



CITY OF BANNING STAFF REPORT

TO: CITY COUNCIL

FROM: Robert Fisher, Acting City Manager

PREPARED BY: Jim Steffens, Power Resources Manager
Art Vela, Director of Public Works

MEETING DATE: May 13, 2025

SUBJECT: Consideration of Resolution 2025-56, Approving the Renewal Letter Agreement Between the City of Banning and the City of Riverside Renewing the Utility Services Agreement for Fiscal Years 2026 and 2027 at the Current Monthly Rate of \$47,074

RECOMMENDATION:

Adopt Resolution 2025-56.

BACKGROUND:

The City of Banning's ("City") Electric Utility ("Utility") has a long history of utilizing the City of Riverside ("Riverside") to schedule and dispatch the Utility's energy into the various California Independent System Operator ("CAISO") markets, purchase energy from the CAISO wholesale markets when necessary, perform all energy and transmission settlement services, and perform all energy and transmission bill paying services. The larger municipal utilities such as Riverside have the size and economies of scale to invest in the control rooms, equipment, software, and staff necessary to perform these services 24 hours a day, 7 days a week. It is not economically practical for smaller utility's such as the City to make these large investments and to retain staff on a 24/7 basis, so smaller utilities typically procure these services from larger municipal utilities.

Riverside has performed power scheduling and dispatching services for Banning since July 1990. On August 14, 2001, the City Council adopted Resolution 2001-85 which approved Riverside to perform these services for the Utility under a Utility Services Agreement ("USA"). The timing of the USA was partially motivated by the formation of the CAISO in 1998. Over time, the formation of the CAISO required differing and much more sophisticated equipment, software, and procedures than was previously required.

The USA has been renewed at two-year periods, with the rates examined by both Riverside and Banning at these two-year intervals. The rates have remained steady at \$47,074 per month since 2016. The USA is currently up for renewal for Fiscal Years 2026 and 2027 at the current rate of \$47,074 per month. The revised USA is attached herein as Exhibit "B" and the Renewal Letter Agreement for Fiscal Years 2026 and 2027 is attached herein as Exhibit "A".

JUSTIFICATION:

The Electric Utility operation in the CAISO market requires a 24 hour / 7 day control center and staffing for day-ahead market, 15 minute market, and real-time market Scheduling & Dispatching and power purchasing purposes. Therefore it is essential that the Utility obtain these services, along with the related services such as power and transmission settlement services and wholesale market bill paying services,

from a power agency capable of handling these ancillary services on behalf of the Utility. Riverside has been performing these services for the Utility for over forty years.

Staff believes that the current monthly rate of \$47,074 per month with Riverside for a full service USA for Fiscal Years 2026 and 2027 is fair and reasonable. Riverside already has the extensive knowledge and procedures in place to provide these services for the Utility in a consistent and efficient manner that will continue to financially benefit the Utility and keep it in regulatory compliance.

FISCAL IMPACT:

The two-year renewal does not include any rate increase, so the Utility would continue to pay \$47,074 per month for the services provided under the USA. This rate has not been increased since 2016. These costs are budgeted in account 670-7010-473.27-09, Scheduling and Dispatching Expenses.

ALTERNATIVES:

Do not adopt Resolution 2025-56 and provide staff with additional direction.

BUDGETED?:

Yes

CONTRACT/AGREEMENT:

Yes

ATTACHMENTS:

1. [Resolution 2025-56, Utility Services Agreement.docx](#)
2. [Riverside Utility Services Agreement Renewal Letter FYs 2026 and 2027.pdf](#)
3. [USA_Executed.pdf](#)