RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES **DATE: AUGUST 10, 2026**

SUBJECT: SERVICE LATERAL REPLACEMENT PROGRAM EXTENSION THROUGH FISCAL YEAR 2028/29 IN THE ANNUAL AMOUNT OF $350,000

ISSUE:

Consider approving a three-year extension of the Service Lateral Replacement Program through Fiscal Year 2028/29 with annual funding of $350,000.

RECOMMENDATIONS:

That the Board of Public Utilities:

1. Approve a three-year extension of the Service Lateral Replacement Program through Fiscal Year 2028/29; and

2. Authorize annual funding of $350,000 for each fiscal year of the program, with separate work orders established annually.

BACKGROUND:

Water service laterals are pipelines that convey water from the distribution system to individual customer meters. Historically, service lateral failures were addressed through emergency repairs. Experience demonstrated that partial repairs often resulted in repeat failures at other locations along the same service lateral, increasing water loss, customer interruptions, and overtime costs. To address this issue, RPU transitioned to full service lateral replacement, and, in December 2020, the Board approved the Service Lateral Replacement Program to proactively replace aging service laterals identified through asset management data and failure history.

The program was extended in 2022 as part of RPU's Water Loss Control Program. Since implementation, RPU has replaced an average of approximately 570 service laterals annually. Many of the replaced laterals were found to be actively leaking or at the end of their useful life. During the same period, emergency service lateral repairs declined to approximately 100 per year, demonstrating the effectiveness of proactive replacement strategies.

Distribution system losses account for over 85% of RPU's total water loss, making these losses the largest source of water loss in the system. As a major contributor to distribution system leakage, aging and deteriorated service laterals are a key focus area. The Service Lateral

Replacement Program serves as an integral part of RPU's Water Loss Control Program and ensures ongoing compliance with Senate Bill 555 requirements, which mandates the tracking of distribution system efficiency to reduce leaks, main breaks, and apparent losses like metering inaccuracies.

DISCUSSION:

The Service Lateral Replacement Program allows RPU field forces to systematically replace aging service laterals before failure occurs. Planned replacement projects are significantly more efficient than emergency responses. Under a planned replacement event, field forces can replace up to five service laterals during normal working hours compared to approximately one service lateral replacement completed during an emergency response.

Service laterals selected for replacement are prioritized using asset management and operational data. Selection criteria include:

1. Neighborhoods experiencing a high frequency of service lateral failures;
2. Service laterals approaching or exceeding their expected useful life;
3. Locations where repeated repairs have occurred, or active leakage has been identified; and
4. Areas where replacement activities can be completed efficiently and coordinated with other planned field work.

The program has proven effective at reducing emergency repairs, overtime expenditures, customer service interruptions, and water loss. Continuing the program will allow RPU to address aging infrastructure in a planned and cost-effective manner while supporting compliance with California water loss management requirements.

Staff recommends extending the Service Lateral Replacement Program for an additional three fiscal years through Fiscal Year 2028/29. The proposed annual funding level of $350,000 will allow staff to continue replacing the highest-priority service laterals identified through RPU's asset management program while balancing other utility infrastructure investment needs.

Work will continue to be performed by RPU field forces utilizing existing staffing resources. Consequently, replacement activities will continue to be prioritized based on risk, failure history, and operational efficiency.

Because program funding does not carry over between fiscal years, separate work orders will be established annually, and prior-year work orders will be closed upon completion of authorized work.

FISCAL IMPACT:

The annual fiscal impact of this action is $350,000.

Sufficient funds are available in the Public Utilities Distribution System Facilities Replacement Account No. 6230000-470706 for fiscal year 2026/27 and 2027/28 as included in the 2026/27 and 2027/28 Biennial Budget. Funding for fiscal year 2028/29 will be included as part of the budget process.

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Attachment: Presentation