



# Governmental Affairs Committee

*City of Arts & Innovation*

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**TO: GOVERNMENTAL AFFAIRS COMMITTEE  
MEMBERS**

**DATE: MAY 1, 2019**

**FROM: PUBLIC WORKS DEPARTMENT  
PUBLIC UTILITIES DEPARTMENT**

**WARDS: ALL**

**SUBJECT: PRACTICE OF ENTERING INTO MEMORANDUMS OF UNDERSTANDING FOR  
WASTEWATER AND/OR RETAIL WATER SERVICES BETWEEN CITY OF  
RIVERSIDE AND OUTSIDE AGENCIES**

## **ISSUE:**

Receive and file a presentation on the City's practice of entering into Memorandums of Understanding for Retail Water Service and/or Wastewater Service between the City of Riverside and outside agencies.

## **RECOMMENDATION:**

That the Governmental Affairs Committee receive and file the presentation on the City's practice of entering into Memorandums of Understanding agreements for Retail Water Service and/or Wastewater Service between City of Riverside and outside agencies.

## **BACKGROUND:**

This report provides an overview of the City of Riverside's practice of entering into Memorandums of Understanding (MOUs) for Wastewater and Retail Water Service with outside agencies.

Due to the existence, or lack thereof, of certain public utility infrastructure within the border areas of public jurisdictions, municipalities often enter into MOUs for utility services with neighboring agencies when their own utility service is not available or is too costly for a customer or development to connect. In many cases, Riverside has provided utility services to neighboring public agencies under this type of agreement.

It usually consists of a temporary or interim service agreement until the infrastructure of the governing jurisdiction is built out to the area or the date reflected in the agreement. It benefits the City of Riverside because it enables Riverside to connect new customers and use available capacity in existing infrastructure to increase the City's 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.

For example, Riverside provides wastewater service within its City limits as well as to certain areas outside of its boundaries, such as the Highgrove area of Riverside County (CSA 152), and 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. Wastewater agreements are advantageous to the City as they allow the City to collect connection and monthly service fees associated with the utility and the wastewater treatment plant has ample capacity to accommodate increased flows.

The following table lists all 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:**

Subsequent to an outside agency requesting wastewater and/or retail water service, Riverside will consider an MOU after staff has thoroughly evaluated infrastructure impacts and system capacity. Since each development is unique and has specific wastewater and/or retail water demand, the Public Works and Public Utilities Departments will bring a report to the Committee outlining the development's project location, utility demand, length of agreement, connection fees, surcharges, and other pertinent information in order for the Committee to assess and consider the proposed development and MOU agreement.

If Riverside enters into an MOU, all construction improvements, permit, and inspection fees are borne by the respective developer and there are no financial obligations or financial burdens on the City. Typically, Riverside will enter into MOUs when there are benefits to both the developer and the City, as it allows the City to increase our return on investment.

The City values its working relationships with adjoining agencies and utility companies and will collaborate accordingly to enter into service agreements to best serve customers including City residents. Riverside understands the sensitive nature of development projects, especially those that contribute towards increased traffic, noise, air pollutants, or have significant construction impacts that can impact the quality of life of residents. Staff will assess such impacts and will present recommendations when considering MOUs for wastewater and/or retail water services.

### **FISCAL IMPACT:**

There is no fiscal impact associated with the receipt of this report.

Additionally, there is no cost to the City of Riverside associated with the execution of utility MOU agreements. The full cost of wastewater and retail water service, construction, and future abandonment/removal is fully borne by the property developer. All monthly utility fees are paid for by the developer or their tenants at the applicable rate pursuant to Riverside's effective rate schedules and benefit the revenues of the respective City service.

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availability of funds: Edward Enriquez, Chief Financial Officer/City Treasurer  
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Attachment: Presentation