



*City of Arts & Innovation*

# City Council Memorandum

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**TO: HONORABLE MAYOR AND CITY COUNCIL**                      **DATE: AUGUST 20, 2019**  
**FROM: PUBLIC UTILITIES DEPARTMENT**                      **WARD: ALL**  
**SUBJECT: MEMORANDUM OF UNDERSTANDING WITH SAN BERNARDINO VALLEY  
MUNICIPAL WATER DISTRICT REGARDING UPPER SANTA ANA RIVER  
HABITAT CONSERVATION**

**ISSUE:**

Approve the Memorandum of Understanding with San Bernardino Valley Municipal Water District regarding Upper Santa Ana River Habitat Conservation.

**RECOMMENDATION:**

That the City Council approve the Memorandum of Understanding with San Bernardino Valley Municipal Water District regarding Upper Santa Ana River Habitat Conservation.

**BOARD RECOMMENDATION:**

On June 24, 2019, the Board of Public Utilities, with seven (7) members present, unanimously voted to recommend that the City Council approve the Memorandum of Understanding with San Bernardino Valley Municipal Water District Regarding Upper Santa Ana River Habitat Conservation.

**BACKGROUND:**

Riverside Public Utilities (RPU) relies upon local groundwater to meet the majority of the water demands within its service area. RPU has production rights from three (3) groundwater basins, Bunker Hill, Rialto-Colton, and the Riverside basins. The groundwater within these basins that is extracted by RPU is replenished primarily by natural recharge, or percolation of storm water.

RPU has participated in regional storm water capture projects to enhance/increase the amount of water that recharges annually to the underlying groundwater basins from which we depend. Furthermore, RPU intends to continue to participate in future regional and local storm water capture projects when opportunities and/or the need arises.

There are many challenges associated with implementation of storm water capture projects. They include obtaining permission from the State to divert water off a river, stream, or tributary (i.e. water rights) as well as gaining the necessary environmental permits from regulatory agencies.

On October 7, 2014, the City Council approved the recommendation from the Board of Public Utilities to approve an expenditure not-to-exceed \$325,000 for participation in the development of the Santa Ana River (SAR) Habitat Conservation Plan (HCP). RPU is one of 11 paying partners in the SAR HCP with San Bernardino Valley Municipal Water District (Valley District) taking the lead in developing the HCP.

This HCP is a planning document, developed by the partnering agencies, that provides assurances to the U.S. Fish and Wildlife Service (USFWS) that listed species associated with water supply projects will be fully mitigated by conserving the habitat upon which the species depend, thereby contributing to the recovery of the species as a whole. The need for an HCP is being driven by the necessity to develop and maintain water supply projects and facilities that are planned, or currently in existence, and are located within or have an impact to listed species and habitats. The primary species being mitigated and recovered through this HCP is the threatened Santa Ana Sucker, which is located within the SAR. The HCP partners and Valley District are working on the environmental document for the HCP, which is planned for release later this year, and are currently identifying the organizational framework, an HCP Joint Powers Authority, and associated costs for the HCP.

In 2015, Valley District obtained \$4 million in Prop 84 funding with \$5 million in matching funds, to restore select tributaries along the SAR within the cities of Riverside and Jurupa Valley. The intent of the streambed restoration efforts are to pre-mitigate and obtain environmental credit for implementing the proposed restoration projects including the water supply activities identified in the HCP. The tributaries selected for restoration include Hidden Valley Creek, Hole Creek, Anza Creek, and Old Ranch Creek. In addition, Valley District and the HCP are also planning to restore Hidden Valley Wetlands, Evans Lake Creek, and various upland areas along the SAR in San Bernardino through other funding opportunities. Ultimately, all of these restoration efforts will be included in an overall "mitigation bank" that will come with perpetual maintenance and associated management that will be funded through the HCP. The Prop 84 funds must be spent by September 2021.

The City of Riverside, through its Parks & Recreation, Public Works, and Public Utilities Departments, own property within the proposed tributary restoration and HCP mitigation areas, of which Valley District has an interest for use in the HCP's restoration efforts. Valley District desires to utilize select City parcels, possibly through a conservation easement, and in return provide the City with fair compensation that takes into account the environmental mitigation value of the land. In addition, Valley District also desires to secure a water source for the restoration tributaries and has collaborated with RPU to develop mutually beneficial options for providing water that include utilizing groundwater from newly constructed wells and/or utilizing recycled water delivered through the Riverside Habitat, Parks, and Water Project (RHPWP).

The RHPWP is a proposed regional recycled water project that would be funded through a partnership between the HCP, Valley District, and the City of Riverside. The RHPWP would consist of two (2) pipelines beginning at the Riverside Regional Water Quality Control Plant. A western pipeline would deliver recycled water to Hole Creek, Hidden Valley Creek, and Hidden Valley Wetlands. A northeastern pipeline would deliver recycled water to Anza Creek, Old Ranch Creek, Tequesquite Creek, Lake Evans Creek, and irrigation customers many of which include public parks, cemeteries, schools, and businesses.

## **DISCUSSION:**

Staff from Valley District and RPU developed a Memorandum of Understanding (MOU) Regarding

Upper Santa Ana River Habitat Conservation that is intended to provide assurances that each agency will work in good faith to collaboratively analyze the efforts and benefits associated with implementing the tributary restoration activities, and to present the findings to each agency's respective governing board. The MOU will authorize Valley District to access and evaluate select City parcels of interest and commits Riverside not to sell or make the properties unavailable to Valley District for the two-year term of the MOU. Valley District will hire biologists to survey the parcels and characterize the environmental value in a formal report, which will be shared with Riverside. The parties will then determine an appropriate value for the properties, which may be expressed in environmental mitigation credits or lease revenue.

The MOU will also provide for a cooperative effort to fully understand the proposed water supply projects that will support the HCP restoration sites and the associated costs. The RHPWP will be fully analyzed by RPU to identify the costs associated with construction, operation, and maintenance. In addition, RPU agrees to take the lead in pursuing environmental permitting for the RHPWP with support from Valley District. Lastly, the parties will work collaboratively to develop an in-lieu water exchange program that would be used to fairly compensate the parties, utilizing a "bucket-for-bucket" type of exchange to provide the HCP with a water supply at the restored tributaries in exchange for RPU gaining additional production and export rights from the Bunker Hill Basin. Valley District will evaluate and determine the accounting approach that the Watermaster would utilize to allow RPU to expand its production rights associated with the proposed exchange program.

The information developed by RPU and Valley District through the efforts outlined in this MOU will be brought to each of the respective boards and council for consideration before land, water, or money is committed to support the HCP restoration efforts.

**FISCAL IMPACT:**

There is no fiscal impact associated with City Council approval of the Memorandum of Understanding Regarding Upper Santa Ana River Habitat Conservation. Future Board and City Council approval will be requested before land, water, or money is committed to support the HCP restoration efforts.

Prepared by: Todd M. Corbin, Utilities General Manager  
Certified as to  
availability of funds: Edward Enriquez, Chief Financial Officer/City Treasurer  
Approved by: Al Zelinka, FAICP, City Manager  
Approved as to form: Gary G. Geuss, City Attorney

**Attachments:**

1. Unapproved June 24, 2019 minutes of the Board of Public Utilities
2. Memorandum of Understanding Regarding Upper Santa Ana River Habitat Conservation
3. Presentation