



# City Council Memorandum

*City of Arts & Innovation*

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: DECEMBER 9, 2025

FROM: PUBLIC UTILITIES WARDS: ALL

SUBJECT: THIRD AMENDMENT TO AGREEMENT NO. C06-207 WESTERN MUNICIPAL WATER DISTRICT WATER CONSERVATION FUNDING AGREEMENT BETWEEN WESTERN MUNICIPAL WATER DISTRICT AND RIVERSIDE PUBLIC UTILITIES FOR WATER CONSERVATION FUNDING INCLUDING RESIDENTIAL, COMMERCIAL, INDUSTRIAL AND INSTITUTIONAL PROGRAMS FROM METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA FOR A TERM THROUGH JUNE 30, 2035

## **ISSUE:**

Consider approving the Third Amendment to Agreement No. C06-207 Western Municipal Water District Water Conservation Funding Agreement between Western Municipal Water District and Riverside Public Utilities for water conservation funding including residential, commercial, industrial and institutional programs from Metropolitan Water District of Southern California for a term through June 30, 2035.

## **RECOMMENDATIONS:**

That the City Council:

1. Approve the Third Amendment to Agreement No. C06-207 FY 2025-2035 Western Municipal Water District Water Conservation Funding Agreement between Western Municipal Water District and Riverside Public Utilities for a term through June 30, 2035; and
2. Authorize the City Manager, or his designee, to execute the Third Amendment to Agreement No. C06-207 Western Municipal Water District Water Conservation Funding Agreement between Western Municipal Water District and Riverside Public Utilities for a term through June 30, 2035, including making minor and non-substantive changes.

## **BOARD RECOMMENDATION:**

On November 17, the Board of Public Utilities voted to recommend that the City Council approve the Third Amendment to Agreement No. C06-207 Western Municipal Water District Water Conservation Funding Agreement between Western Municipal Water District and Riverside Public Utilities for water conservation funding including residential, commercial, industrial and institutional programs from Metropolitan Water District of Southern California for a term through

June 30, 2035.

## **LEGISLATIVE HISTORY:**

In the midst of a significant drought, The Water Conservation Act of 2009 (Senate Bill x7-7 or SB x7-7) was enacted to make water conservation a consistent practice in California. It required all water suppliers to enhance efficiency and reduce per capita water use, aiming for a 20% statewide reduction by 2020. To codify a long-term water conservation strategy for California, Governor Brown, in 2016, issued Executive Order B-37-16 entitled “Making Conservation a California Way of Life”, requiring state agencies to prepare a conservation framework report that would set forth actions to use water more wisely, eliminate water waste, strengthen local drought resilience, and improve agricultural water use efficiency and drought planning. This was followed in 2018 by the passage of two bills Senate Bill (SB) 606 and Assembly Bill (AB) 1668 requiring the development of a regulatory framework to achieve long-term water use. That same year, State agencies released “Making Water Conservation a California Water of Life” primer, summarizing the new legislation and setting a roadmap for implementation. To implement the new regulations, the following actions subsequently took place:

- 2022 – The Department of Water Resources (DWR) released recommendations for indoor and outdoor water use efficiency standards and commercial, industrial, and institutional (CII) performance measures.
- 2022 – Senate Bill 1157 signed, setting indoor water use standards to 47 gallons per person per day (GPCD) by 2025 and 42 GPCD by 2030, based on DWR recommendations.
- 2023 – The State Water Resources Control Board (SWRCB) released its modifications to DWR’s efficiency standards recommendations.
- 2024 – SWRCB adopts the regulation, “Making Conservation a California Way of Life”. Senate Bill (SB) X7-7 (2009) requires the State to achieve a 20% reduction in urban per capita water use in California by December 31, 2020.

On July 3, 2024, the State Water Resources Control Board adopted a resolution establishing the “Making Conservation a California Way of Life” regulation. The regulation, effective January 1, 2025, is a framework of requirements and standards that all water agencies in state must follow to increase water use efficiency across the state. Water use reductions will be formally enforced starting in 2027.

To assist with gauging the status of Riverside Public Utilities’ (RPU) readiness to meet the objectives set forth in the framework, a dashboard was developed for RPU by a consultant provided by Western Municipal Water District. The projected compliance for RPU’s overall water use objectives is calculated in the dashboard as “moderate”, meaning RPU is projected to have moderate compliance readiness through 2025. **A variety of tasks must be completed to increase RPU’s readiness; these tasks will be met by several focused areas of outdoor water use efficiency measures, programs, incentives and initiatives.**

## **BACKGROUND:**

Preceding State legislation, in 2004, the Riverside City Council approved an agreement between Western Municipal Water District (WMWD) and The City of Riverside to participate in water

conservation incentive programs offered by Metropolitan Water District of Southern California (Metropolitan) with a contract expiration date of 2006. The agreement was extended in 2006 so that Riverside Public Utilities (RPU) customers could continue to access the Metropolitan's water conservation programs for fiscal years 2007-2015.

Metropolitan is a regional water wholesaler that delivers imported water from the Colorado River and Northern California to 26 member agencies, including 14 cities, 11 municipal water districts, and one county water authority. Metropolitan member agencies, in turn, supply water to the residents, business and cities throughout the region, including in Los Angeles, Orange, Riverside, San Bernardino, San Diego and Ventura counties. The City of Riverside has access to, but currently does not take, imported water from Metropolitan through its member agency, WMWD.

In addition to supplying imported water, Metropolitan assists its member agencies in developing water recycling, storage, water use efficiency and other local resource programs. The purpose of these programs is to reduce regional demands, increase regional water supply reliability, and reduce demands for imported water supplies. Metropolitan provides funding for these programs to all of its member agencies as Member Agency Allocated Funds and these funds are a result of the water sales to the member agencies. Rebate programs for customers that could be served by Metropolitan is a benefit for all customers. Water conservation rebates provide a direct benefit to the customer receiving the rebate in terms of offsetting the cost to install and use a water conservation device. Additionally, water conservation rebates help all customers by lowering water bills through effective use of the resource, reducing strain on water supplies, and lowering the energy costs to transport, treat, and heat water. Further, water conservation programs help the community as a whole maintain a healthy environment through the support of water supply reliability.

In 2006, Metropolitan and WMWD entered into a Water Conservation Funding Agreement to provide funding for local residential, commercial, industrial and institutional water conservation programs. Concurrently, RPU entered into an agreement with WMWD that allowed RPU to participate in Metropolitan's water conservation programs as a member agency of WMWD. The term for both agreements was from FY 2006/07 through FY 2014/15. The WMWD/RPU agreement allowed RPU to receive regional water conservation funding during California's unprecedented 2014-2016 drought, assisting RPU to fund such programs as the popular WaterWise Landscape Program, which contributed to RPU meeting its State-mandated water conservation goals. RPU was able to obtain \$3.1M for turf removal in 2014 as a result of this agreement.

In 2015, Metropolitan and WMWD executed the Second Amendment to the Residential and Commercial Water Conservation Funding Agreement, extending WMWD participation in the conservation programs through June 30, 2025. Since RPU had the Water Conservation Surcharge in place in 2015, RPU elected to not execute the Second Amendment to the master agreement as RPU was self-funded and administered all water rebate programs in house.

In 2018, RPU executed the Second Amendment to the master agreement between RPU and WMWD, which allowed RPU's participation in Metropolitan conservation programs to resume. RPU elected to execute the Second Amendment to the master agreement at this time to both expand the funding available to RPU water customers and to offer an online rebate application tool to RPU water customers through Metropolitan's SoCal WaterSmart online software platform. SoCalWaterSmart.com is an automated rebate processing website that is offered by Metropolitan for use of its member agencies. By executing the Second Amendment, RPU water customers gained access to this tool.

The Third Amendment to the agreement with WMWD will act as a follow-through to WMWD and Metropolitan's Third Amendment Master Agreement, which will allow RPU to continue participating in Metropolitan's conservation incentive funding and programming through June 30, 2035.

Through the master agreements and member-agency partnerships, RPU residential and commercial customers can receive conservation rebates directly from Metropolitan, at no cost to RPU or its ratepayers. Like Riverside, most other municipal utilities and water purveyors throughout Southern California, including WMWD, Eastern Municipal Water District, and the cities of Corona, Anaheim and Pasadena, currently use Metropolitan's funding and automated rebate website, SoCalWaterSmart.com.

## **DISCUSSION:**

To invest in long-term conservation and local resource management, Metropolitan's regional conservation program offers rebates and conservation measures, including high-efficiency toilets, high-efficiency clothes washers, weather-based irrigation controllers, turf replacement (WaterWise landscaping) and other commercial and residential incentives. The Metropolitan water conservation offerings exceed the current minimum standards as outlined in the California Code of Regulations Title 24 for water efficiency. In addition, SoCalWaterSmart.com offers customers a fully automated, convenient rebate application and rebate processing tool.

RPU adopted the use of SoCalWaterSmart.com in 2018. Since that time, 2,089 RPU water customers have used water rebates, saving 118,325,721 gallons of water. Since 2018, RPU has spent \$839,394 and Metropolitan has contributed \$1,675,494 for water rebates to RPU customers.

**Table 1: SoCalWaterSmart Participation**

<b>Fiscal Year</b>	<b>Participants</b>	<b>Water Saved (gal)</b>	<b>RPU Expenditure</b>	<b>MWD Expenditure</b>
2018/19	292	10,194,015	\$4,400	\$58,722
2019/20	622	49,107,357	\$41,026	\$360,775
2020/21	40	3,631,921	\$6,355	\$64,924
2021/22	331	23,240,249	\$143,527	\$280,697
2022/23	386	14,525,214	\$279,965	\$489,084
2023/24	271	10,989,538	\$201,048	\$258,129
2024/25	147	6,637,427	\$163,073	\$163,163
<b>Total</b>	<b>2089</b>	<b>118,325,721</b>	<b>\$839,394</b>	<b>\$1,675,494</b>

As the implementation of the "Making Conservation a California Way of Life" regulation continues, increased water use efficiencies will need to be realized. Beginning 2027, enforcement of water efficiencies will come into effect, and RPU is required to support customers in achieving reductions in water usage, with a focus on reducing water by commercial and industrial customers and other large water users. By maintaining the collaboration with WMWD and MWD, RPU can continue to offer and promote water reduction incentive programs that will best position customers in reaching this goal and meeting compliance requirements.

Staff is recommending RPU continue to utilize Metropolitan's conservation funding directly to the

ratepayer by continuing the use of Metropolitan's online rebate platform, SoCalWaterSmart.com. Since 2018, RPU has utilized this platform to process all water rebates. This is at no cost to RPU or its ratepayers and the platform is used by nearly all Southern California water purveyors to administer water conservation rebates.

**FISCAL IMPACT:**

There is no fiscal impact associated with this action.

Prepared by:	Tracy Sato, Utilities Assistant General Manager/Strategic Initiatives
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Certified as to availability of funds:	Kristie Thomas, Finance Director/Assistant Chief Financial Officer
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Approved as to form:	Rebecca McKee-Reimbold, Interim City Attorney

Attachments:

1. Agreement
2. Presentation