

WATER UTILITY FIVE-YEAR RATE PLAN PROPOSAL

Riverside Public Utilities

Board of Public Utilities

June 12, 2023

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PROPOSED RESIDENTIAL 5 YEAR WATER RATE PLAN

 WATER: \$0.15 Per Day

 ELECTRIC: \$0.21 Per Day

 REFUSE: + \$0.09 Per Day

\$0.45 Per Day

or

\$13.50 Per Month



Average rate increase per year for 5 years



PROPOSED RATES

In year 1, the rate increase will amount to an additional

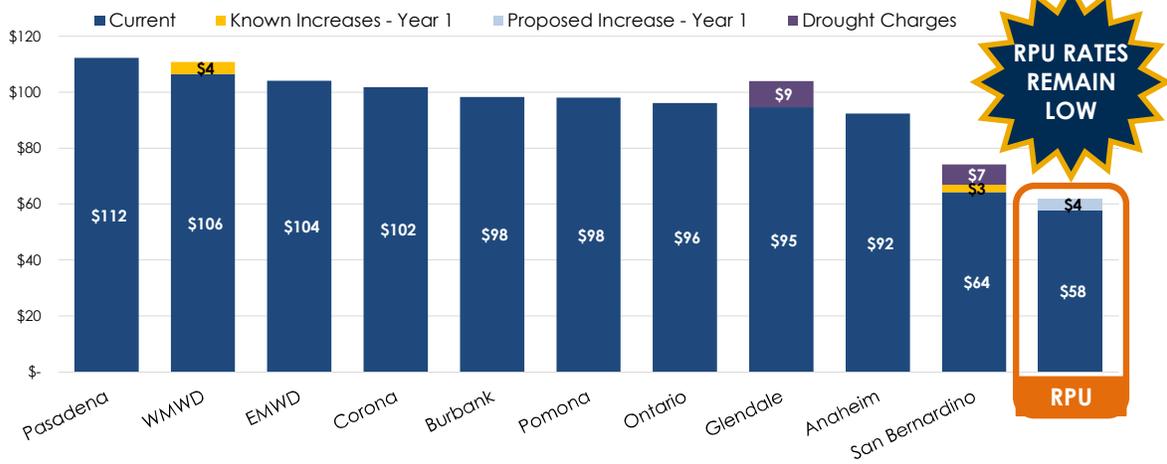
\$4.07 per month for the average residential customer

or the Price of
One and a Half Cups of Coffee



WATER RATE PLAN COMPARISON

Average Residential Monthly Bill at 21 CCF Per Month – Year One



RPU = 66K Service Connections

OVERVIEW OF WATER

Current Rate Plan Expires 6/30/2023



Established
1913



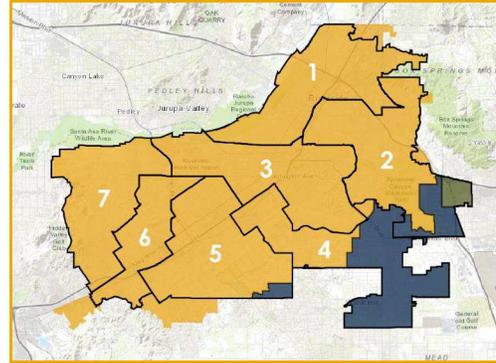
66K
Service
Connections



100%
of the City's
potable (drinking)
water has been
supplied from local
groundwater
sources since 2009



**Highest State
operational
classification
rating** due to
size and
complexity



Riverside Public Utilities **Western Municipal Water District** **Eastern Municipal Water District**



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OVERVIEW OF WATER

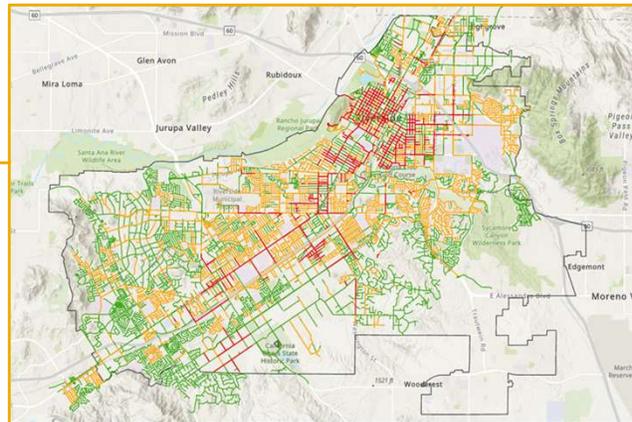


**Maintain
826 Miles**
Water Distribution Pipeline

Expected Useful Life: **35-40 years**

Average age of system: **47 years**

35% are over **50 years old**



1-50 Years Old (57%) **50-80 Years Old (35%)** **80+ Years Old (8%)**



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WATER RELIABILITY



RPU responded to an average of **3.6 leaks per day** over the last ten years.

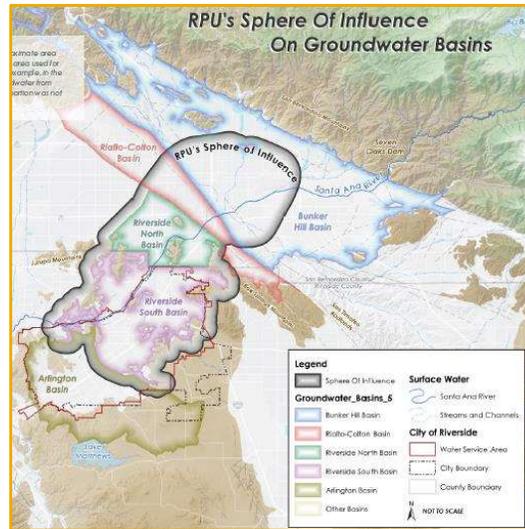
Types of Leaks	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Main Leaks	122	112	96	114	125	107	116	131	81	126	102
Service Leaks	1,102	1,105	1,025	1,014	1,029	1,117	1,199	1,221	1,158	1,130	1,172



WATER SUPPLY-GROUNDWATER BASINS

RPU produces water from four groundwater basins adjacent to the Santa Ana River

- San Bernardino (Bunker Hill)
- Rialto-Colton
- Riverside North
- Riverside South



RPU: ALL DAY EVERY DAY



RPU team members work 24/7 to keep the water flowing



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WATER SUPPLY-FACILITIES



50
Domestic Wells

60
Pressure Stations

6
Water Treatment Facilities

16
Reservoirs



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WATER SUPPLY-FACILITIES



System "Arteries"
(16-72 inches)

34 Miles
of Supply
Pipeline

98 Miles
of Transmission
Pipeline

826 Miles
of Distribution
Pipeline



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GROUND WATER SUPPLY CHALLENGES

Sustainability Challenges to Riverside Requiring Vital Solutions



Water Rights



Climate Change



2040 Potable & Recycled Water Demand



Groundwater Conditions



City of Riverside Growth



Water Quality Regulation Changes



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WHAT'S BEEN DONE TO KEEP RATES LOW

Water Wheeling & Surplus Water Sales

- Sale of surplus water supply and delivery to neighboring water utilities
- \$4.5 to \$6.0 million in annual revenue

Payments for Water Clean Up Costs

- Treatment plants and operational costs currently paid by Lockheed Martin Corporation



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HISTORY OF WATER RATES

Water	Rate Increase
11/1/2009	10.00%
11/1/2010	10.00%
7/1/2011	0%
7/1/2012	0%
7/1/2013	0%
7/1/2014	0%
7/1/2015	0%
7/1/2016	0%
7/1/2017	0%

No Rate Increases from 2011 - 2017



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HISTORY OF WATER RATES

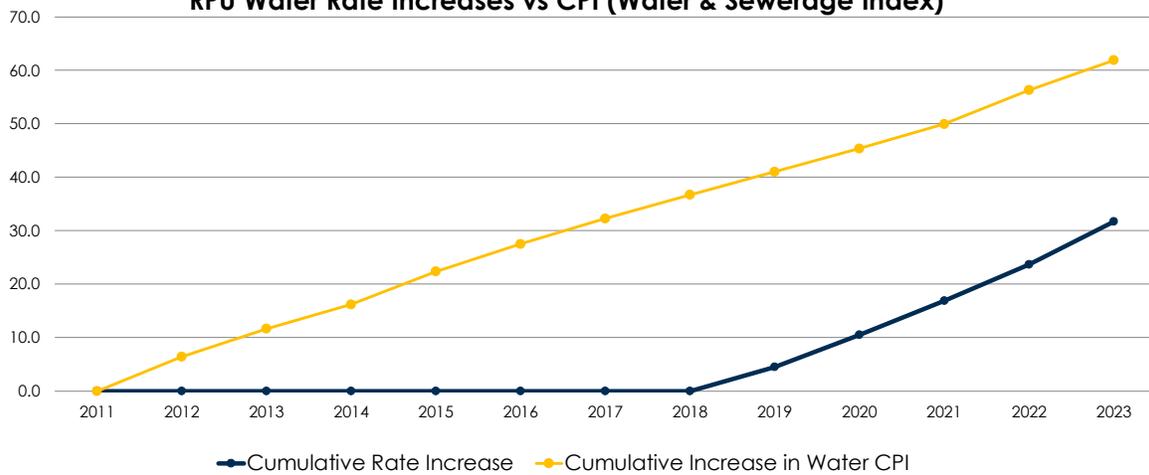
**Current Rate Plan Expires
6/30/2023**

Water	Rate Increase
7/1/2018	4.50%
7/1/2019	5.75%
7/1/2020	5.75%
7/1/2021	5.75%
7/1/2022	6.50%



THE WHY

RPU Water Rate Increases vs CPI (Water & Sewerage Index)



THE WHY



Increased **construction/equipment costs**



The State of California drought messaging and increased Citywide water efficiency have decreased water revenue without decreasing operational costs



2011 – 2017 there were no rate increases resulting in a Water Fund Balance that **doesn't meet the minimum reserve levels** set by City Council without the line of credit.

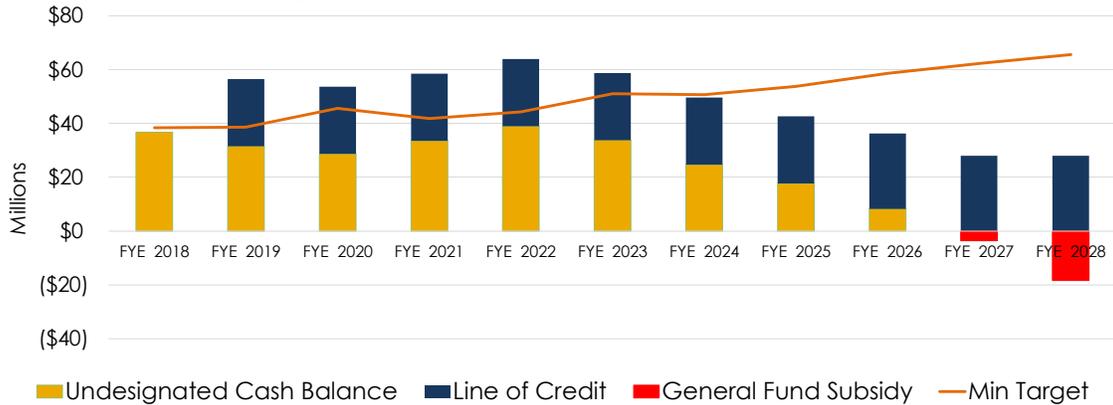


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THE WHY

Undesignated Reserves **WITHOUT** Rate Increases

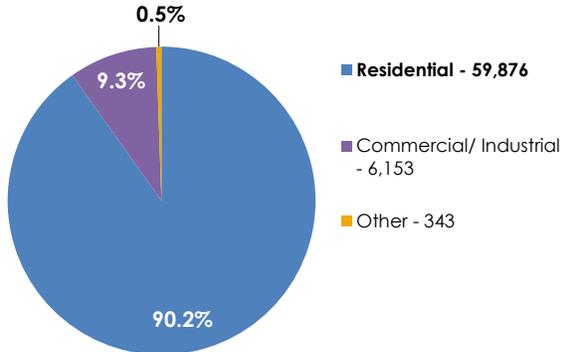


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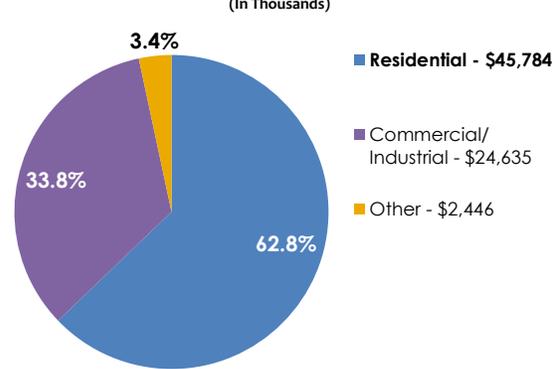
WATER CUSTOMER STATISTICS

WATER CUSTOMER COUNTS



Total Customer Count - 66,372

WATER YTD ACTUAL REVENUES



Total Water Revenues - \$72,865



Note: As of June 30, 2022; Commercial includes Landscape and City Interruptible. Other includes Agriculture, Recycled, Hydrants, Fire and Temp.

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PROPOSED WATER 5-YEAR RATE PLAN

Customer Class	Customers	Year 1 % Increase	Year 2 % Increase	Year 3 % Increase	Year 4 % Increase	Year 5 % Increase
Single Family Residential (3 tiers per class)	58,731	5.7%	6.6%	6.6%	6.7%	6.6%
Multi Family Residential (2 tiers per class)	1,145	4.6%	6.6%	6.6%	6.7%	6.6%
Commercial/ Industrial	5,137	8.6%	6.0%	6.1%	6.3%	6.0%
Landscape	500	13.6%	5.9%	5.8%	6.1%	5.8%
City Interruptible/ Recycled	530	5.8%	6.3%	6.0%	5.8%	6.3%
Agriculture (up to 3 tiers per class)	224	1.8%	6.4%	6.5%	6.4%	6.5%
Riverside Water Co. Irrigators (3 tiers per class)	24	19.3%	7.1%	7.0%	7.2%	6.9%
Temporary Service	72	12.0%	7.0%	6.9%	7.1%	7.0%



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PROPOSED WATER 5-YEAR RATE PLAN

Single Family Customer Class Examples	Avg CCF Usage (Tier 1 and Tier 2)	Year 1 % Increase	Average Years 2-5 % Increase
Residential - Low User	10	3.8%	6.7%
Residential – Typical	21	7.0%	6.6%
Residential - High User	26	7.1%	6.6%



\$4.07

Average Monthly increase year 1 at 21 CCF

\$0.15

Average Cost Per Day over 5 years at 21 CCF



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PROPOSED WATER 5-YEAR RATE PLAN

Customer Class	Avg CCF Usage (Tier 1)	Year 1 % Increase	Average Years 2-5 % Increase
Commercial/Industrial Example	37	8.5%	6.1%



\$9.02

Average monthly increase year 1

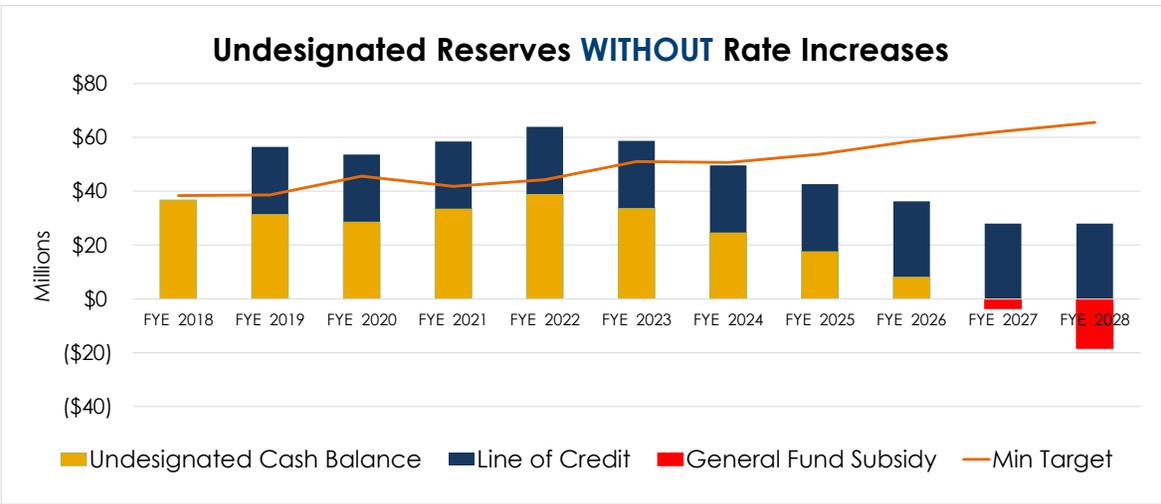
\$0.26

Average Cost Per Day over 5 years



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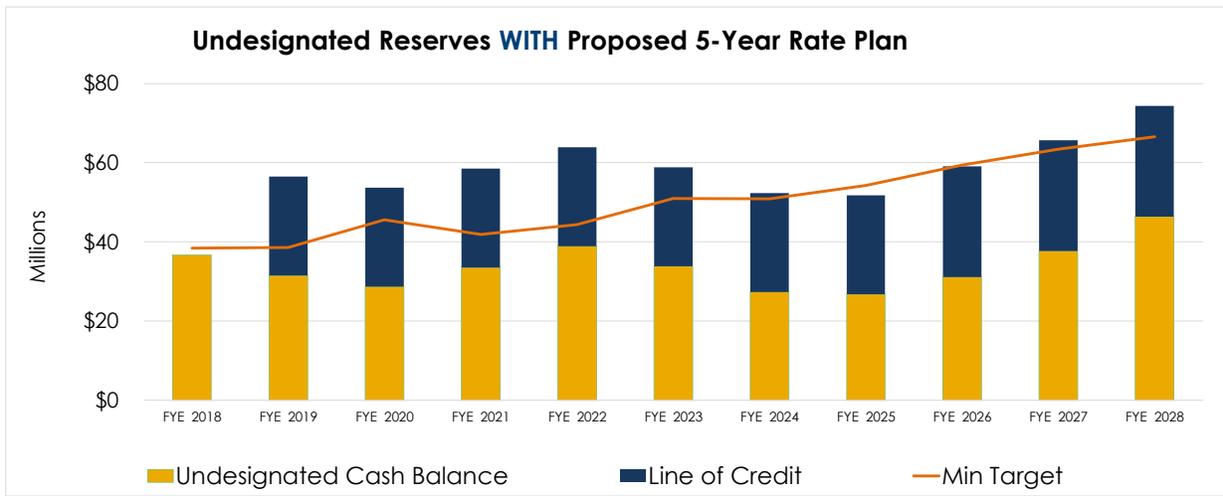
THE WHY



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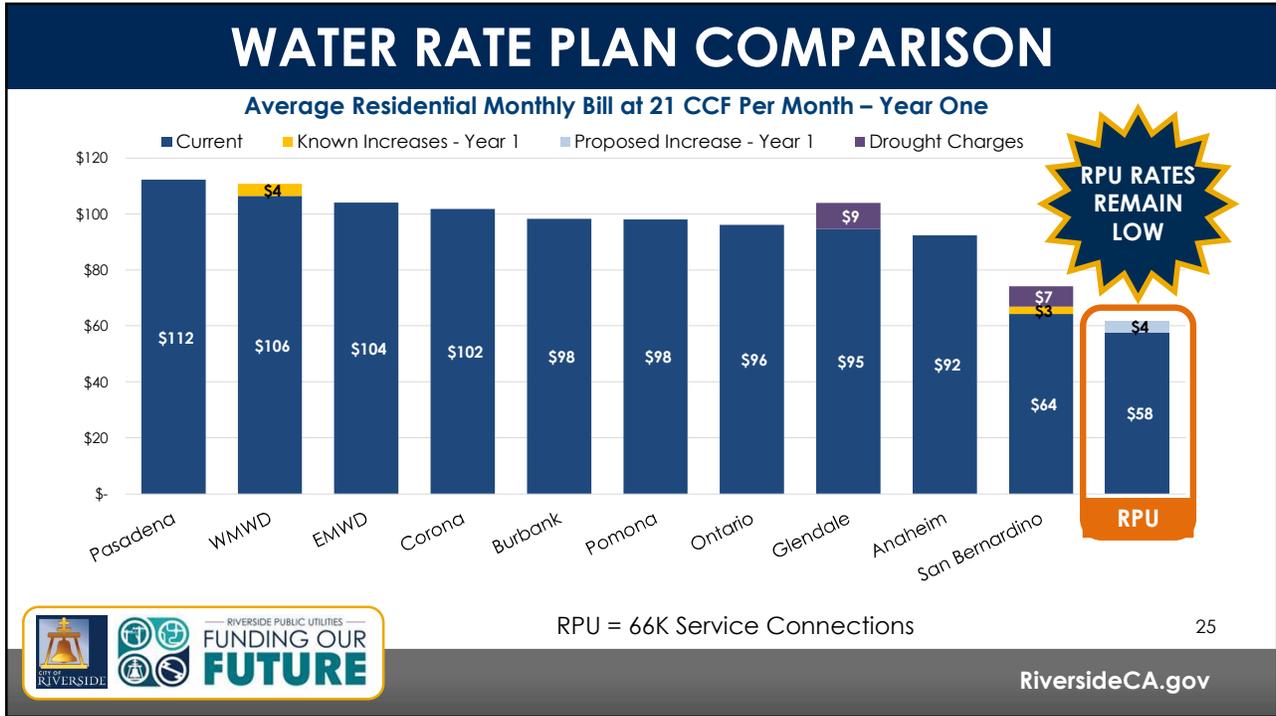
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THE WHY



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LOW INCOME PROGRAMS - WATER

Sharing Households Assist Riverside's Energy (SHARE) Program

Established
1989

\$3.25
Current Monthly Water
SHARE Credit

2,144
Residential Water Customers
Assisted (01/2023)

\$4.25
Projected future Monthly
Water SHARE Credit

Income qualification based on 250% of the Federal poverty income guideline and the number of people in the household.



¿NECESITA AYUDA PARA PAGAR SU FACTURA DE SERVICIOS PÚBLICOS?

SHARE

Sharing Households Assist Riverside's Energy

RiversidePublicUtilities.com/Assistance

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WATER EFFICIENCY PROGRAMS



Turf Replacement



Rotating Sprinkler Nozzles



High Efficiency Clothes Washers



Weather Based Irrigation Controllers



Premium High Efficiency Toilets

Additional Information on Programs & Rebates available at:
RiversidePublicUtilities.com/Rebates



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EXPAND WATER SUPPLY PORTFOLIO

Seven Oaks Dam Enhanced Recharge



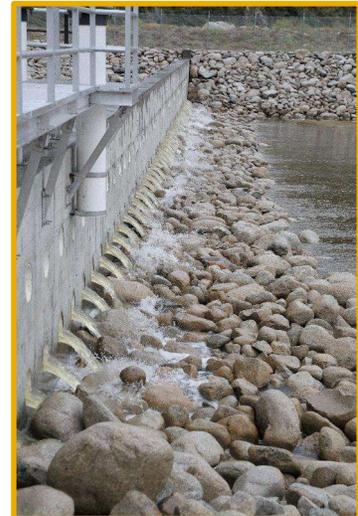
\$15.5M (\$8.5 existing appropriation, \$7.0 additional appropriation)



Diversifies **Riverside's water supply portfolio** options while securing additional perpetual water rights.



Ensures **water supply reliability** for current and future demand. Future Proofing



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EXPANDED WATER SUPPLY PORTFOLIO

Riverside Habitat Parks & Water Project West Branch

 \$12M Project

 Creates a regional recycled water pipeline to deliver recycled water to irrigation customers and improves select tributaries



Habitat Conservation Plan Tributaries Restoration

 \$0.75M Project

 Adds resiliency to local water supplies through sustainable and environmentally ethical efforts, working to revitalize the Santa Ana River.



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WHAT'S NEXT

Board of Public Utilities
June 12, 2023

Mail Notice of Public Hearing
July 2023

City Council Public Hearing and Rate Consideration
September 5, 2023



City Council
June 20, 2023

Board of Public Utilities Public Hearing and Rate Consideration
August 14 or 28, 2023

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RECOMMENDATIONS

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

1. Conceptually approve the water utility five-year rate plan proposal; and
2. Direct the City Manager to prepare all documents necessary for public noticing of the rate proposal, to update proposed rate schedules to reflect changes due to the rate proposal, and to update any other documents necessary for the public hearing to be held before the City Council on September 5, 2023, with new rates effective October 1, 2023.



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