

FY 2020-21 EMERGENCY BUDGET

Riverside Public Utilities

Board of Public Utilities
June 1, 2020

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BUDGET OVERVIEW - TIMELINE



- | | |
|--|-------------------|
| 1. City of Riverside Budget Timeline | November – June |
| 2. Department Preparation of Budget Submittals | October – January |
| 3. RPU GM/AGM Meetings | January – March |
| 4. Budget Review Committee Meetings | February |
| 5. COVID-19 | March - June |
| 6. Proposed Emergency Budget to City Council for Approval | May 19 |
| 7. Board of Public Utilities Emergency Budget Presentation | June 1 |
| 8. City Council Final Adopted Emergency Budget | June 16 |



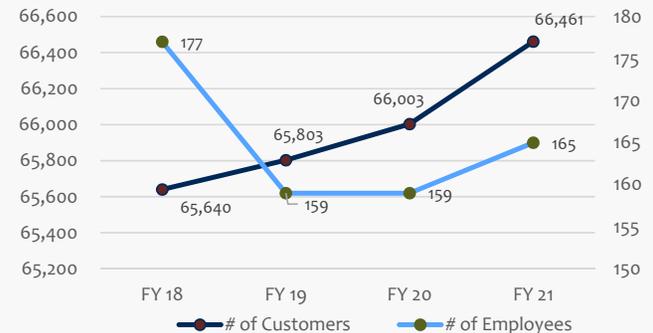
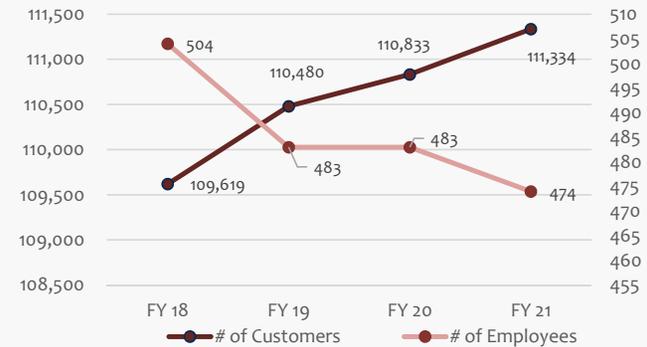
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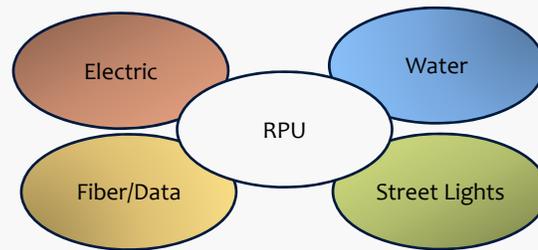
REVISED - DEPARTMENT OVERVIEW

- Electric Utility
 - 110,833 metered customers
 - 483 employees
- Water Utility
 - 66,003 metered customers
 - 159 employees



DEPARTMENT OVERVIEW

Department Purpose – Public Utilities is responsible for providing electric and water service to customers with a service area population of approximately 327,000, encompassing 82 square miles.



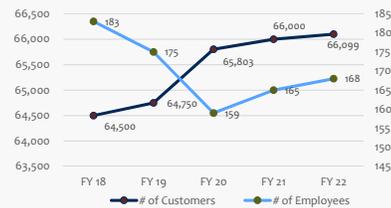
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DEPARTMENT OVERVIEW

- Electric Utility
 - 110,480 metered customers
 - 475 employees
- Water Utility
 - 65,803 metered customers
 - 159 employees



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DEPARTMENT GOALS

- Customer Experience
- Reliability & Resiliency
- Affordability
- Sustainability
- Operational Excellence
- Strong Workforce



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BUDGET DRIVERS

- The biennial FY 2020 – 2022 budget was developed and ready to present, when the COVID-19 pandemic resulted in a shelter-at-home order.
- COVID-19: FY 2020-21 Emergency Budgets
- Revenue impacts will not be observable until FY 2019-20 Quarter 4 (April – June) and later.
- Recovery will take time.



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COVID-19 IMPACT

- **Challenges**

- Timing

- Too early for reliable forecasts – speculative!
- How long with shelter-at-home order last?
- Will there be a resurgence of COVID-19 and reinstatement of shelter-at-home?

- Unprecedented

- Unlike any previous recession
- Impacts are unique; recovery will be unique



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COVID-19 IMPACT

- **What do we know and how can we prepare?**

- Significant fiscal impact

- Consumer activity drives Electric and Water revenues
- Recovery will take time

- Mitigating actions

- Control costs
- Identify resources and put contingency measures in place
- **Monitor and adapt**



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ELECTRIC

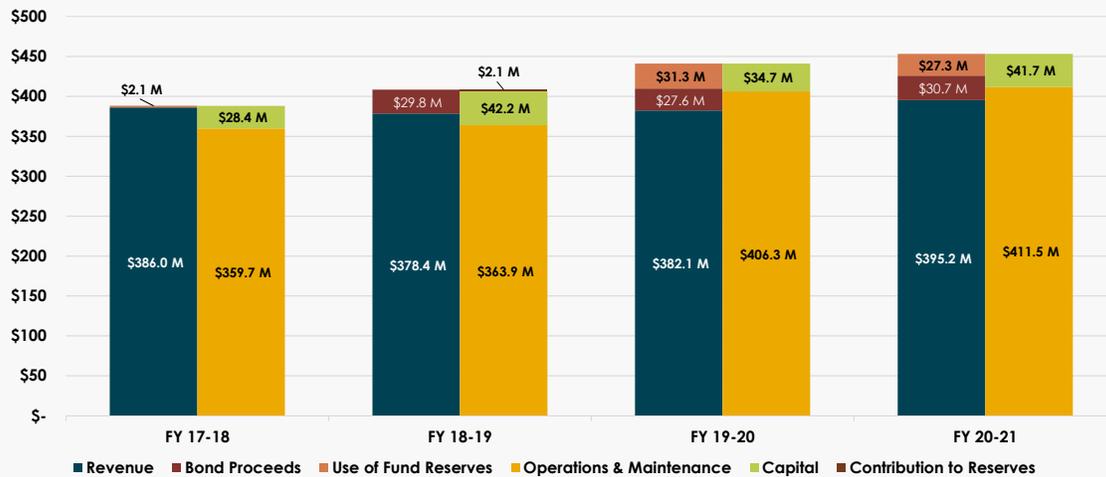


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ELECTRIC FUND-REVENUES AND EXPENSES



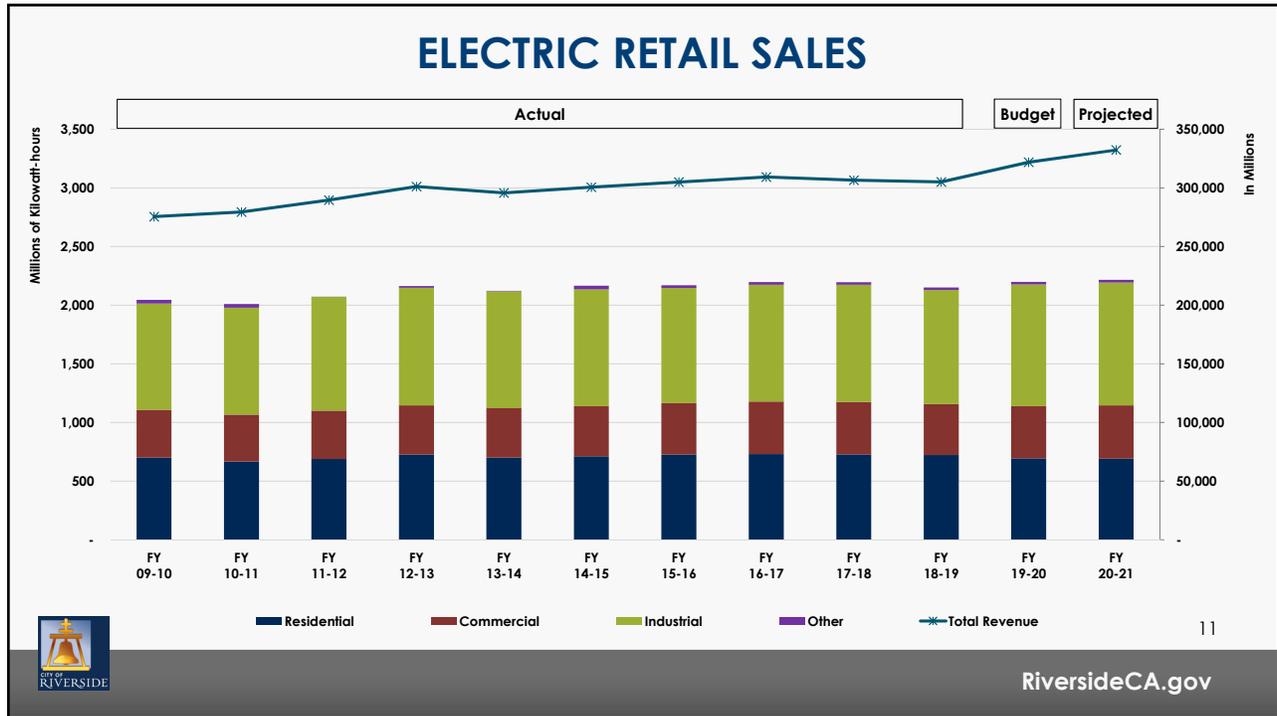
* Excludes Public Benefits Fund.



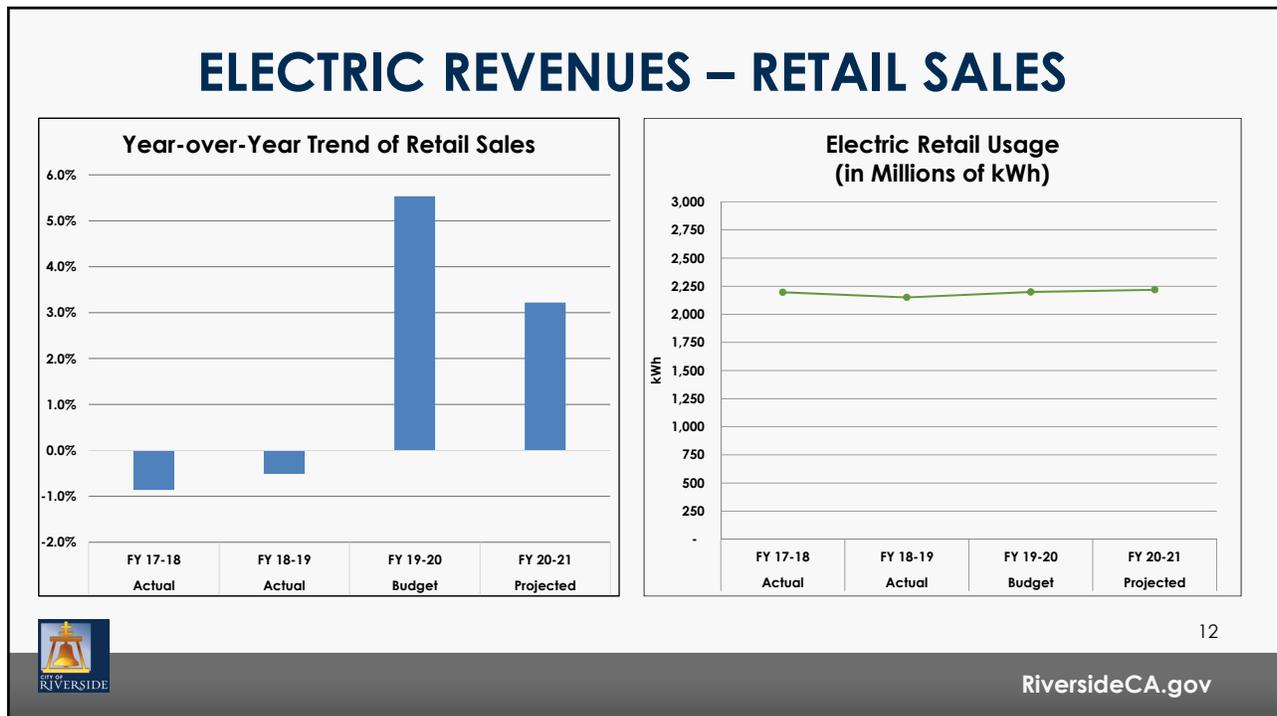
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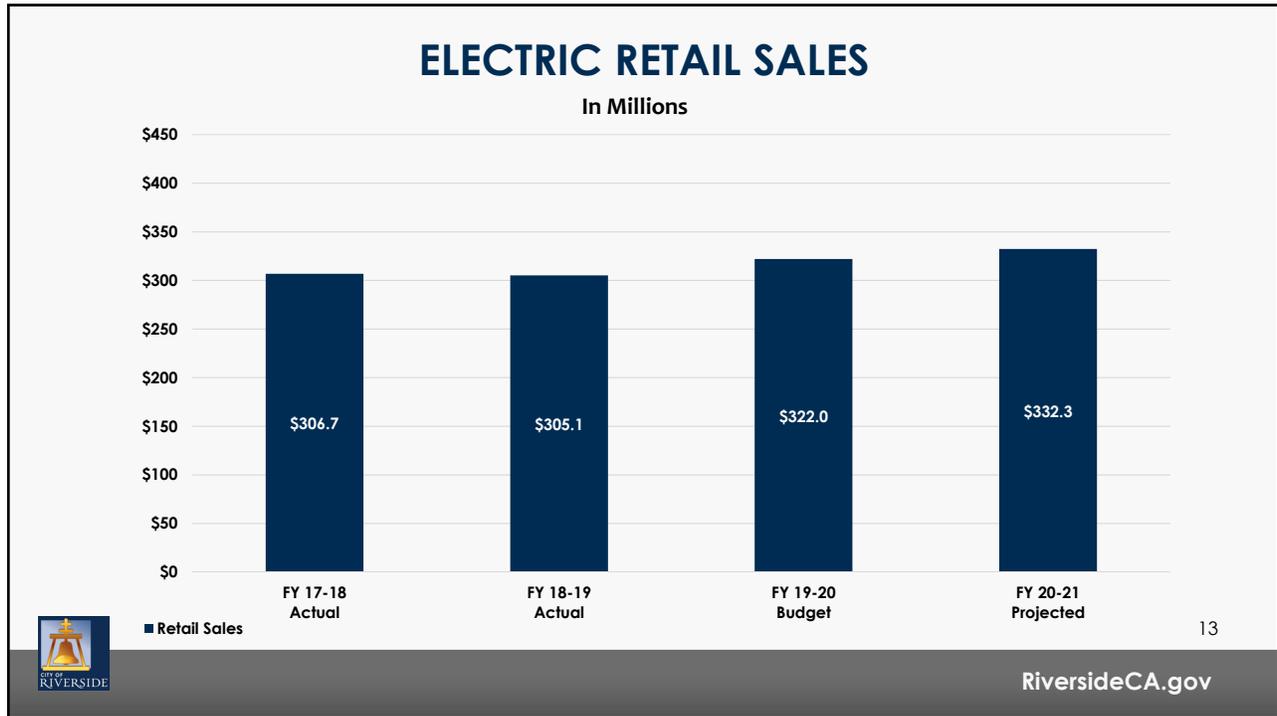
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ELECTRIC REVENUES

Summary (in millions)

	Projected 20-21
Operating	\$ 392.5
Non-Operating	12.2
Sources of Funds	63.2
Total, Revenues	\$ 467.9

*Includes Public Benefits revenues



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ELECTRIC REVENUES

Operating, Non-Operating and Other Sources of Funds

(in millions)

<u>Operating Revenues</u>	Actual 17-18	Actual 18-19	Budget 19-20	Projected 20-21
Retail Sales	\$ 306.7	\$ 305.1	\$ 322.0	\$ 332.3
Transmission Revenue	37.5	35.7	37.1	36.9
Cap and Trade Revenue	8.1	7.3	5.5	9.1
Excess Renewable Credits	-	1.7	2.0	-
Other Operating Revenue	3.4	4.5	4.2	4.7
Public Benefits Program Revenue	8.9	9.3	9.3	9.5
Subtotal, Operating Revenues	<u>\$ 364.5</u>	<u>\$ 363.6</u>	<u>\$ 380.1</u>	<u>\$ 392.5</u>
Percentage Increase/(Decrease)		(0.25%)	4.53%	3.26%



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ELECTRIC REVENUES

Operating, Non-Operating and Other Sources of Funds

(in millions)

<u>Non-Operating Revenues</u>	Actual 17-18	Actual 18-19	Budget 19-20	Projected 20-21
Interest Income	\$ 2.6	\$ 13.4	\$ 5.7	\$ 6.2
Capital Contributions	20.2	6.4	2.3	2.5
Other Nonoperating Revenues	7.5	4.3	3.3	3.6
Subtotal, Non-Operating Revenues	<u>\$ 30.3</u>	<u>\$ 24.1</u>	<u>\$ 11.3</u>	<u>\$ 12.2</u>
Percentage Increase/(Decrease)		(20.47%)	(53.06%)	8.23%



*Capital Contributions includes non-cash
 ** Interest income includes adjustments for fair market value of investments in FY 17-18 and FY 18-19

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ELECTRIC REVENUES

Operating, Non-Operating and Other Sources of Funds

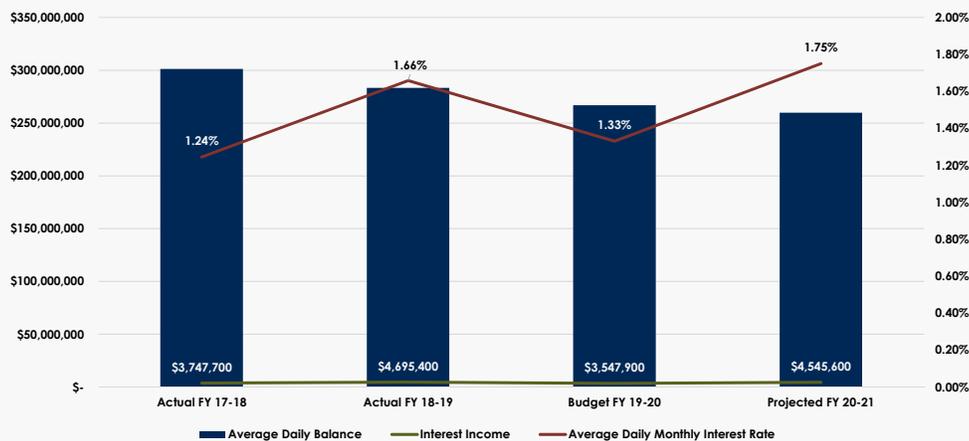
(in millions)

Sources of Funds	Actual 17-18	Actual 18-19	Budget 19-20	Projected 20-21
Proceeds from Debt Service	\$ -	\$ 29.8	\$ 27.6	\$ 30.7
Contributions from / (to) Reserves	1.1	(2.4)	37.6	32.5
Subtotal, Sources of Funds	\$ 1.1	\$ 27.4	\$ 65.2	\$ 63.2
Percentage Increase/(Decrease)		2390.91%	137.96%	(3.07%)
Total Operating, Non-Operating and Other Sources of Funds	\$ 395.9	\$ 415.1	\$ 456.6	\$ 467.9
Percentage Increase/(Decrease)		4.85%	10.00%	2.47%



ELECTRIC REVENUES

Interest Income Analysis



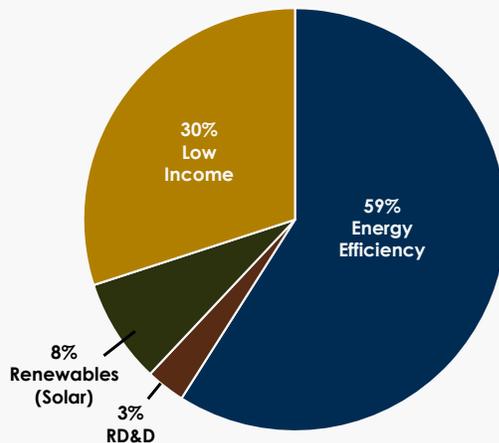
* Reflects interest income on Undesignated, Unrestricted cash reserve balances.
 ** Interest income does not include adjustments for fair market value of investments in FY 17-18 and FY 18-19.

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% minimum charge on all electricity sales which can only be used to fund the following programs:
 - Energy Efficiency
 - Research, Design & Development (RD&D)
 - Low-Income Assistance
 - Renewable Energy



PUBLIC BENEFIT FUND – FY 20-21



- **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



ELECTRIC EXPENSES Summary (in millions)

	Projected 20-21
Personnel	\$ 76.2
Non-Personnel	308.6
CIP	41.7
General Fund Transfer	41.4
Total, Expenses	\$ 467.9


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ELECTRIC EXPENSES Personnel, Non-Personnel and Other Uses of Funds (in millions)

	Actual 17-18	Actual 18-19	Budget 19-20	Projected 20-21
Personnel				
Salaries	\$ 34.7	\$ 36.5	\$ 46.7	\$ 48.0
Overtime	3.5	4.6	4.0	6.0
CalPERS	10.5	10.9	14.2	14.4
Benefits	16.3	5.5	8.2	7.8
Subtotal, Personnel Expenses	\$ 65.0	\$ 57.5	\$ 73.1	\$ 76.2
Percentage Increase/(Decrease)		(11.54%)	27.13%	4.24%


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ELECTRIC EXPENSES				
Personnel, Non-Personnel and Other Uses of Funds				
(in millions)				
Non-Personnel	Actual 17-18	Actual 18-19	Budget 19-20	Projected 20-21
Power Supply	\$ 189.1	\$ 207.1	\$ 221.7	\$ 227.1
Operating and Maintenance	14.2	17.4	24.6	22.5
Debt Service	51.3	42.0	46.7	44.3
Public Benefits Program	7.8	8.9	15.6	14.7
Subtotal, Non-Operating Expenses	\$ 262.4	\$ 275.4	\$ 308.6	\$ 308.6
Percentage Increase/(Decrease)		4.95%	12.06%	0.00%

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ELECTRIC EXPENSES				
Personnel, Non-Personnel and Other Uses of Funds				
(in millions)				
Other Uses of Funds	Actual 17-18	Actual 18-19	Budget 19-20	Projected 20-21
CIP	\$ 28.4	\$ 42.2	\$ 34.7	\$ 41.7
General Fund Transfer	40.1	39.9	40.2	41.4
Subtotal, Other Uses of Funds	\$ 68.5	\$ 82.1	\$ 74.9	\$ 83.1
Percentage Increase/(Decrease)		19.85%	(8.77%)	10.95%
Total Personnel, Non-Personnel and Other Uses of Funds	\$ 395.9	\$ 415.0	\$ 456.6	\$ 467.9
Percentage Increase/(Decrease)		4.82%	10.02%	2.47%

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CAPITAL PROJECTS – ELECTRIC

Category	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25
Electric	34,685,429	34,734,280	41,663,797	41,509,930	40,814,723	56,657,003	57,338,490
Total CIP *	\$ 34,685,429	\$ 34,734,280	\$ 41,663,797	\$ 41,509,930	\$ 40,814,723	\$ 56,657,003	\$ 57,338,490

* Reflects budget for all FY. Does not include carryovers.



ELECTRIC CAPITAL IMPROVEMENT PLAN

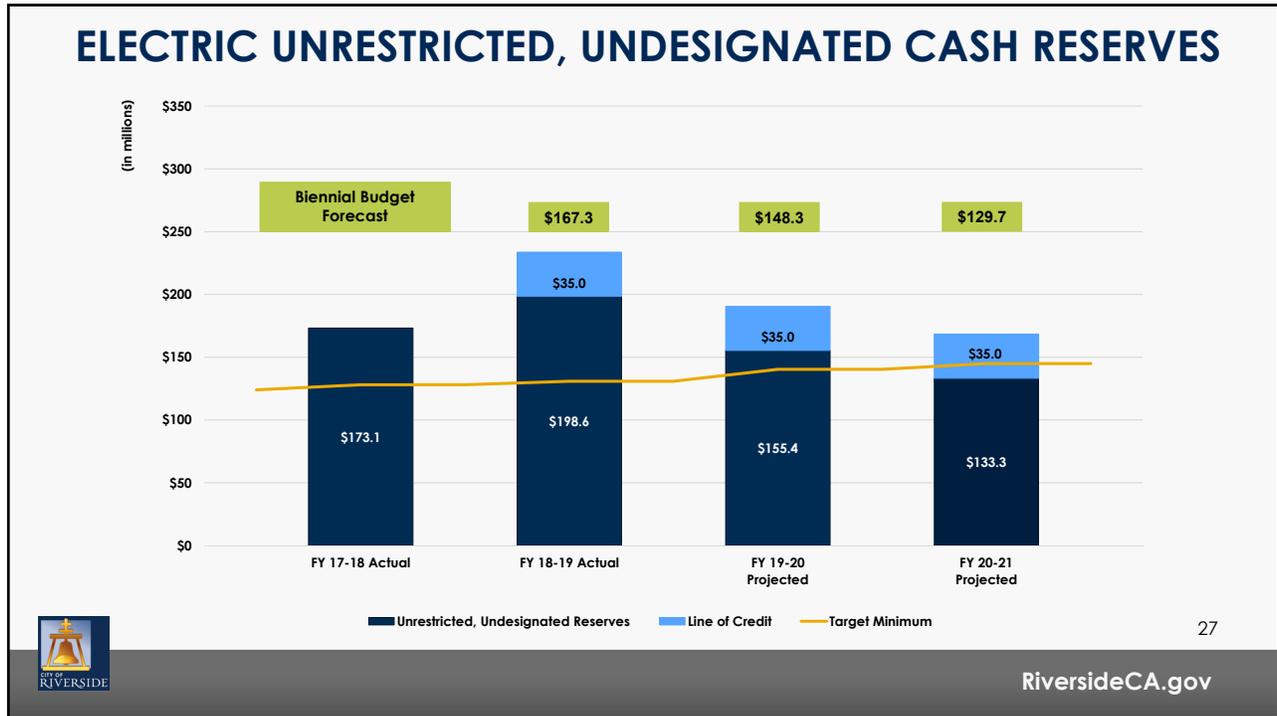
(in millions)

	Actual 17-18	Actual 18-19	Budget 19-20	Projected 20-21
Revenues and Sources of Funds				
Revenues from Rates	\$ 4.7	\$ 8.9	\$ 2.9	\$ 6.4
Bond Proceeds	18.3	29.8	27.6	30.7
Contribution in Aid	3.2	3.5	2.3	2.5
Transfers from Reserves	2.2	-	1.9	2.1
Total	\$ 28.4	\$ 42.2	\$ 34.7	\$ 41.7
Expenses and Uses of Funds				
Overhead	\$ -	\$ 5.0	\$ 7.4	\$ 4.9
Underground	-	3.2	5.7	4.8
Substation	-	15.1	5.0	9.7
System Automation	-	1.4	5.9	10.1
Recurring/Obligation to Serve	-	17.5	10.7	12.2
Capital Expenditures *	28.4	-	-	-
Total	\$ 28.4	\$ 42.2	\$ 34.7	\$ 41.7

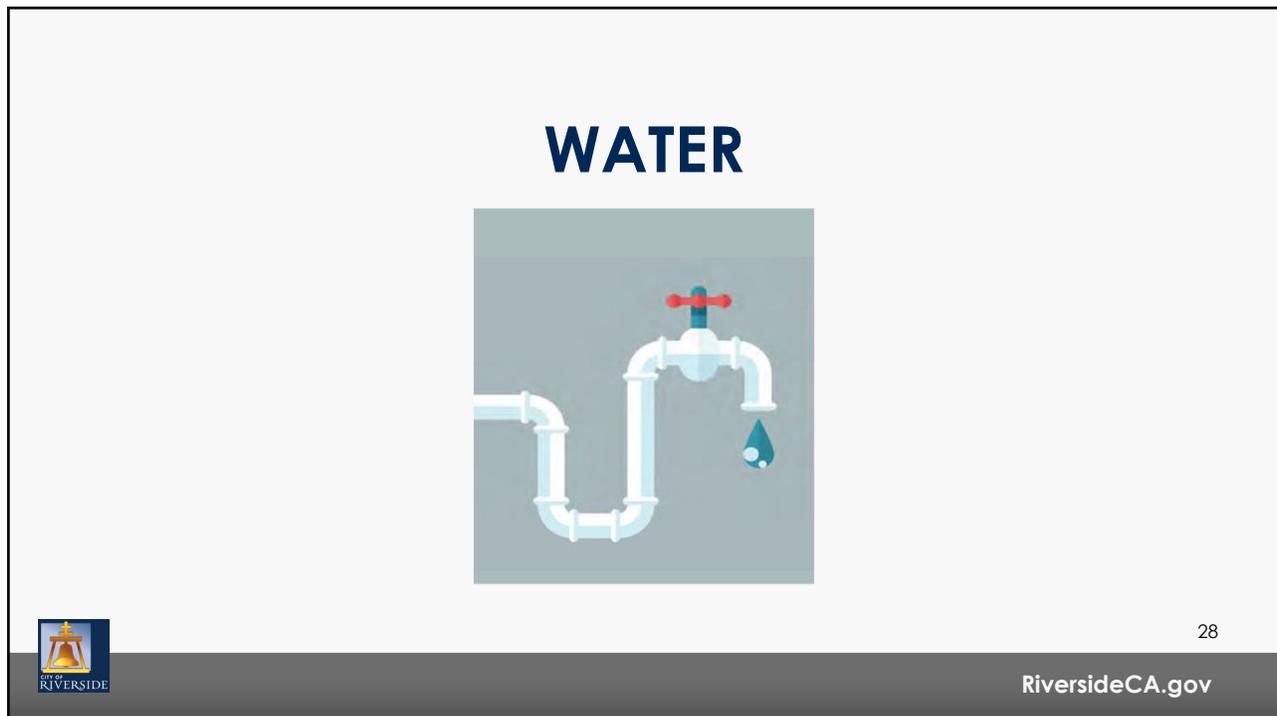
*CIP Categorization did not take effect until FY 18-19 with the approved rate plan.

**\$18.3 million of capital in FY 17-18 was funded with bond proceeds from the 2019 bond issuance.



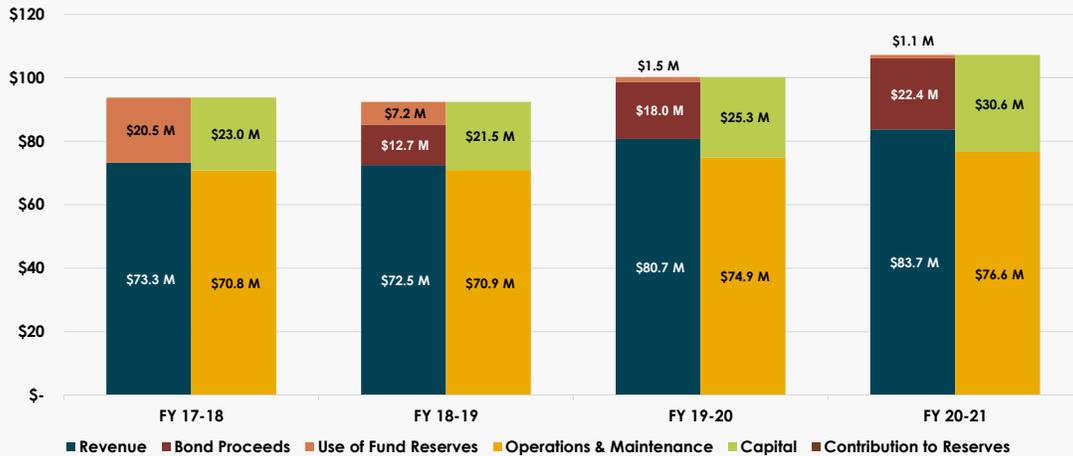


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WATER FUND – REVENUES AND EXPENSES



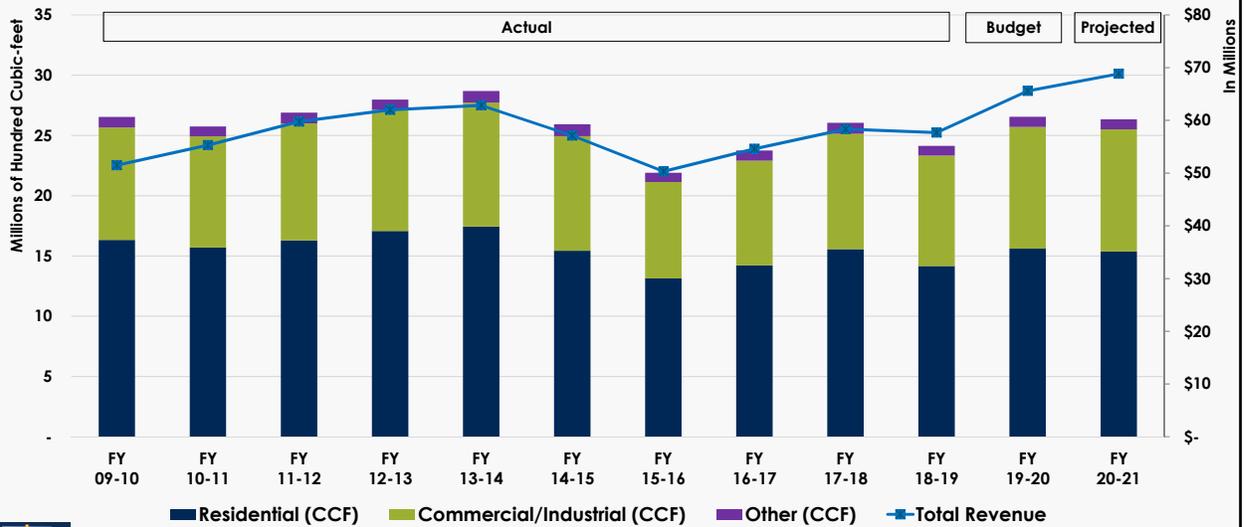
*Excludes Water Conservation Fund.

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WATER RETAIL SALES

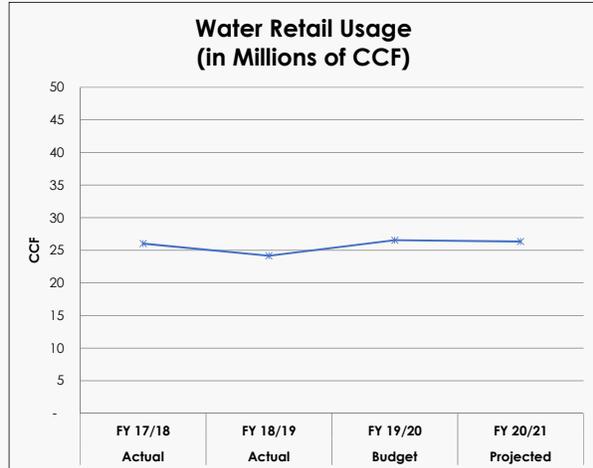
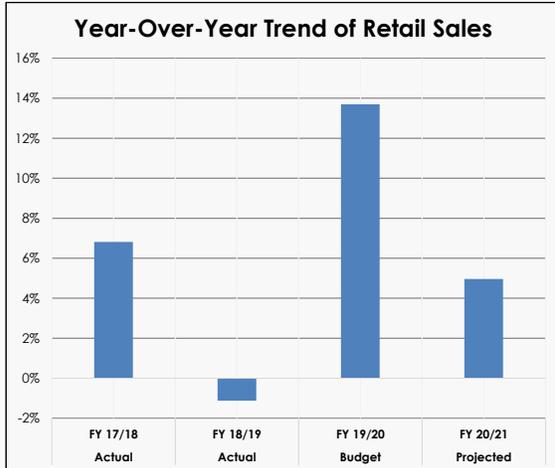


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WATER REVENUES – RETAIL SALES



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WATER RETAIL SALES

In Millions



■ Retail Sales

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WATER REVENUES Summary (in millions)

	Projected 20-21
Operating	\$ 78.6
Non-Operating	6.1
Sources of Funds	24.1
Total, Revenues	\$ 108.8


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WATER REVENUES Operating, Non-Operating and Other Sources of Funds (in millions)

	Actual 17-18	Actual 18-19	Budget 19-20	Projected 20-21
Operating Revenues				
Retail Sales	\$ 58.3	\$ 57.7	\$ 65.6	\$ 68.8
Wholesale Sales	2.6	2.5	4.1	3.5
Water Conveyance Revenue	3.2	1.8	3.2	3.0
Other Operating Revenue	2.1	2.3	1.8	2.3
Water Conservation Revenue	0.9	0.9	1.0	1.0
Subtotal, Operating Revenues	\$ 67.1	\$ 65.2	\$ 75.7	\$ 78.6
Percentage Increase/(Decrease)		(2.86%)	16.10%	3.85%


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WATER REVENUES

Operating, Non-Operating and Other Sources of Funds

(in millions)

Non-Operating Revenues	Actual 17-18	Actual 18-19	Budget 19-20	Projected 20-21
Interest Income	\$ 0.3	\$ 2.0	\$ 1.1	\$ 1.1
Capital Contributions	3.0	2.0	1.0	1.0
Other Nonoperating Revenues	3.8	4.2	3.9	4.0
Subtotal, Non-Operating Revenues	\$ 7.1	\$ 8.2	\$ 6.0	\$ 6.1
Percentage Increase/(Decrease)		16.31%	(26.83%)	2.47%



* Interest income includes adjustments for fair market value of investments in FY 17-18 and FY 18-19.

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WATER REVENUES

Operating, Non-Operating and Other Sources of Funds

(in millions)

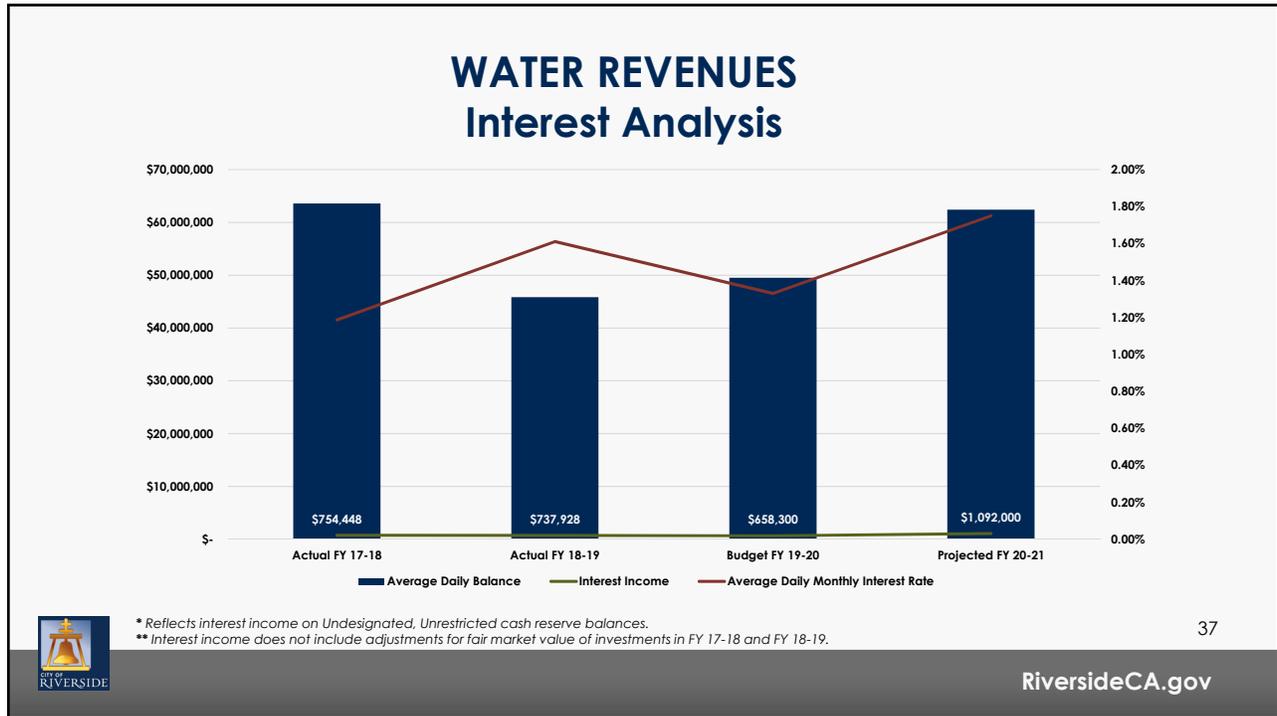
Sources of Funds	Actual 17-18	Actual 18-19	Budget 19-20	Projected 20-21
Proceeds from Debt Service	\$ -	\$ 12.7	\$ 18.0	\$ 22.4
Contributions from / (to) Reserves	20.5	7.0	2.3	1.7
Subtotal, Sources of Funds	\$ 20.5	\$ 19.7	\$ 20.3	\$ 24.1
Percentage Increase/(Decrease)		(3.95%)	3.09%	18.72%
Total Operating, Non-Operating and Other Sources of Funds	\$ 94.7	\$ 93.1	\$ 102.0	\$ 108.8
Percentage Increase/(Decrease)		(1.69%)	9.56%	6.67%



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WATER CONSERVATION SURCHARGE OVERVIEW

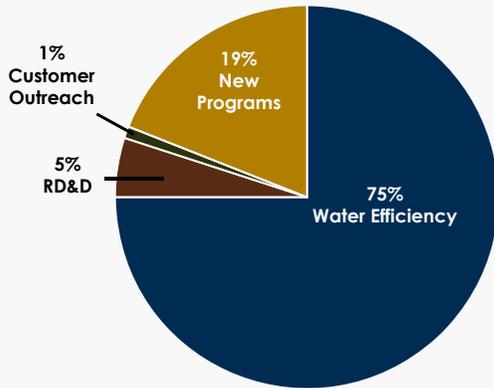
- 1.5 % charge on all water sales
 - Passed by City Council in 2004; Renewed in 2014
- Can only be used to fund the following water conservation programs:
 - Water Efficiency
 - New Programs
 - Research, Design & Development
 - Customer Outreach

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WATER CONSERVATION FUND – FY 20-21



- **Water Efficiency**
 - 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 EXPENSES

Summary
(in millions)

	Projected 20-21
Personnel	\$ 26.0
Non-Personnel	44.9
CIP	30.6
General Fund Transfer	7.3
Total, Expenses	\$ 108.8



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WATER EXPENSES				
Personnel, Non-Personnel and Other Uses of Funds				
(in millions)				
Personnel	Actual 17-18	Actual 18-19	Budget 19-20	Projected 20-21
Salaries	\$ 12.1	\$ 13.0	\$ 14.7	\$ 15.9
Overtime	2.0	2.2	1.5	2.5
CalPERS	3.6	4.0	4.6	4.6
Benefits	5.8	2.5	3.0	3.0
Subtotal, Personnel Expenses	\$ 23.5	\$ 21.7	\$ 23.8	\$ 26.0
Percentage Increase/(Decrease)		(7.66%)	9.68%	9.24%



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WATER EXPENSES				
Personnel, Non-Personnel and Other Uses of Funds				
(in millions)				
Non-Personnel	Actual 17-18	Actual 18-19	Budget 19-20	Projected 20-21
Production Costs	\$ 6.0	\$ 6.2	\$ 5.0	\$ 6.3
System Operations	19.7	18.2	20.0	18.1
Debt Service	15.4	18.2	19.4	18.9
Water Conservation Programs	0.9	0.7	1.8	1.6
Subtotal, Non-Operating Expenses	\$ 42.0	\$ 43.3	\$ 46.2	\$ 44.9
Percentage Increase/(Decrease)		3.10%	6.70%	(2.81%)



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WATER EXPENSES

Personnel, Non-Personnel and Other Uses of Funds

(in millions)

Other Uses of Funds	Actual 17-18	Actual 18-19	Budget 19-20	Projected 20-21
CIP	\$ 23.0	\$ 21.5	\$ 25.3	\$ 30.6
General Fund Transfer	6.2	6.6	6.7	7.3
Subtotal, Other Uses of Funds	\$ 29.2	\$ 28.1	\$ 32.0	\$ 37.9
Percentage Increase/(Decrease)		(3.77%)	13.88%	18.44%
Total Personnel, Non-Personnel and Other Uses of Funds	\$ 94.7	\$ 93.1	\$ 102.0	\$ 108.8
Percentage Increase/(Decrease)		(1.69%)	9.56%	6.67%


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CAPITAL PROJECTS – WATER

Category	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25
Water	22,921,083	25,322,774	30,616,405	21,501,562	29,089,738	29,930,774	29,569,277
Total CIP *	\$ 22,921,083	\$ 25,322,774	\$ 30,616,405	\$ 21,501,562	\$ 29,089,738	\$ 29,930,774	\$ 29,569,277

* Reflects budget for all FY. Does not include carryovers.


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WATER CAPITAL IMPROVEMENT PLAN (in millions)

	Actual 17-18	Actual 18-19	Budget 19-20	Projected 20-21
Revenues and Sources of Funds				
Revenues from Rates	\$ 1.0	\$ 5.8	\$ 5.5	\$ 6.4
Bond Proceeds	-	12.7	18.0	22.4
Contribution in Aid	1.5	1.4	1.0	1.0
Transfers from Reserves	20.5	1.6	0.8	0.8
Total	\$ 23.0	\$ 21.5	\$ 25.3	\$ 30.6
Expenses and Uses of Funds				
Water Supply	\$ -	\$ 3.8	\$ 2.2	\$ 2.8
Well Projects	-	-	2.2	3.4
Transmission Pipelines	-	8.3	1.5	10.4
Distribution Pipelines	-	6.9	9.7	8.3
Distribution Facilities	-	2.3	5.7	1.2
Treatment Plants	-	-	-	-
Reservoir Projects	-	-	-	0.6
System Automation	-	0.2	4.0	4.0
Capital Expenditures	23.0	-	-	-
Total	\$ 23.0	\$ 21.5	\$ 25.3	\$ 30.6

* CIP Categorization did not take effect until FY 18-19 with the approved rate plan.

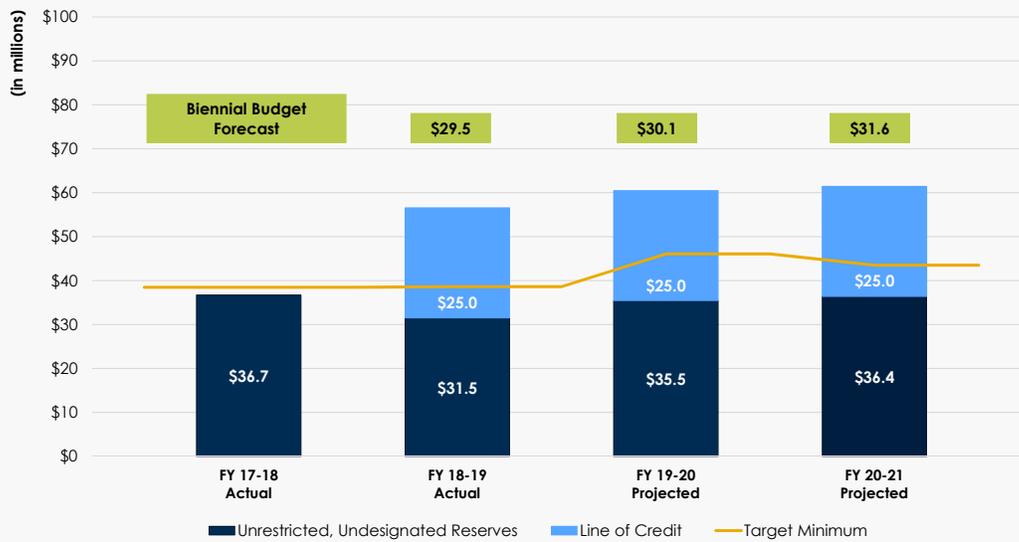


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WATER UNRESTRICTED, UNDESIGNATED CASH RESERVES



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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 2020-21 emergency budget totaling \$404.7 million in revenues, \$426.2 million in operating expenditures and \$41.7 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 for FY 2020-21;
3. Authorize the use of the Designated Electric Fund Dark Fiber Reserve for dark fiber leasing operating expenses in the amount of \$600,000 for FY 2020-21;
4. Authorize the increase in annual funding to the SONGS Additional Decommissioning Liability Reserve by \$419,000 to a total of \$2 million annually beginning in FY 2020-21; and
5. Approve the Water Funds (including Water Conservation Fund) proposed FY 2020-21 emergency budget totaling \$84.7 million in revenues, \$78.2 million in operating expenditures and \$30.6 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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