



Long-Term Wheeling and Surplus Water Sales Agreement with Western Municipal Water District

Public Utilities Department

City Council
May 16, 2017

RiversideCA.gov

BACKGROUND



2

RiversideCA.gov

WESTERN WATER

1. California Aqueduct
 - a. Imported
 - b. Curtailment
 - c. Rising costs

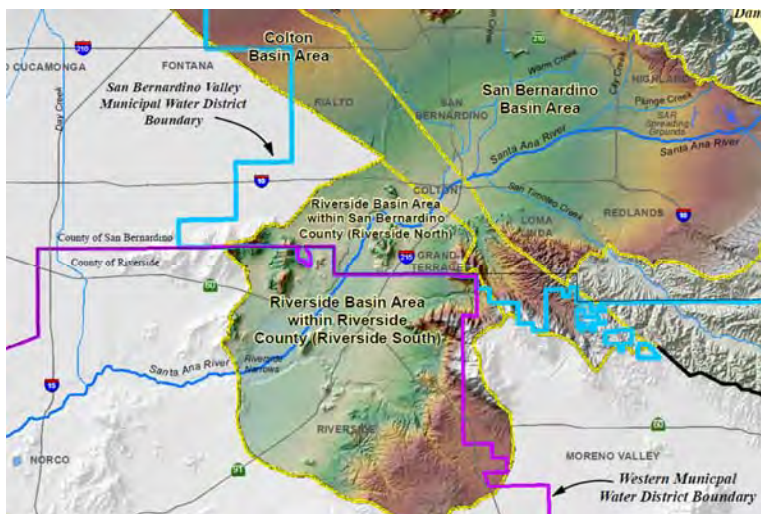


3

RiversideCA.gov

RIVERSIDE WATER

1. Groundwater
2. Local
3. Stable



4

RiversideCA.gov

WESTERN'S GOALS

1. Secure a lower-cost local supply
2. Reduce dependence on imported water
3. Increase water reliability for the region



5

RiversideCA.gov

RIVERSIDE'S GOALS

1. Keep rates low
2. Monetize water system assets and rights
3. Use spare capacities in water system
4. Fully utilize established water rights



6

RiversideCA.gov

WATER MANAGEMENT POLICY PRINCIPLES

1. Approved 2014
2. Riverside will strive to appropriately monetize unused and potentially expiring local water production and export rights through pre-planned and pre-executed water sales agreements



7

RiversideCA.gov

PREVIOUS AGREEMENTS

1. 2009 Production and Conveyance Agreement
 - a. Move Western Water
2. 2015 First Amendment
 - a. Lease Riverside Water
3. 2016 Second Amendment
 - a. Extend 2015 Amendment



8

RiversideCA.gov

DISCUSSION

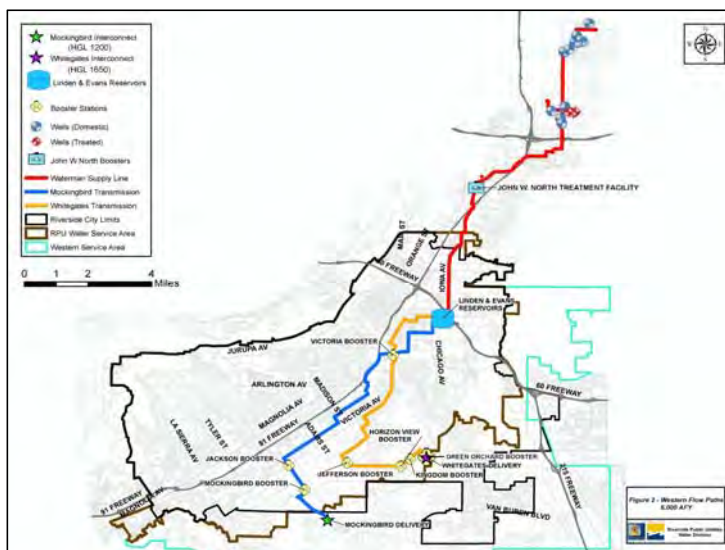


9

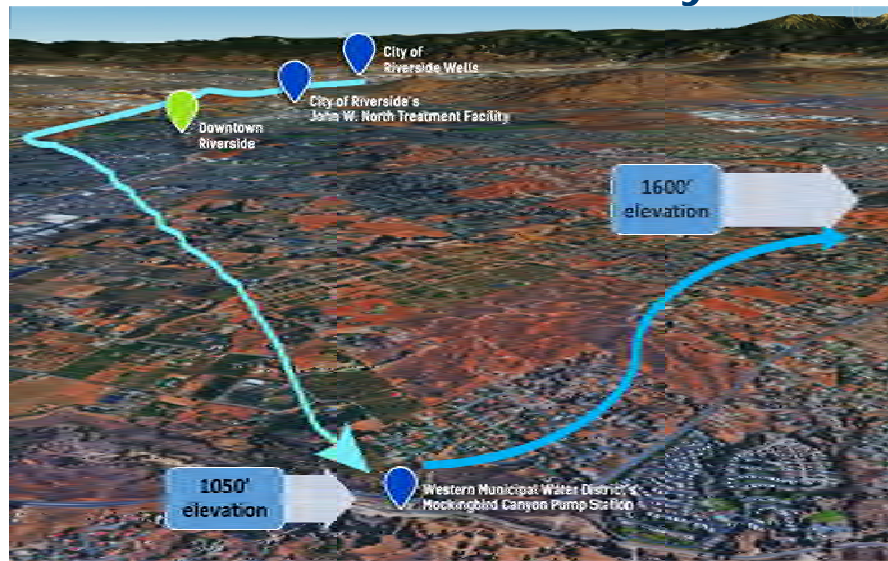
RiversideCA.gov

PRODUCTION AND CONVEYANCE

1. San Bernardino
2. Transmission System
3. Two deliveries



Production and Conveyance



11

RiversideCA.gov

TWO-PART AGREEMENT

1. Western's water (Wheeling)
 - a. Western secured supplies
 - b. 5,400 AFY
 - c. 20-years

2. Riverside water (Sales)
 - a. Surplus water
 - b. 2,000 AFY
 - c. 10-years



12

RiversideCA.gov

PRICING COMPONENTS

1. Capital Recovery
 - a. Physical system
2. Energy
 - a. Lift water
3. Operations and Maintenance (O&M)
 - a. Service system
4. Commodity Charge
 - a. Shared savings vs MWD



13

RiversideCA.gov

PRICING

1. Move Western water (Wheeling)
 - a. Capital Recovery + Energy + O&M
2. Riverside sales
 - a. (Same as above) + Commodity

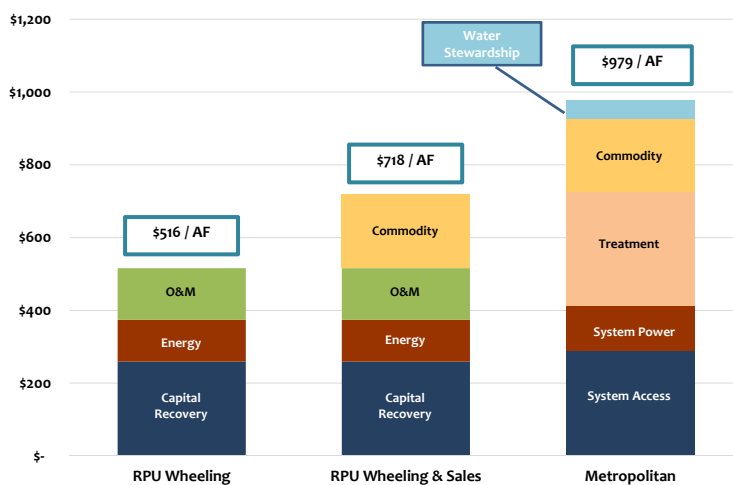


14

RiversideCA.gov

PRICING

2017 Rate Comparison



15

RiversideCA.gov

PRICING

Agreement Terms	Western Water	Riverside Water
Duration	20 Years	10 Years
Capacity/Supply	Up to 5,400 AFY	2,000 AFY
Cost (FY 16–17)		
Energy	\$115/AF	\$115/AF
O&M	\$142/AF	\$142/AF
Capital Recovery	\$259/AF	\$259/AF
Commodity	N/A	\$202/AF
SUB-TOTAL	\$516/AF	\$718/AF
<u>WMWD Pumping*</u>	<u>\$60/AF</u>	<u>\$60/AF</u>
TOTAL COST	\$576/AF	\$778/AF



16

RiversideCA.gov

ECONOMIC BENEFIT – WESTERN WATER

1. 20-year term
 - a. 5,400 acre-ft annually
2. RPU Revenue - \$83M
3. Western Savings - \$42M



17

RiversideCA.gov

ECONOMIC BENEFIT – RIVERSIDE WATER

1. 10-year term
 - a. 2,000 acre-ft annually
2. RPU Revenue - \$17M
3. Western Savings - \$4.6M



18

RiversideCA.gov

AGREEMENT POINTS

1. Operating Committee
2. Exit ramps
3. Incentives
4. Flexibility with changing conditions



19

RiversideCA.gov

Regional Water Partnership

1. Additional revenue for RPU
2. Cost-savings for Western
3. Greater water reliability for region
4. Greater value for RPU and Western customers



20

RiversideCA.gov

RECOMMENDATIONS

That the City Council:

1. Approve the Cooperative Agreement for long-term Wheeling and Surplus Water sales with Western Municipal Water District of Riverside County; and
2. Authorize the City Manager or designee to execute the agreement.



21

RiversideCA.gov