



Updated RPU Fiscal Policies

Riverside Public Utilities

Finance Committee
July 11, 2018

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LEGISLATIVE HISTORY

Senate Bill (SB) 1029 requires debt issuers to have adopted debt policies that contain the following items:

- A. The purposes for which debt proceeds may be used.
- B. Types of debt.
- C. Relationship of the debt to, and integration with, the issuer's capital improvement program or budget.
- D. Policy goals related to the issuer's planning goals and objectives.
- E. Internal control procedures to ensure debt proceeds will be directed to the intended use.

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BACKGROUND

1. In December 2015 and March 2016, the Board and the City Council, respectively, approved the Cash Reserve Policy.
2. In May and July 2016, the Board and City Council approved the existing RPU Fiscal Policy, which incorporated the Cash Reserve Policy as Appendix A.
3. In January 2017, the City Council adopted the City's existing Debt Management Policy to satisfy the requirements of SB 1029.

BACKGROUND (CONTINUED)

4. In May and July 2017, the Board and City Council approved the establishment of a Dark Fiber designated reserve.
5. Use of a Line of Credit was included in 5-Year Rate Plan, recently approved by Board and City Council, as a means to lower rate impact on customers.

DEBT MANAGEMENT

1. Incorporated the City's Debt Management Policy by reference satisfying SB 1029 requirement.
2. Removal of Appendix B – Debt Management Policy

CASH RESERVE POLICY

Updates to the Cash Reserve Policy include:

1. Establishment of Dark Fiber Reserve to accumulate proceeds and account for expenditures of the program.
2. Allow for the use of a line of credit to provide flexibility and operating liquidity similar to cash reserves if there is an emergency need and also allows RPU to meet the overall liquidity and reserve levels acceptable to bond rating agencies.

BOARD OF PUBLIC UTILITIES

On June 25, 2018, the Board unanimously approved forwarding this item to the Finance Committee to recommend that the City Council approve the updated Riverside Public Utilities Fiscal Policies and the Cash Reserve Policy.

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RECOMMENDATION

That the Finance Committee recommend that the City Council approve the updated Riverside Public Utilities Fiscal Policies and the Cash Reserve Policy.

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