

PUBLIC BENEFIT PROGRAM - WATER CONSERVATION SURCHARGE

Public Utilities Department

City Council
April 16, 2024

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1

WATER CONSERVATION SURCHARGE 2004-2014

The Water Conservation Surcharge was approved by City Council on May 25, 2004, as a proactive approach for water conservation and research programs to maintain Riverside's high quality, low-cost water supplies. The Water program was designed after the Electric program, established in 1998, with 2.85% min surcharge.

1. Per resolution, the 10-year water surcharge amount, calculated on the total water rates and charges, were:
 - a. June 1, 2004, .05%
 - b. June 1, 2005, 1.0%
 - c. June 1, 2006, 1.5%
2. Program effective **through May 31, 2014**



2

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2

WATER CONSERVATION SURCHARGE 2004-2014

3. By resolution, the program funds were restricted to:
- Water conservation and reclamation education programs;
 - Water conservation and reclamation programs;
 - Science and technology advancement of water conservation and reclamation research, development and demonstration programs;
 - Water conservation and reclamation assistance for low-income customers in the City; and
 - Other programs consistent with the Board's water conservation and reclamations goals and objectives.



3

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3

WATER CONSERVATION SURCHARGE 2014-2024

In March 2014 and April 2014, the Board and City Council respectively renewed the Water Conservation Surcharge.

- 1.5% of total water rates and charges
- Effective **through April 22, 2024**
- Program funds restricted to:
 - Conservation, education, and water use efficiency programs; and
 - Research, development, and demonstration programs to advance science and technology with respect to water conservation.



4

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4

WHY DO WE NEED WATER CONSERVATION

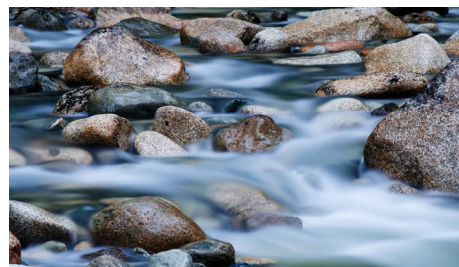
Saving Water is a Way of Life

In 2009, SB x7-7 mandated urban water suppliers to lower per capita water usage 20% by the year 2020.

In 2018, Senate Bill 606 and Assembly Bill 1688 created the framework for 'Conservation is a California Way of Life' requires that retail water agencies calculate, and annually report water use metrics.



**State Water
Resources
Control Board**



5

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5

COMPARISON WATER PROVIDER PROGRAMS

Water Agency	# of Metered Customers	Method of funding Water Conservation Programs
Los Angeles Department of Water and Power	739,354	Budget Based Water Rates - highest use rate tier funds programs
Western Municipal Water District	25,000	
Rancho California Water District	45,586	
Eastern Municipal Water District	155,561	
Elsinore Valley Municipal Water District	42,000	
Rubidoux Community Services District	6,335	Funding source is dependent on MWD and WMWD
Jurupa Community Services District	33,146	Funding for conservation through annual revenue



6

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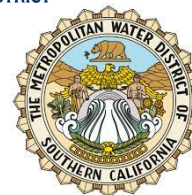
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CONSERVATION SURCHARGE 20-YEAR SUCCESS

The water conservation programs and efforts are funded solely through the Water Conservation Surcharge.

RPU has expended over \$13 million dollars and leveraged an additional \$5.2 million dollars in conservation program funding from Western Municipal Water District and the Metropolitan Water District.

The Water Conservation Surcharge has funded programs that have resulted in **61,318** customer rebates for water efficiency measures with a lifetime water savings of **13.4 billion gallons of water**.



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7

ALL CURRENT WATER EFFICIENCY PROGRAMS



Turf Replacement



Rotating Sprinkler
Nozzles



High Efficiency
Clothes Washers



Weather Based
Irrigation Controllers



Premium High
Efficiency Toilets

Additional Information on Programs & Rebates available at:

RiversidePublicUtilities.com/Rebates



8

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8

EXPIRED CONSERVATION SURCHARGE PROGRAMS

Residential Water Conservation Programs **no longer offered**

Residential Rebates	Years Offered	Participants	Customer Rebates paid by WCS
Ultra Low Flush Toilets	2006 - 2009	192*	\$349,388
Artificial Turf	2008 - 2016	269,446	\$325,868
Free Sprinkler Nozzles	2010 - 2018	213,808	\$170,348
Online Water Audit Tool	2014 - 2017	77	\$1,392

Low Income Program	Years Offered	Participants	Customer Assistance	RPU Program Expenditures
Low Income Water Assistance	2007-2009	2,546	\$207,500	\$207,500



*Program participant numbers are unavailable, participant numbers from 2007 - current

9

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9

EXPIRED CONSERVATION SURCHARGE PROGRAMS

Commercial Water Conservation Programs **no longer offered**

Commercial Rebates	Years Offered	Participants	RPU WCS Funds	MWD Funds	Total Customer Rebate
Water Audits (Small Business Direct Installation)*	2013 – 2015	1,163	\$13,956	\$0	\$13,956
Toilet Direct Install (Small Business Direct Installation)	2012 – 2015	1,030	\$367,684	\$0	\$367,684
City of Riverside Turf Project	2009 - 2010	1	\$0	\$159,917	\$159,917
Comm Landscape Demo Project	2016 - 2017	1	\$0	\$299,897	\$299,897



10

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10

CURRENT CONSERVATION SURCHARGE PROGRAMS

Residential Water Conservation Programs **offered** with a supplemental rebate from RPU's Water Conservation Program

Residential Rebates	Years Offered	Participants	RPU WCS Funds	MWD Funds	Total Customer Rebate
High Efficiency Clothes Washer	2007 - Current	6,558	\$796,516	\$71,145	\$867,661
High Efficiency Toilets	2006 - Present	4,054*	\$366,101	\$2,720	\$368,821
Weather Based Irrigation Controller	2005 - Present	1,072*	\$64,280	\$94,882	\$159,162
High Efficiency Sprinkler Nozzles	2007 - Present	6,230	\$18,288	\$31,378	\$49,666
Waterwise Landscaping/Residential Turf Removal	2008 - Present	1080	\$2,472,884	\$652,567	\$3,125,452
Hose Bib Controller	2022 - Present	3	\$45	\$105	\$150
Flow Monitoring	2022 - Present	3	\$225	\$300	\$525



*Program participant numbers from 2007 – current only

11

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11

CURRENT CONSERVATION SURCHARGE PROGRAMS

Commercial Water Conservation Programs offered with funding from RPU's Water Conservation Program

Commercial Rebates	Years Offered	Participants	RPU WCS Funds	MWD Funds	Total Customer Rebate
Waterwise Landscaping/Commercial Turf Removal	2012 - Current	135	\$4,193,603	\$100,040	\$4,293,643
Water Innovations Grant	2017 - Current	2	\$50,000	\$0	\$50,000



12

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12

CURRENT CONSERVATION SURCHARGE OUTREACH

Outreach Programs	Years Offered	Participants	RPU Program Expenditures
Community Outreach/Education	2009 - current	16,232	\$104,122
Education Campaign Schools	2011 - current	18,072	\$58,801
SAWPA Turf Removal	2021 – current	8	\$66,666



13

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13

WATER EFFICIENCY PROGRAMS - EQUITY

1. All Riverside Public Utilities Water Customers are eligible – Residential and Commercial- to receive water conservation program benefits.
2. Water Programs are designed to reduce water consumption which lowers the amount of water billed, saving RPU's water customers \$ on their monthly bill.
3. Educational materials for water conservation and water wise landscaping are available to all residents – water program information is shared at community events and provided at special event engagements at various City of Riverside locations.
4. Educational classes on water conservation are provided for Riverside's youth and included in the criteria for summer STEM programs.
5. The Water Conservation fund is contributing \$100,000 (from 2021- 2024) for the Santa Ana Watershed Project Authority & Water Energy Community Action Networks Turf Removal Program, as part of the Transformative Climate Communities, to improve the public space. Program parameters were established to focus turf replacement in disadvantaged areas .



14

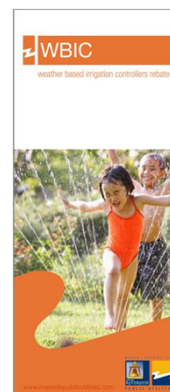
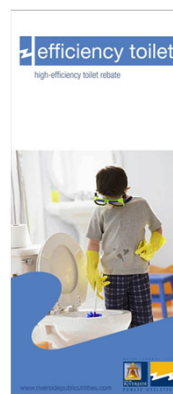
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14

WATER CONSERVATION RESULTS

Since 2014, over 38,800 water rebates provided for a water savings of over 4.2 billion gallons of water

Measure/device	Number Provided	Water Savings (Gallons)
High Efficiency Clothes Washers	3,166	33,837,997
High Efficiency Toilets	2,558	8,752,044
Smart Irrigation Program (Direct Installation)	1,741	116,468,836
High Efficiency Sprinkler Nozzles	18,197	15,653,929
Weather based irrigation controller	1,606	9,367,381
Commercial waterwise landscape	57	74,419,042
Waterwise landscape incentive	131	60,471,108



15

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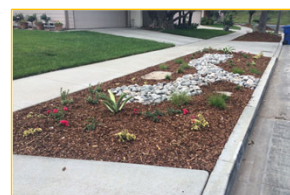


15

WATER CONSERVATION RESULTS - TURF

Since 2014, residential and commercial turf replacement programs have seen nearly 3.5 million square feet of turf being removed

Description	Turf Removed Sq Ft
Residential	1,427,529
Commercial	1,756,795
Total	3,481,888



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16

WATER CONSERVATION RESULTS - OUTREACH

Since 2014, RPU has had taught over 549 water classes with over 16,000 young people participating, with 51 specific water education community events with 16,000 participants

Water Classes	Class Participants	Water Conservation Community Events	Community Event Participants
549	16,020	51	15,892



17



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17

COMMUNITY PROJECTS

Kathleen Gonzales Memorial Waterwise Garden

Location: connected to the SSgt. Salvador J. Lara Casa Blanca Library; 3025 Madison St

Date: October 2005

Funded by the Water Conservation Surcharge, the garden provides an example and inspiration of what's possible from a drought-tolerant landscape.



18



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18

COMMUNITY PROJECTS

Janet Goeske Center WaterWise Garden

Location: 5257 Sierra St.

Date: Completed Fall 2018

Description: The 45,000 sq. ft. turf removal project showcases:

1. Conservation education
2. California-native and drought-tolerant plants
3. Various methods of climate appropriate landscaping



19

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19

WATER USE RESTRICTION - NON-FUNCTIONAL TURF

State Water Resources Control Board, Media Release May 31, 2023

Effective until June 2024 (expected to be renewed) - Watering decorative grass on business and government properties.

"The regulation bans watering non-functional turf, which generally is mowed grass that is not used for recreational or other community activities, at commercial, industrial and institutional properties. This applies to areas like grass in front of or next to large commercial buildings, and some common areas managed by homeowners' associations.

In addition to not applying to grass used for recreational or other community activities, the ban does not affect or prohibit watering residential lawns or trees. In fact, the state encourages people to keep watering trees because of their many environmental benefits. The ban also does not prohibit using recycled water for irrigating non-functional turf."



https://www.waterboards.ca.gov/press_room/press_releases/2023/pr20230601-decorative-watering.pdf 20

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20

WATER CONSERVATION FUND ACTIVITY

Fiscal Year	Surcharge Collected	Other Credits from WMWD, Interest earned	Program Costs	Administrative Costs	Fund Balance
FY 04-05	\$152,913	\$2,576	\$2,029	\$22,098	
FY 05-06	\$377,485	\$56,249	\$187,013	\$40,875	\$131,362
FY 06-07	\$661,411	\$75,452	\$165,953	\$55,205	\$33,208
FY 07-08	\$703,051	\$122,216	\$140,197	\$143,821	\$852,913
FY 08-09	\$758,930	\$175,501	\$302,096	\$138,935	\$1,394,162
FY 09-10	\$781,026	\$55,955	\$265,024	\$293,673	\$1,887,562
FY 10-11	\$839,978	\$57,666	\$376,519	\$371,389	\$2,165,846
FY 11-12	\$907,722	\$20,182	\$527,696	\$397,089	\$2,315,582
FY 12-13	\$942,273	\$105,138	\$637,147	\$441,470	\$2,318,701
FY 13-14	\$954,477	\$92,368	\$471,428	\$364,236	\$2,287,495
FY 14-15	\$869,087	\$4,550,843	\$5,068,628	\$365,838	\$2,498,676
FY 15-16	\$754,834	\$1,283,677	\$1,580,118	\$396,340	\$2,163,479
FY 16-17	\$820,655	\$299,074	\$911,528	\$423,196	\$2,225,532
FY 17-18	\$875,328	\$11,066	\$483,697	\$431,095	\$2,009,655
FY 18-19	\$866,493	\$76,067	\$260,744	\$489,510	\$2,046,945
FY 19-20	\$931,938	\$91,485	\$228,467	\$391,632	\$2,239,251
FY 20-21	\$1,063,420	\$3,232	\$295,117	\$510,276	\$2,902,499
FY 21-22	\$1,091,280	\$(91,003)	\$214,711	\$518,135	\$3,163,758
FY 22-23	\$1,047,271	\$42,895	\$485,165	\$491,645	\$3,431,189
	\$15,399,572		\$12,603,277	\$6,286,458	



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21

WATER CONSERVATION FUNDING

At the March 19, 2024, City Council meeting, budgeted water conservation program details were requested:

Fiscal Year	Starting Fund Balance	Surcharge & Interest Earned	Water Programs	Administrative Costs	Projected Fund Balance
Projected Year End for FY 23/24	\$3,431,189	\$1,374,000	\$1,140,494	\$505,866	\$3,158,829
Budgeted for FY 24/25	\$3,158,829	\$1,481,000	\$1,163,300	\$401,488	\$3,075,041
Budgeted for FY 25/26	\$3,075,041	\$1,613,000	\$1,186,550	\$417,161	\$3,084,330



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22

WATER CONSERVATION PROGRAM BUDGET DETAIL

Fiscal Year	Projected for FY 23/24	Budgeted for FY 24/25*	Budgeted for FY 25/26*
Unprogrammed Funds	\$562,494	\$397,070	\$388,890
Education Campaign School	\$12,500	\$12,750	\$13,010
Community Support/Outreach Education	\$7,500	\$32,650	\$32,800
High Efficiency Clothes Washer	\$15,000	\$15,300	\$15,610
Weather Based Irrigation Controllers	\$30,000	\$30,600	\$31,210
Water Mgmt Syst - Technical	\$5,000	\$25,000	\$25,000
Water Wise Landscape Incentive	\$100,000	\$102,000	\$104,040
Landscape Rotating Nozzle Incentive	\$25,000	\$25,500	\$26,010
High Efficiency/Dual Flush Toilet	\$5,000	\$5,100	\$5,200
Smart Irrigation Direct Installation	\$200,000	\$220,000	\$220,000
Commercial Water Wise Landscape	\$150,000	\$153,000	\$156,060
Community Education	\$10,000	\$110,200	\$110,400
Water Innovations Grant	\$10,000	\$50,000	\$50,000
SAWPA-Turf Removal Program	\$33,333.33	\$33,333.33	\$0



* FY24/25 and 25/26 are expected to change as the State regulations impact residents and businesses. Water Conservation Programs and associated funding will return to the Board of Public Utilities and City Council for approval.

23

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23

WATER CONSERVATION FUNDING SCENARIOS

At the March 19, 2024, City Council meeting, an alternative surcharge to the 1.5% surcharge that has been in place was discussed. The below is an estimate of the projected program costs and surcharge collection.

Fiscal Year	Projected Water Sales	Budgeted Program and Staff costs	Projected Surcharge 1.5%	If reduced to 1% Surcharge	If reduced to 0.5% Surcharge
FY 24-25	\$81,587,000	\$1,565,000	\$1,223,805	\$815,870	\$407,935
FY 25-26	\$87,330,000	\$1,604,000	\$1,309,950	\$873,300	\$436,650

Scenarios for an average monthly Residential Customer, 21 CCFs per month, surcharge based on currently adopted Water Rates.

Rate Effective Date	1.5%	1%	0.5%
10/1/2023	\$.91	\$.61	\$.30
7/1/2024	\$.98	\$.65	\$.33
7/1/2025	\$1.04	\$.70	\$.35



24

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24

STRATEGIC PLAN ALIGNMENT



Strategic Priority 4 – Environmental Stewardship

Goal 4.2 - to sustainably manage local water resources to maximize reliability and advance water reuse to ensure safe, reliable, and affordable water to our community

Cross – Cutting Threads



Community Trust



Fiscal Responsibility



Sustainability &
Resiliency



Equity



Innovation



25

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25

RECOMMENDATIONS

That the City Council:

1. Receive the additional material related to the renewal of the Water Conservation Surcharge applicable to all RPU water customers;
2. Approve the renewal of the Water Conservation Surcharge applicable to all RPU water customers, effective through the ten years thereafter; and
3. Adopt a resolution establishing the revised Schedules WA-1A, WA-1B, WA-2, WA-3, WA-4, WA-5, WA-6, WA-7, WA-8, WA-9 and WA-10, effective upon Council approval through ten years thereafter, and repealing Resolution No. 22675.



26

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26