

**Text of 1987 Measure C
Amending 1979 Prop. R
to Promote City Agriculture and Family Farms**

*Both initiatives passed by voters, reinforced
in 1989 by overwhelming vote against their repeal,
and finally upheld by the California State Supreme Court*

Section 5. Additions to Proposition R to Promote Agriculture.

Subparagraph 3(c) is hereby added to Proposition R to read as follows:

- "a. *Policy to Promote and Encourage Agriculture.* It is hereby declared to be the policy of the City of Riverside to promote and encourage agriculture as an essential industry and a desirable open space use. The Greenbelt and La Sierra Lands are important agricultural lands because of their high soil quality, favorable climate, and low water costs. It is further declared to be the policy of the City to retain, wherever feasible, agricultural lands in private ownership and to encourage and assist the maintenance and formation of family farms, especially for farmers who live on their land. The City shall forthwith adopt such policies, ordinances, and resolutions as may be necessary to implement these policies.

% Increase of Proposed Water Rates for WA-9.1

Single Family Residence (SFR) Grove Preservation Program

Category Elimination -5 Year Impact

Monthly Water Usage per 100 Cubic Feet (CCF)	Current Monthly Rate	5 Year Proposed Rate	% Increase
70	\$77.54	\$208.52	169%
100	\$135.20	\$309.92	129%
200	\$211.29	\$647.92	207%
300	\$349.25	\$985.82	182%

***Volumetric charges only based on RPU water rates calculator.**

***Does not include water utility user tax, water conservation tax & meter charges, which could increase costs by an additional 10-20%, depending on water consumption.**

*** Average high use SFR water rate according to RPU will only go up annually 8% or 40% in 5 years.**

By Grover Trask (10/30/17)

water rate numbers

From: James A McDonald <jamcdonald@sgh.com>
To: "cstrask@earthlink.net"
Cc: Natalie McDonald <natalietrask@hotmail.com>
Subject: water rate numbers
Date: Oct 29, 2017 8:56 PM

Currently Monthly Rate	5 Year Proposed Rate	% increase
77.54	208.52	169%
135.2	309.92	129%
211.29	647.92	207%
349.25	985.82	182%

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**RIVERSIDE CITY'S 5 YEAR WATER RATE INCREASE & TERMINATION OF THE WA-9.1 SINGLE
FAMILY RESIDENCE (SFR) WATER RATE CATEGORY FOR THE CITY'S LONGSTANDING
GROVE PRESERVATION PROGRAM**

I. General Observations

1. Facts and analysis in this memo are based on Riverside Public Utilities (RPU) August 2017 168 page "Water Cost of Service & Rate Design Increase" (Water Report).
2. Any water rate increase should be fair and equitable adhering to legal and city public policy water fees which must not exceed the cost of service attributable to a customer parcel. (see Prop. 18 and *Taxpayers Assoc. v. City of San Juan Capistrano - 2015*).
3. RPU's current rate recover costs are primarily through volumetric charges. RPU is predicting water demand will decrease over the next 10 years from its customers. As a result of the City's Water Report, "RPU loses income needed to pay for its fixed costs related to providing water service."
4. Carollo Engineers (Carollo), Water Report authors, and RPU set forth 7 key goals (Water Report, p3) with the ultimate objective being to balance revenues with costs in an equitable manner for its customers. Carollo further stated its intent is to: "*Achieve customer equity under continued changes to consumption. Review customer demand impacts from implementing a new rate structure.*"
5. One reason stated in the report is RPU's **budget concern** about potential decreased water demand causing decreased revenues resulting from projected lower water sales due primarily to voluntary conservation restrictions and uncertainty of future water stability. However, according to the Water Report **continued water conservation has led to a surplus in the amount of water supply available to RPU to the benefit of the customers** as RPU increases water sales to other agencies. The Water Report also notes that **under Prop 18 and the CA Constitution, fees or charges based on potential or future use of a water service are not permitted.**
6. The report also does not adequately address unrestricted, undesignated money reserve target level going from today's minimum of \$44 million customer paid reserve funds to a potential maximum target reserve level of \$94 million in 2022.
7. Overall, RPU has decided based on the Carollo Water Report that it must raise customer rate revenues in order to account for reduced water demands, increases in future labor costs, and to fund future capital reinvestments and increase its unrestricted, undesignated money reserve by as much as 114% despite the on-going increased water sales to other agencies.
8. In order to accomplish these goals Carollo and RPU are recommending the City Council approve a system wide rate increase of 8.75% in 2018 with four more years

of rate increase of 8.50 for a total **42.75% rate increase over the next 5 years. Going from \$67 million rate revenue in 2017/18 to \$93 million in FY 2021/22.**

Comment: This 5 year rate increase is an astounding increase of additional revenue into perpetuity. It does not include the additional proposed automatic CPI index water rate increase beginning in 2023.

Comment: Due to lack of access to raw data and expertise in accounting and economic forecasting Sections 2-5 on Water Usage, Supply, Revenue Requirements and Water Cost Service Analysis are not addressed in this memo. This memo assumes the macro statistics are true and there is a good faith need to increase the water rates based on the data collected and reviewed by the RPU Board and City Council members. The focus of this water customer memo is on the fairness of the Rate Design Analysis and it specifically relates to the WA-9 Grove Preservation category. Section II. SFR rate design modification recommendation by the Carollo Water Report addresses this specific issue.

II. Rate Design Analysis

The Carollo Water Report recommends 12 specific modifications to RPU's customer rate structure even though the Study found "*the existing rate structure was found to be appropriate.*" (Study p. 9) The RPU's rate structure supposedly proportionally recovers costs between customer classes as well as from customers within their designated customer classes. According to the Rate Design Analysis, the purpose is to create a **fair and equitable** foundation for establishing each charge and rate that RPU levies in order to proportionally recover system costs from its customers. The overall analysis suggests the rate increases must be substantial because of the predicted less water demand from its existing water customers. The Carollo Water Report recommendations are based primarily on RPU's water demand forecast as the basis for setting commodity rates for the new rate plan.

1. The complete obliteration and the purging of the WA-9 category is unfair and inequitable to the long time water customers who financially relied on the category to invest in fruit groves from 75 to 300+ trees. The unfairness specifically relates to the 5 year massive percentage rate increase of placing this long standing fruit grove group into the broader single family residence (SFR) category.

2. The City's commitment has been documented over the years and most recently by the RPU Board and city council policy commitment as stated in their March and April 2014 resolutions recognizing the importance of preserving and promoting

Riverside's citrus groves. See Board Resolution No. 2014-01 and Council Resolution No. 22675.

3. As stated in the revised Schedule WA-9, 2014 adopted by both the City Council and Board of Public Utilities and not addressed in the Water Report: *"This rate is established in order to preserve and promote groves of fruit and nut trees that represent a significant part of Riverside's heritage."* (see Schedule WA-9, 2014)

4. The Water Report completely fails to address the city's policy & commitment to the longstanding program for preservation of the citrus heritage & history. Nor does it address the city's water contract commitment to W-9 category residential homeowners who detrimentally relied on this commitment when planting and maintaining their groves as developers destroyed surrounding fruit tree acreage to accommodate new housing tracts to meet the city's increasing population growth.

III. WA-9.1 Grove Preservation Service (Carollo recommendation to RPU for implementation of rate design modifications (Summary))

1. Water Report-Table 1-3 Current Customer Classes and Rates: Grove Preservation Service with Residence- Grove Preservation Service (WA-9.1) will be transitioned to the generic Single Family Rate (SFR) class as they serve residences according to the Water Report.
2. This overall Rate Design Analysis appears to be based on two key assumptions in the Report: (1) over the next 5-10 years, water volumetric charges demand by the city's 65,000 customers will decrease and the RPU will lose income to pay for its fixed costs and (2) fixed costs will increase therefore RPU needs increase the current rate structure to increase fixed revenue to about 40% of retail revenues in five years.
3. This will be accomplished by increasing both the volumetric rate and fixed cost rate (specific meter size cost rate for every customer depending on their classification regardless of the customer's volumetric rate consumed. (Revenue Stability p10).
4. Oversimplification of the single family residential category absorbing and eliminating the WA-9 Grove Preservation Service category is unfair, inequitable to grove preservation customers.
 - The Water Report attempts to simplify the residential rate structure by deleting existing classifications and lumping all single family residences from small yards to home owners with substantial yards. Eliminating and lumping the WA-9.1 single residence Grove Preservation Service Program into this newly created category will add to the city's water rate revenue

base in a way that is both unfair and inequitable as well as failing to recognize the current public policy purpose for creating the Program.

- This program was instituted by the City Council by resolution to encourage home owners with large acreage plots originally over 2 acres outside the Greenbelt and recently amended to only 5+ acre lots for new accounts with separate meters to invest in fruit orchards to help the city preserve its citrus heritage. In exchange, the city (RPU) agreed to provide the agriculture water rate both as an incentive and offset to the homeowners initial cost for the trees, the necessary water system along with annual costs of fertilizer, pest control, trimming and maintenance.
- Nowhere in the 168 page Water Report does it address this implied contractual arrangement with the existing WA-9 residential homeowners who took the city at its word concerning the financial commitment and city incentive for its Preservation Grove Service Program.
- Even when the city closed the program to new customers as of December 1, 2009 it recognized its legal obligation and long standing public policy commitment to qualified homeowners who both relied and benefited by the city's Grove Preservation Service Program.
- The Water Report merely acknowledges that *"several rate classes that have historically been treated as distinct classes, would be more appropriately placed with RPU's general SFR (Single Family Residence), Commercial and Industrial or Landscape rate classes."* (Study, p.13)
- RPU recognizing the substantial impact directed Carollo to create a "transitional" mitigation rate before the full force and effect of the substantial rate hit in 2022.
- According to the Water Report the ultimate objective is to *"...balance revenues with costs in an equitable manner for customers."* (p18) Unfortunately, the end result for the WA-9 customers is both unfair and inequitable.
- Using the charts, data and material supplied by RPU and the Carollo Water Report, the following rate increases for WA-9.1 single family residence signed up and relying on the Grove Preservation Program Service demonstrate the unfair and inequitable treatment. (See Chart page 1 of memo).

Request: Grover Trask, (citizen/customer) on behalf of the less than 3% of RPU water customers covered under the WA-9.1 Grove Preservation Program, respectfully requests that the GROVE PRESERVATION PROGRAM continue for its existing homeowners. 10/30/17

Michele Sheeche

- What kind of community do you want to live in?
- I have lived in Riverside for over 50 years. The Green Belt is the communities most treasured asset.
- I feel these water purposals have given no thought to the environment.
- People will be forced to cut drastically back on their water or turn it off completely in some groves.
- This will have a devastating effect on the wildlife.
- What will happen to the Bees, the birds, the animals that depend on this environment to survive. The air quality will be negatively effected along with the increased danger of fire.
- I am sure you are familiar with the term Agrihood. All over the country Communities are developing Agrihoods for their citizens. We already have a far superior plan that exists in the Greenbelt of Riverside. These water purposals will destroy what we already have that exists naturally.
- As a community we could develop Farm to Table programs from crops grown locally. Nature paths, community gardens. Have some vision to preserve and protect this beautiful asset that is the history of Riverside.

- There is also a common sense argument of property values. People have worked very hard to maintain this environment. By increasing these water prices the only choice available to some residents will be to shut off the water to their groves. It will also effect the sales of future properties. The overall effect on Real Estate prices will be devastating.
- The issue of the GreenBelt has been put before the voters twice and the citizens have spoken. If these increases are passed by the council. Voters will hold those responsible, accountable at the ballot box.
- Is our community going to be what we make it together, or is it going to be what we let it become?

Hello, my name is Susan Fahrney and I am a resident of Ward 1 in Riverside. I am also a member of the Wood Streets Green Team Board and the Riverside Food Systems Alliance Board (a not for profit public-private partnership).

I wish to comment on the proposal to change agricultural water rates to residential pricing. This would significantly change the culture of the city of Riverside as well as reduce the opportunity for local nutritious foods. The city is in a unique position in that there is something like 4600 Acres of land set aside within the city boundaries for agriculture (Proposition R and Measure C). This is land that the people of Riverside have preserved from development. We want small urban farms that can produce local foods. Local foods don't have to be picked before they are ripe and thus provide better nutrition. Local food also reduces the carbon footprint on our atmosphere in that they don't have to be distributed to Los Angeles and other far away markets and which makes local farming more feasible. Additionally, having produce and trees and open spaces allows for reduction of temperatures and absorption of CO2 from our atmosphere. Developing a comprehensive food system for the Riverside area addresses the needs of the farmer, distribution through the establishment of a food hub with the Riverside Unified School District, the consumer (including at risk groups), as well as related businesses and industries. We have even

developed a Gleaners for Good program to pick back yard fruit and produce leftover in the fields that diverts food to programs that feed the hungry.

Riverside's history is based on farming, particularly citrus. The city has invested a significant amount of time, money and other resources to establish a culture that focuses on our agricultural roots. Out of the first GrowRiverside Conference in 2014, the city brought in a consultant to work with over 85 different stakeholders in the community to envision what we should do with our agricultural zones (businesses, educational institutions, hospitals, government, community, environmental organizations, farmers, and more). We spent over 9 months visioning and developing the Riverside Food and Agricultural Plan which was adopted by the city in 2016. We are currently planning the 5th GrowRiverside Conference in 2018 - there is a strong interest in a local food economy which also, by the way, enhances economic development by providing jobs as well as keeping money local.

Most cities in California provided an agricultural water rate recognizing the value that this industry brings to the area. I acknowledge that there are some significant financial demands on the Riverside Public Utility. However, I challenge RPU to think outside the box – what else can they do to change the financial

picture – how else could money be raised besides increasing agricultural rates.

There is some significant push back to the coming residential water rate increases. However, what about finding ways to encourage more water efficiency/conservation? The community has demonstrated it is willing (and can) function on less water. RPU can find ways to help residents, businesses and institutions identify and fix leaky sprinklers and overwatering, go to drought tolerant landscaping, get rid of grass which is a huge water waster, install appliances that use less water, capture gray water, and more.

Support local agriculture. Be more innovative in your approach to funding. This is what the people of Riverside want.