



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ELECTRIC - PROPOSED CIP FY 2019-2023 (in millions)

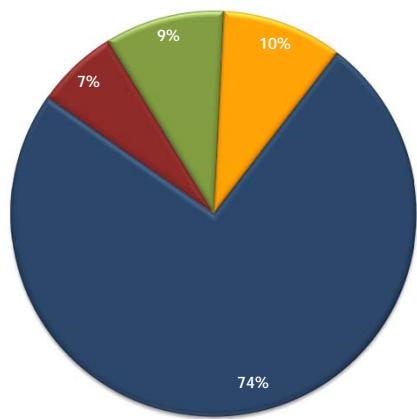
	Proposed 18-19	Proposed 19-20	-----Planning Purposes-----	20-21	21-22	22-23	Total
Overhead	\$ 8.0	\$ 7.4	\$ 6.7	\$ 7.7	\$ 7.5	\$ 37.3	
Underground	6.5	5.7	8.4	11.9	15.4	47.9	
Substation	5.3	5.0	5.3	4.3	5.4	25.3	
Recurring / Obligation to Serve	6.6	10.7	11.0	11.4	11.7	51.4	
System Automation	6.0	5.7	7.0	7.4	8.4	34.5	
Subtotal	\$ 32.4	\$ 34.5	\$ 38.4	\$ 42.7	\$ 48.4	\$ 196.4	
City IT Projects	0.3	0.2	0.1	-	-	0.6	
Total	\$ 32.7	\$ 34.7	\$ 38.5	\$ 42.7	\$ 48.4	\$ 197.0	



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ELECTRIC - CIP FUNDING



	1st Year 2018/19	2nd Year 2019/20	Total
Bond Proceeds	\$ 22.4 M	\$ 27.6 M	\$ 50.0 M
Contrib. in Aid of Constr.	2.1 M	2.3 M	4.4 M
Revenues from Rates	3.1 M	3.3 M	6.4 M
Reserves	5.1 M	1.5 M	6.6 M
Total Funding Sources	\$ 32.7 M	\$ 34.7 M	\$ 67.4 M



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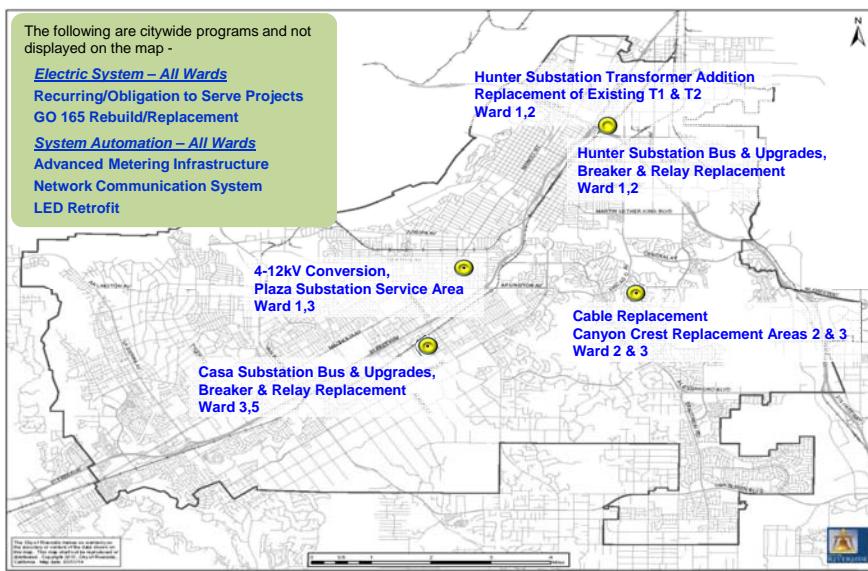
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Electric CIP Projects: FY 2018/19 & FY 2019/20

The following are citywide programs and not displayed on the map -

Electric System – All Wards
Recurring/Obligation to Serve Projects
GO 165 Rebuild/Replacement

System Automation – All Wards
Advanced Metering Infrastructure
Network Communication System
LED Retrofit



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CAPITAL PROJECTS - ELECTRIC



4-12kV Conversion, Plaza Service Area

OVERHEAD

- Conversion of 4kV facilities to the modern, greater capacity and more reliable 12kV distribution system.
- Outages caused by aged 4kV equipment can impact up to 300 individual services.
- Wards 1, 3
- FY 18/19 - \$8.0M
- FY 19/20 - \$7.4M

CAPITAL PROJECTS - ELECTRIC



Cable Replacement, Canyon Crest Area

UNDERGROUND

- Replacement of aged high failure rate HMPE and CIC cable with modern cable of higher ampacity, improved insulation and greater reliability.
- Outages caused by high failure rate cable can impact up to 250 individual services.
- Wards 2,3
- FY 18/19 - \$6.5M
- FY 19/20 - \$5.7M

CAPITAL PROJECTS - ELECTRIC



Bus & Upgrades, Casa/Hunter Substations

SUBSTATION

- Replacement and modernization of aged 69kV substation circuit breakers and relays.
- Outages caused by aged substation equipment can impact up to 4,000 individual services.
- Wards 1,2,3,5
- FY 18/19 - \$1.2M
- FY 19/20 - \$0.9M

CAPITAL PROJECTS - ELECTRIC



Transformer Addition, Hunter Substation

SUBSTATION

- Replacement of aged, lower capacity transformers T1 & T2 at Hunter Substation with greater capacity and modernized units.
- Outages caused by failed substation transformers can impact up to 12,000 individual services.
- Wards 1,2
- FY 18/19 - \$4.1M
- FY 19/20 - \$4.1M

CAPITAL PROJECTS - ELECTRIC

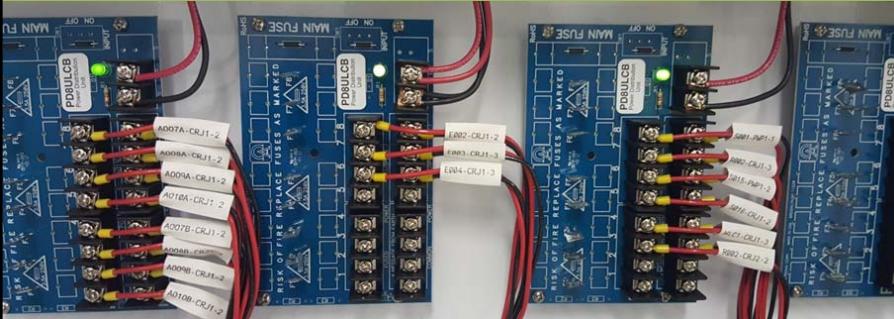


Line Extensions, Services, Equipment

RECURRING/ OBLIGATION TO SERVE

- Installation of facilities necessary to serve new electric load and existing service upgrades.
- Includes Line Extension, Transformers, Services, Meters, Major feeders, City-wide Communications programs.
- All Wards
- FY 18/19 - \$6.6M
- FY 19/20 - \$10.7M

CAPITAL PROJECTS – ELECTRIC & WATER



Metering, Communication, Street Light

SYSTEM AUTOMATION

- Modernization and automation of existing systems for improved efficiency, cost savings and reliability.
- Includes Advanced Metering Infrastructure, Network Communication System and LED Street Light Retrofit Projects.
- All Wards
- FY 18/19 - \$7.0M
- FY 19/20 - \$9.7M

CIP WATER UTILITY



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IMPLEMENTING PROPOSED 10-YEAR WATER PLAN

1 Recycled Water
1 Storm Water Capture

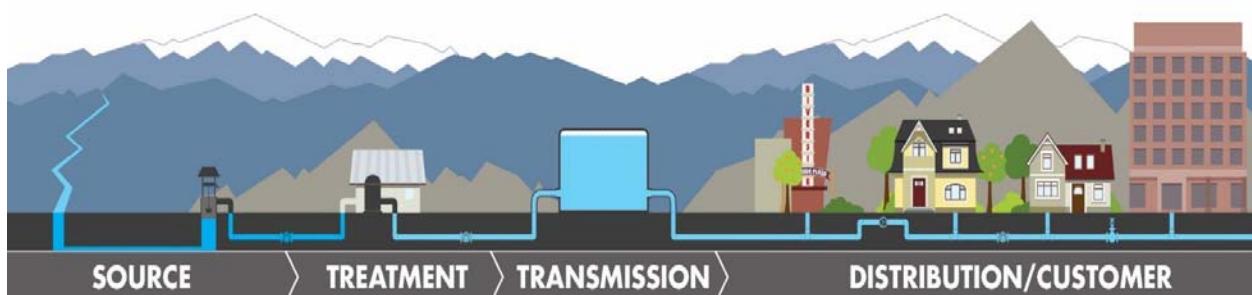
5 Wells

49 Miles of
Distribution Pipeline

3 Pressure Stations

3 Treatment
Filter Replacements

Replace
Techite Pipe



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WATER - PROPOSED CIP FY 2019-2023

(in millions)

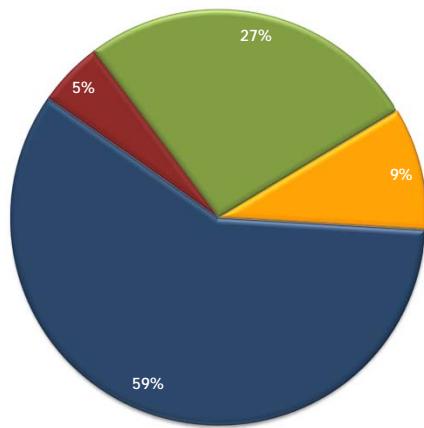
	Proposed	Proposed	Planning Purposes			Total
	18-19	19-20	20-21	21-22	22-23	
Water Supply	\$ 5.8	\$ 2.2	\$ 2.8	\$ -	\$ -	\$ 10.8
Well Projects	3.2	2.2	3.3	1.2	5.1	15.0
Transmission Pipelines	5.3	1.4	10.4	6.2	6.3	29.6
Distribution Pipelines	5.7	6.7	9.3	10.1	11.6	43.4
Distribution Facilities	1.7	2.3	3.5	2.4	1.5	11.4
Reservoir Projects	-	-	0.6	-	0.6	1.2
System Automation	1.0	4.0	4.0	3.7	5.0	17.7
Subtotal	\$ 22.7	\$ 18.8	\$ 33.9	\$ 23.6	\$ 30.1	\$ 129.1
City IT Projects	0.1	0.1	-	-	-	0.2
Total	\$ 22.8	\$ 18.9	\$ 33.9	\$ 23.6	\$ 30.1	\$ 129.3

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WATER - CIP FUNDING



	1st Year	2nd Year	Total
	2018/19	2019/20	
Bond Proceeds	\$ 11.6 M	\$ 12.9 M	\$ 24.5 M
Contr. In Aid of Constr.	1.1 M	1.0 M	2.1 M
Revenues from Rates	6.1 M	5.0 M	11.1 M
Reserves	4.0 M	0.0 M	4.0 M
Total Funding Sources	\$ 22.8 M	\$ 18.9 M	\$ 41.7 M

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Water CIP Projects: FY 2018/19 & FY 2019/20

Note: The following are citywide programs and not displayed on the map -

Water System – All Wards

Distribution Pipelines

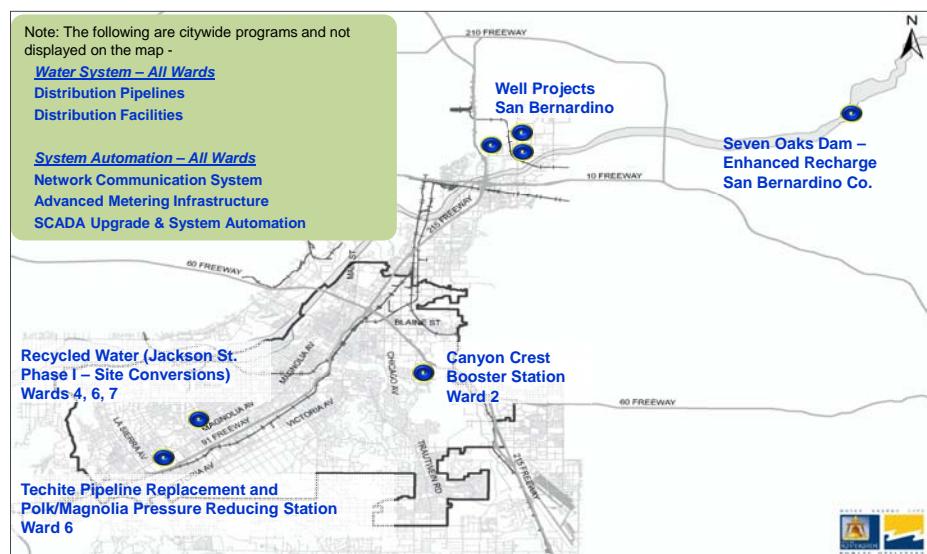
Distribution Facilities

System Automation – All Wards

Network Communication System

Advanced Metering Infrastructure

SCADA Upgrade & System Automation



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CAPITAL PROJECTS - WATER



Seven Oaks Dam Enhanced Recharge

WATER SUPPLY

- Local water supply ensures City of Riverside's water independence from high-cost MWD water resulting in lower rates for RPU customers
- Adequate water supplies ensure the possibility of future growth and development of Riverside
- San Bernardino County
- FY 18/19 - \$2.1M
- FY 19/20 - \$2.2M

CAPITAL PROJECTS - WATER



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Recycled Water (Jackson St. Phase I)

WATER SUPPLY

- Local water supply ensures City of Riverside's water independence from high-cost MWD water resulting in lower rates for RPU customers
- Adequate water supplies ensure the possibility of future growth and development of Riverside
- Wards 4, 6, 7
- FY 18/19 - \$3.7M
- FY 19/20 - \$0

CAPITAL PROJECTS - WATER



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Cooley I Well Rehabilitation

WELL PROJECTS

- Ensure that the City of Riverside remains water independent
- Allows for surplus water sales to Western, providing additional revenue to fund CIP projects
- San Bernardino
- FY 18/19 - \$3.2M
- FY 19/20 - \$2.2M

CAPITAL PROJECTS - WATER



Magnolia Techite Pipe Replacement

TRANSMISSION PIPELINES

- Ensures system reliability
- Reduced risk of catastrophic pipeline ruptures
- Replacement of bottlenecks in system; reduces pumping and maintenance costs
- Ward 6
- FY 18/19 - \$5.3M
- FY 19/20 - \$1.4M

CAPITAL PROJECTS - WATER



Valverda Main Replacement

DISTRIBUTION PIPELINES

- System Expansion
- Distribution System Facilities Replacements
- 130-Year Life Cycle Replacements

- Ensures system reliability
- Reduced risk of catastrophic pipeline ruptures
- Replacement of undersized mains ensures adequate fire flows are provided to customers
- All Wards
- FY 18/19 - \$5.7M
- FY 19/20 - \$6.7M

CAPITAL PROJECTS - WATER



Gratton Booster Station

DISTRIBUTION FACILITIES

Booster Station Maintenance

Canyon Crest Booster Station

Meter Replacements

- Helps reduce costs from system inefficiencies
- Provides safer facilities for RPU employees
- Meter replacements ensure that water consumption is accurately billed and accounted for
- All Wards
- FY 18/19 - \$1.7M
- FY 19/20 - \$2.3M

FY 2018/19 & 2019/20 PROPOSED OPERATING BUDGET



REVENUE AND EXPENSE ASSUMPTIONS

1. Rate proposal approved – Retail revenues ~ 70% of revenues
2. Personnel
 - a) No increase in FTEs
 - b) Increase in CalPERS benefit costs
 - c) Overtime budgets projected based on operational need (24/7 operations)
3. Power supply and production costs necessary to serve customer load / consumption
4. Operating, maintenance, and administrative costs scrutinized and cuts were made where possible
5. Planned use of reserves and bond proceeds as per rate proposal to keep rates as low as possible



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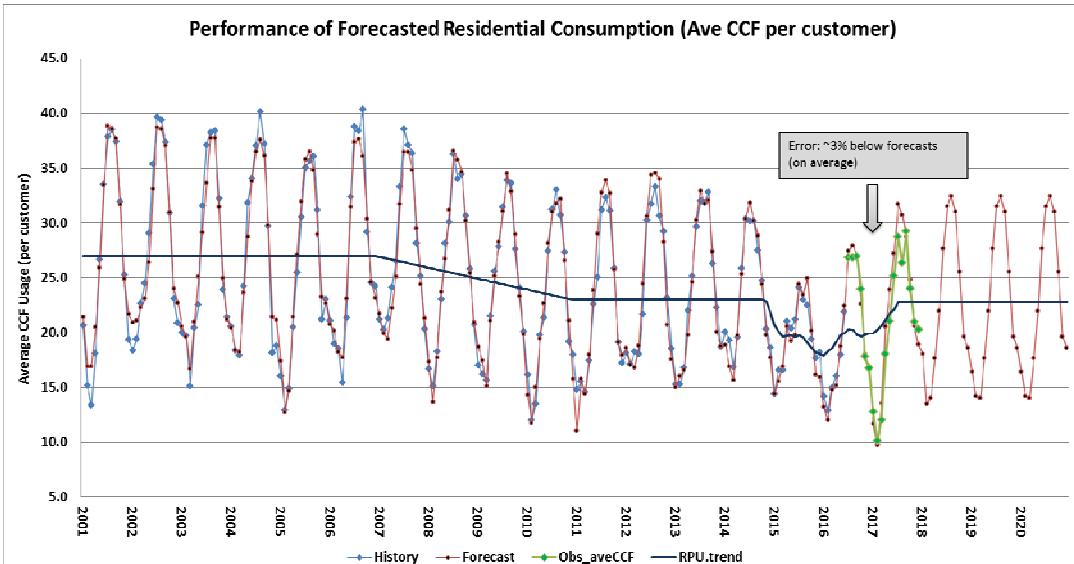
REVENUE FORECASTING APPROACH

1. Use of statistically estimated Econometric models that adjusts for:
 - a) Weather variation (temperature & heatwaves [Electric]; ETo and rainfall [Water])
 - b) Long-term, local economic drivers [Electric & Water]
 - c) Reduced consumption due to rate increases [Electric & Water]
 - d) Reduced consumption due to drought messaging and/or restrictions [Water]
 - e) Reduced consumption due to Energy Efficiency and customer Solar PV [Electric]
 - f) Increased consumption due to load migration and/or local EV adoption [Electric]
 - g) Seasonal trends, holidays, local industry influences [Electric & Water]
2. These fitted statistical forecasting models can then be used to produce future forecasts for specific future scenarios.



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ELECTRIC UTILITY

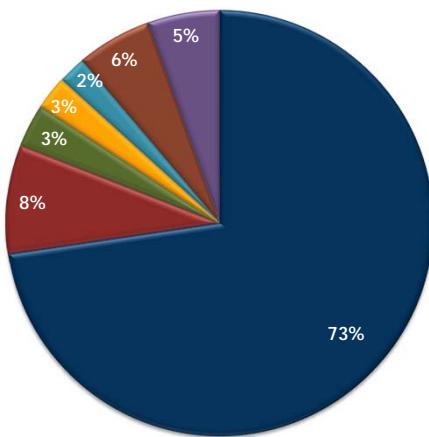


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ELECTRIC - PROPOSED REVENUE BUDGET



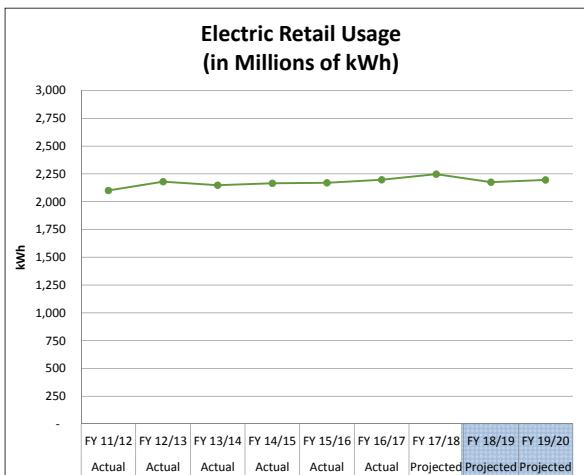
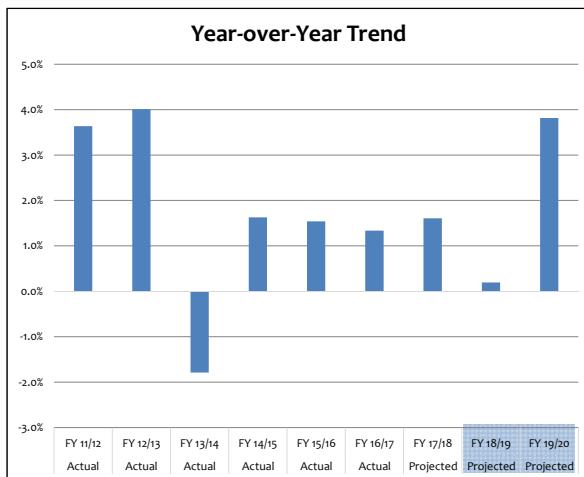
	1st Year 2018/19	2nd Year 2019/20	Total
Retail Sales (73%)	\$ 314.9 M	\$ 326.9 M	\$ 641.8 M
Transmission (8%)	36.2 M	37.1 M	73.3 M
Other Operating Revenues (3%)	14.0 M	15.1 M	29.1 M
Non-Operating Revenues (3%)	10.9 M	11.3 M	22.2 M
Public Benefits Charge (2%)	9.1 M	9.4 M	18.5 M
Total Revenues	385.1 M	399.8 M	784.9 M
Bond Proceeds for CIP (6%)	22.4 M	27.6 M	50.0 M
Cash Reserves (5%)	21.8 M	24.1 M	45.9 M
Total Other Financing Sources	44.2 M	51.7 M	95.9 M
Total Electric	\$ 429.3 M	\$ 451.5 M	\$ 880.8 M

Cash Reserves – drawing down while maintaining financial metrics based on 10-year proforma

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TREND OF ELECTRIC RETAIL SALES

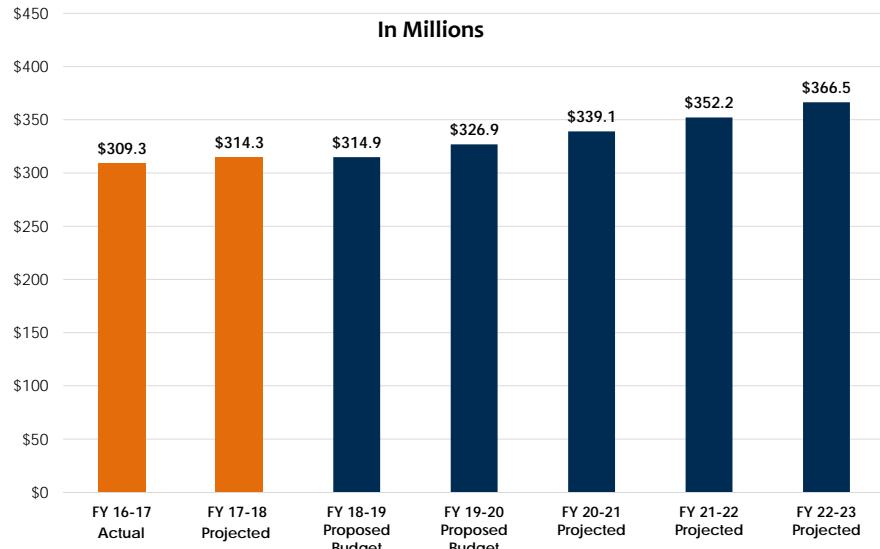


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ELECTRIC - RETAIL SALES



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ELECTRIC - REVENUES FROM OTHER SOURCES

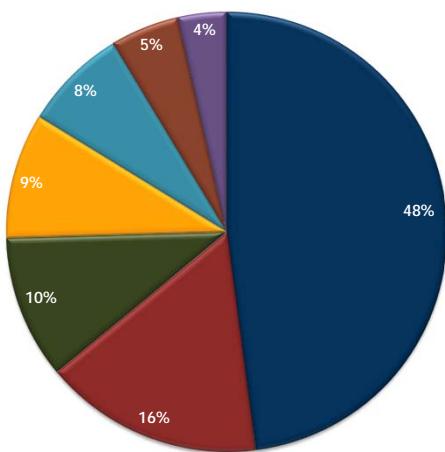
Revenue Source	FY 18/19	FY 19/20
Transmission Revenue Requirement	\$ 36.2 M	\$ 37.1 M
Cap-and-Trade Revenues	\$ 7.8 M	\$ 8.4 M
Excess Renewable Energy Credit Sales	\$ 2.0 M	\$ 2.4 M
Scheduling Coordinator Services	\$ 750,000	\$ 750,000

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ELECTRIC - PROPOSED EXPENDITURE BUDGET



	1st Year 2018/19	2nd Year 2019/20	Total
Power Supply (48%)	\$ 205.8 M	\$ 217.3 M	\$ 423.1 M
Personnel Services (16%)	68.1 M	73.1 M	141.2 M
Debt Service (10%)	44.6 M	48.6 M	93.2 M
General Fund Transfer (9%)	40.7 M	40.7 M	81.4 M
Capital Improvements (8%)	32.7 M	34.7 M	67.4 M
Operations & Maintenance (5%)	21.7 M	21.4 M	43.1 M
Total Electric Fund	\$ 413.6 M	\$ 435.8 M	\$ 849.4 M
Public Benefits (4%)	15.7 M	15.7 M	31.4 M
Total Budget	\$ 429.3 M	\$ 451.5 M	\$ 880.8 M

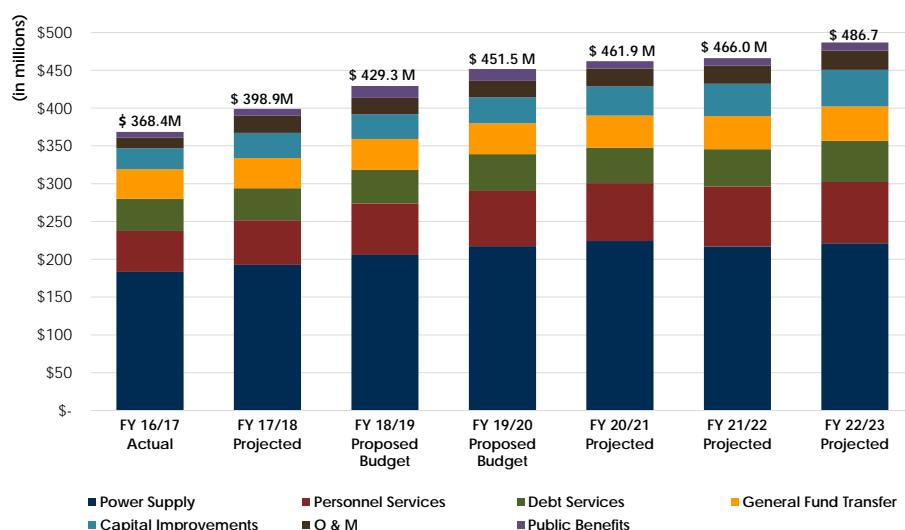
TOTAL FTE	475	475
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ELECTRIC - EXPENDITURES



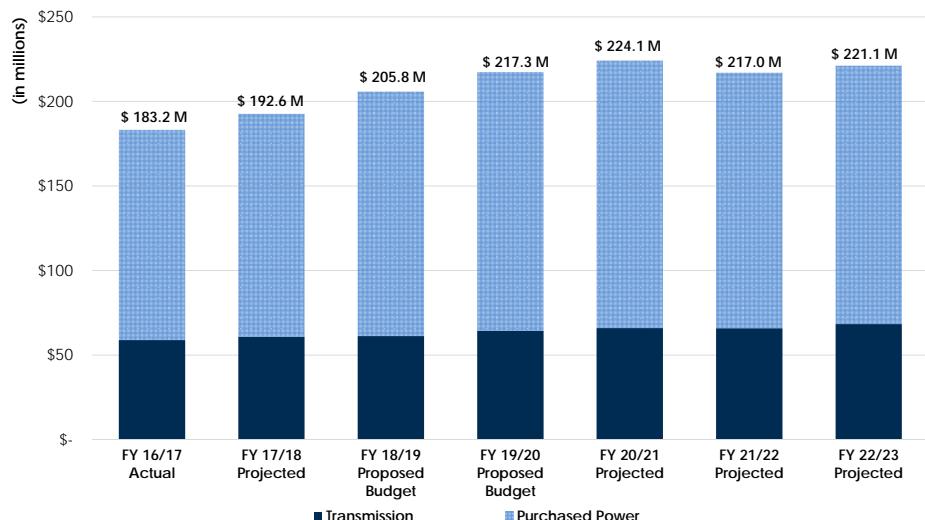
■ Power Supply	■ Personnel Services	■ Debt Services	■ General Fund Transfer
■ Capital Improvements	■ O & M	■ Public Benefits	



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ELECTRIC - POWER SUPPLY

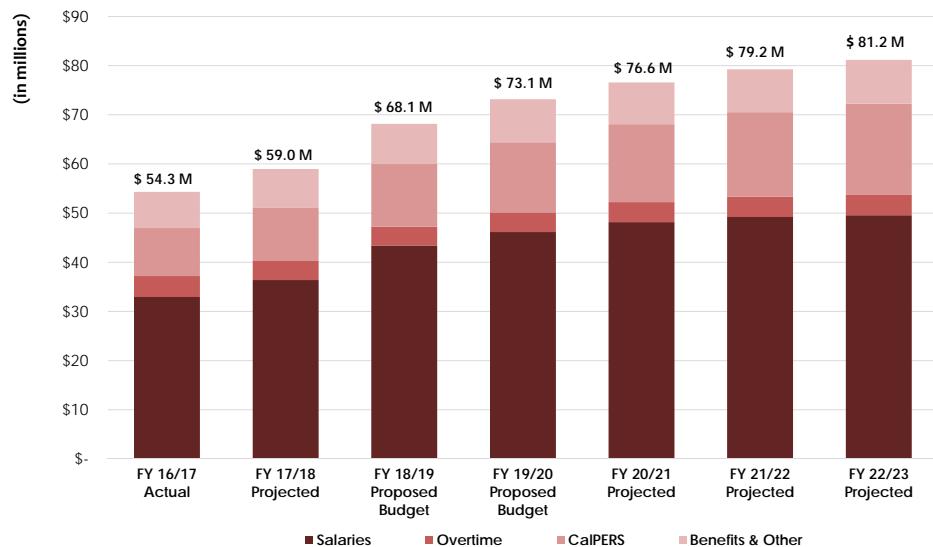


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ELECTRIC - PERSONNEL

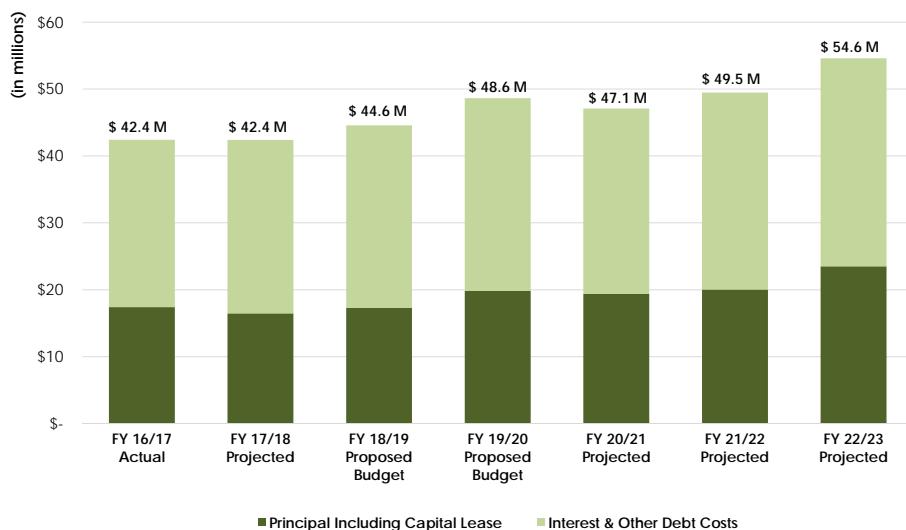


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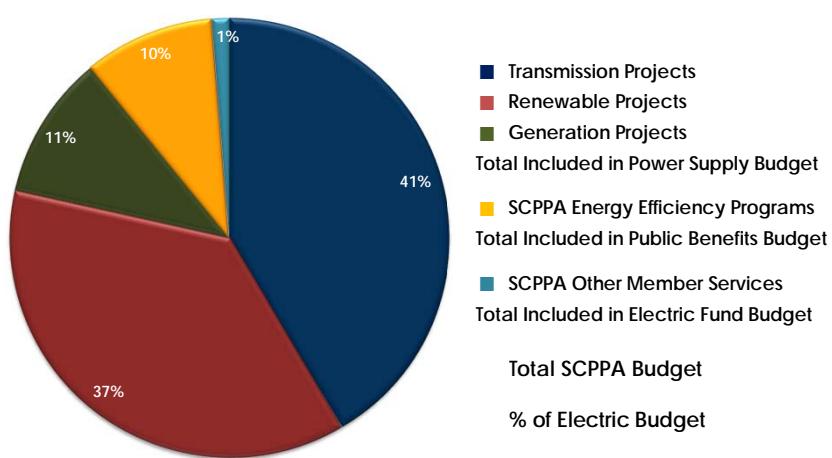
ELECTRIC - DEBT SERVICE



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ELECTRIC - EXPENDITURES THROUGH SCPPA



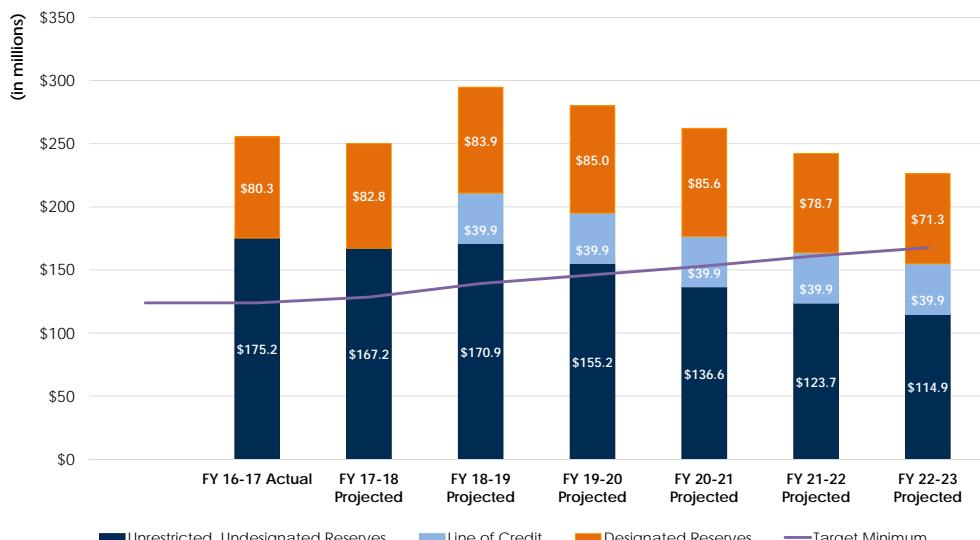
	1st Year 2018/19	2nd Year 2019/20	Total
Transmission Projects	\$ 14.3 M	\$ 14.9 M	\$ 29.2 M
Renewable Projects	13.1 M	13.0 M	26.1 M
Generation Projects	3.7 M	3.8 M	7.5 M
Total Included in Power Supply Budget	31.1 M	31.7 M	62.8 M
SCPPA Energy Efficiency Programs	3.4 M	3.4 M	6.8 M
Total Included in Public Benefits Budget	3.4 M	3.4 M	6.8 M
SCPPA Other Member Services	0.4 M	0.5 M	0.9 M
Total Included in Electric Fund Budget	0.4 M	0.5 M	0.9 M
Total SCPPA Budget	\$ 34.9 M	\$ 35.6 M	\$ 70.5 M
% of Electric Budget	8%	8%	



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ELECTRIC - TOTAL UNRESTRICTED CASH RESERVES



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PUBLIC BENEFITS CHARGE OVERVIEW

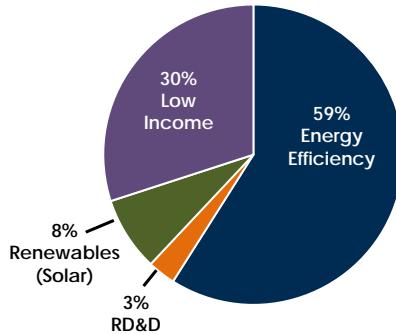
- Mandated State Charge – implemented by AB 1890 (1996) as part of the restructuring of California's electric utility industry
- 2.85% charge on all electricity sales
- Estimated Revenues:
 - FY 18-19 \$9.1M
 - FY 19-20 \$9.4M
- June 30, 2018 Estimated Fund Balance: \$14.6M



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PUBLIC BENEFIT PROGRAMS FUNDED



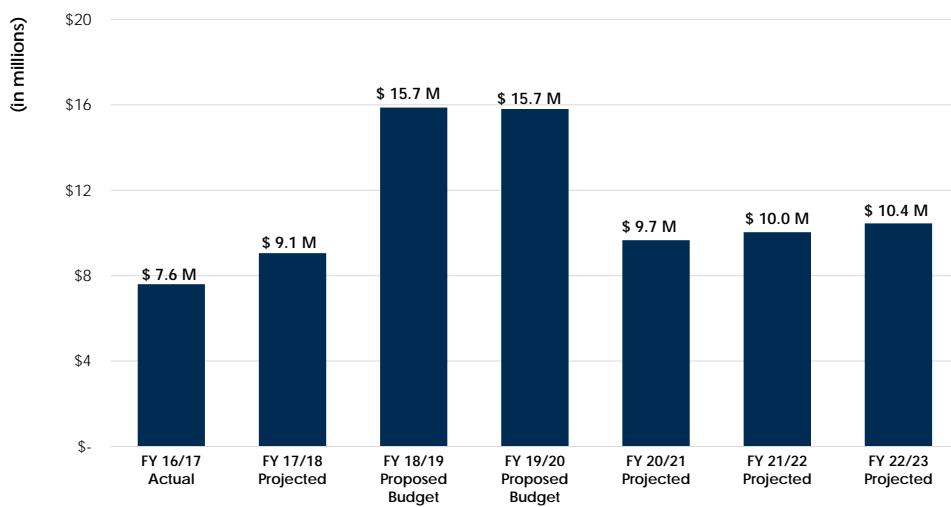
- **Energy Efficiency**
 - 32 residential and commercial rebates
 - Direct installations, audits, and performance-based programs
- **Low-Income**
 - Sharing Households Assist Riverside's Energy (SHARE) Program
 - Energy Saving Assistance Program (ESAP)
- **Renewables**
 - Solar Rebates (closed 12/17, ongoing funding to complete projects)
- **Research, Design & Development**
 - Custom Energy Technology and Energy Innovation Grants



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PUBLIC BENEFITS FUND - EXPENDITURES



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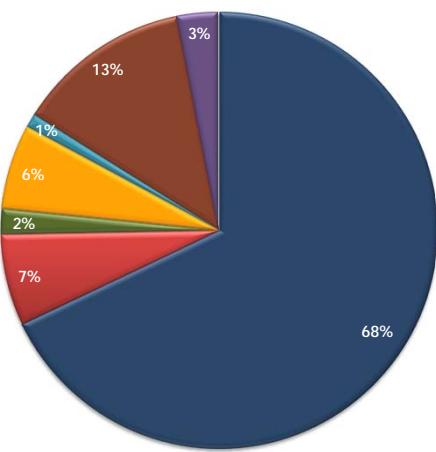
WATER UTILITY



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WATER - PROPOSED REVENUE BUDGET



	1st Year 2018/19	2nd Year 2019/20	Total
Retail Sales (68%)	\$ 62.5 M	\$ 65.6 M	\$ 128.1 M
Water Wholesale & Conveyance (7%)	5.5 M	7.3 M	12.8 M
Other Operating Revenues (2%)	1.8 M	1.8 M	3.6 M
Non-Operating Revenues (6%)	5.8 M	6.0 M	11.8 M
Water Conservation (1%)	0.9 M	1.0 M	1.9 M
Total Revenues	76.5 M	81.7 M	158.2 M
Bond Proceeds for CIP (13%)	11.6 M	12.9 M	24.5 M
Cash Reserves (3%)	5.4 M	0.8 M	6.2 M
Total Other Financing Sources	17.0 M	13.7 M	30.7 M
Total Water	\$ 93.5 M	\$ 95.4 M	\$ 188.9 M

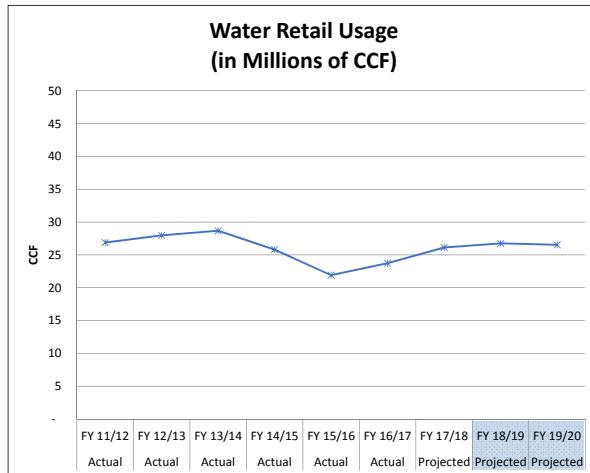
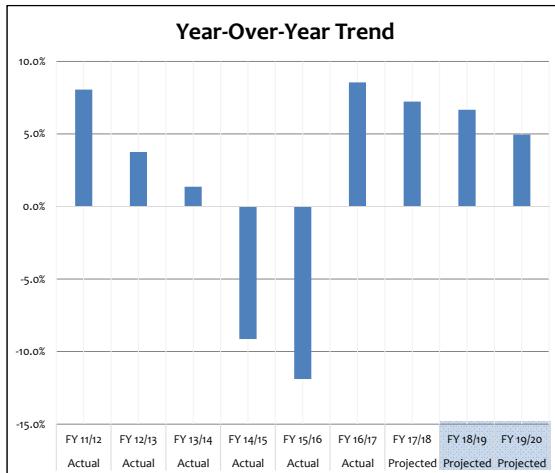
Cash Reserves – drawing down while maintaining financial metrics

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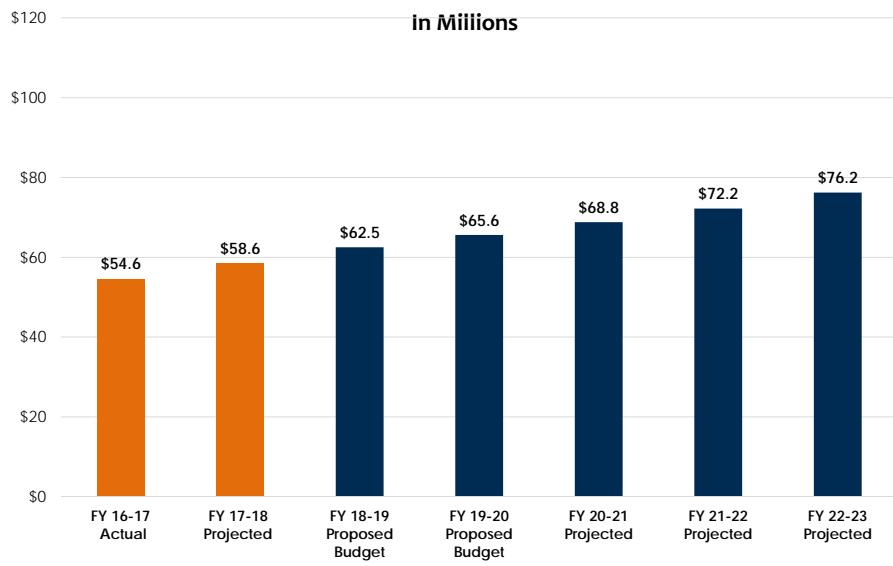
TREND OF WATER RETAIL SALES



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WATER - RETAIL SALES



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WATER - REVENUES FROM OTHER SOURCES

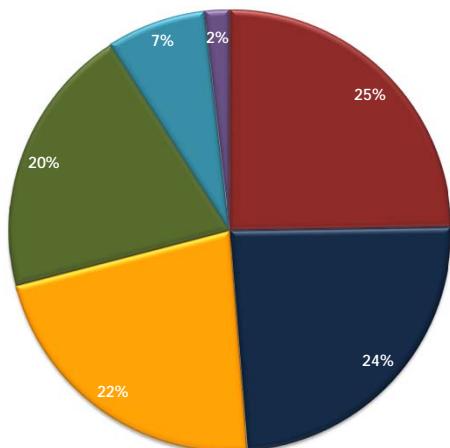
Revenue Source	FY 18/19	FY 19/20
Conveyance and Sales to WMWD and Other Agencies	\$ 5.5 M	\$ 7.3 M
55 Year Ground Lease, partially offset by rental credits for well relocation costs	\$ 1.1 M (\$0.5 M net revenue)	\$ 1.1 M (\$0.5 M net revenue)



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WATER - PROPOSED EXPENDITURE BUDGET



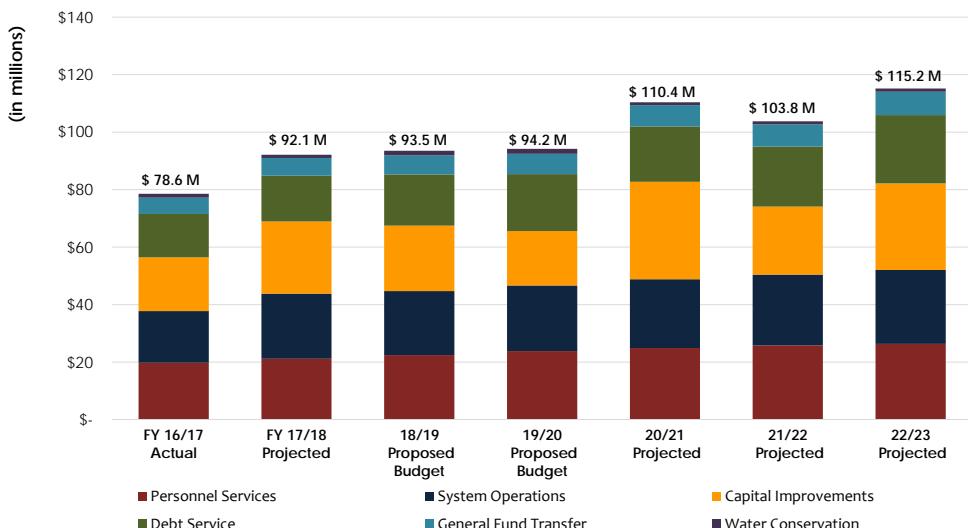
	1st Year 2018/19	2nd Year 2019/20	Total
Personnel Services (25%)	\$ 22.4 M	\$ 23.8 M	\$ 46.2 M
System Operations (24%)	22.3 M	22.8 M	45.1 M
Capital Improvements (22%)	22.8 M	18.9 M	41.7 M
Debt Service (20%)	17.8 M	19.9 M	37.7 M
General Fund Transfer (7%)	6.6 M	7.0 M	13.6 M
Total Water Fund	<u>\$ 91.9 M</u>	<u>\$ 92.4 M</u>	<u>\$ 184.3 M</u>
Water Conservation (2%)	1.6 M	1.8 M	3.4 M
Total Budget	<u>\$ 93.5 M</u>	<u>\$ 94.2 M</u>	<u>\$ 187.7 M</u>
TOTAL FTE	159	159	



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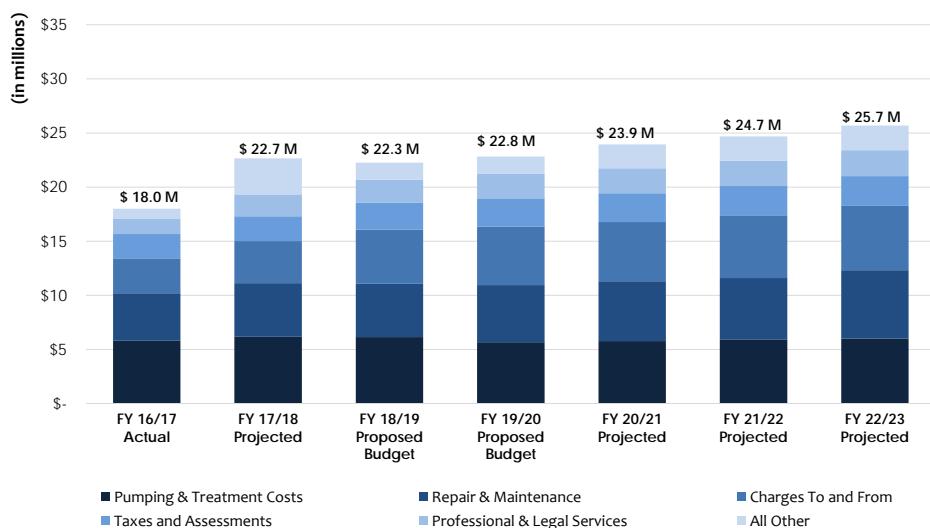
WATER - EXPENDITURES



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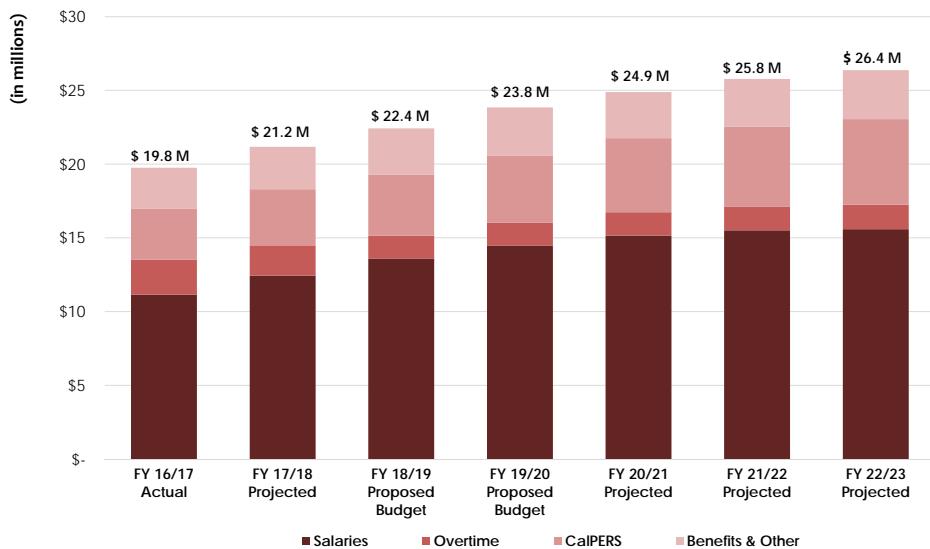
WATER - SYSTEM OPERATIONS



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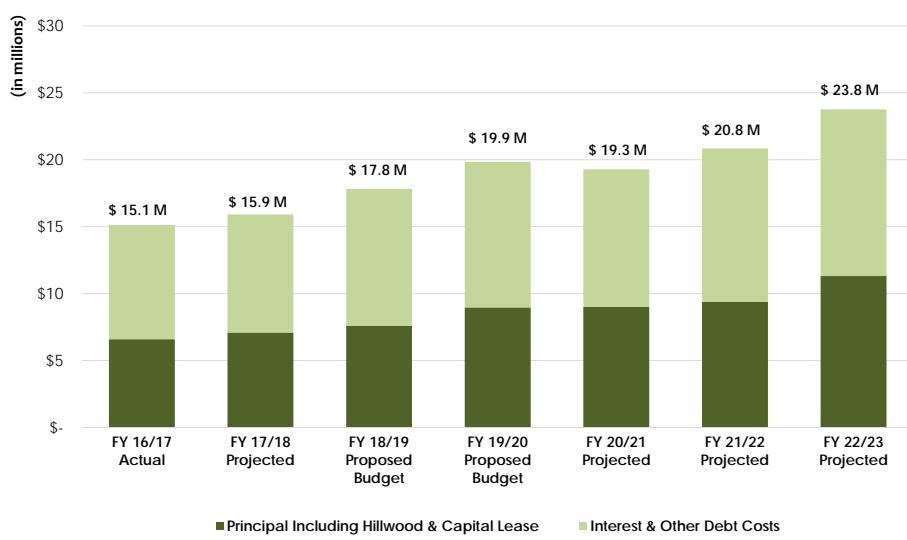
WATER - PERSONNEL



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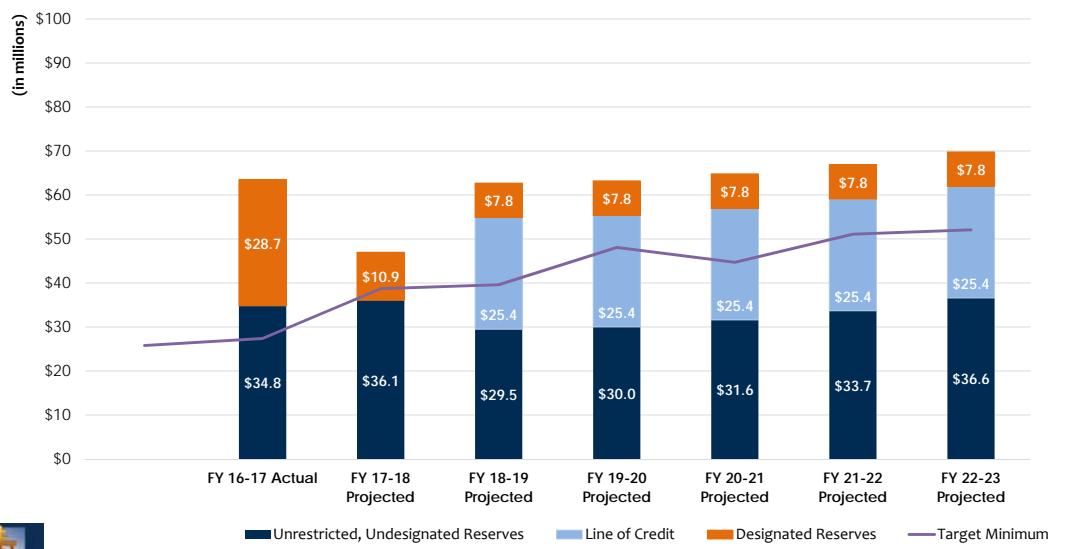
WATER - DEBT SERVICE



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WATER - TOTAL UNRESTRICTED CASH RESERVES



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WATER CONSERVATION SURCHARGE OVERVIEW

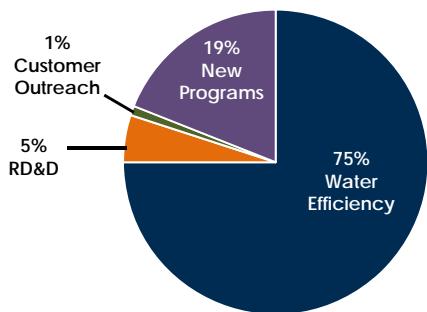
- Passed by City Council – 2004 and Renewed -2014
 - 1.5% charge on all water sales
 - Funds water conservation programs
- Estimated Revenues:
 - FY 18-19 - \$954,000
 - FY 19-20 - \$996,000
- June 30, 2018 Estimated Fund Balance: \$1.6M

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WATER CONSERVATION PROGRAMS FUNDED



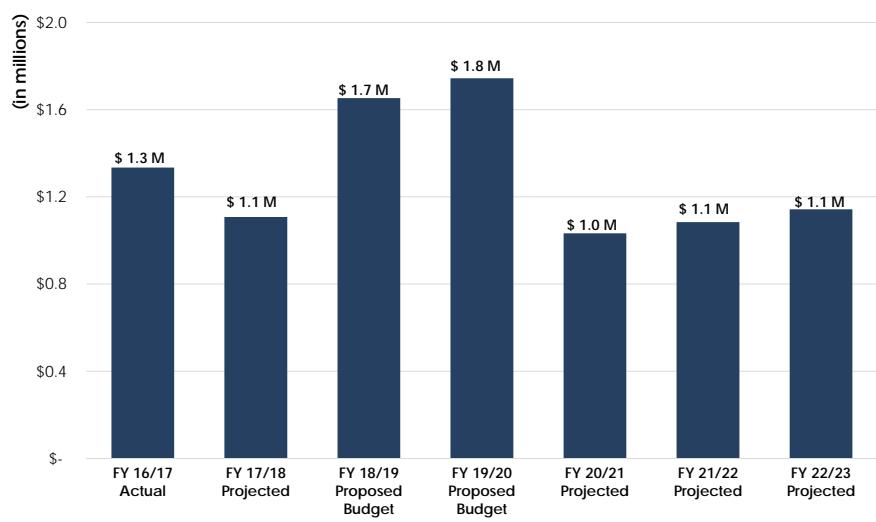
- **Water Efficiency**
 - 9 residential and commercial rebates, including turf replacement
 - Audits and performance-based programs
- **New Programs**
 - Future program development, including direct installations, waterwise gardens, enhanced rebates, regional partnerships and programs
- **Research, Design & Development**
 - Water Innovations Grant Program
- **Customer Outreach**
 - Community education



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WATER CONSERVATION FUND- EXPENDITURES



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UPCOMING MEETINGS

Budget Recommendation – Board of Public Utilities	April 23, 2018
Public Hearing - Board of Public Utilities	May 14, 2018
RPU Budget Presentation – City Council	May 15, 2018
Board Rate Recommendation – City Council	May 22, 2018
Budget Adoption – City Council	June 12, 2018



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RECOMMENDATIONS

That the Board of Public Utilities recommend that City Council:

1. Approve the Electric Funds (including Public Benefits Fund) proposed FY 2018/19 budget totaling \$385.1 million in revenues, \$396.6 million in operating expenditures and \$32.7 million in capital improvements and proposed FY 2019/20 budget totaling \$399.8 million in revenues, \$416.8 million in operating expenditures and \$34.7 million in capital improvements. The difference between revenues and expenditures including capital improvements will be covered by bond proceeds and reserves;
2. Authorize the use of the Designated Electric Fund Capital Repair/Replacement Reserve for technology replacements in the amount of \$200,000 per year for FY 2018/19 and FY 2019/20;
3. Authorize the use of the Designated Electric Fund Dark Fiber Reserve for dark fiber leasing operating expenses in the amount of \$600,000 per year for FY 2018/19 and FY 2019/20;
4. Authorize the use of the Designated Electric Fund Mission Square Improvement Reserve for Mission Square facility improvements in the amount of \$600,000 and \$225,000 for FY 2018/19 and FY 2019/20, respectively; and



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RECOMMENDATIONS (Continued)

That the Board of Public Utilities recommend that City Council:

5. Approve the Water Funds (including Water Conservation Fund) proposed FY 2018/19 budget totaling \$76.6 million in revenues, \$70.7 million in operating expenditures and \$22.8 million in capital improvements and proposed FY 2019/20 budget totaling \$81.7 million in revenues, \$75.3 million in operating expenditures and \$18.9 million in capital improvements. The difference between revenues and expenditures including capital improvements will be covered by bond proceeds and reserves.



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**QUESTIONS
OR
COMMENTS**



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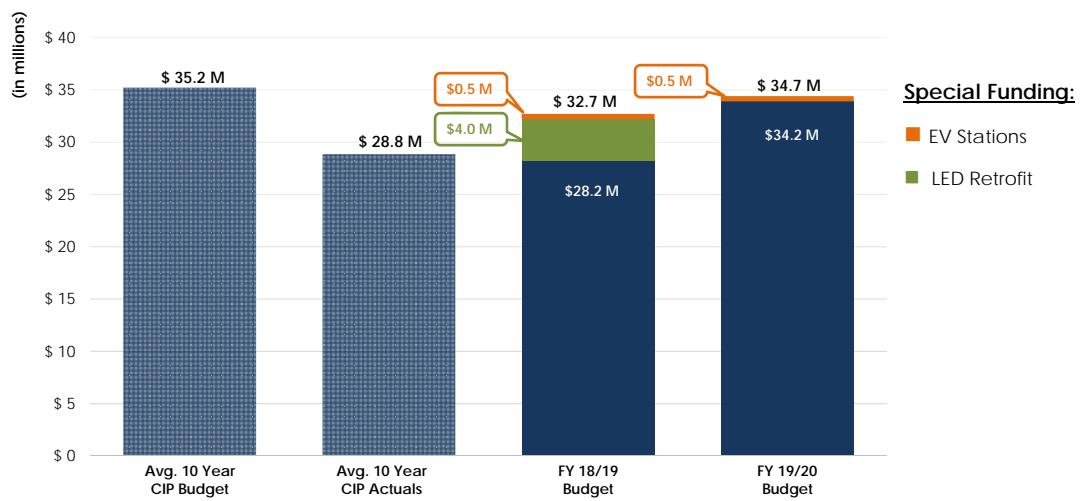
APPENDIX



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ELECTRIC - CIP TREND



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ELECTRIC - SIGNIFICANT CAPITAL PROJECTS

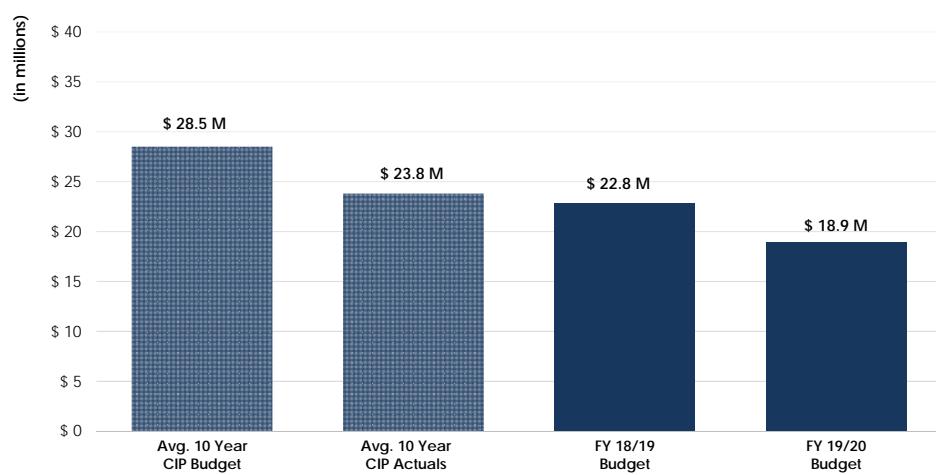
FUNDED	UNFUNDED
Distribution Line Extensions – New Services/Service Upgrades/EV Charging Stations	New Arlanza Substation site
Substation Transformer Addition/Hunter Substation Upgrades	Cable Replacement – Arlington and Arlanza neighborhoods
Cable Replacement – Canyon Crest Areas 3 & 4	Distribution transformer load management system
4-12 KV Conversion – Plaza Substation Final Phases	Remote monitoring of substation transformers and 69kV equipment
Plaza Substation 69-4kV Transformer Retirements	GIS upgrades/integrations, Customer Engagement Portal and other system automation
Street Lights – LED Lamp Conversion Project	
Automated Metering Infrastructure Phase 1	
Total 5-Year Funded - \$196.4M	Total 5-Year Unfunded - \$34.5M

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WATER - CIP TREND



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WATER - SIGNIFICANT CAPITAL PROJECTS

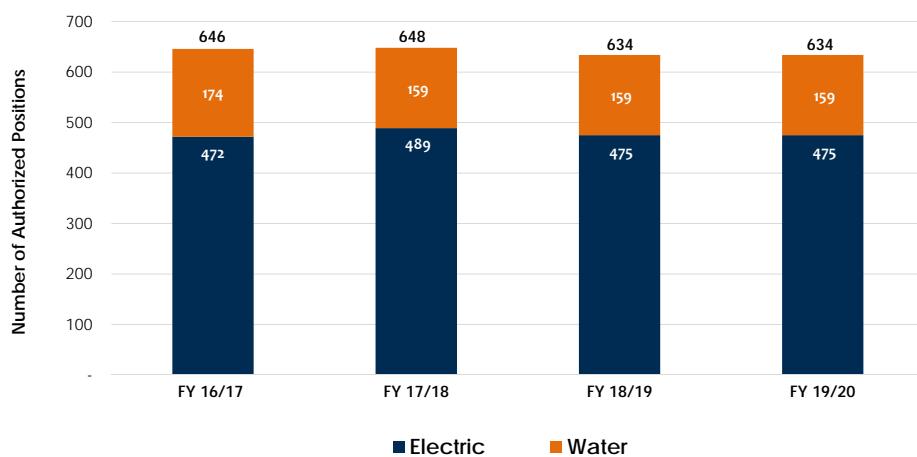
FUNDED	UNFUNDED
Seven Oaks Dam	North Waterman Treatment Plant
Recycled Water Project Phase 1	Victoria Ave. Transmission Main
Well Rehabilitation and Replacement Projects	Local Storm Water Capture Projects (Riverside Basin)
Transmission and Distribution Pipelines	GIS upgrades/integrations, Customer Engagement Portal and other system automation
Distribution Facilities	
Automated Metering Infrastructure Phase 1	
Total 5-Year Funded - \$129.1M	Total 5-Year Unfunded - \$37.2M



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AUTHORIZED FTE



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ELECTRIC - MANAGING EXPENSES

1. Control and reduce administrative, operating and maintenance costs where possible:
 - a) Cost reductions included in rate proposal and reflected in two-year budget:

Non-Personnel Budget Reductions	FY 18/19	FY 19/20
Professional Services	\$1,178,000	\$1,220,000
Energy charges & Greenhouse Gas regulatory fees	\$702,000	\$755,000
Various maintenance costs	\$305,000	\$310,000
Miscellaneous other costs *	\$530,000	\$530,000
Total	\$2,715,000	\$2,815,000

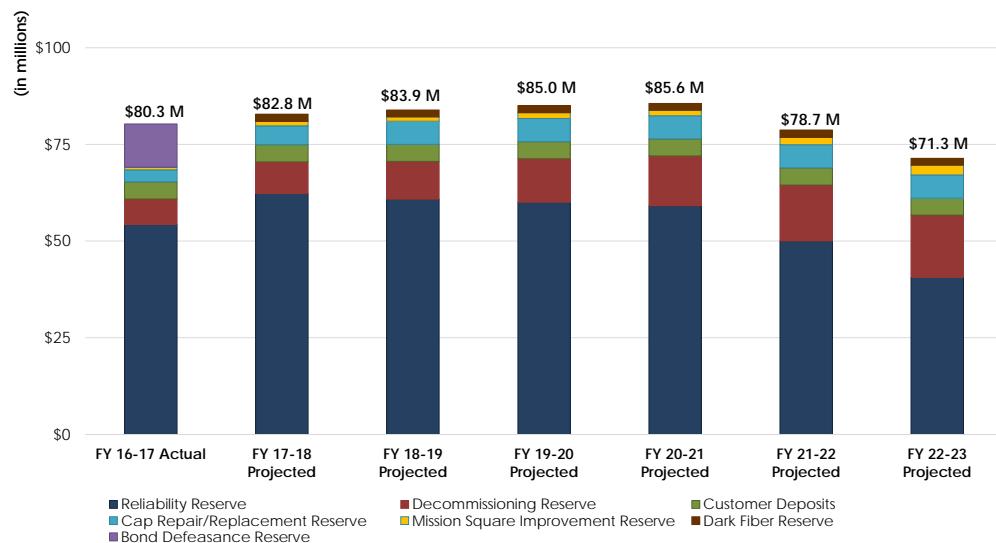
* Miscellaneous other costs include travel/meeting; training; software; supplies; etc.



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ELECTRIC - DESIGNATED CASH RESERVES



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ELECTRIC – SUPPLEMENTAL REQUESTS (UNFUNDED)

FY 18/19	FY 19/20
1. Work management tool	1. Mission Square additional security personnel
2. Mission Square aesthetic changes/maintenance	2. Mission Square maintenance
3. Mission Square additional security personnel	3. Electric Operations Dispatcher training
4. Consultant studies for Substation & Distribution System Protection	4. Electric Operations test equipment
5. Bucket and Line trucks, backhoe	5. Small bucket trucks
6. Springs / RERC security upgrades	6. Miscellaneous software/licensing, training, and other expenses
7. Clearwater gas turbine control system upgrade	
8. Miscellaneous software/licensing, training, and other expenses	
Total - \$5.8M	Total - \$1.3M



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WATER - MANAGING EXPENSES

1. Control and reduce administrative, operating and maintenance costs where possible:
 - a) Cost reductions included in rate proposal and reflected in two – year budget:
 - i. Savings through efficiencies, implementing Solar power for Water operations \$800,000 per year

Non-Personnel Budget Reductions	FY 18/19	FY 19/20
Professional Services	\$156,000	\$6,000
Production & Chemical Costs	\$150,000	\$-
Miscellaneous Other Costs *	\$105,000	\$59,000
Total	\$411,000	\$65,000

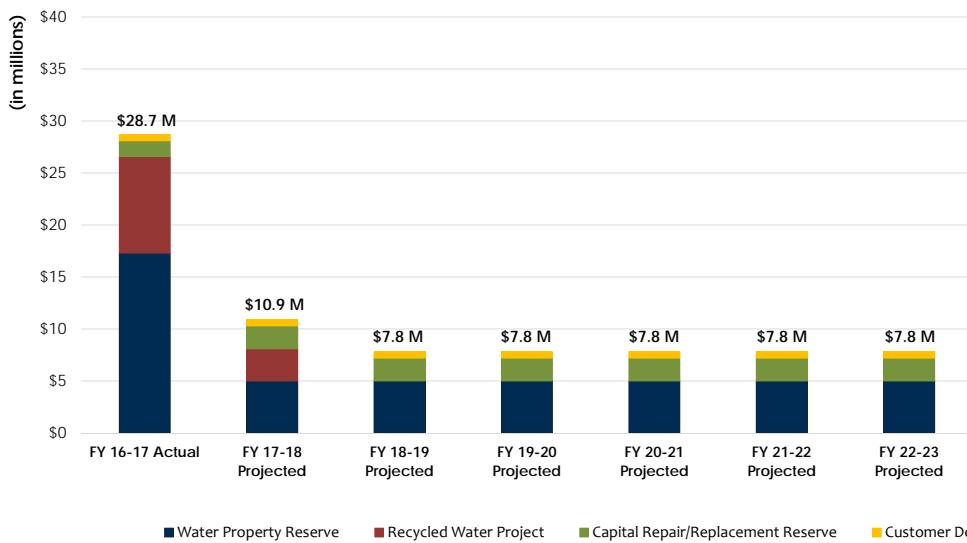
* Miscellaneous other costs include travel/meeting; training; software; supplies; etc.



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WATER - DESIGNATED CASH RESERVES



■ Water Property Reserve ■ Recycled Water Project ■ Capital Repair/Replacement Reserve ■ Customer Deposits 79

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WATER – SUPPLEMENTAL REQUESTS (UNFUNDED)

FY 18/19	FY 19/20
<ol style="list-style-type: none"> 1. Water master plan update 2. Pipeline condition assessment 3. Evaluation of storm water recharge options 4. Bunker Hill Basin Water Level Study 5. North Waterman Treatment Plan Design Report 6. Backhoes, dump trucks, trailers, loader and service truck 7. Steel storage rack and welder 	<ol style="list-style-type: none"> 1. Riverside Basin Groundwater Levels Study 2. Backhoes, dump trucks, service truck, and vacuum trailer
Total - \$3.5M	Total - \$1.8M



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