# City Council Memorandum

City of Arts & Innovation

**TO:** **HONORABLE MAYOR AND CITY COUNCIL** **DATE:** **JUNE 10, 2025**

**FROM:** **PUBLIC UTILITIES WATER DEPARTMENT** **WARDS: ALL**

**SUBJECT:** **FIRST AMENDMENT TO THE WATER PRODUCTION, CONVEYANCE, AND RECIPROCAL SALES AGREEMENT BETWEEN THE CITY OF RIVERSIDE AND THE REGENTS OF THE UNIVERSITY OF CALIFORNIA**

## ISSUE:

Approve the First Amendment to the Water Production, Conveyance, and Reciprocal Sales Agreement Between the City of Riverside and the Regents of the University of California

## RECOMMENDATIONS:

That the City Council:

1. Approve the First Amendment to the Water Production, Conveyance, and Reciprocal Sales Agreement Between the City of Riverside and the Regents of the University of California; and

2. Authorize the City Manager or his designee to execute the First Amendment to the Water Production, Conveyance, and Reciprocal Sales Agreement Between the City of Riverside and the Regents of the University of California including making minor non-substantive changes.

## BOARD RECOMMENDATION:

On May 12, 2025, the Board of Public Utilities voted unanimously with recusal from Vice Chair Siana to recommend that the City Council approve the First Amendment to the Water Production, Conveyance, and Reciprocal Sales Agreement Between the City of Riverside and the Regents of the University of California.

## BACKGROUND:

On July 10, 2015, the Board of Public Utilities approved the 2015 Water Production, Conveyance, and Reciprocal Sales Agreement between the City of Riverside and the Regents of the University

of California (Agreement). The July 10, 2015, Board of Public Utilities report has a significant amount of detail about the Agreement and is attached to this report for reference (Attachment 1).

On November 3, 2015, the City Council approved the Agreement, and the Agreement was executed by the City on November 5, 2015. It would remain in effect for almost ten years, expiring on June 1, 2025 (Attachment 2).

The Agreement acknowledges that the University of California Riverside (UCR) has obtained its own water rights, and the City of Riverside (City) provides the service of delivering (or "wheeling") their water rights to them. The Agreement also establishes a cost structure for the City to recover its costs and to charge UCR for the water the City produces and transports to the UCR campus through the City's system. The details of the cost structure are included in Attachment 2.

UCR is entitled to certain water rights as: 1) a co-plaintiff to the 1969 Western Judgement which adjudicated the water rights in the Bunker Hill, Rialto-Colton, and Riverside Groundwater Basins; 2) a shareholder in the former East Riverside Water Company, including perpetual rights to use certain City owned water facilities; and 3) a current shareholder in the Gage Canal Company.

UCR does not own sufficient production, conveyance or distribution facilities in order to produce and deliver this water from the groundwater basins to the campus. The Agreement allows the City to produce and convey UCR's owned water rights at the City's cost, including the components of energy, operations and maintenance, facility capital replacement, and assessments.

The City has two meters that serve the UCR campus domestic water system from two different locations. The primary meter is fed from Riverside Public Utilities' (RPU) University Heights Reservoir located at the entrance to UCR on University Avenue. This reservoir is supplied by the Chicago Booster station. The second meter is located on Linden Street, east of Canyon Crest Drive, and is supplied by RPU's Lemona Booster station and associated distribution system.

UCR's domestic water rights are comprised of 738 acre feet of water from the Bunker Hill Basin in San Bernardino and 552 acre feet of extraction rights from the Riverside Basin. The 2024 annual domestic water consumption on the campus was about 957 acre feet, or about 417,064 ccf (centum cubic feet and RPU's standard billing unit). One acre foot of water is approximately 325,850 gallons and one ccf is 748 gallons. The tariff charged to UCR is currently $0.53 per ccf. Any water delivered above and beyond UCR's water rights is charged at RPU's WA-6 (commercial) rate.

UCR also has 1,076 acre feet of entitlement to irrigation water from the Gage Canal Company based on their number of Gage Canal Company shares. The irrigation water from the Gage Canal is delivered to the UCR Agricultural Operations area south of Martin Luther King Blvd.

In May 2024, RPU staff began the process of meeting with UCR staff to negotiate the terms of a new Agreement in preparation for the June 1, 2025, expiration.

## **DISCUSSION:**

Due to litigation between the City and UCR, the negotiation process for development of terms of a new Agreement was put on hold. UCR proposed a one-year extension to the current terms of

the Agreement and the City agreed it would be prudent to have a one (1) year extension executed by June 1, 2025.

RPU Staff worked with the City Attorney's Office to develop the First Amendment to the Water Production, Conveyance, and Reciprocal Sales Agreement between the City of Riverside and the Regents of the University of California (Attachment 3). The Chancellor of UCR has executed the First Amendment.

The First Amendment is a one (1) year extension to the existing terms of the Agreement. If approved, the First Amendment will allow the City to continue to produce and deliver UCR's water rights, as it has for the last ten years, until June 1, 2026.

Staff will restart the negotiations on the development of terms of a new Agreement once the litigation between the City and UCR has been resolved.

## STRATEGIC PLAN ALIGNMENT:

This item contributes to **Strategic Priority 3 - Economic Opportunity** and **Goal 3.4** - Collaborate with key partners to implement policies and programs that promote local business growth and ensure equitable opportunities for all.

This item aligns with EACH of the five Cross-Cutting Threads as follows:

1. **Community Trust** – Working together with a local University promotes trust in the community and results in greater public good.

2. **Equity** – Assisting UCR in obtaining its water rights provides every member of the UCR community equal opportunity to have clean drinking water available for their use.

3. **Fiscal Responsibility** – The cost structure of the Agreement ensures the City of Riverside recoups its costs of producing and transporting the water consumed by the UCR campus from the City's water system.

4. **Innovation** – Working with UCR fosters a collaborative and innovative partnership.

5. **Sustainability & Resiliency** – By assisting UCR obtain its water rights the City of Riverside is ensuring UCR can sustain its campus growth and water needs.

## FISCAL IMPACT:

The estimated Water Fund revenue from this First Amendment for one year is $313,000 and will vary depending upon actual water usage.

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| Prepared by: | David A. Garcia, Utilities General Manager |
| Certified as to availability of funds: | Kristie Thomas, Finance Director/Assistant Chief Financial Officer |
| Approved by: | Rafael Guzman, Assistant City Manager |
| Approved as to form: | Rebecca McKee-Reimbold, Interim City Attorney |

Attachments:

1. July 10, 2015, Board of Public Utilities Report
2. 2015 Water Production, Conveyance, and Reciprocal Sales Agreement between the City of Riverside and the Regents of the University of California
3. First Amendment to the Water Production, Conveyance, and Reciprocal Sales Agreement between the City of Riverside and the Regents of the University of California
4. Presentation