



RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES

DATE: JUNE 10, 2019

ITEM NO: 15

SUBJECT: COVENANT AND AGREEMENT FOR PAYMENT FOR WATER SERVICE FOR IRRIGATION USE IN THE AMOUNT OF \$239,984 TO BE PAID IN 72 MONTHLY INSTALLMENTS

ISSUE:

Recommend that the City Council approve the Covenant and Agreement for Payment for Water Service for Irrigation Use to provide a structured payment plan for the payment of water fees to 66 acres inside Riverside's city limits and water service area boundary, currently developed as Crestlawn Memorial Park (Cemetery).

RECOMMENDATIONS:

That the Board of Public Utilities recommend that the City Council:

1. Approve the Covenant and Agreement for Payment for Water Service for Irrigation Use to provide a structured payment plan for the payment of water fees to 66 acres inside Riverside's city limits and water service area boundary; and
2. Authorize the City Manager, or his designee, to execute the Covenant and Agreement.

BACKGROUND:

The City of Riverside Public Utilities Department (Riverside) provides retail water service within its City limits as well as some parts of Grand Terrace and Riverside County, with the exception of the Orangecrest and Mission Grove neighborhoods south of Canyon Crest Drive. Crestlawn Memorial Park (Cemetery), located at 11500 Arlington Avenue, is within Riverside's water service area but has historically been provided retail water service from The City of Norco (Norco) on an interim basis because Riverside did not have the necessary water infrastructure in Arlington Avenue to provide service. Subsequent to the completion of the Arlington Avenue 16" Water Main Extension Project (Project) in July of 2017, Riverside has sufficient infrastructure in place to offer water service to the Cemetery, the neighboring Color Green Nursery (Nursery), and a proposed emergency intertie with Norco. Norco has acknowledged Riverside's intention to take over service to the Cemetery and approved the transition at their City Council meeting on November 21, 2018.

DISCUSSION:

When new land development projects are constructed and connected to Riverside's water system, certain fees and charges are paid by the project developer to satisfy requirements per Riverside's Water Rules for establishing service. The same fees and charges are assessed on existing developments when they connect to Riverside's water system. During planning and construction of the Project, the Cemetery and the Nursery were contacted to begin the process of switching their water service to Riverside, and to explain the required fees. The Nursery, being much smaller than the Cemetery, was able to pay the required fees and charges upfront to establish service, and was connected to Riverside's water system. The Cemetery's required fees and charges are much larger due to the size of the property, and as an already existing development which has already paid fees to establish service from Norco, they requested that the required fees (\$239,984.00) be paid via 72 monthly installments. Per Riverside's Water Rule 10, a developer/owner can request a Covenant and Agreement to satisfy a water service requirement. Staff worked with the City Attorney's office to draft a Covenant and Agreement for the payment of the required water fees over a 72 month installment plan which will lessen the immediate fiscal impact to the Cemetery. Payment plans are not routinely offered for the payment of water fees, but were contemplated in this case due to Riverside's project being the driving force for the connection, rather than the owner's request.

FISCAL IMPACT:

There is a total fiscal impact of \$239,984 that will be deposited over 72 equal installments into Public Utilities Backup Facility Capacity Charge Account 0000520-375010 for \$39,380 and Public Utilities Contribution in Aid of Construction Account 0000520-375000 for \$200,604. This will cover the full cost of water service construction, meter installation, and all development fees required to establish service with the City of Riverside. All water use will be paid for by the Cemetery at the applicable rate(s) pursuant to Riverside's effective water rules and rate schedules.

Prepared by: Todd L. Jorgenson, Utilities Assistant General Manager/Water
Approved by: Todd M. Corbin, Utilities General Manager
Approved by: Al Zelinka, FAICP, City Manager
Approved as to form: Gary G. Geuss, City Attorney

Certifies availability
of funds: Brian Seinturier, Utilities Fiscal Manager

Attachments:

1. Countersigned Covenant and Agreement
2. Site Map