

RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES

DATE: October 28, 2019

ITEM NO: 10

SUBJECT: EXPENDITURE NOT TO EXCEED \$68,000 FOR SERVICES AND SPONSORSHIPS PROVIDED TO RIVERSIDE PUBLIC UTILITIES BY GREATER RIVERSIDE CHAMBERS OF COMMERCE FOR FISCAL YEAR 2019/20

ISSUES:

Approve an expenditure not to exceed \$68,000 for Fiscal Year 2019/20 to the Greater Riverside Chambers of Commerce for sponsorships and services specifically provided to the Public Utilities Department , as further described in this report, and conceptually approve the scope of services and sponsorships specifically provided to the Public Utilities Department as described herein.

RECOMMENDATIONS:

That the Board of Public Utilities:

1. Approve an expenditure in an amount not to exceed \$68,000 for Fiscal Year 2019/20 to the Greater Riverside Chambers of Commerce for sponsorships and services specifically provided to the Public Utilities Department as described herein; and
2. Conceptually approve the scope of services and sponsorships specifically provided to the Public Utilities Department as described herein.

BACKGROUND:

The Greater Riverside Chambers of Commerce (Chamber) has served the City of Riverside (City) and surrounding communities for over 100 years. The organization started in 1900 and took on two (2) important projects, which included bringing a rail line to riverside and writing a City Charter later adopted by the City of Riverside board of Trustees in 1907. Collaboration between the City of Riverside and the Chamber began immediately and contracts between the two entities date back at least 50 years.

The Chamber was instrumental in convincing the State to establish a Citrus Experiment Station at the base of Mt. Rubidoux and then to gain a larger station near Box Springs Mountain, convincing the Federal government to establish March Field as an aviation training facility in 1918, now known as March Air Reserve Base, helping to establish the Riverside National Cemetery in 1976, working to bring the Sherman Institute and the School for the Deaf to Riverside, establishing University of California, Riverside Liberal Arts College through letters, telephone calls, and trips to Sacramento and Washington D.C.. The Chamber also campaigned for Park Bonds in support of the creation of the 8th Street underpass and for the planning of Riverside's first freeway in the 1940's and 1950's.

In 1934, in the midst of a depression, the Chamber was successful in attracting 30 conventions to the

City. Through the years, the Chamber has recruited many businesses to Riverside, such as Rohr Aircraft, Bourns, Flexsteel, Ralph's/Food 4 Less, Amtrak Call Center, Nordstrom, Wal-Mart, Hunter Engineering and the Wall Street Journal. The Chamber has also assisted with the reopening of the Mission Inn Hotel and Spa, the Cal Tower Project, the creation of the Justice Center, and the establishment of Keep Riverside Clean and Beautiful to help improve Riverside's image to the rest of the Country.

The Chamber has established itself as the voice of businesses in Riverside, speaking on behalf of approximately 1,350 member firms and collectively representing 112,000 employees. The Chamber helps local companies grow their business by taking the lead in programs and efforts that help create a strong local economy and make the community a great place to do business. It recognizes that the best interests of the business community are the same as the long-term interests of the community at large and thus supports initiatives that lead Riverside to a prosperous future. As a member-driven organization, the Chamber works daily to provide programs, product services, advocacy and networking designed to give its members return on their investment.

Through the Chamber's work, they have created a micro culture of networking and relationship development that leads to an environment of inclusiveness and servitude. They provide numerous opportunities for members and others to increase their contact base via various meetings, networking events and committees and serve as an advocate for business in the greater Riverside area. Often, a business will consider the Chamber the first "call" when it comes to expansion and referrals of ancillary businesses to the community. In addition, through the Chamber's active member call program, the Chamber is able to connect to all 1,350-chamber members annually to conduct a business check-up, which often leads to referrals to City Departments.

In 2001, Riverside Public Utilities (RPU) entered into a partnership whereby the Chamber would conduct certain targeted economic development activities in exchange for a set dollar annual commitment of funds. Since 2001, the amount varied slightly each year. The funds were paid from RPU's Public Utilities – Customer Engagement (Community Support Outreach and Education). The activities were meant to 1) target businesses for attraction that provided a significant electrical load growth that could benefit from RPU's Economic Development rate, 2) target businesses for attraction that could benefit from reduced electric and water rates compared to their current jurisdiction and 3) help facilitate meetings with current commercial ratepayers that were considering facilities' expansion.

Additionally, RPU opted to attend certain Chamber events, many of which were recognized at a sponsorship level that was higher than the amount paid. RPU finds Chamber events a great opportunity to engage with commercial business customers. For fiscal year 2018-2019, Chamber sponsored events included the following:

1. Business Expo
2. Mega Mixer
3. KRCB Recognition Luncheon
4. Good Morning Riverside Sponsor
5. Legislative Summit
6. Mayor's State of the City
7. Inaugural Ball
8. Athena Luncheon
9. Leadership Riverside Lunch

DISCUSSION:

In general, RPU delivers electricity to customers through distribution and transmission facilities. These facilities represent long-term capital investment whose dollars are spread amongst all customers and recovered over periods in the range of 20 to 30 years. Energy is produced and/or obtained from generation

facilities through long-term contracts to meet base load needs, with cyclical and peaking needs obtained through short-term contracts, internal generation or on the open market. The purchases through short-term contracts and the open market represent the marginal cost of power for increased load requirements. RPU has a number of fixed costs which must be paid regardless of customer demand or load. Additional revenue generated by expanded load (new customers) will reduce the costs to existing customers, as the fixed costs will be allocated over a larger group of customers. Below is a brief description of RPU's fixed costs:

Distribution and Transmission Costs: Cost recovery for distribution and transmission facilities are built into electric rates based upon the number and load of existing customers and include a limited growth factor. Cost recovery for these fixed-costs is spread over several decades. Over a longer, several-year period, an increase of new customer load would help reduce the overall distribution and transmission costs for all customers.

Generation Costs: Energy costs for a significant new load represent RPU's marginal cost of power, a variable cost. At a minimum, any new customer should be charged for this marginal cost to ensure RPU receives revenues to cover new costs.

To encourage load growth and maintain current load, RPU works with the Chamber to attract and retain businesses. The Scope of Services will include, but will not be limited to, the following services and benefits to this RPU goal.

1. Retention and expansion of local businesses

The Chamber will encourage a dialogue between businesses and RPU to share priorities, concerns, plans for future growth and opportunities, gain and disseminate advance insight when businesses are considering potential changes or evaluating new directions, and enhance positive working relationships between businesses and the City, in order to retain current businesses.

2. Attraction and expansion of businesses from desired industries

The Chamber will continue Riverside's reputation as a City and community that welcomes business investment and growth, enhanced by our partnerships and collaborations between private and public stakeholders, and increase awareness of Riverside's potential and the many resources, talents, and treasures available to businesses and residents.

3. Support and training in key areas for businesses and entrepreneurs

The Chamber will provide training and resources to develop successful and sustainable businesses, including energy efficiency and conservation.

4. Increased awareness of local programs and resources that support business

The Chamber will provide multiple avenues and platforms to share local resources, economic development updates, and other information in a comprehensive and cohesive manner so that individuals looking to invest in, start, retain, or expand a business in Riverside can easily and quickly find beneficial information.

5. State of the City

The Chamber will facilitate a "State of the City" consistent with section 405 of the Riverside City Charter, to allow the Mayor of Riverside to present the Mayor's programs, objectives and priorities.

6. Festival of Lights

The Chamber will coordinate all multi-partner Festival of Lights meetings and facilitate

communications and City, including RPU, sponsorships.

7. Schedule of Sponsorships

The following sponsorships by the City will result in completion of Task 1 by the Chamber and will be defined in the scope of services:

Department	Activity/Event
Public Utilities	Economic Development Services
	Advertisements in the Chamber Newsletter and Magazine
	KRCB
	KRCB Luncheon
	Business Expo/Mixer
	Mega Mixer/Tradeshow
	GMR Sponsorship
	Legislative Summit
	Mayor's State of the City
	Inaugural Ball
	Athena Luncheon
	Leadership Riverside Luncheon
	Festival of Lights
Community and Economic Development	Festival of Lights
	College & Career Fair
	Business Expo
	Mayor's State of the City
	SmartRiverside
Public Works	Mayor's State of the City
	Legislative Summit
	KRCB Luncheon
Police	State of the City Sponsorship
	Leadership Riverside Luncheon
	Leadership Program Tuition

The City is consolidating all Chamber services, sponsorships, memberships, and other benefits across all City Departments into a single agreement for a single payment for a total amount not to exceed \$101,000 for Fiscal Year 2019/20, which includes a \$68,000 expenditure from RPU. The agreement will include services already budgeted and received in the current and previous Fiscal Years and is not intended to add new Chamber services at this time. The intent is only to consolidate Chamber services Citywide in one place for public clarification and transparency. Additionally, the agreement, including the scope of services, schedule of sponsorships and associated costs, will be reviewed and evaluated every two years during budget preparation and brought before the Board and City Council with the budget adoption.

FISCAL IMPACT:

The fiscal impact of the Scope of Services and Schedule of Sponsorships specially associated with RPU

is \$68,000 for Fiscal Year 2019-20. Sufficient funds are available in the Public Utilities' Community Support Outreach Education Account No. 6020000-456022. The Scope of Services, Schedule of Sponsorships and associated costs will be reviewed and evaluated every two years during budget preparation and brought before the Board and City Council with the budget adoption.

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