



# ELECTRIC UTILITY REIMBURSEMENT RESOLUTION

**Finance Department**

Board of Public Utilities  
October 25, 2021

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## BACKGROUND

1. Reimbursement Resolution allows Capital Expenditure reimbursement up to 60 days prior to adoption.
  - US Treasury Regulation Section 1.150-2.
2. Adopting the Reimbursement Resolution allows the Electric Utility to continue to fund critical capital expenditures with the intent to reimburse these projects with bond proceeds.
3. Without resolution, only expenditures made on or after the issuance of bonds would be eligible for reimbursement.

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## DISCUSSION

1. Capital improvement projects used to maintain system reliability, serve new developments and refurbish the electrical system.
2. Historically 65% to 70% of the Electric CIP has been funded by bonds.
3. Philosophy of using bonded indebtedness for capital projects is to ensure generational equity.
  - Repayment of the bonds is made over the life of the project (20 to 30 years).
  - Generation of ratepayers that receive benefit of facility, pay the cost.



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## DISCUSSION (CONT.)

4. Last new money bond issuance was in February 2019.
5. The proceeds of the 2019 issuance are estimated to be depleted by September 2021.
6. Tentative issuance date of early 2022.
7. Staff is recommending a \$191 million future financing.
8. Reimbursement Resolution provides flexibility to enter the securities market and issue bonds at the most optimal time.
9. This Reimbursement Resolution does not commit the Electric Utility to issue bonds in the future.



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## STRATEGIC PLAN ALIGNMENT

This item contributes to Strategic Priority No. 6 Infrastructure, Mobility & Connectivity and Goal No. 6.2.  
- Maintain, protect and improve assets and infrastructure within the City's built environment to ensure and enhance reliability, resiliency, sustainability, and facilitate connectivity.

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## STRATEGIC PLAN ALIGNMENT

Cross-Cutting Threads:

- a) Community Trust - The use of bond proceeds to finance capital expenditures supports the City of Riverside's Multi-year Capital Planning Fiscal Policy. Fiscal policies are designed to ensure the interests of the ratepayers are met and help build community trust.
- b) Equity - Using bonded indebtedness to fund long-term capital projects ensures generational equity. The repayment of the cost of the facility (20 to 30 years) is made by the generation of ratepayers that receive the actual benefits of the project.
- c) Fiscal Responsibility - Proactive planning and flexibility allows the Utility to enter the bond market at the most advantageous time in terms of cost of capital and availability of resources.
- d) Innovation – Ensuring accessibility to the tax-exempt capital securities market allows Riverside to expand and upgrade to meet the future needs of its ratepayers.
- e) Sustainability & Resiliency - Sound analysis and consideration of all funding options are the key to Riverside's resilient and sustainable debt portfolio.

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## RECOMMENDATIONS

That the Board of Public Utilities recommend that the City Council adopt the Electric Utility Reimbursement Resolution to provide the future option of using bond funds for capital financing requirements, with the understanding that reserve funds will be used for capital needs in the interim period.