



RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES

DATE: DECEMBER 4, 2015

ITEM NO: 4
File ID – 15-3853 – D

SUBJECT: PROP 84 INTEGRATED REGIONAL WATER MANAGEMENT (IRWM) PROGRAM 2014 DROUGHT SOLICITATION IMPLEMENTATION GRANT FUNDING CONTRACT BETWEEN THE SANTA ANA WATERSHED PROJECT AUTHORITY (SAWPA) AND CITY OF RIVERSIDE FOR UP TO \$215,030

ISSUE:

The item for the Board of Public Utilities consideration is approval of the Prop 84 IRWM Program 2014 drought solicitation implementation grant funding contract with SAWPA which will enable reimbursement funds to be made available to the City for evaluating conservation-based water rates. Additional reimbursement funds would become available if the City implements conservation-based water rates.

RECOMMENDATION:

That the Board of Public Utilities recommends that the City Council approve the Prop 84 IRWM Program 2014 Drought Solicitation Implementation Grant Funding Agreement with SAWPA, to become eligible to receive reimbursement funds towards evaluating and potentially implementing conservation-based water rates.

BACKGROUND:

On September 4, 2015, the Board held a public hearing to consider the adoption of the One Water One Watershed (OWOW) 2.0 IRWM Plan for funding through Prop 84 with the Department of Water Resources via the SAWPA. After the hearing, the Board recommended that the City Council adopt the plan which allowed RPU to receive \$1 million in funding towards the Jackson Street Recycled Water Project. On October 6, 2015, the City Council adopted the OWOW 2.0 IRWM Plan.

In July 2015, the California Department of Water Resources and SAWPA entered into a Prop 84 IRWM Program Implementation Grant Agreement providing that SAWPA would serve as the program manager for \$12,860,110 in IRWM Program grant funds to be disbursed to sub-grantees, consistent with IRWM Program requirements. The funds are to be used to assist water agencies with implementing conservation-based water rates. Adoption of the OWOW 2.0 IRWM Plan has allowed for RPU to become eligible for this program and receive reimbursement funds for evaluating and potentially implementing conservation-based water rates.

Approval of the contract with SAWPA will allow for grant funds to be made available to the City for completing studies to understand and potentially adopt conservation-based water rates. Additional grant funds would become available if the conservation-based water rates are adopted and implemented. Eligible project costs covered by the grant include consultant costs, a rate design study, aerial imagery and global information system data, legal review, consultant fees for training board members, temporary customer service during the initial implementation of the work, Prop 218 notices, bill design, and initial equipment needed during the implementation of the conservation based water

rate structure.

On May 15, 2015, the RPU Board approved the agreement with Carollo Engineers, Inc. for \$125,373 to complete a water cost of service analysis and rate design project (COSA). The COSA is necessary to assist in financial planning, future rate adjustments, and challenges to comply with local, state, and federal regulations including the recent Governor's Executive Order and California State Water Resources Control Board mandatory emergency drought response regulations. The COSA is in progress and includes a comprehensive review of all rate schedules, forecast of future revenue requirements, equitable allocation of costs among customer classes, a water utility rate trends study, and a rate design recommendation. Conservation-based water rates are being considered as part of the water utility rate trends study and rate design recommendation. Therefore, a small portion of the cost of this project may be eligible for reimbursement as it relates to conservation-based rates. Based on the results of the trend study and rate design recommendations regarding conservation-based rates, staff may return with an amendment to the agreement at a later date to assist with design and development of these rates. The cost of this type of work would be eligible for reimbursement.

If the contract with SAWPA is approved, RPU will be eligible to receive up to \$107,515 of eligible reimbursement funds. If the City adopts conservation-based water rates, the contract will provide an additional \$107,515 of eligible reimbursement funds. The adoption of conservation-based water rates will be subject to Board and City Council approval.

Prop 84 IRWM Grant

Agency	Description	Program Funds	Available to RPU
SWAPA	Lead Agency	\$12,860,110	
RPU – Sub Grantee	Evaluation of Conservation Based Water Rates		\$107,515
RPU – Sub Grantee	IRWM funds IF Conservation Based Water Rates are Adopted		\$107,515
		Total	\$215,030

FISCAL IMPACT:

The SAWPA contract will provide up to \$107,515 of eligible reimbursement funds for evaluating conservation-based water rates and an additional \$107,515 of eligible reimbursement funds for implementing conservation-based water rates.

Prepared by: Todd Jorgenson, Public Utilities Assistant General Manager/Water
 Approved by: Girish Balachandran, Public Utilities General Manager
 Approved by: John A. Russo, City Manager
 Approved as to form: Gary G. Geuss, City Attorney

Certifies availability of funds: Laura Chavez-Nomura, Public Utilities Assistant General Manager/Finance

Attachments:

1. Prop 84 IRWM Program 2014 Drought Solicitation Implementation Grant Funding Contract between City of Riverside and SAWPA.
2. Copy of Grant Agreement between the State of California DWR and SAWPA for Prop 84 IRWM 2014 Drought Grant California Public Resources Code §75026 ET SEQ.