

FISCAL YEAR 2021-22 BUDGET

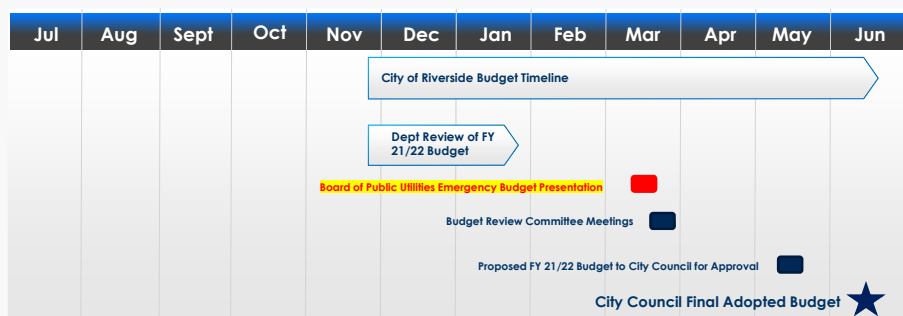
Riverside Public Utilities

Board of Public Utilities

March 22, 2021

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BUDGET OVERVIEW - TIMELINE



- | | |
|----------------------------------------------------------|--------------------|
| 1. City of Riverside Budget Timeline | December - June |
| 2. Department Review of FY 21/22 Budget Submitted PY | December - January |
| 3. Board of Public Utilities Budget Presentation | March 22 |
| 4. Budget Engagement Committee Meeting | March 31 |
| 5. Proposed FY 21/22 Budget to City Council for Approval | May 18 |
| 6. City Council Final Adopted Budget | June 22 |



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DEPARTMENT OVERVIEW

- Department Purpose – Public Utilities is responsible for providing electric and water service to customers with a service area population of approximately 328,000, encompassing 82 square miles.
- Electric Utility
 - 111,161 metered customers
 - 466 employees
- Water Utility
 - 66,031 metered customers
 - 165 employees



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DEPARTMENT MISSION AND VISION

Our Mission –

The City of Riverside Public Utilities Department is committed to the highest quality water and electric services at the lowest possible rates to benefit the community.

Our Vision –

Our customers will recognize Riverside Public Utilities as a unique community asset with a global reputation for innovation, sustainability and enhanced quality of life.



RPU's Mission Statement, Vision and Core Values were approved as a part of the Utility 2.0 strategic plan by Board on 02/13/2017 and City Council on 03/14/2017

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DEPARTMENT CORE VALUES

- Safety
- Honesty and Integrity
- Teamwork
- Professionalism
- Quality service
- Creativity and Innovation
- Inclusiveness and Mutual Respect
- Community Involvement
- Environmental Stewardship



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BUDGET OVERVIEW

- June 2020 – due to the unprecedented impact of COVID 19, City Council adopted an emergency budget for FY 2020/21
- Due to the ongoing challenges of COVID-19, the FY2021/22 budget is for a single year.
- It is anticipated that the City will return to a two-year budget process for FY 2022/23 – FY 2023/24



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RIVERSIDE 2025 STRATEGIC PLAN

- 1.City Council Strategic Policy** – priorities and policy direction of the City Council to advance Riverside's potential and frame the work efforts of staff for the next five years; includes Vision, Cross-Cutting Threads, Strategic Priorities, Goals and Indicators.
- 2.Operational Workplan** – activities carried out by City staff to implement the City Council Strategic Policy and metrics to track trendlines of progress toward achieving priorities; includes Actions and Performance Metrics.



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STRATEGIC PRIORITIES



1. Arts, Culture & Recreation



2. Community Well-Being



3. Economic Opportunity



4. Environmental Opportunity



5. High Performing Government



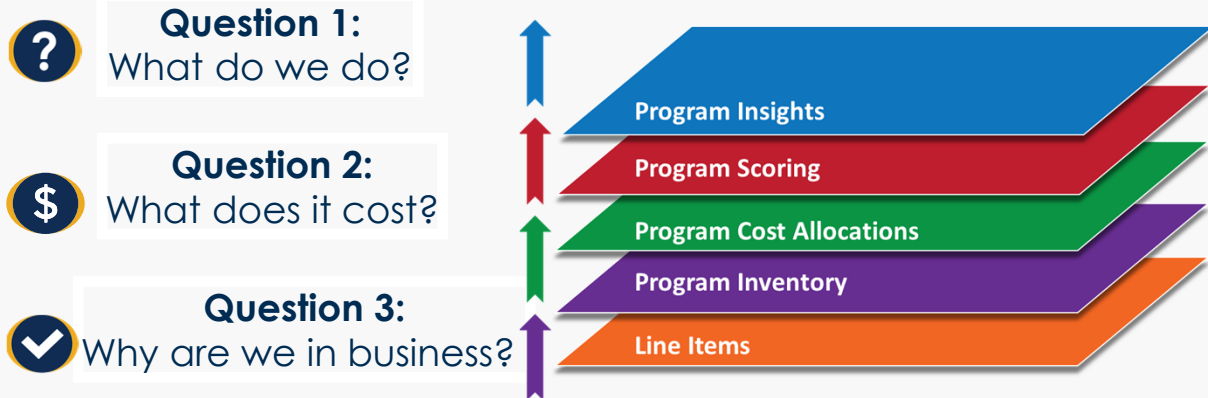
6. Infrastructure, Mobility & Connectivity

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PRIORITY BASED BUDGETING



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SERVICE DEPARTMENT POSITIONS FUNDED BY RPU

Department	Position	FTE
Human Resources	Employee Relations Manager	5
	Senior HR Analyst	
	HR Analyst	
	Principal HR Analyst – Training	
	HR Specialist	
Finance	Revenue Representative	3
	Procurement & Contract Specialist	
	Sr Procurement & Contract Specialist	
IT	CISO	1.5
	Project Manager	
City Clerk	Deputy City Clerk	0.9



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SERVICE DEPARTMENT POSITIONS FUNDED BY RPU

Department	Position	FTE
General Services	Duplicator Operation General Services Worker (2)	2.25
CEDD	Real Property Agent	1
Communications	Web Designer Communications Tech Graphics Tech Project Assistant (2) Utility Cust Communication Coordinator	6.5
Public Works	Tree Inspector (.8) Urban Forestry Manager (.25) Construction Inspector II	2.05
Total		22.2



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MAJOR HIGHLIGHTS

- COVID - 19
- Electric reserve levels continue to decrease to fund the capital and operating requirements identified in the approved rate plan
- Regulatory constraints and mandates – higher supply costs due to renewables, regulatory mandates, and clean water standards
- Significant unfunded capital needs
 - Aging infrastructure



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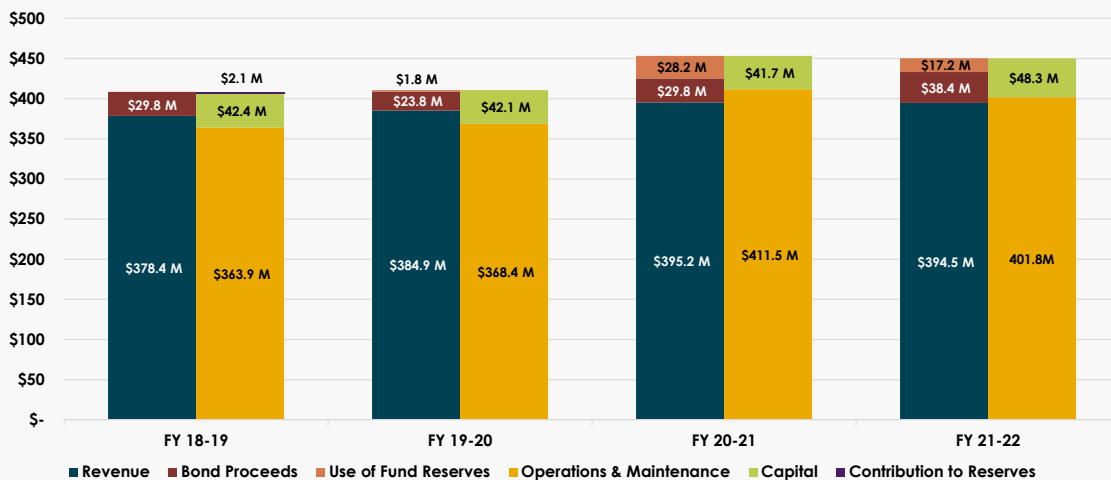
ELECTRIC



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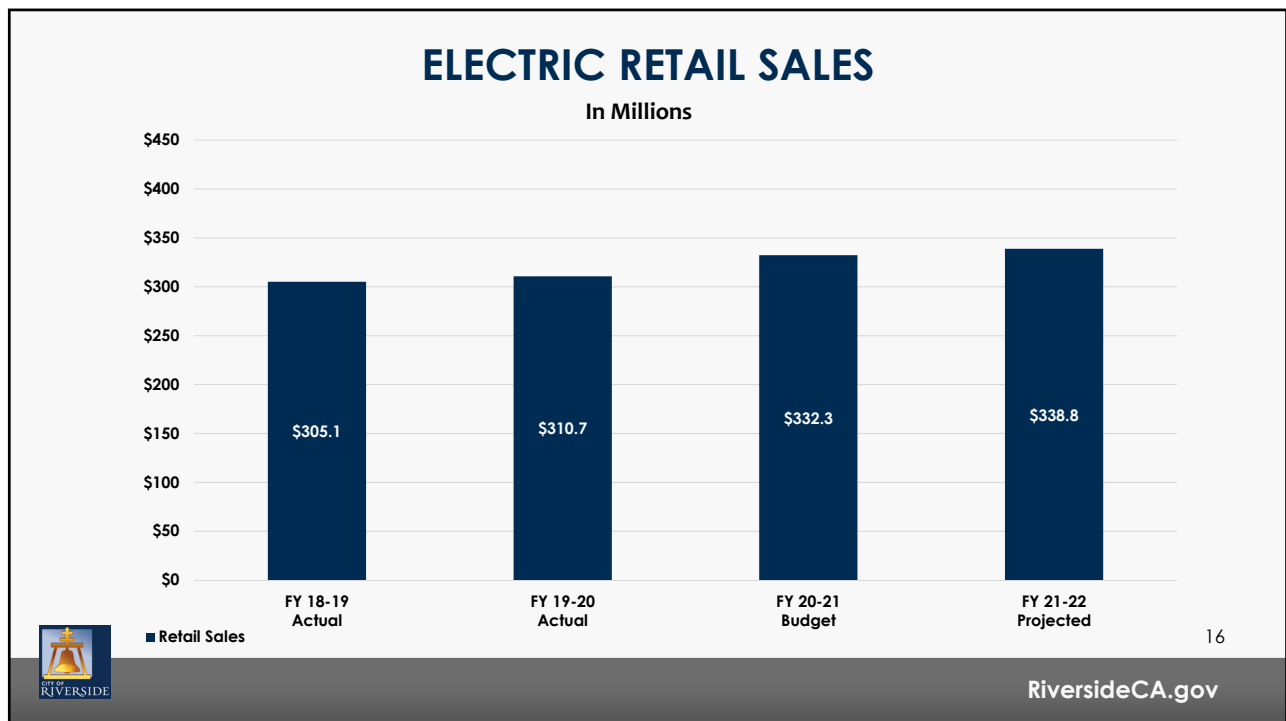
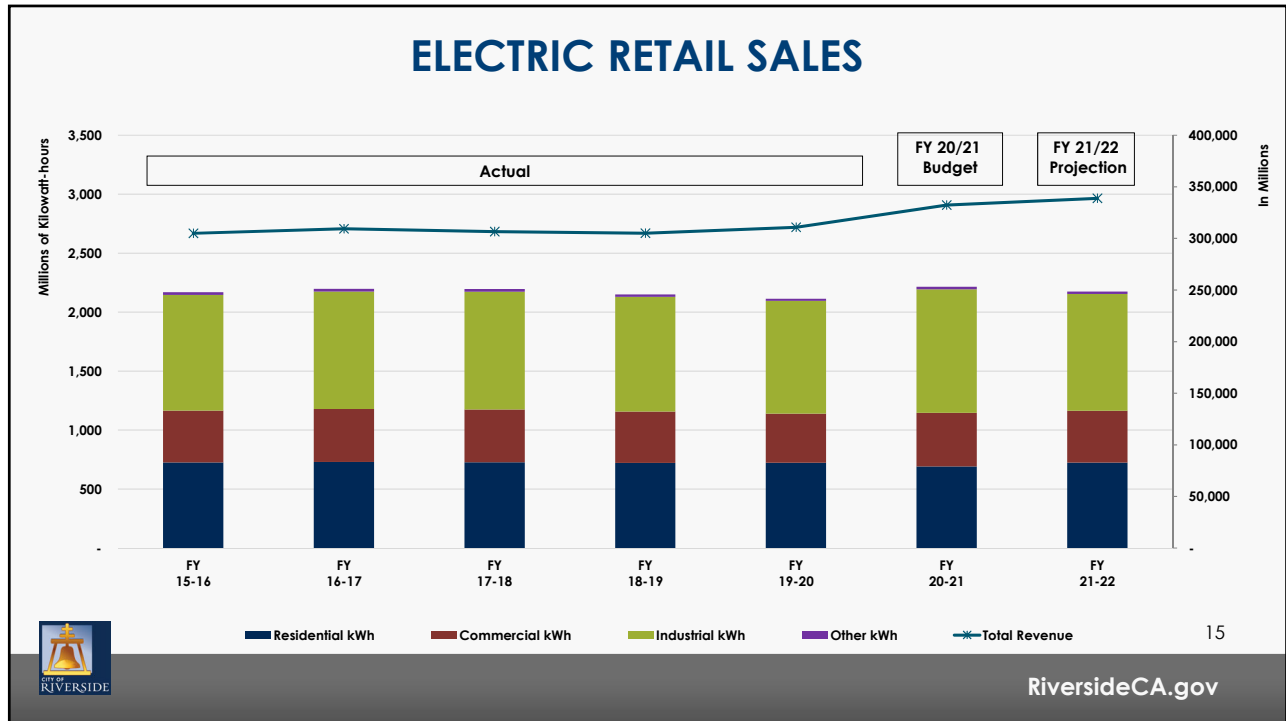
ELECTRIC FUND-REVENUES AND EXPENSES



* Excludes Electric Public Benefits Fund.

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ELECTRIC REVENUES

Summary

(in millions)

	Projected 21-22
Operating	\$ 394.5
Non-Operating	9.6
Sources of Funds	55.4
Total, Revenues	\$ 459.5



*Includes Public Benefits revenues

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ELECTRIC REVENUES

Operating, Non-Operating and Other Sources of Funds

(in millions)

	Actual 18-19		Actual 19-20		Budget 20-21		Projected 21-22
Operating Revenues							
Retail Sales	\$ 305.1	\$	310.7	\$	332.3	\$	338.8
Transmission Revenue	35.7		34.8		36.9		31.5
Cap and Trade Revenue	7.3		6.4		9.1		7.3
Excess Renewable Credits	1.7		2.0		-		-
Other Operating Revenue	4.5		5.6		4.7		7.3
Public Benefits Program Revenue	9.3		9.5		9.5		9.6
Subtotal, Operating Revenues	\$ 363.6	\$	369.0	\$	392.5	\$	394.5
Percentage Increase/(Decrease)			1.48%		6.37%		0.51%



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ELECTRIC REVENUES

Operating, Non-Operating and Other Sources of Funds

(in millions)

Non-Operating Revenues	Actual 18-19	Actual 19-20	Budget 20-21	Projected 21-22
Interest Income	\$ 13.4	\$ 9.4	\$ 6.2	\$ 3.5
Capital Contributions	6.4	9.5	2.5	2.6
Other Nonoperating Revenues	4.3	6.6	3.5	3.5
Subtotal, Non-Operating Revenues	\$ 24.1	\$ 25.5	\$ 12.2	\$ 9.6
Percentage Increase/(Decrease)		5.93%	(52.16%)	(21.31%)



*Capital Contributions includes non-cash
 ** Interest income includes adjustments for fair market value of investments in FY 18-19

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ELECTRIC REVENUES

Operating, Non-Operating and Other Sources of Funds

(in millions)

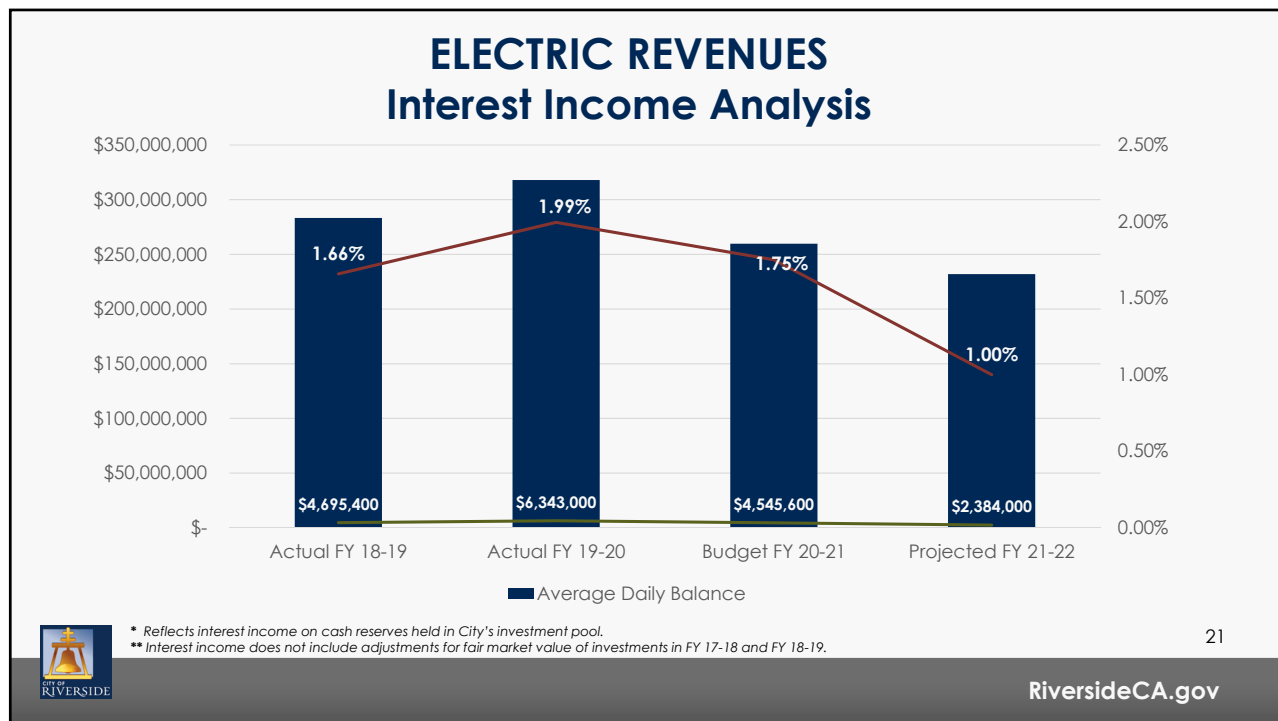
Sources of Funds	Actual 18-19	Actual 19-20	Budget 20-21	Projected 21-22
Proceeds from Debt Service	\$ 29.8	\$ 23.8	\$ 30.7	\$ 38.4
Contributions from Reserves	-	-	32.5	17.0
Contributions to Reserves	(2.4)	(1.3)	-	-
Subtotal, Sources of Funds	\$ 27.4	\$ 22.5	\$ 63.2	\$ 55.4
Percentage Increase/(Decrease)		(17.91%)	180.89%	(13.77%)
Total Operating, Non-Operating and Other Sources of Funds	\$ 415.1	\$ 417.0	\$ 467.9	\$ 459.5
Percentage Increase/(Decrease)		0.45%	12.21%	(1.80%)



* Proceeds from Debt Service in Projected 21-22 does not include \$46.0 million in funding for current RTRP multi-year capital project budget.

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PUBLIC BENEFITS CHARGE OVERVIEW

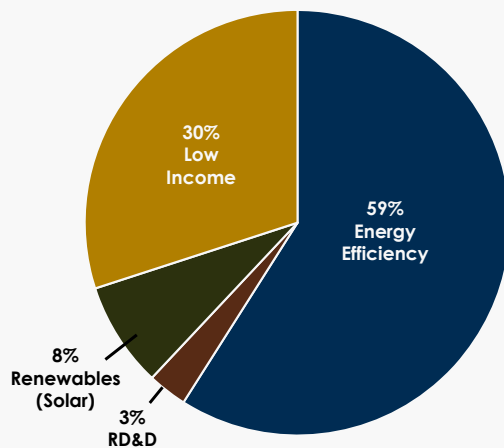
1. Mandated State Charge – implemented by AB 1890 (1996) as part of the restructuring of California's electric utility industry
2. 2.85% min. charge on all electricity sales which can only be used to fund the following:
 - A. Energy Efficiency
 - B. Research, Design & Development (RD&D)
 - C. Low-Income Assistance
 - D. Renewable Energy



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PUBLIC BENEFIT FUND – FY 2021-22



- **Energy Efficiency**
 - 32 residential and commercial rebates
 - Direct installations, audits, and performance-based programs
- **Low-Income**
 - Sharing Households Assist Riverside's Energy (SHARE) Program
 - Energy Saving Assistance Program (ESAP)
- **Renewables**
 - Solar Rebates (closed 12/17, ongoing funding to complete projects)
- **Research, Design & Development**
 - Custom Energy Technology and Energy Innovation Grants



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ELECTRIC EXPENSES

Summary
(in millions)

	Projected 21-22
Personnel	\$ 71.1
Non-Personnel	299.5
CIP	48.3
General Fund Transfer	40.6
Total, Expenses	\$ 459.5



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ELECTRIC EXPENSES

Personnel, Non-Personnel and Other Uses of Funds

(in millions)

Personnel	Actual 18-19	Actual 19-20	Budget 20-21	Projected 21-22
Salaries	\$ 36.5	\$ 38.3	\$ 48.0	\$ 48.3
Overtime	4.6	3.7	6.0	5.8
CalPERS	10.9	12.1	14.4	9.4
Benefits	5.5	10.2	7.8	7.6
Subtotal, Personnel Expenses	\$ 57.5	\$ 64.3	\$ 76.2	\$ 71.1
Percentage Increase/(Decrease)		11.83%	18.51%	(6.69%)



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ELECTRIC EXPENSES

Personnel, Non-Personnel and Other Uses of Funds

(in millions)

Non-Personnel	Actual 18-19	Actual 19-20	Budget 20-21	Projected 21-22
Power Supply	\$ 207.1	\$ 203.6	\$ 227.1	\$ 216.2
Operating and Maintenance	\$ 17.4	\$ 22.6	\$ 22.5	\$ 20.5
Debt Service	\$ 42.0	\$ 38.2	\$ 44.3	\$ 53.4
Public Benefits Program	8.9	6.5	14.7	9.4
Subtotal, Non-Operating Expenses	\$ 275.4	\$ 270.9	\$ 308.6	\$ 299.5
Percentage Increase/(Decrease)		(1.63%)	13.92%	(2.95%)



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ELECTRIC EXPENSES

Personnel, Non-Personnel and Other Uses of Funds

(in millions)

Other Uses of Funds	Actual 18-19	Actual 19-20	Budget 20-21	Projected 21-22
CIP	\$ 42.2	\$ 42.1	\$ 41.7	\$ 48.3
General Fund Transfer	39.9	39.6	41.4	40.6
Subtotal, Other Uses of Funds	\$ 82.1	\$ 81.7	\$ 83.1	\$ 88.9
Percentage Increase/(Decrease)		(0.49%)	1.71%	6.98%
Total Personnel, Non-Personnel and Other Uses of Funds	\$ 415.0	\$ 417.0	\$ 467.9	\$ 459.5
Percentage Increase/(Decrease)		0.47%	12.21%	(1.80%)



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ELECTRIC - PROPOSED CIP FY 2022 - 2026

(in millions)

	Proposed 21-22	-----Planning Purposes----- 22-23 23-24 24-25 25-26	Total
Overhead	\$ 5.0	\$ 5.1 \$ 8.2 \$ 9.0 \$ 10.4	\$ 37.7
Underground	5.3	7.8 14.1 14.1 16.3	57.6
Substation	9.8	5.8 13.0 11.3 14.4	54.3
Recurring / Obligation to Serve	19.8	15.6 14.4 15.6 16.6	82.0
System Automation	8.4	7.7 7.0 7.3 7.8	38.2
Total	\$ 48.3	\$ 42.0 \$ 56.7 \$ 57.3 \$ 65.5	\$ 269.8



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ELECTRIC CAPITAL IMPROVEMENT PLAN

(in millions)

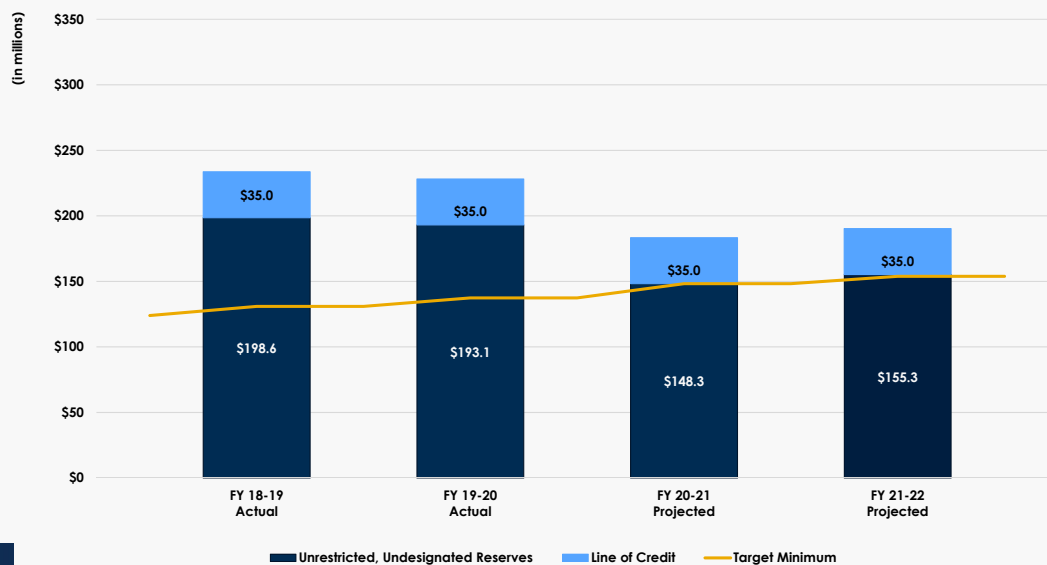
	Actual 18-19	Actual 19-20	Budget 20-21	Projected 21-22
Revenues and Sources of Funds				
Revenues from Rates	\$ 8.9	\$ 11.7	\$ 6.4	\$ 7.3
Bond Proceeds	29.8	23.8	30.7	38.4
Contribution in Aid	3.5	4.9	2.5	2.6
Transfers from Reserves	-	1.7	2.1	-
Total	\$ 42.2	\$ 42.1	\$ 41.7	\$ 48.3
Expenses and Uses of Funds				
Overhead	\$ 5.0	\$ 1.7	\$ 4.9	\$ 5.0
Underground	3.2	4.7	4.8	5.3
Substation	15.1	10.7	9.7	9.8
System Automation	1.4	5.4	10.1	8.4
Recurring/Obligation to Serve	17.5	19.6	12.2	19.8
Total	\$ 42.2	\$ 42.1	\$ 41.7	\$ 48.3



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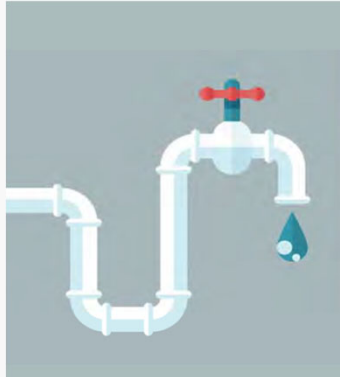
ELECTRIC UNRESTRICTED, UNDESIGNATED CASH RESERVES



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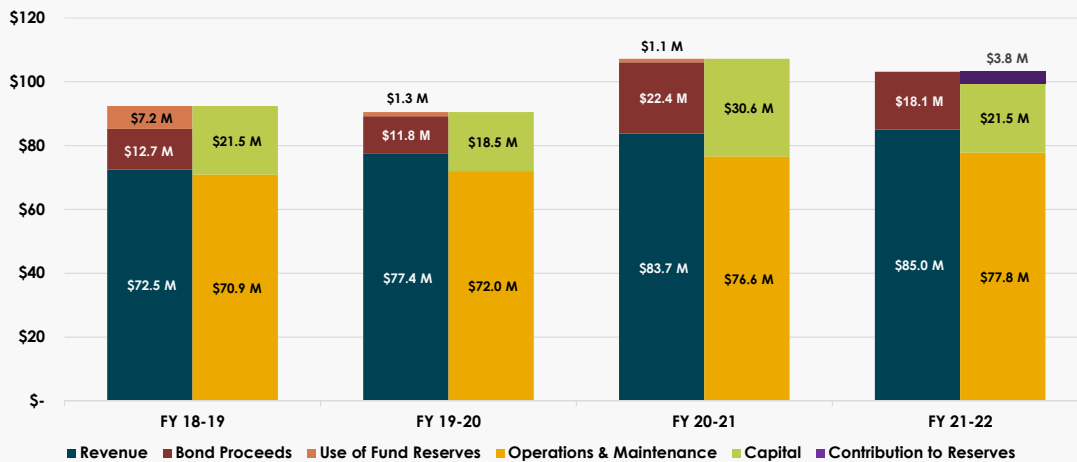
WATER



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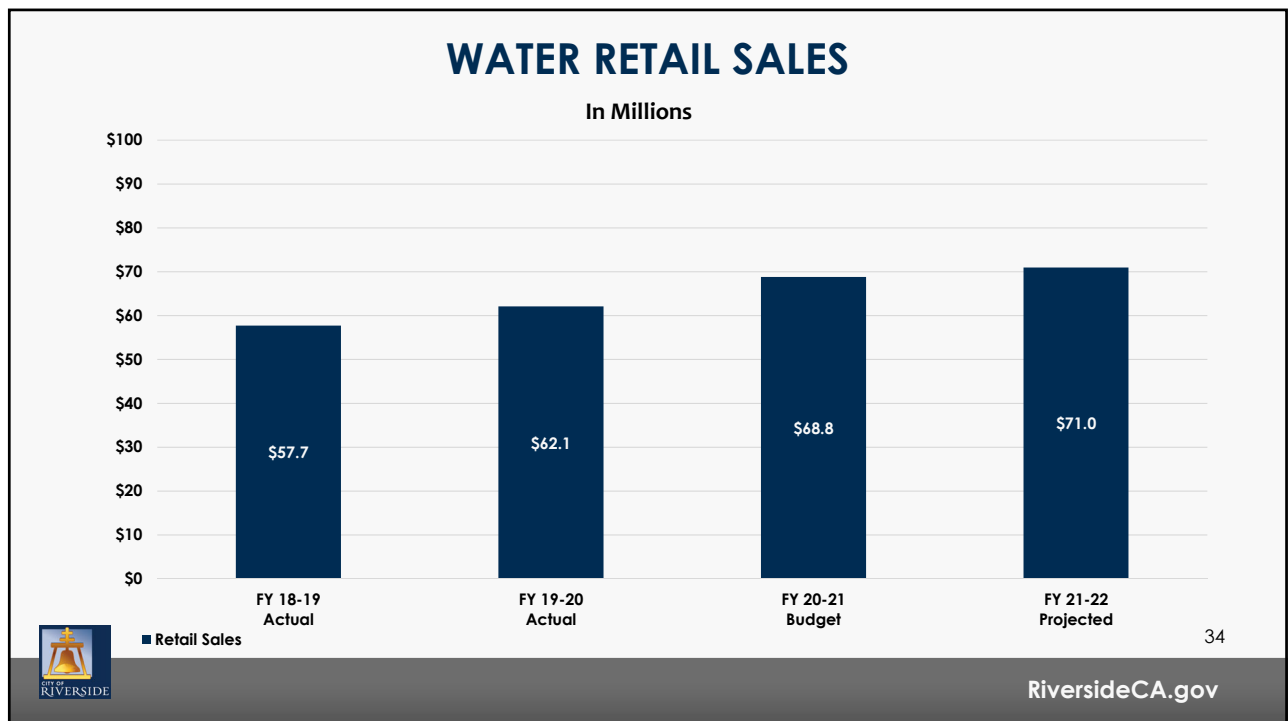
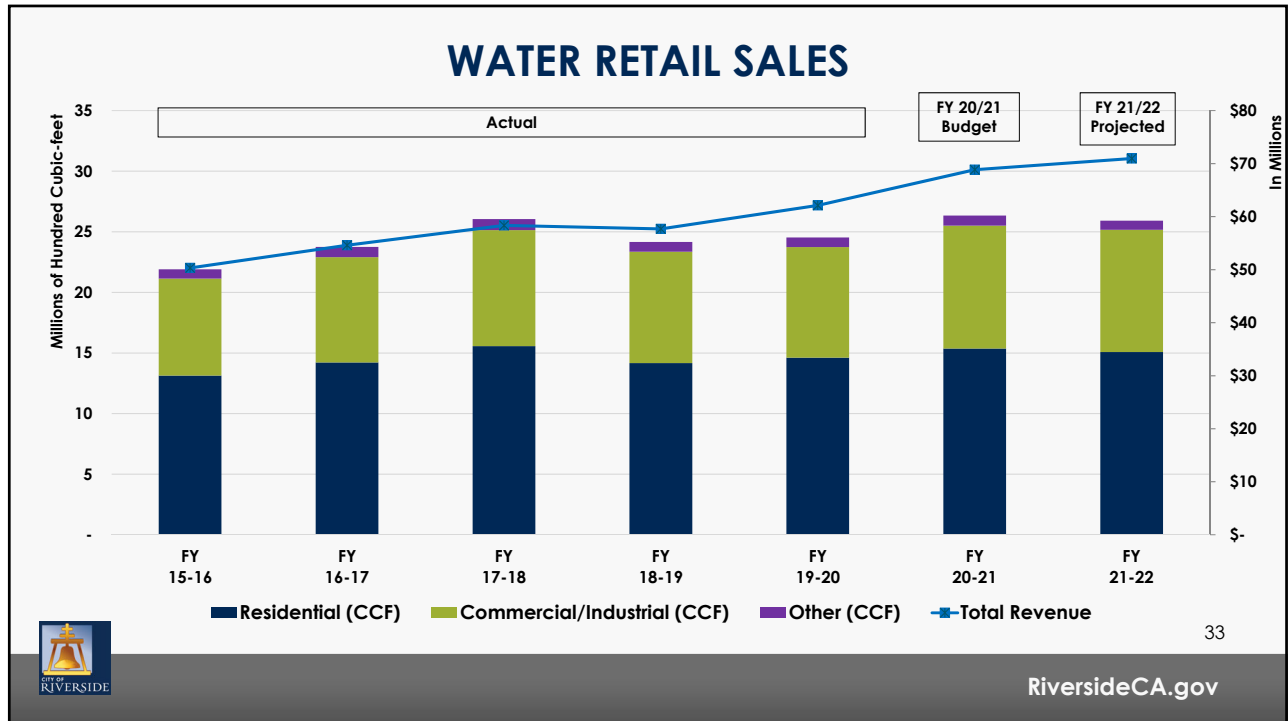
WATER FUND – REVENUES AND EXPENSES



*Excludes Water Conservation Fund.

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WATER REVENUES

Summary

(in millions)

	Projected 21-22
Operating	\$ 80.4
Non-Operating	5.7
Sources of Funds	14.3
Total, Revenues	\$ 100.4



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WATER REVENUES

Operating, Non-Operating and Other Sources of Funds

(in millions)

	Actual 18-19		Actual 19-20		Budget 20-21		Projected 21-22
Operating Revenues							
Retail Sales	\$ 57.7	\$	62.1	\$	68.8	\$	71.0
Wholesale Sales	2.5		1.9		3.5		2.7
Water Conveyance Revenue	1.8		3.2		3.0		3.3
Other Operating Revenue	2.3		1.9		2.3		2.3
Water Conservation Revenue	0.9		1.0		1.0		1.1
Subtotal, Operating Revenues	\$ 65.2	\$	70.1	\$	78.6	\$	80.4

Percentage Increase/(Decrease)

7.55%

12.10%

2.27%



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WATER REVENUES

Operating, Non-Operating and Other Sources of Funds

(in millions)

Non-Operating Revenues	Actual 18-19	Actual 19-20	Budget 20-21	Projected 21-22
Interest Income	\$ 2.0	\$ 2.1	\$ 1.1	\$ 0.7
Capital Contributions	2.0	1.9	1.0	1.0
Other Nonoperating Revenues	4.2	4.3	4.0	4.0
Subtotal, Non-Operating Revenues	\$ 8.2	\$ 8.3	\$ 6.1	\$ 5.7
Percentage Increase/(Decrease)		1.22%	(26.51%)	(4.92%)



* Interest income includes adjustments for fair market value of investments in FY 18-19.

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WATER REVENUES

Operating, Non-Operating and Other Sources of Funds

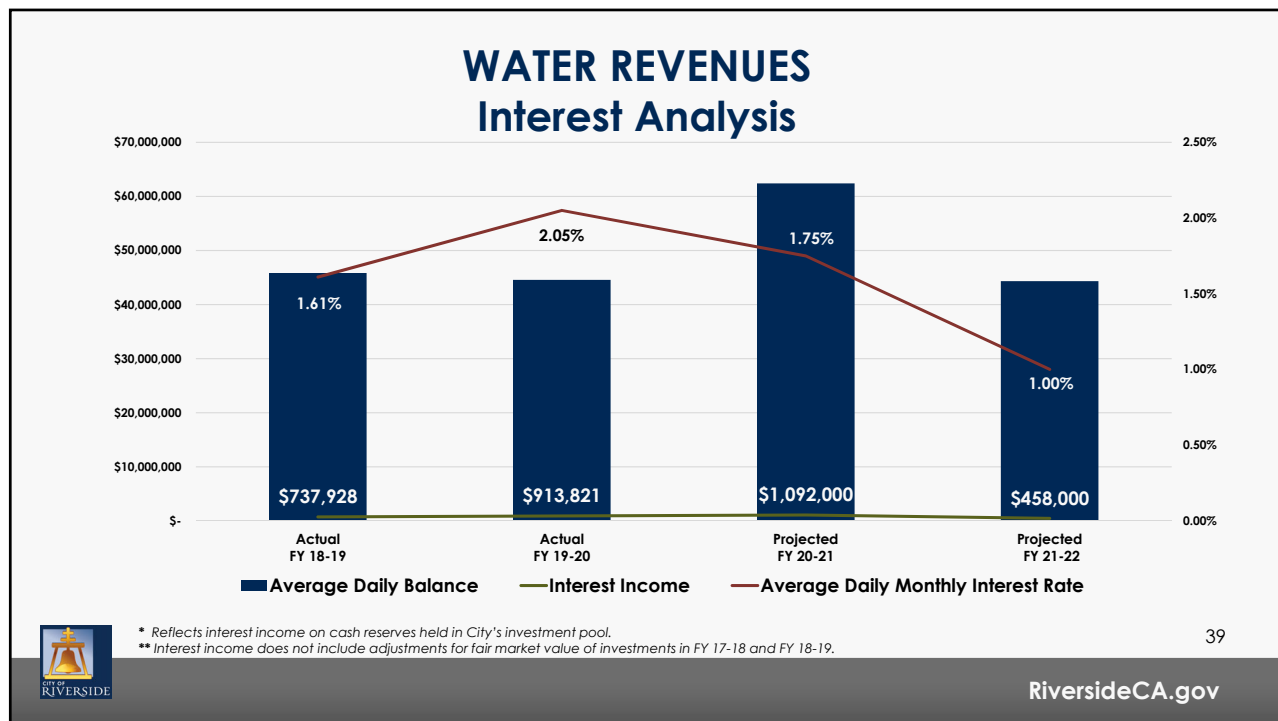
(in millions)

Sources of Funds	Actual 18-19	Actual 19-20	Budget 20-21	Projected 21-22
Proceeds from Debt Service	\$ 12.7	\$ 11.8	\$ 22.4	\$ 18.1
Contributions from Reserves	7.0	0.9	1.7	-
Contributions to Reserves	-	-	-	(3.8)
Subtotal, Sources of Funds	\$ 19.7	\$ 12.7	\$ 24.1	\$ 14.3
Percentage Increase/(Decrease)		(35.5%)	89.76%	(40.66%)
Total Operating, Non-Operating and Other Sources of Funds	\$ 93.1	\$ 91.1	\$ 108.8	\$ 100.4
Percentage Increase/(Decrease)		(2.15%)	19.43%	(7.72%)



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WATER EXPENSES Summary (in millions)

	Projected 21-22
Personnel	\$ 24.6
Non-Personnel	46.7
CIP	21.5
General Fund Transfer	7.6
Total, Expenses	\$ 100.4

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WATER EXPENSES

Personnel, Non-Personnel and Other Uses of Funds

(in millions)

Personnel	Actual 18-19	Actual 19-20	Budget 20-21	Projected 21-22
Salaries	\$ 13.0	\$ 13.9	\$ 15.9	\$ 16.0
Overtime	2.2	1.8	2.5	2.6
CalPERS	4.0	4.1	4.6	3.1
Benefits	2.5	4.1	3.0	2.9
Subtotal, Personnel Expenses	\$ 21.7	\$ 23.9	\$ 26.0	\$ 24.6
Percentage Increase/(Decrease)		10.14%	8.79%	(5.35%)



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WATER EXPENSES

Personnel, Non-Personnel and Other Uses of Funds

(in millions)

Non-Personnel	Actual 18-19	Actual 19-20	Budget 20-21	Projected 21-22
Production Costs	\$ 6.2	\$ 5.9	\$ 6.3	\$ 6.4
System Operations	\$ 18.2	\$ 18.2	\$ 18.1	\$ 18.5
Debt Service	\$ 18.2	\$ 17.5	\$ 18.9	\$ 20.7
Water Conservation Programs	0.7	0.6	1.6	1.1
Subtotal, Non-Operating Expenses	\$ 43.3	\$ 42.2	\$ 44.9	\$ 46.7
Percentage Increase/(Decrease)		(2.54%)	6.40%	4.01%



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WATER EXPENSES

Personnel, Non-Personnel and Other Uses of Funds

(in millions)

Other Uses of Funds	Actual 18-19	Actual 19-20	Budget 20-21	Projected 21-22
CIP	\$ 21.5	\$ 18.5	\$ 30.6	\$ 21.5
General Fund Transfer	6.6	7.3	7.3	7.6
Subtotal, Other Uses of Funds	\$ 28.1	\$ 25.8	\$ 37.9	\$ 29.1
Percentage Increase/(Decrease)		(8.19%)	46.90%	(23.22%)
Total Personnel, Non-Personnel and Other Uses of Funds	\$ 93.1	\$ 91.1	\$ 108.8	\$ 100.4
Percentage Increase/(Decrease)		(2.15%)	19.43%	(7.72%)



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WATER - PROPOSED CIP FY 2021-2026

(in millions)

	Proposed 21-22	-----Planning Purposes-----				Total
		22-23	23-24	24-25	25-26	
Well Projects	\$ 1.2	\$ 5.1	\$ 1.2	\$ 3.8	\$ 1.9	\$ 13.2
Transmission Pipelines	6.2	6.3	9.8	5.9	1.2	29.4
Distribution Pipelines	9.1	10.6	13.1	14.1	15.0	61.9
Distribution Facilities	1.3	1.5	1.3	1.6	1.6	7.3
Treatment Plants	-	-	0.4	-	0.4	0.8
Reservoir Projects	-	0.6	-	0.6	-	1.2
System Automation	3.7	5.0	4.1	3.6	4.7	21.1
Total	\$ 21.5	\$ 29.1	\$ 29.9	\$ 29.6	\$ 24.8	\$ 134.9



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WATER CAPITAL IMPROVEMENT PLAN

(in millions)

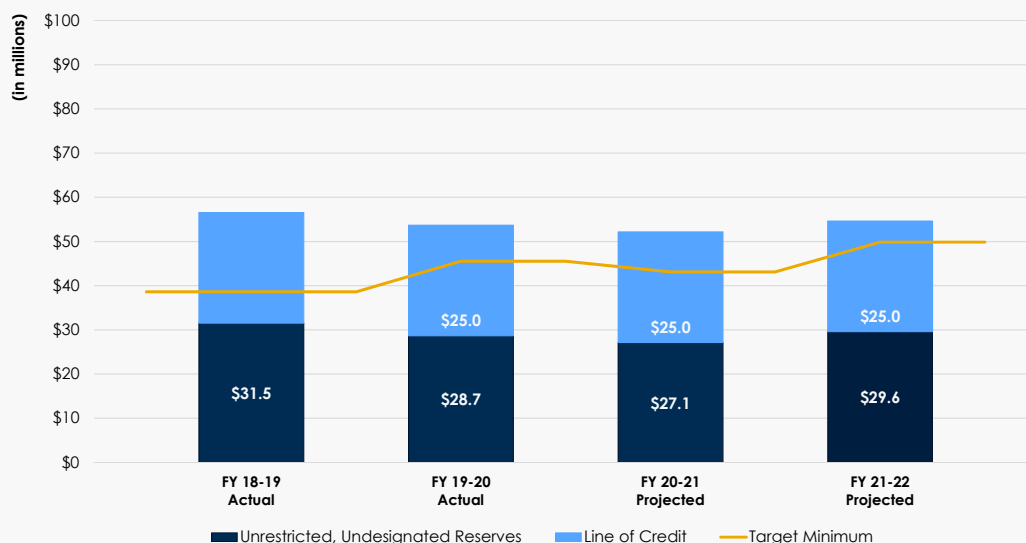
	Actual 18-19	Actual 19-20	Budget 20-21	Projected 21-22
Revenues and Sources of Funds				
Revenues from Rates	\$ 5.8	\$ 4.0	\$ 6.4	\$ 2.4
Bond Proceeds	12.7	11.8	22.4	18.1
Contribution in Aid	1.4	1.3	1.0	1.0
Transfers from Reserves	1.6	1.3	0.8	
Total	\$ 21.5	\$ 18.4	\$ 30.6	\$ 21.5
Expenses and Uses of Funds				
Water Supply	\$ 3.8	\$ 1.0	\$ 2.8	\$ -
Well Projects	-	3.5	3.3	1.2
Transmission Pipelines	8.3	1.1	10.4	6.2
Distribution Pipelines	6.9	10.0	8.3	9.1
Distribution Facilities	2.3	2.3	1.2	1.3
Reservoir Projects	-	-	0.6	-
System Automation	0.2	0.5	4.0	3.7
Total	\$ 21.5	\$ 18.4	\$ 30.6	\$ 21.5



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WATER UNRESTRICTED, UNDESIGNATED CASH RESERVES



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RECOMMENDATIONS

That the Board of Public Utilities recommend that City Council:

1. Approve the Electric Funds (including the Public Benefits Fund) proposed Fiscal Year 2021/22 budget totaling \$404.1 million in revenues, \$411.2 million in operating expenditures and \$48.3 million in capital improvements, the anticipated difference between revenues and expenditures including capital improvements to be covered by \$38.4 million in bond proceeds and \$17.0 million from reserves
2. Authorize the use of the Designated Electric Fund Capital Repair/Replacement Reserve for technology replacements in the amount of \$200,000 for Fiscal Year 2021/22;



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RECOMMENDATIONS CONT.

3. Authorize the use of the Designated Electric Fund Dark Fiber Reserve for dark fiber leasing operating expenses in the amount of \$600,000 for Fiscal Year 2021/22; and
4. Approve the Water Funds (including Water Conservation Fund) proposed Fiscal Year 2021/22 budget totaling \$86.1 million in revenues, \$78.9 million in operating expenditures and \$21.5 million in capital improvements, the anticipated difference between revenues and expenditures including capital improvements is expected to be covered by bond proceeds of \$18.1 million and returning \$3.8 million to reserves.



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