



CITY OF BANNING STAFF REPORT

TO: CITY COUNCIL

FROM: Art Vela, Interim City Manager

PREPARED BY: Fred Lyn, Deputy Director of Electric

MEETING DATE: February 24, 2026

SUBJECT: Consideration of Resolution 2026-34, Approving the Professional Services Agreement with NewGen Strategies and Solutions, LLC in the amount of \$90,000 for a three-year term to provide a rate review assessment and services to the Banning Electric Utility's electric rates.

RECOMMENDATION:

Adopt Resolution 2026-34

BACKGROUND:

The City of Banning's Electric Utility ("Utility") entered into a professional services agreement with NewGen Strategies and Solutions, LLC ("NewGen") on Nov 12, 2024 (Resolution 2024-175). NewGen completed a Cost of Service Analysis and Rate Design Study for the City in the Fall of 2025 which provided the necessary information to calculate the appropriate electric rates that will ensure that the Utility's ongoing revenue requirements are met, therefore maintaining the Utility's long-term financial stability. NewGen developed a financial model for the electric enterprise which was utilized to complete the Cost of Service Analysis and Rate Design Study.

JUSTIFICATION:

Once the Utility has completed the Cost of Service Analysis and Rate Design Study ("Study"), it is prudent and best practice for an annual review comparing actual results to the original approved financial model. This assessment will include reviewing existing fund balances, billing determinants, and retail rate revenues collected to date compared to estimated projections developed from the 2025 Study. Additionally, NewGen will evaluate and update any projected annual estimates for the City's fund balances, billing determinants and retail revenues based on the data provided by the City and make any adjustments and/or recommendations accordingly. Staff is requesting a term of three (3) years.

FISCAL IMPACT:

If approved, the Professional Services Agreement with NewGen Strategies and Solutions, LLC will be for \$30,000 per year for a 3-year period for a total not to exceed amount of \$90,000. An appropriation in the amount of \$30,000 will need to be transferred to Account No. 673-7000-473.33-11 (Professional Services for Fiscal Year 2025/2026).

ALTERNATIVES:

Do not approve Resolution 2026-34 and provide staff with alternate direction.

BUDGETED?:

No

CONTRACT/AGREEMENT:

Yes

ATTACHMENTS:

1. [Exhibit A - PSA for NewGen Rate Review 2026.docx](#)
2. [Attachment A to Exhibit A - City of Banning_Rate Services Review - 2026_Proposal.pdf](#)
3. [Resolution 2026-34.docx](#)