



PROPOSED USER FEES AND CHARGES ADJUSTMENTS FOR FISCAL YEAR 2023/24 – ELECTRIC RULE APPENDIX A AND WATER RULE APPENDIX A

Riverside Public Utilities

Board of Public Utilities
May 8, 2023

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LEGISLATIVE BACKGROUND

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.



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BACKGROUND

On June 21, 2011, the City Council approved Resolution No. 22228 to amend Electric Rule Appendix A Electric Fees and Charges Schedule and Water Rule Appendix A Water Fees and Charges for charges imposed for a specific government service provided directly to the customer that is not provided to those not charged, and does not exceed the reasonable costs incurred by the City in the provisions of these services, or are charged imposed as a condition of property development.

The current schedule for the Electric Fees and Charges is available at <https://riversideca.gov/utilities/residents/rates/electric-rules-rates>.



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BACKGROUND

On February 4, 2020, the City Council approved Resolution No. 23547 to revise Water Rule A Water Fees and Charges in response to Senate Bill 998 to prohibit low-income residential water service from being disconnected before a 48-hr disconnection notice, an amortized payment plan, and a reduced same day reconnection fee of \$50. The 2020 low-income service fee is the only update to the Water Fees and Charges schedule approved in 2011.

The current schedule for the Water Fees and Charges is available at <https://riversideca.gov/utilities/residents/rates/water-rules-rates>.



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USER FEES AND CHARGES STUDY

1. A user fee study is typically performed by local governments every 3-5 years to adjust for changing costs and circumstances.
2. In March 2021, the City engaged MGT Consulting Group to conduct a comprehensive user fees and charges study (excluding Development Impact Fees).
3. On March 3, 2022, Riverside Public Utilities (RPU) contracted with MGT of America Consulting, LLC, for a fee study for Electric and Water Fees and Charges for time and materials-base user fees for RPU.
4. In March 2022, the study was placed on hold due to the impending departure of the City Manager.



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FY 2023/24 MASTER FEES AND CHARGES SCHEDULE

1. With the delay of the current fee study and the time lapse since the most recent studies, the City is currently undercharging for services provided.
2. Staff desires to stem the loss or revenue with the adoption of a 7.5% Consumer Price Index (CPI) increase for current fees.
3. The proposed FY 2023/24 Master Fees and Charges Schedule includes a 0% to 7.5% increase guided by the preliminary results of the suspended fees and charges study to account for current inflation that is in line with the 7.5% CPI of Riverside-San Bernardino-Ontario region in November 2022 (12-month).



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STRATEGIC PLAN ALIGNMENT



Strategic Priority 5 - High Performing Government

Goal 5.4 - Achieve and maintain financial health by addressing gaps between revenues and expenditures and aligning resources with strategic priorities to yield the greatest impact.

Cross-Cutting Threads



Community Trust



Fiscal Responsibility



Sustainability & Resiliency



Equity



Innovation



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RECOMMENDATIONS

That the Board of Public Utilities:

1. Receive and provide input on proposed adjustments to Electric Rule Appendix A Electric Fees and Charges Schedule and Water Rule Appendix A Water Fees and Charges; and
2. Approve the Board Resolutions to amend Electric Rule Appendix A Electric Fees and Charges Schedule and Water Rule Appendix A Water Fees and Charges; and

Recommend that the City Council:

3. Receive and provide input on proposed adjustments to Riverside Public Utilities' user fees and charges as part of the City's user fees and charges; and
4. Set a public hearing for the adoption of the proposed adjustments to Riverside Public Utilities' user fees and charges as part of the City's user fees and charges.



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