



## Rate Plan Community Meeting Summary WA-3 and WA-9 Rates

**Monday, October 30, 2017**

Riverside Public Utilities (RPU) staff made a presentation on RPU’s proposed transition of WA-3 and WA-9 water rates to residential and commercial/industrial rates, part of a larger electric and water utility rate increase proposal. After opening remarks by Chris Mac Arthur, Ward 5 City Council Member, and Chuck Conder, Ward 4 City Council Member, RPU Deputy General Manager Kevin Milligan reviewed the Water Cost of Service Study findings and proposed transitional rates, and invited ideas and comments to be shared with the Board of Public Utilities and City Council.



Presentation and Audience

<b>Meeting Location</b>	Renck Community Center, Hunt Park 4015 Jackson Street, Riverside, CA 92503
<b>Number of Community Attendees</b>	70
<b>Speakers</b>	Chris MacArthur, Ward 5 Council Member Chuck Conder, Ward 4 Council Member Kevin Milligan, RPU Deputy General Manager
<b>RPU’s Meeting Presentation</b>	<a href="#">Click here to download RPU’s presentation</a>
<b>RPU’s Water Cost of Service Study</b>	<a href="#">Click here to download Cost of Service Study</a>
<b>Community Member Handouts and Written Comments</b>	<a href="#">Click here to download handouts/comments submitted during the meeting</a>

## Meeting Questions/Comments

### Are there other options for RPU to:

- Address negative impacts to low-use, low-income customers?
- Mitigate economic impact to current WA-3/WA-9 customers?
- Support Riverside's agriculture and open space consistent with Proposition R and Measure C?

- "Grandfather" existing rates for WA-3/WA-9 customers.
- Customers in the Greenbelt without Gage Canal Company shares should have opportunity to get shares back from the City.
- Investigate potential benefits of pressurizing Gage Canal.
- Put solar panels on vacant land to help fund infrastructure and keep rates low.
- If difference between existing WA-3/WA-9 rates and cost of service is less than \$1 million, then RPU should absorb it.
- Drill wells and/or give grove customers a tax rebate for well installations.
- Re-look at expenses versus revenue.
- Use Measure Z sales tax revenue to offset proposed WA-3 and WA-9 rate increase.
- Reduce the General Fund Transfer to offset the rate increase.
- Redo the Cost of Service Study to fully consider the environmental and economic public benefits of agriculture, including carbon offsets and credits consistent with the city's Carbon Action Plan.
- Use passive assets, wholesale revenues, and/or public benefits funds to subsidize agriculture.
- Use excess capacity in Gage Canal to create an open marketplace for efficient delivery of water supplies purchased by agricultural customers.
- Find out how other water providers (e.g., San Diego County Water Authority) provides discounted water rates for agriculture while meeting Proposition 218 requirements.
- Keep rates low and add additional incentives for agriculture, particularly in the Greenbelt.
- You are the experts, so it is your job to go back to the drawing board and come up with another solution.

**What should the Board of Public Utilities and City Council consider in making this decision?**

- The proposed rate increase will hurt Riverside agriculture, including commercial growers and small farmers, kill Riverside's citrus industry, and destroy Riverside's agricultural heritage.
- The proposed rate increase is not fair and equitable because of the larger impacts on WA-3 and WA-9 customers and the lack of acknowledgment of Riverside's agricultural heritage.
- The Water Cost of Service Study does not take into account the value of Riverside's agricultural heritage or the requirements under Proposition R and Measure C to encourage family farms and preserve trees and open spaces.
- There are only 197 customers on WA-3 and WA-9 rates, so leaving them where they are shouldn't affect other RPU customers much.
- WA-3 and WA-9 customers made sizable investments in planting groves under city encouragement and based on an RPU commitment to maintain lower rates in perpetuity.
- Higher summer rates make water unaffordable just when it is needed the most.
- RPU should work smarter, find more ways to cut expenses, and reopen negotiated union salaries.
- The proposed rates will reduce property values in the Greenbelt.
- There is a need for greater clarity about the availability of Gage Canal water and shares, as well as the association of commercial nursery farming and zoning in the Greenbelt.
- RPU shouldn't sell water to Western Municipal Water District for a lower price than what RPU sells to its customers.
- Consider the existing and potential public benefits of agriculture, including fresh produce for schools and surrounding communities, support for wildlife, open space, "agrihoods," carbon sequestration, workforce training, and economic revitalization.
- There may be political consequences for adopting these rates.

Questions/Comments	Answers/Responses
<b>Agriculture</b>	
<b>What will happen to the Gage Canal if the WA-3 and WA-9 rates are changed?</b>	The Gage Canal is a separate entity and is not used to serve customers on the WA-3 and WA-9 rates. RPU customers who have access to the Gage Canal are placed on the Greenbelt Irrigation Service (WA-8) rate. The Gage Canal will continue to provide irrigation water service to Gage Canal Company shareholders and RPU customers on the WA-8 rate.
<b>Can RPU provide customers with Gage Canal Company shares?</b>	Under a stipulated judgment, the Gage Canal Company froze the number of its shares. Consistent with <a href="#">Water Rule 16</a> , shares owned by the City of Riverside cannot be transferred to RPU customers. However, RPU can provide Greenbelt customers with access to Gage Canal water (equal to two shares/acre) at the Greenbelt Irrigation Service (WA-8) rate, which is the same as the cost of water to shareholders plus a small (\$9.92) monthly billing service fee.
<b>Riverside Canal users successfully defended their right to use the canal's water in the 1980s, creating a precedent for other agricultural water users.</b>	The Riverside Water Company Irrigators rate schedule (WA-4) is still active. Shareholders and contract holders of record as of July 1, 1980 of the former Riverside Water Company receive a discounted water rate.
<b>Are agricultural customers able to drill wells?</b>	Yes, there is no restriction against drilling wells and accessing groundwater. Customers overlying the Arlington Groundwater Basin (roughly west of Adams Street) will be subject to requirements of the new Arlington Groundwater Management Agency. Customers overlying the Riverside South Groundwater Basin (roughly east of Adams Street) must report production under the Western Groundwater Adjudication.
<b>Does Gage Canal water go through a treatment process for drinking water?</b>	Yes, about 80% of Gage Canal water is sourced from wells, pipelines, and treatment plants that meet drinking water standards.

Questions/Comments	Answers/Responses
<b>Finance</b>	
<b>What happened to reserves?</b>	RPU was able to increase reserves in the past due to selling water and leasing utility-owned property. Also, RPU has not hired as many employees as budgeted, resulting in labor cost savings that add to higher reserves. Over the last two years, RPU has been using these reserves to pay for infrastructure replacements. However, reserves will soon decrease below the minimum level established by City Council policy.
<b>How much will this increase to WA-3 and WA-9 rates benefit RPU financially?</b>	The current difference between WA-3 and WA-9 rates and cost of service rates for residential and commercial/industrial customers is roughly \$750,000 per year. The rate plan proposal is to gradually transition WA-3 and WA-9 customers to cost of service rates over a five-year period.
<b>How much water does RPU sell to Western Municipal Water District (WMWD), and at what rate?</b>	RPU leases pipeline capacity and sells excess water supply to WMWD under a Water Supply Agreement signed in 2017. So far this year, RPU has sold 706 acre-feet (230 million gallons) of water to WMWD for \$718 per acre-foot. This rate will increase significantly in future years, as it tracks the cost of imported water.
<b>Can RPU use a portion of the recent 1% increase in sales tax to offset this rate increase?</b>	No. RPU does not receive any sales tax revenues, including those generated by Measure Z. RPU's primary source of revenues are rates. RPU also generates revenues through selling/leasing land and water, providing services to other parties, and through regional and state programs.
<b>What is the purpose of the General Fund Transfer?</b>	Riverside's City Charter provides for a transfer of up to 11.5% of RPU's gross revenues to the City's General Fund. This transfer helps fund public safety, emergency services, parks and recreation, and other community benefits. There are no proposed changes to this transfer.