



# WATER CONSERVATION SURCHARGE FUND ADMINISTRATIVE CHARGES

Riverside Public Utilities

Board of Public Utilities

July 22, 2024

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## LEGISLATIVE HISTORY

1. May 24, 2022, the State Water Resources Control Board (SWRCB) adopted an emergency water conservation regulation.
2. October 13, 2023, Assembly Bill AB 1572 was adopted by the State Legislature to prevent the use of potable water for irrigating nonfunctional turf for commercial, industrial, and institutional properties as well as HOAs



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## BACKGROUND

1. On May 25, 2004, the City Council approved the Water Conservation Surcharge and adopted Board Resolution 2004-02 to adopt and establish the water conservation and reclamation surcharge to be used:
  - a. Water conservation and reclamation education programs;
  - b. Water conservation and reclamation programs;
  - c. Science and technology advancement of water conservation and reclamation research, development and demonstration programs;
  - d. Water conservation and reclamation assistance for low-income customers in the City; and
  - e. Other programs consistent with the Board's water conservation and reclamations goals and objectives



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## BACKGROUND CONT.

2. On April 22, 2014, the City Council approved the Water Conservation for an additional 10-year period and modified the used of the funds to:
  - a. Conservation, education, and water use efficiency programs; and
  - b. Research, development, and demonstration programs to advance science and technology with respect to water conservation



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## BACKGROUND CONT.

- On April 16, 2024, the City Council voted to discontinue the Water Conservation Surcharge and continue the Water Conservation Surcharge program until all funds are expended.

During the vote discussion, there was a for RPU to provide an analysis of the administrative costs incurred in the Water Conservation Fund



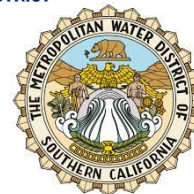
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## CONSERVATION SURCHARGE

- RPU has expended over \$13 million dollars and leveraged an additional \$5.2 million dollars in conservation program funding from WMWD and the Metropolitan Water District and MET.
- During the 2014/15 drought in Southern California, MWD allocated \$3.5 million to RPU to enhance the RPU WaterWise Landscape Program.
- The Water Conservation Surcharge has funded programs that have resulted in:
  - 61,318** customer rebates for water efficiency measures
  - lifetime water savings of **13.4 billion gallons of water**.



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# WATER CONSERVATION FUND ACTIVITY

Financial details for the entirety of the Fund.

Fiscal Year	Surcharge Collected	Other Credits from WMWD, Interest Earned, GASB 68 & 75	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	\$337,208
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	\$4,230,182	\$5,068,628	\$365,838	\$2,498,676

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# WATER CONSERVATION FUND ACTIVITY

Fiscal Year	Surcharge Collected	Other Credits from WMWD, Interest Earned, GASB 68 & 75	Program Costs	Administrative Costs	Fund Balance
FY 15-16	\$754,834	\$1,283,677	\$1,580,118	\$396,340	\$2,163,479
FY 16-17	\$820,655	\$298,192	\$911,528	\$423,196	\$2,225,532
FY 17-18	\$875,328	\$76,754	\$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	\$351,409	\$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	\$3,212,712
FY 22-23	\$1,047,271	\$42,895	\$485,165	\$491,645	\$3,531,019
	<b>\$15,399,572</b>	<b>\$7,034,708</b>	<b>\$12,603,277</b>	<b>\$6,286,458</b>	

*GASB 68 Accounting and Financial Reporting for Pensions non-cash adjustment. GASB 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions non-cash adjustment.*

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## ADMINISTRATIVE COST ANALYSIS

During the review of the direct charges, staff identified that in Fiscal Years 20-21 through 23-24, the Direct Costs from the Office of Communications were allocated to only the Customer Engagement Division instead of all of RPU. A corrective journal entry was done in June 2024.

Fiscal Year	Amount returned to the Water Conservation Fund
FY 20-21	\$48,954
FY 21-22	\$50,876
FY 22-23	\$54,656
<b>Total</b>	<b>\$154,486</b>

Administrative Costs for the Program	
Prior to corrective action	\$6,286,458
Amount returned	(\$154,486)
<b>Corrected Total Admin Charges</b>	<b>\$6,131,972</b>



## ADMINISTRATIVE COST ANALYSIS

1. The number of FTEs RPU personnel members dedicated to serving the Water Conservation Programs, Education, and collateral development.
  - a. FTEs are based on the number of positions authorized.
  - b. Beginning in FY 20-21, FTEs are estimated based on allocation of total authorized Customer Engagement FTEs and the costs of these positions are included in Charges from other RPU Funds.
2. Direct charge of positions: Positions housed in other funds are dedicated, either in full or in part, to RPU support, and the proportional cost of each position is directly charged to RPU funds.
3. Non-Personnel includes some small programming expenses in addition to educational and office supplies.



## ADMINISTRATIVE COST ANALYSIS

4. Bad Debt is Water Conservation accounting for the utility accounts that were written off due to uncollected debt.
5. Citywide cost allocation plan: Charges from the City's General Fund internal service departments to recipient funds.
6. Charges to and from other RPU funds are RPU overhead costs for labor and building occupancy related expenses.



## ADMINISTRATIVE CHARGES

Fiscal Year	FTEs in Water Programs	Direct Charges for Personnel	Non-Personnel	Bad Debt	Cost Allocation Charges	Charges to and from other RPU Funds	Total
FY 04-05	0	\$0	\$22,098	\$0	\$0	\$0	\$22,098
FY 05-06	0	\$0	\$28,218	\$2,054	\$10,603	\$0	\$40,875
FY 06-07	0	\$0	\$37,697	\$580	\$16,928	\$0	\$55,205
FY 07-08	0	\$0	\$66,578	\$2,750	\$74,492	\$0	\$143,820
FY 08-09	0	\$1,303	\$101,867	\$2,604	\$33,583	\$(422)	\$138,935
FY 09-10	1.65	\$103,651	\$68,159	\$2,838	\$95,975	\$23,051	\$293,673
FY 10-11	2.65	\$150,525	\$75,801	\$1,532	\$129,418	\$14,113	\$371,389
FY 11-12	2.65	\$223,145	\$34,784	\$2,030	\$122,358	\$14,772	\$397,089
FY 12-13	2.65	\$235,514	\$33,714	\$1,719	\$139,279	\$31,245	\$441,470
FY 13-14	2.65	\$172,100	\$47,962	\$1,029	\$106,246	\$36,898	\$364,236
FY 14-15	2.65	\$208,924	\$79,742	\$1,929	\$32,528	\$42,715	\$365,838



## ADMINISTRATIVE CHARGES

Fiscal Year	FTEs in Water Programs	Direct Charges for Personnel	Non-Personnel	Bad Debt	Cost Allocation Charges	Charges to and from other RPU Funds	Total
FY 15-16	2.65	\$196,714	\$132,375	\$1,553	\$25,285	\$40,413	\$396,340
FY 16-17	2.65	\$189,685	\$77,292	\$2,949	\$107,895	\$45,375	\$423,196
FY 17-18	2.65	\$239,133	\$56,550	\$1,362	\$98,478	\$35,573	\$431,095
FY 18-19	2.65	\$330,910	\$32,255	\$1,743	\$92,038	\$32,564	\$489,510
FY 19-20	2.65	\$163,735	\$88,816	\$5,511	\$101,071	\$32,499	\$391,632
FY 20-21	3.30	\$(6,238)	\$0	\$1,677	\$43,227	*\$422,657	\$461,322
FY 21-22	3.30	\$0	\$3	\$6,972	\$22,888	*\$437,395	\$467,259
FY 22-23	3.30	\$0	\$0	\$(2,204)	\$11,784	*\$427,409	\$436,989
Subtotal		\$2,209,102	\$983,911	\$38,628	\$1,264,075	\$1,636,257	\$6,131,972
<b>Total for Administrative Charges</b>							<b>\$6,131,972</b>

*\*Includes the corrections for the respective Fiscal Years from the Office of Communications Charges, the audited financial statement will adjust FY 23-24.*

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## CONSERVATION SURCHARGE

1. The Water Conservation Fund is presented to the Board and City Council for each budget year.
2. The details of RPU's water efficiency program activities are included in the attached General Manager Report presented to the RPU board on July 8, 2024.
3. All administrative charges will continue to be evaluated for opportunities to direct more dollars to program costs.

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## STRATEGIC PLAN ALIGNMENT

### Strategic Priority 5 - High Performing Government

Goal 5.3 - Enhance communication and collaboration with community members to improve transparency, build public trust, and encourage shared decision-making



Community Trust



Fiscal Responsibility



Sustainability & Resiliency



Equity



Innovation



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## RECOMMENDATION

That the Board of Public Utilities receive an update on the administrative charges in the Water Conservation Surcharge Fund.



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