



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: SEPTEMBER 1, 2015**
FROM: RIVERSIDE PUBLIC UTILITIES **WARDS: ALL**
SUBJECT: CITY COUNCIL WORKSHOP REGARDING PUBLIC UTILITIES FINANCE (RPU FINANCE 101)

ISSUE:

The issue for City Council consideration is to conduct a workshop to discuss all aspects of Riverside Public Utilities finances.

RECOMMENDATIONS:

That the City Council conduct and participate in a workshop regarding Riverside Public Utilities finances.

BACKGROUND:

Riverside Public Utilities (RPU) operating and capital improvement budgets are designed to meet the City and RPU's mission and strategic goals. The total RPU budget for Fiscal Year (FY) 2015/16 is approximately \$498,000,000 and breaks out very broadly as follows:

FY 15/16 Budget	\$498,298,000
– Electric Utility:	\$395,802,000
– Public Benefits:	\$13,967,000
– Water Utility:	\$85,012,000
– Water Reclamation & Conservation:	\$2,458,000
– Central Stores:	\$1,059,000

RPU's five year Capital Improvement Programs (CIP) total \$582,660,000 for the electric utility and \$79,869,000 for the water utility. Current debt totals \$582,660,000 and \$198,740,000 for the electric and water utility, respectively.

Staff has polled the City Council individually to identify the specific topics and areas of discussion for the workshop. As a result of that input, staff has assembled the following topics for discussion during the workshop as detailed below with the planned presenter:

- Overview of City Finance – Brent Mason, Finance Director
Explanation of the City Finance function, how RPU finance fits into City's overall finance operations, the City's cost allocation plan and Inter-fund Loans.

- Overview of Proposition 218, 26 and other legal issues – Susan Wilson, Deputy City Attorney
Explanation of Proposition 218 and 26 requirements, the General Fund transfer and other legal issues.
- RPU Budget and Budget Trends – Laura Nomura, Utilities Assistant General Manager (AGM) – Finance; Reiko Kerr, AGM – Resources; Kevin Palmer, Utilities Customer Relations Manager
Overview of the RPU budget process, FY 15/16 electric and water budget and major components (including Power Supply and Public Benefit) and Water Conservation programs.
- Rates, Revenues and Trends – Brian Seinturier, Utilities Fiscal Manager – Rates
Overview of RPU rate history, comparisons, approval processes, key issues affecting rates, explanation of the customer bill, customer usage trends and information. Explanation of Reliability Charge.
- Reliability Charge – Girish Balachandran, General Manager
Overview of the history of the reliability charge, planned projects funded and related debt service, revenue collected to date and remaining debt service requirements.
- Debt – Brian Thomas, Public Financial Management, Financial Advisors
Overview of RPU debt portfolio, explanation of origins of variable-rate debt, variable debt performance and cash reserve considerations.
- Reserves – Laura Nomura, AGM – Finance
Goals and Importance of financial policies, current reserve policy, reserve policy best practices and risk evaluation for minimum reserves.
- Financial Planning and Reporting – Aileen Ma, Utilities Fiscal Manager – Finance/Accounting
Explanation of RPU current financial planning processes, implementation of 10-year Proforma, overview of RPU financial reporting and other communications.
- Financial Metrics Benchmarking – Aileen Ma, Utilities Fiscal Manager – Finance/Accounting
Provide various financial metrics as compared to industry benchmarks/surveys.

The full workshop meeting will be recorded via video by staff and posted to the City website following the meeting.

FISCAL IMPACT:

There is no fiscal impact at this time.

Prepared by: Girish Balachandran, Utilities General Manager
Approved by: John A. Russo, City Manager
Approved as to form: Gary G. Geuss, City Attorney

Attachment: Presentation