

# Long-Term Wheeling and Surplus Water Sales Agreement with Western Municipal Water District

Public Utilities Department

City Council  
May 16, 2017

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## BACKGROUND



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## WESTERN WATER

1. California Aqueduct
  - a. Imported
  - b. Curtailment
  - c. Rising costs

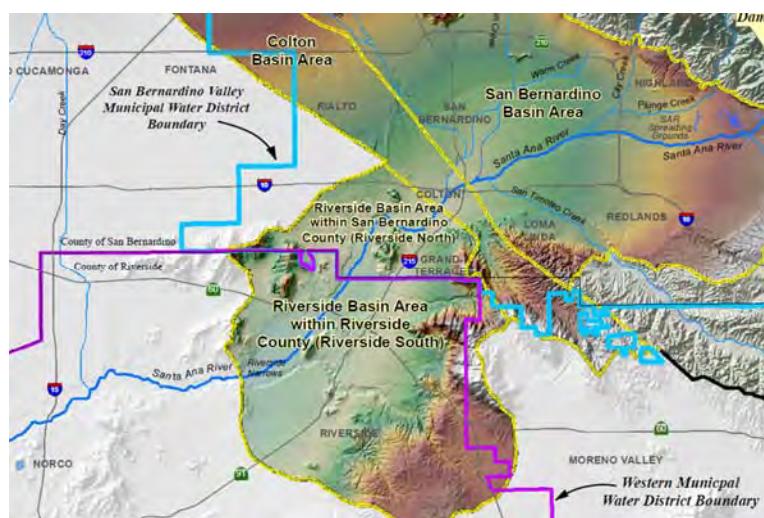


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## RIVERSIDE WATER



1. Groundwater
2. Local
3. Stable

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## WESTERN'S GOALS

1. Secure a lower-cost local supply
2. Reduce dependence on imported water
3. Increase water reliability for the region



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## RIVERSIDE'S GOALS

1. Keep rates low
2. Monetize water system assets and rights
3. Use spare capacities in water system
4. Fully utilize established water rights



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## WATER MANAGEMENT POLICY PRINCIPLES

1. Approved 2014
2. Riverside will strive to appropriately monetize unused and potentially expiring local water production and export rights through pre-planned and pre-executed water sales agreements



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## PREVIOUS AGREEMENTS

1. 2009 Production and Conveyance Agreement
  - a. Move Western Water
2. 2015 First Amendment
  - a. Lease Riverside Water
3. 2016 Second Amendment
  - a. Extend 2015 Amendment



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## DISCUSSION

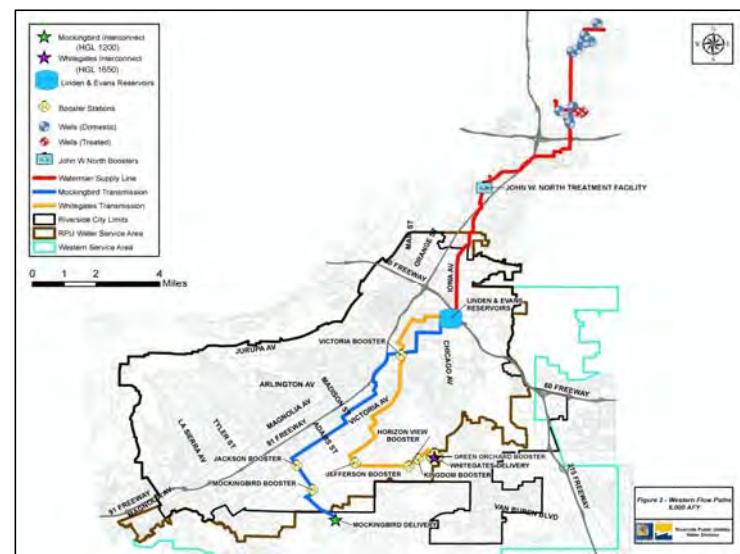


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## PRODUCTION AND CONVEYANCE

1. San Bernardino
2. Transmission System
3. Two deliveries



## Production and Conveyance



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## TWO-PART AGREEMENT

1. Western's water (Wheeling)
  - a. Western secured supplies
  - b. 5,400 AFY
  - c. 20-years
2. Riverside water (Sales)
  - a. Surplus water
  - b. 2,000 AFY
  - c. 10-years



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## PRICING COMPONENTS

1. Capital Recovery
  - a. Physical system
2. Energy
  - a. Lift water
3. Operations and Maintenance (O&M)
  - a. Service system
4. Commodity Charge
  - a. Shared savings vs MWD



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## PRICING

1. Move Western water (Wheeling)
  - a. Capital Recovery + Energy + O&M
2. Riverside sales
  - a. (Same as above) + Commodity

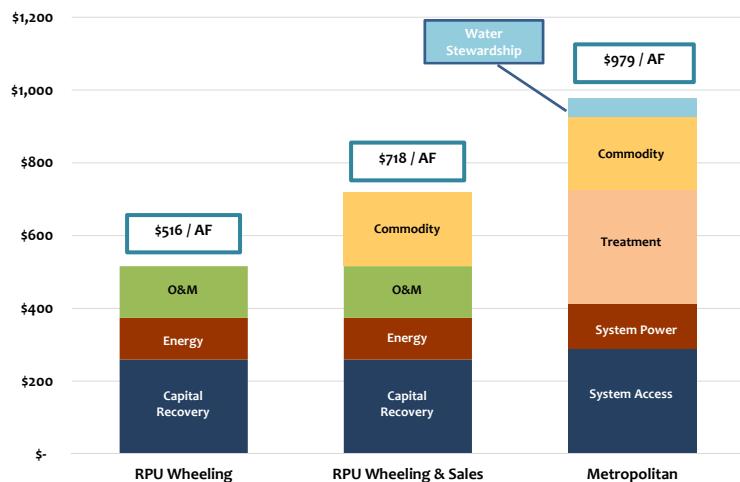


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## PRICING

### 2017 Rate Comparison



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## PRICING

Agreement Terms	Western Water	Riverside Water
Duration	20 Years	10 Years
Capacity/Supply	Up to 5,400 AFY	2,000 AFY
Cost (FY 16–17)		
Energy	\$115/AF	\$115/AF
O&M	\$142/AF	\$142/AF
Capital Recovery	\$259/AF	\$259/AF
Commodity	N/A	\$202/AF
<b>SUB-TOTAL</b>	<b>\$516/AF</b>	<b>\$718/AF</b>
WMWD Pumping*	\$60/AF	\$60/AF
<b>TOTAL COST</b>	<b>\$576/AF</b>	<b>\$778/AF</b>

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## ECONOMIC BENEFIT – WESTERN WATER

1. 20-year term
  - a. 5,400 acre-ft annually
2. RPU Revenue - \$83M
3. Western Savings - \$42M



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## ECONOMIC BENEFIT – RIVERSIDE WATER

1. 10-year term
  - a. 2,000 acre-ft annually
2. RPU Revenue - \$17M
3. Western Savings - \$4.6M



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## AGREEMENT POINTS

1. Operating Committee
2. Exit ramps
3. Incentives
4. Flexibility with changing conditions



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## Regional Water Partnership

1. Additional revenue for RPU
2. Cost-savings for Western
3. Greater water reliability for region
4. Greater value for RPU and Western customers



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## RECOMMENDATIONS

That the City Council:

1. Approve the Cooperative Agreement for long-term Wheeling and Surplus Water sales with Western Municipal Water District of Riverside County; and
2. Authorize the City Manager or designee to execute the agreement.



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