



Electric and Water Reimbursement Resolutions

Riverside Public Utilities

Board of Public Utilities
July 23, 2018

RiversidePublicUtilities.com



BACKGROUND

1. Both Electric and Water Utilities are capital intensive.
2. Capital improvements are primarily funded through bond financing and are included in the 5-year rate plan.
3. Bond proceeds from prior debt issuances were depleted in April 2015 for the Water Utility and June 2016 for the Electric Utility.
4. Capital improvements are currently being funded by cash reserves.

RiversidePublicUtilities.com



2

BACKGROUND

5. On May 15, 2015, Board recommended and on May 19, 2015, City Council adopted the previous Water Reimbursement Resolution.
6. On March 29, 2016, Board recommended and on April 26, 2016, City Council adopted the previous Electric Reimbursement Resolution.

WHAT IS A REIMBURSEMENT RESOLUTION?

1. Provides the authorization to reimburse cash reserves spent on capital projects prior to bond issuance.
2. IRS requires a formal declaration of intent to reimburse.
3. Does not require that RPU issue bonds in the future.
4. Provides financial planning flexibility and a legal basis for reimbursement of reserves used for capital projects.

RATE PLAN AND BUDGET APPROVAL

1. On May 22, 2018, City Council approved Electric and Water Utilities Five-Year Rate Plan for fiscal years 2018/19 through 2022/23.
2. Capital Projects for the Five-Year Rate Plan are included in the Five-Year Capital Improvement Program (CIP).
3. CIP funding includes bond proceeds, developer contributions, rates and reserves.
4. On June 12, 2018, City Council adopted the biennial budget including approving the first two years of the Five-Year CIP.

RiversidePublicUtilities.com



5

ELECTRIC REIMBURSEMENT RESOLUTION

1. Planned new debt issuance of approximately \$103.1 million in fiscal year 2018/19 to fund capital projects over three years.
2. Use of reserves to fund capital projects until new bonds are issued.
3. An new Reimbursement Resolution must be adopted to provide flexibility in reimbursing reserves with bond proceeds at a later date.

RiversidePublicUtilities.com



6

ELECTRIC REIMBURSEMENT RESOLUTION (CON'T)

4. The new Reimbursement Resolution amends the previous Reimbursement Resolution.
 - a. Increasing the total reimbursement amount from \$100,000,000 to \$104,000,000 to correspond with the planned new debt issuance.
 - b. Reflecting changes to the 5-Year CIP since the date of adoption of the previous Reimbursement Resolution.

WATER REIMBURSEMENT RESOLUTION

1. Planned new debt issuance of approximately \$52.2 million in fiscal year 2018/19 to fund capital projects over three years.
2. Use of reserves to fund capital projects until new bonds are issued.
3. A new reimbursement resolution must be adopted to provide flexibility in reimbursing reserves with bond proceeds at a later date.

WATER REIMBURSEMENT RESOLUTION (CON'T)

4. The new Reimbursement Resolution amends the previous Reimbursement Resolution.
 - a. Increasing the total reimbursement amount from \$50,000,000 to \$53,000,000 to correspond with the planned new debt issuance.
 - b. Reflecting changes to the 5-Year CIP since the date of adoption of the previous Reimbursement Resolution.

RECOMMENDATIONS

That the Board of Public Utilities recommend that the City Council:

1. Adopt a Reimbursement Resolution to provide the future option of using bond funds instead of reserve funds for capital financing requirements for the Electric Utility, to allow reserve funds to be used for capital needs in the interim period, and increasing the previous reimbursement resolution from \$100,000,000 to \$104,000,000

RECOMMENDATIONS (CON'T)

2. Adopt a Reimbursement Resolution to provide the future option of using bond funds instead of reserve funds for capital financing requirements for the Water Utility, to allow reserve funds to be used for capital needs in the interim period, and increasing the previous reimbursement resolution from \$50,000,000 to \$53,000,000.