



*City of Arts & Innovation*

# City Council Memorandum

**TO: HONORABLE MAYOR AND CITY COUNCIL** **DATE: MARCH 19, 2019**

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

**SUBJECT: MEMORANDUM OF UNDERSTANDING FOR WASTEWATER SERVICE WITH  
THE CITY OF COLTON AND UPDATE ON EXISTING MEMORANDUMS OF  
UNDERSTANDING AND AGREEMENTS FOR WASTEWATER AND RETAIL  
WATER SERVICE WITH OUTSIDE AGENCIES**

## **ISSUE:**

Approve a Memorandum of Understanding for Interim Wastewater Service between the City of Riverside and City of Colton, and receive a status update on the Memorandums of Understanding and Agreements for Wastewater and Retail Water Service with outside agencies.

## **RECOMMENDATIONS:**

That the City Council:

1. Receive a status update on the Memorandums of Understanding and Agreements for Wastewater and Retail Water Services between the City of Riverside and outside agencies; and
2. Approve the Memorandum of Understanding for Interim Wastewater Service between the City of Riverside and City of Colton; and
3. Authorize the City Manager, or his designee, to execute the Memorandum of Understanding for Interim Wastewater Service, including making minor and non-substantive changes.

## **BACKGROUND:**

The City of Riverside provides wastewater service within its City limits as well as to other areas outside of its boundaries, such as the Highgrove area of Riverside County (CSA 152). The City recently entered into an Interagency Agreement with Western Municipal Water District to provide wastewater services to Riverside County properties along the Van Buren Boulevard corridor between Gamble Avenue and King Avenue. These agreements are advantageous to the City as the City collects connection and monthly service fees associated with this utility and the wastewater treatment plant has ample capacity to accommodate increased flows.

Due to the existence, or lack thereof, of certain public utility infrastructure within the border areas of public jurisdictions, municipalities often enter into a Memorandum of Understanding (MOU) for utility services with a neighboring agency when their own utility service is not available or is too costly for a customer or development to connect. In many cases, the City of Riverside has provided utility services to neighboring public agencies under this type of agreement. These agreements usually consist of a temporary or interim service agreement until the infrastructure of the governing jurisdiction is built out to the area or the agreement term expires. This benefits the City because it enables us to connect new customers and use available capacity in our infrastructure to increase our return on investment. This is a common utility industry practice especially in areas that are yet to be fully developed, such as the border between Riverside and Colton. The following table lists existing agreements Riverside has with other local agencies:

Agreement Party	Service Provided	Termination Clause	Term	Date Executed	Date Terminates	Financial Terms
County (Existing)	Wastewater	Perpetual, Only Terminated Under Mutual Consent	Perpetual	June 22, 2014	Perpetual	Payment of City Capacity Fees + 50%
WMWD (Existing)	Wastewater	Failure of Terms, Availability of City Sewer	Indefinite	March 2017	Upon Connection to City Infrastructure	Payment of WMWD Capacity Fees
Colton (Proposed)	Wastewater	Failure of Terms, Availability of Colton Sewer	20 yrs	TBD	Upon Connection to Colton Infrastructure	Payment of City Capacity Fees + 50%
Colton (Existing)	Retail Water	Failure of Terms or Mutual Consent	20 yrs	August 2018	Upon Connection to Colton Infrastructure	Payment of City Capacity Fees and Commercial Water Rate +50%
Fruit Growers Supply Co.	Retail Water	Perpetual, Only Terminated by Riverside Public Utilities Director	Perpetual	August 1993	Perpetual	Payment of City Capacity Fees and Commercial Water Rate +50%
Trujillo Adobe	Retail Water	Perpetual, Only Terminated by Riverside Public Utilities Director	Perpetual	October 1935 (Service began) August 1993 (Agreement)	Perpetual	Payment of City Capacity Fees and Water Rate +50%

Additionally, the following table lists an existing agreement between Riverside Highland Water Company and the City of Riverside whereby Riverside Highland Water Company provides interim potable water service to two customers within the Riverside Public Utility (RPU) service area. This agreement is in place because it was initially more cost effective for Riverside Highland Water Company to serve those customers.

Agreement Party	Service Provided	Termination Clause	Term	Date Executed	Date Terminates	Financial Terms
Riverside Highland Water Company (Existing)	Retail Water	Perpetual, Can be Terminated by Either Party	Perpetual	May 11, 2015	Perpetual	Payment of Riverside Highland Water Company Water Rate

## **DISCUSSION:**

Typically, agreements for wastewater service go directly to the City Council for approval and agreements for retail water service go to the Board of Public Utilities before going to City Council. However, Councilmember Melendrez requested that the subject agreement be reviewed by the Governmental Affairs Committee, which was tentatively scheduled for May 1, 2019. Per the request of the City of Colton, Mayor Bailey and Councilmember Conder have requested this item be presented to the full City Council for consideration due to timing constraints.

Riverside has previously entered into MOU agreements when approached by requesting agencies, after staff has thoroughly evaluated infrastructure impacts and system capacity. The existing wastewater agreements were analyzed and it was determined that mutual benefits exist.

The City of Colton has seen an increase in development and approached Riverside to provide temporary wastewater service to a development just north of Riverside's City limit, located on the north side of Center Street, in Colton, due to the lack of existing Colton infrastructure in that area. The proposed development is nearing the issuance of a building permit and desires a connection to Riverside sewer.

The proposed wastewater service agreement is a renewal of a previous agreement between the City of Riverside and City of Colton that was executed in 2009 as part of a Settlement Agreement, and expired in June 2013, as no connections were made due to lack of development associated with the economic downturn. The renewal of this agreement contains the same framework, but allows Riverside to capture sanitation capacity fees upfront, although the City may proportionally return some of the connection fees depending on the service duration. Once approved, the agreement will not terminate prior to a 20-year term or upon Colton's installation of wastewater service for the specified Parcels, whichever occurs first. The City will receive a monthly sewer fee based on the quantity of sewage delivered to the Riverside Water Quality Control Plant (WRQCP).

Though the City of Colton and the development prefer a connection to Riverside sewer, the project is concurrently processing plans through the City of Colton for a wastewater holding tank should the proposed agreement not be executed. The wastewater holding tank is an option of the 2018

Interim Retail Water Service MOU approved by the Riverside City Council on August 28, 2018. Since the City has committed to provide the project interim retail water service, the Public Works Department supports entering into a similar agreement for wastewater service.

**FISCAL IMPACT:**

The full cost of wastewater service, construction, and future abandonment/removal will be fully borne by the property developer. All wastewater monthly fees will be paid for by the developer or their tenants at the applicable rate pursuant to Riverside's effective rate schedules and will benefit the revenues of the Sewer enterprise fund.

Prepared by: Kris Martinez, Public Works Director  
Certified as to  
availability of funds: Edward Enriquez, Chief Financial Officer/City Treasurer  
Approved by: Rafael Guzman, Assistant City Manager  
Approved as to form: Gary G. Geuss, City Attorney

Attachments:

1. Presentation
2. MOU for Wastewater Service with City of Colton
3. MOU for Water Service with City of Colton