WATER | ENERGY | LIFE

RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES **DATE: JUNE 8, 2026**

SUBJECT: PROPOSED RIVERSIDE PUBLIC UTILITIES ELECTRIC AND WATER FISCAL YEAR 2026/27 USER FEES AND CHARGES

ISSUE:

Consideration of the proposed Riverside Public Utilities Electric and Water Fiscal Year 2026/27 User Fees and Charges.

RECOMMENDATIONS:

That the Board of Public Utilities:

1. Adopt a resolution to establish the Riverside Public Utilities Electric and Water Fiscal Year 2026/27 User Fees and Charges, as further described in the resolution; and

That the Board of Public Utilities recommend the City Council:

1. Conduct a public hearing to receive public input related to the Riverside Public Utilities Electric and Water Fiscal Year 2026/27 User Fees and Charges; and

2. Adopt a resolution approving the Riverside Public Utilities Electric and Water Fiscal Year 2026/27 User Fees and Charges, as further described in that resolution.

LEGISLATIVE HISTORY:

Riverside City Charter, Article XII. Department of Public Utilities Section 1202 Power and Duties. The Board of Public Utilities shall have the power and duty to:

(a) Consider the annual budget for the Department of Public Utilities during the process of its preparation and make recommendations with respect thereto to the City Council and the City Manager.

(e) Establish rates for all utility operations as provided under Section 1200 including but not limited to water and electrical revenue producing utilities owned, controlled, or operated by the City, but subject to the approval of the City Council.

BACKGROUND:

On May 8, 2023, the Board approved Resolution 2023-1, and on June 20, 2023, the City Council adopted Resolution R-24003 for the FY 2023/24 Master Fees and Charges Schedule. This Fees and Charges schedule included a 7.5% CPI increase to account for inflation that was in line with the Consumer Price Index (CPI) of Riverside-San Bernardino-Ontario region in November 2022 (12 month), with the goal of implementing a CPI adjustment to mitigate potentially significant increases to fees and charges until the formal study was updated.

On May 13, 2024, the Board held a workshop to receive information and discuss the Proposed Riverside Public Utilities Electric and Water Fiscal Year 2024/25 User Fees and Charges as completed by MGT of America Consulting, LLC in collaboration with City and RPU staff. Subsequently, on June 10, 2024, the Board held a public hearing and approved Resolution 2024-2 for the Riverside Public Utilities Electric and Water Fiscal Year 2024/25 User Fees and Charges, and on June 25, 2024, the City Council held a public hearing and adopted Resolution R-24129 for the FY 2024/25 Master Fees and Charges schedule.

The current schedule for the Electric Fees and Charges is detailed in Appendix A and is available at https://riversideca.gov/utilities/residents/rates/electric-rules-rates. The current schedule for the Water Fees and Charges is detailed in Appendix A and is available at https://riversideca.gov/utilities/residents/rates/water-rules-rates.

DISCUSSION:

The proposed updates to the Riverside Public Utilities Electric and Water FY 2026/27 User Fees and Charges reflect an adjustment based on the CPI. They also round dollar amounts to account for federal policy to discontinue penny production, and other departmental requested adjustments.

Consumer Price Index (CPI) Increase

A Consumer Price Index (CPI) adjustment to the City's fees and charges is recommended to ensure that revenues collected for services keep pace with the rising cost of providing those services. Over time, inflationary pressures increase the City's operational expenses, including personnel costs, contractual services, equipment, materials, and technology. Implementing a CPI adjustment provides a consistent and transparent methodology to maintain alignment between service costs and fee revenues while avoiding the need for larger, less predictable fee increases in the future.

Staff propose a 5.7% CPI adjustment to most fees and charges in FY 2026/27 to reflect current inflationary trends and generally aligns with increases experienced in the City's cost structure over the same period. Labor agreements, benefit costs, insurance premiums, fuel, construction materials, and vendor contracts have all experienced measurable cost escalation consistent with regional and national inflation. The proposed adjustments are based on a 5.7% increase in the CPI for the Riverside-San Bernardino-Ontario region, calculated using data from January 2024 through November 2025, as published by the California Department of Industrial Relations (DIR). These adjustments were developed administratively by City Staff and are consistent with the City's prior CPI-based updates. The proposed fee levels are intended to remain in alignment with Council approved cost recovery policies adopted as part of the last comprehensive fee updates.

Rounding Adjustments

The U.S. Treasury discontinued penny production on November 12, 2025. Although pennies remain legal tender, banks will no longer replenish penny inventory. Staff recommend adjusting

fees and charges to the nearest dollar for most fees, with some fees to be rounded to the nearest nickel. Staff incorporated this rounding as part of the recommended CPI adjustments. Rounding is reviewed to ensure that the fee or charge remains within the estimated reasonable cost of the service, and amounts are rounded down when appropriate. However, there are some fees that are calculated based on linear feet of projects that still maintain pennies as part of the methodology. There are other fees that charge actual costs, which may include pennies. In cases where pennies are still included in the master fees and charges schedule, staff request authority to round the final payment to the nearest nickel or dollar, whichever is more practical. The timeline to implement this rounding for fees and charges that maintain pennies is contingent on changes to the city's various payment processing systems and will be implemented at the earliest time possible.

Timeline and Effective Date

On May 19, 2026, the City Council received and provided input on the Fiscal Year 2026/27 Master Fees and Charges Schedule, which includes the Riverside Public Utilities Electric and Water FY 2026/27 User Fees and Charges, provided input on the revision of the Riverside Municipal Code to apply the annual inflator discussed above to the fees and charges based on the CPI, and set a public hearing to occur on June 23, 2026, for the adoption of the proposed user fees and charges and resolution amending the Fiscal Year 2026/27 Master Fees and Charges Schedule. The City Council is scheduled to conduct a public hearing on June 23, 2026, for consideration and adoption of the proposed Fiscal Year 2026/27 Master Fees and Charges Schedule including the Riverside Public Utilities Electric and Water User Fees and Charges. If approved, the updated fees and charges are anticipated to become effective on July 1, 2026.

FISCAL IMPACT:

Fees and charges are intended to offset the cost of providing the services rendered. The proposed fees and charges are estimated to have a positive fiscal impact of $603,000 in Fiscal Year 2026/27.

Department	FY 2026/27 Estimated Revenue Impact
510 Electric Fund	$476,000
520 Water Fund	$127,000
Estimated Revenue Impact Total	**$603,000**

Prepared by: Brian Seinturier, Assistant General Manager/Finance and Administration
Approved by: David A. Garcia, Utilities General Manager
Certifies availability of funds: Julie Nemes, Interim Finance Director
Approved by: Gilbert Hernandez, Interim Assistant City Manager
Approved as to form: Rebecca McKee-Reimbold, Interim City Attorney

Attachments:
1. Board Resolution
2. Recommended Electric and Water Appendices and Rate Schedules (red-lined)
3. Presentation