



RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES

DATE: FEBRUARY 10, 2025

SUBJECT: SHAREHOLDER PROXY AUTHORITY, ASSIGNMENT OF SHARES, AND REPRESENTATION FOR MUTUAL WATER COMPANIES

ISSUES:

Approve the shareholder proxy authority and assignment of shares as outlined in this report.

RECOMMENDATIONS:

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

1. Confirm the shareholder proxy authority for voting representatives and alternates outlined in Table A, in the report;
2. Delegate authority to any designated Council, RPU Board, or City staff representative or their alternate to vote the City's shares as the City's proxy at all meetings of the respective mutual water companies listed in Table A;
3. Authorize the City Manager and the Public Utilities General Manager to designate Council, RPU Board, or staff representatives to serve on the mutual water company boards listed in Attachment A;
4. Authorize the assignment and recalling of shares, and authorize the Mayor to execute any documents necessary to effectuate the shareholder proxy authority, as necessary for each Council, Board, or City staff representative serving on the mutual water companies listed in Attachment A; consistent with the City's adopted policies and strategic plan.

BACKGROUND:

The City owns shares in the mutual water companies listed in Attachment A that provide water rights, water production facilities, conveyance assets, and, in some cases, obligations to serve water to shareholders. The City's percentage of ownership in these companies determines the City's influence on the company's administrative, operational, and financial direction. These water companies have Boards, staff, and owners to manage the company's assets to meet the expectations of its shareholders. The Public Utilities Department staff, including Utility Board members, typically represent the City on these mutual water company boards to ensure they operate in a manner that protects the City's water interest. The mutual water company boards are

operational in nature and are tasked with maintaining the company's assets to ensure water delivery to its shareholders.

DISCUSSION:

Each mutual water company board has a set of Bylaws, administrative procedures, and policies that dictate the company's management. All shares owned by the City in these companies are in the name of the City and require voting representation and proxy authority. Public Utility staff are typically assigned voting representation and serve on these mutual water company boards to represent the City's water interest. In some cases, the City can place more than one individual on these mutual water company boards. In these cases, the RPU General Manager will consult with the City Manager to solicit interest from the RPU Board and City Council members. If the RPU Board and Council members are not interested in serving, the RPU General Manager will select RPU staff members who know the City's water system needs.

Submitted for City Council consideration is the affirmation of the following City voting representation and alternates for Shareholders Meetings of the mutual water companies in which the City owns stock and delegation of authority to these individuals to vote the City's shares as the City's proxy at all meetings of the respective mutual water companies.

**Table A
Shareholder Proxy Authority**

Mutual Water Company	RPU Voting Representative	Alternate
Gage Canal Company	Assistant General Manager (Water) or General Manager	Engineering/Operations Manager or Principal Engineer
Jurupa Ditch Water Company	Assistant General Manager (Water) or General Manager	Engineering/Operations Manager or Principal Engineer
Riverside Highland Water Company	Assistant General Manager (Water) or General Manager	Engineering/Operations Manager or Principal Engineer
Trujillo Water Company	City Council, Board of Public Utilities, or City Staff Representative	City Council, Board of Public Utilities, or City Staff Representative
Meeks & Daley Water Company	Assistant General Manager (Water) or General Manager	Engineering/Operations Manager or Principal Engineer

The proxy authority would extend to matters that routinely come before the shareholders for consideration consistent with each company's articles of incorporation and bylaws, as well as voting for representation on the boards of directors for each company. In consultation with the City Manager, the proxy will appoint City representation on the Boards of these mutual water companies in the City's best interest.

Some of these companies require shares of stock to be assigned to individual members to represent the City's interest. For instance, the Gage Canal Company, the Meeks and Daley Water Company, and the Trujillo Water Company require City representation to be issued a share of stock, which is returned and canceled when the individual is no longer serving a term. To ensure

adequate representation and to aid in relacing members when their term ends or an unexpected vacancy occurs, staff request approval to issue mutual water company shares to the city representatives selected by the City Manager and the Public Utilities General Manager listed in Attachment A.

STRATEGIC PLAN ALIGNMENT:

Representing the City’s interest and participating in local mutual water company meetings aligns with Strategic Priority 5 – High Performing Government and Strategic Priority 6 – Infrastructure, Mobility & Connectivity, and the following goals:

Goal 5.3 Enhance communication and collaboration with community members to improve transparency, build public trust, and encourage shared decision making.

Goal 5.6 Foster a culture of safety, well-being, resilience, and sustainability across the City Organization.

Goal 6.2 Foster a culture of safety, well-being, resilience, and sustainability across the City Organization.

This action aligns with EACH of the five Cross-Cutting Threads as follows:

1. **Community Trust** – Discussions related to pending policy issues, planning efforts, and actions to be taken by local mutual water companies allows RPU customers to provide input to the RPU Board and to RPU’s voting representative and ensures community trust.
2. **Equity** – RPU’s representatives understand the need for equitable distribution of services and their participation in local mutual water company meetings ensures those values are represented and communicated.
3. **Fiscal Responsibility** – Determining the value of projects and programs being proposed by local mutual water companies allows RPU representatives to vote in a financially responsible manner.
4. **Innovation** – Collaborating with other neighboring water companies and others throughout the watershed allows for creative and regional solutions. Ensuring reliable and clean water supplies are available for future generations is the goal of water providers.
5. **Sustainability & Resiliency** – RPU’s representatives understand the direction from City Council and will encourage and promote projects that are implemented in a sustainable manner.

FISCAL IMPACT:

There is no fiscal impact associated with this report.

Prepared by: David A. Garcia, Utilities General Manager
Approved by: David A. Garcia, Utilities General Manager
Certified as to
availability of funds: Kristie Thomas, Finance Director/Assistant Chief Financial Officer

Approved by: Rafael Guzman, Assistant City Manager

Approved as to form: Jack Liu, Interim City Attorney

Attachment: Attachment A- Mutual Water Company Information and Share Assignment Eligibility