



City Council Memorandum

City of Arts & Innovation

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TO: HONORABLE MAYOR AND CITY COUNCIL DATE: SEPTEMBER 12, 2017

FROM: PUBLIC UTILITIES DEPARTMENT WARDS: ALL

SUBJECT: SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY BI-ANNUAL EXPENDITURE REPORT FOR FISCAL YEAR 2016-17

ISSUE:

Receive the Southern California Public Power Authority bi-annual expenditure report for fiscal year 2016-17.

RECOMMENDATION:

That the City Council receive and file this Southern California Public Power Authority bi-annual expenditure report for fiscal year 2016-17.

BOARD RECOMMENDATION:

On August 14, 2017, the Board of Public Utilities with five of the eight members present, unanimously voted to recommend that the City Council receive and file this Southern California Public Power Authority bi-annual expenditure report for fiscal year 2016-17.

BACKGROUND:

Riverside Public Utilities (RPU) is a member of the Southern California Public Power Authority (SCPPA), a joint powers authority, formed to capture the economies of scale by collectively working with 12 local publicly owned utilities.

On February 21, 2017, City Council received an update on RPU's participation and involvement in SCPPA. City Council directed staff to provide a detail of proposed expenditures included within each object code of RPU's annual budget to the Board of Public Utilities (Board) and include this information in their budget recommendation to City Council. In addition, City Council directed staff to provide a bi-annual report to the Board and City Council on expenditures. After discussion, City Council directed staff to seek Board and Council approval for services procured through SCPPA over \$50,000.

DISCUSSION:

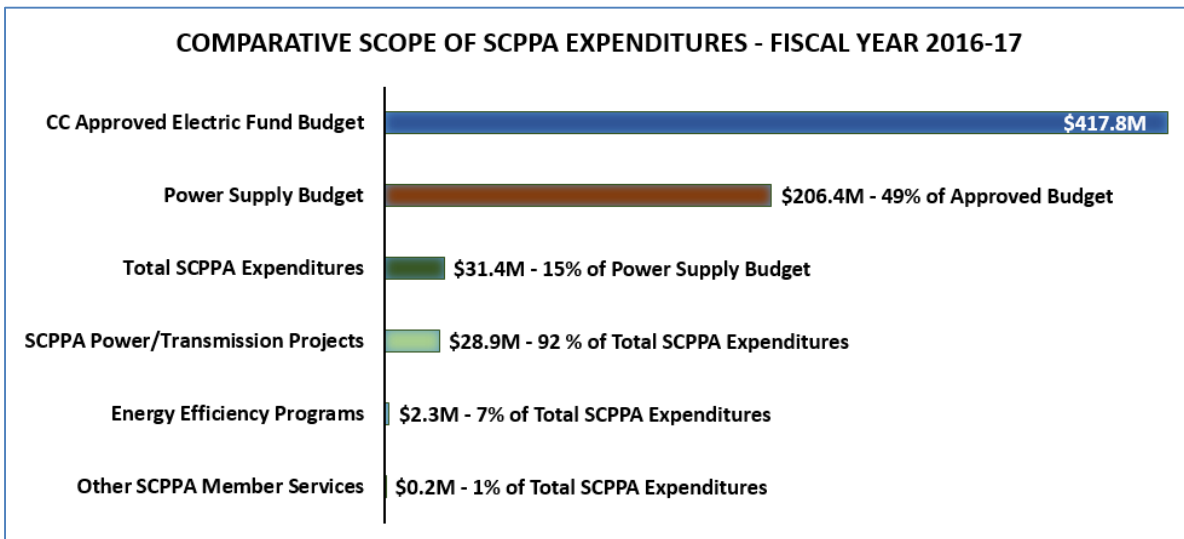
This report is the first SCPPA bi-annual expenditure report covering twelve months of expenditures for fiscal year 2016-17.

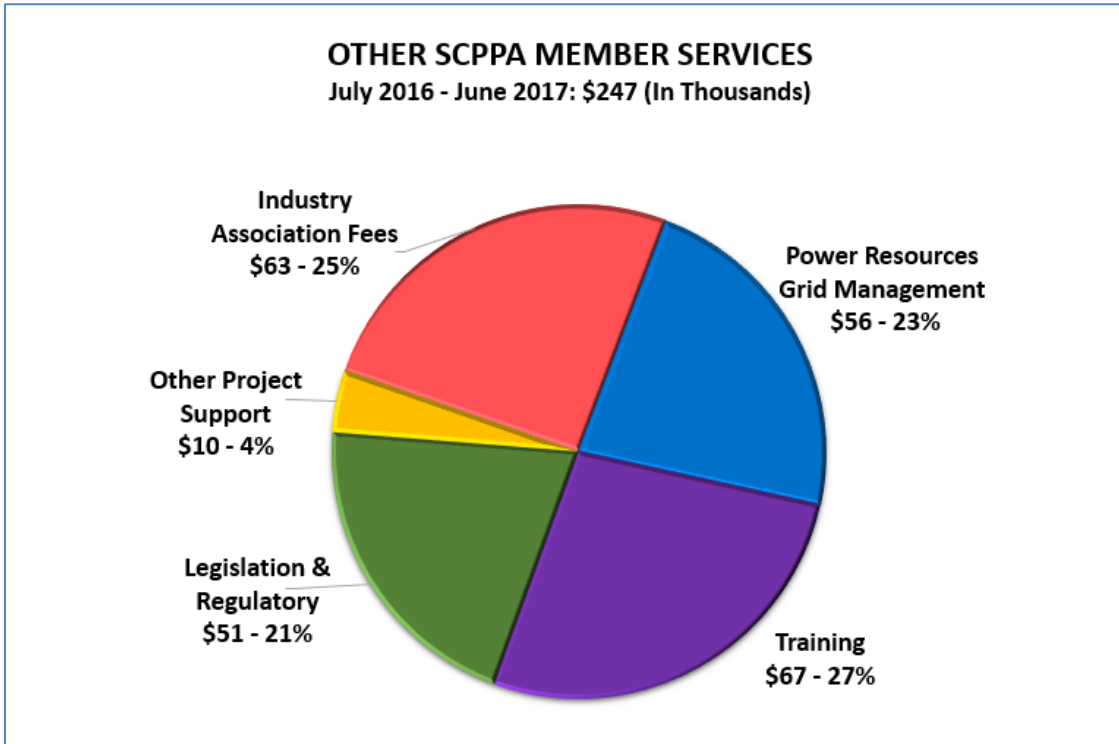
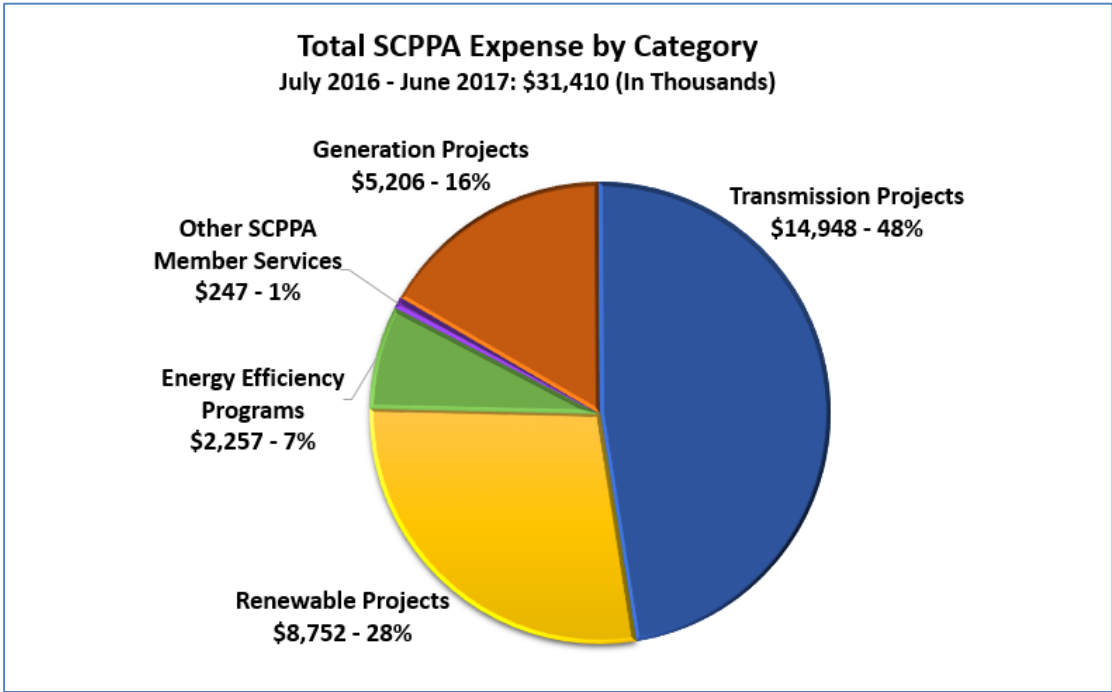
RPU’s participation in SCPPA activities is voluntary and undertaken only when participating through SCPPA is expected to add value in the form of i) cost savings as compared to Riverside acting individually and/or ii) staff savings achieved by collaborating on common issues and avoiding the duplication of effort at each utility.

The majority of RPU’s expenditures associated with SCPPA relate directly to its participation in the generation, transmission, and renewable projects, where there is joint interest by other utilities. RPU also participates in other joint member utility services such as energy efficiency programs, training, association dues, and legislative or regulatory advocacy where services are procured using economies-of-scale pricing from the collective buying power of SCPPA members, resulting in significant ratepayer savings. Authorization of these expenditures must be recommended by the Board and approved by the City Council through the City’s biennial budget process as are other operating costs.

Scope of SCPPA Expenditures

The following graphs provide the comparative scope of expenditures paid through SCPPA by the Electric Fund for fiscal year 2016-17:





RPU Procurement Process through SCPPA

For power supply and transmission, the City Council approves all new joint participation generation, transmission, and renewable projects entered into with SCPPA. Once new projects and associated purchase power agreements (PPA) are approved by the City Council, the City Manager or his designee will sign the PPA to initiate the project with SCPPA. Ongoing costs associated with these projects are included in the Electric Fund’s biennial budget, which is

approved by the Board and City Council.

For energy efficiency programs and other SCPPA member services, the procurement process is consistent with the City's procurement procedures. Expenditure requests that are within Board and City Council approved budget and with documentation clearly justifying the use of SCPPA are approved as followed:

Cost of Programs/Services	Approval by:
\$25,000 or less	RPU General Manager
\$25,001 to \$50,000	City Manager
Over \$50,000	Board and City Council

Since the City Council's SCPPA update on February 21, 2017, a total of \$124,267 expenditure requests have been approved and are listed on the attachment to this report.

FISCAL IMPACT:

There is no fiscal impact related to the receipt of this report.

Prepared by: Girish Balachandran, Utilities General Manager
Certified as to
availability of funds: Adam Raymond, Chief Financial Officer/City Treasurer
Approved by: John A. Russo, City Manager
Approved as to form: Gary G. Geuss, City Attorney

Attachments:

1. Approved SCPPA Procurement Requests – 2/21/17 through 6/30/17
2. Draft Board Minutes