



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: AUGUST 6, 2024

FROM: PUBLIC UTILITIES DEPARTMENT WARDS: ALL

SUBJECT: REMOVAL OF THE EXPIRED WATER CONSERVATION SURCHARGE FROM WATER RATE SCHEDULES

ISSUE:

Consider removing references to the expired 1.5% Water Conservation Surcharge from all water rate schedules.

RECOMMENDATIONS:

That the City Council adopt a resolution establishing the revised Schedules WA-1A, WA-1B, WA-2, WA-4, WA-5, WA-6, WA-7, WA-8, WA-10, WA-11, and WA-12 effective upon Council approval to remove references to the expired Water Conservation Surcharge.

BOARD RECOMMENDATION:

On July 8, 2024, the Board of Public Utilities adopted a resolution establishing the revised Schedules WA-1A, WA-1B, WA-2, WA-4, WA-5, WA-6, WA-7, WA-8, WA-10, WA-11, and WA-12 effective upon Council approval to remove references to the expired Water Conservation Surcharge.

BACKGROUND:

On May 6, 2004, the Board of Public Utilities held a public hearing to present the Water Conservation Surcharge and provide written and verbal comments from customers. On May 14, 2004, the Board approved the Water Conservation Surcharge and adopted Board Resolution 2004-02 to adopt and establish the water conservation and reclamation surcharge. The charge was approved at one-half of a percent (0.5%) effective June 1, 2004, another one-half of a percent (0.5%) effective June 1, 2005, and a final additional one-half of a percent (0.5%) effective June 1, 2006, for a total of one- and one-half percent (1.5%) of total water rates and charges, through May 31, 2014. Approval of the surcharge included restrictions on the use of the funds to be used for only:

1. Water conservation and reclamation education programs;
2. Water conservation and reclamation programs;
3. Science and technology advancement of water conservation and reclamation research, development and demonstration programs;

4. Water conservation and reclamation assistance for low-income customers in the City; and
5. Other programs consistent with the Board's water conservation and reclamations goals and objectives.

On May 25, 2004, City Council approved the Water Conservation program, adopting Resolution No. 20695, for the same one-half percent (0.5%) surcharge amounts and effective dates for a total of one- and one-half percent (1.5%) of the total retail water usage-based rates and charges, effective through May 31, 2014. Approval of the surcharge included the restricted use of the fund to be expended on such water conservation and reclamation programs recommended by the Board and approved by City Council.

On March 21, 2014, the Board conducted a public hearing to receive input on the renewal of the Water Conservation Charge and to eliminate the expiration date of the surcharge. At the meeting, the renewal of the program was approved by Board Resolution 2014-01 at the one- and one-half percent (1.5%) for a period of ten years following City Council approval of the renewal. The surcharge restrictions were modified from the original program to be used for only:

1. Conservation, education, and water use efficiency programs; and
2. Research, development, and demonstration programs to advance science and technology with respect to water conservation.

On April 22, 2014, City Council approved the renewal of the Water Conservation Surcharge, adopting Resolution No. 22675, for the one- and one-half percent (1.5%) for a period of ten years or April 22, 2024.

On January 22, 2024, the Board conducted a public hearing to receive input on the renewal of the Water Conservation Charge. At the meeting, the renewal of the program was approved by Board Resolution 2024-1 at one- and one-half percent (1.5%) for a period of ten years or April 22, 2034.

Continued from March 19, 2024, on April 16, 2024, City Council voted to discontinue the Water Conservation Surcharge. The Water Conservation Program will continue until funds are exhausted. The Water Conservation Surcharge expired on April 22, 2024 and has been removed from customer bills.

DISCUSSION:

On January 22, 2024, the Board conducted a public hearing to receive input on the renewal of the Water Conservation Charge. At the meeting, the renewal of the program was approved by Board Resolution 2024-1 at one- and one-half percent (1.5%) for a period of ten years or April 22, 2034.

Continued from March 19, 2024, on April 16, 2024, City Council voted to discontinue the Water Conservation Surcharge given the fund had over \$3 million in unspent funds, which are expected to cover expenses over the next three years. The Water Conservation Program will continue until funds are exhausted. The expired Water Conservation Surcharge has been removed from customer bills. The staff recommended resolution will remove references in the Water Schedules to the now expired surcharge. The Water Conservation Program will continue until all funds are exhausted. The funds are strictly designated for water conservation programs through:

1. Conservation, education, and water use efficiency programs; and
2. Research, development, and demonstration programs to advance science and

technology with respect to water conservation.

It is also worth noting that staff has evaluated the administrative costs charged to the fund and have made changes recently that will significantly lower the administrative costs. As a result, more direct funding will be allocated to projects and programs.

Water Efficiency tips can be found online at <https://riversideca.gov/utilities/residents/our-water/water-efficiency> and Water Efficiency rebates, administered and processed by Metropolitan Water District, can be found online at <https://socialwatersmart.com/en/residential/>.

STRATEGIC PLAN ALIGNMENT:

The Water Conservation Surcharge aligns with 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.

The agreements align with the following of the City's Cross-Cutting Threads as described below:

1. **Community Trust** – The Water Conservation Surcharge programs ensure that RPU can continue to provide community outreach and education on water conservation and help customers to achieve these goals.
2. **Equity** – The Water Conservation Surcharge programs and educational offerings are accessible across the community and materials are provided in accessible languages and formats.
3. **Fiscal Responsibility** – The Water Conservation Surcharge funds include a restricted, designated use; all programs and education provisions are carefully reviewed to ensure financial prudence is observed.
4. **Innovation** – The Water Conservation programs reflect the most current tools and technologies to provide the best possible water efficiencies are available.
5. **Sustainability & Resiliency** – The purpose of the Water Conservation programs is to promote and encourage water conservation measures and education to the community to ensure the best outcomes in terms of sustainability and resiliency are achieved.

FISCAL IMPACT:

There is no fiscal impact associated with the requested action to remove the Water Conservation Surcharge from the Water Rate Schedules.

Prepared by:	David A. Garcia, Interim Utilities General Manager
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Approved as to form:	Phaedra A. Norton, City Attorney

Attachments:

1. Council and Board Resolutions
2. Water Rate Schedules – Redlined
3. Presentation