

UTILITY UPDATE

RIVERSIDE PUBLIC UTILITIES

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Board Update Meeting Summary | Friday June 19, 2015

This summary may not include all agenda items and is not considered minutes of the meeting. For complete meeting agenda, click [here](#).

Employee Recognition:

General Manager Girish Balachandran his gratitude for the entire staff of nearly 600 RPU staff members. He shared that RPU has received the E.F. Scattergood Award from the American Public Power Association. It's a national award that recognizes achievement or sustained performance that was widely recognized in the public power field; served to enhance APPA's and public power's national prestige and improved service to customer-owners.

Board of Public Utilities approves Consent Calendar Items without comment as listed below:

Approved the Annual Electrical Distribution Utility Use Allowance Form and attested to its accuracy. Authorization was given to the City Manager or his designee to execute and submit the attestation.

Board approves Fiber Optic Cable Network Upgrade to City Hall.

Approval was given for \$470,000 work order for the upgrade of the fiber optical cable network between Riverside Substation and City Hall. Assistant General Manager Pat Hohl explained that other departments besides RPU use the network and cost of use is charged back to the other departments.

Board approves purchase order for ARC Energy Analysis at RPU Generation Facilities (RERC, Clearwater, Springs)

A purchase order of \$104,011 to Power Engineers was approved to provide an arc flash study. Occupational Health and Safety Administration regulations address the protection of employees against arc flash hazards, which is the rapid release of heat energy due to an electrical fault.

Board approves Power Service Agreements with Southern California Public Power Authority (SCPPA) and the City of Riverside and authorizes the City Manager to execute the agreements. (sPower Antelope DSR 1, and Iberdrola – items 7 and 8)

Assistant General Manager Reiko Kerr provided a detailed presentation to give context for the accelerated efforts for RPU to procure renewable resources. The efforts have intensified since 2012, in order to comply with state legislation that requires utilities to provide 33% of their electricity from renewable resources by 2020, and now with latest legislation attempting to raise that goal to 50% by 2030. Nine power service agreements have been procured since 2012, with the latest agreements through SCPPA for solar and wind resources from sPower Antelope DSR 1 Solar Project (25MW) and Iberdrola's Renewable product (shaped load at approximately 101,000 MWh/year) respectively. These agreements will allow for bankable Renewable Energy Credits that will assist with meeting the escalation to 50% renewable by 2030.

Board approves annual purchase order requirements for fiscal year 2015-2016, contingent upon City Council budget adoption

Assistant General Manager Laura Chavez-Nomura gave a brief explanation of the routine process of approving annual purchase orders. Fiscal Year 2015-2016 will have an estimated purchase order requirement of \$8,824,580. These are for long-term contracts, routine purchases or sole source vendor purchase orders that exceed \$50,000 as required by the City's charter.

Board approves proposed purchase and sale agreement with NNN Mission Square, LLC for the acquisition of the Mission Square Building at 3750 University Avenue and authorizes the City Manager or designee to execute the purchase agreement.

Deputy General Manager Kevin Milligan gave an explanation of the purchase for Mission Square, explaining the timing and context for the purchase and how it aligns with the RPU Space Plan. He explained that although the purchase price is \$37,995,000, the net cost of ownership is \$24,300,000 after the cost of our current lease through 2022 is considered. Current funds will be used with the option to have reserves be reimbursed upon issuance of a future bond. Net value to ratepayers versus leasing the building exceeds \$32 million over the next 30 years.

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General Manager's Report

General Manager Girish Balachandran provided an update on the next set of planning meetings as listed below. He also name a few key presentations to look forward to, and important dates:

July 10 Board Meeting:

- Presentation from Leidos, a consultant that will provide a 10 year framework for our technology planning. Staff will follow up with RPU's plans.
- Community Development Director Emilio Ramirez will give a presentation about the land moratorium and how it will impact properties owned by RPU.

August 26 – Organizational checkup audit is beginning.

Changes to committee/board meeting preparation processes and meeting documentation were mentioned. Very shortly, both committee and board meetings will be videotaped as well as timeframes for staff reports and agenda development for board meetings will change and be subject to a 12 day advance notice period.

Next Strategic Planning Meetings:

July 13 – next steps for Utility 2.0 - The Road Maps – 8 am to 1pm (location to be determined) – Infrastructure Roadmaps

Late July or early August – to be determined – ½ day on Workforce Development, Strategic Technology and Financial Roadmaps

August 28 – next Joint City Council/Board Meeting – 8 am – 12 noon (Mayor's Ceremonial Room – City Hall) – Governance/Utility 2.0

Fall 2015 - ½ day on Financial Reserves

Board requests for future updates:

Presentation on current Accounting Checks and Balances (internal processes)

Presentation on changes to internal processes after audits are performed