Western Municipal Water District and the City of Riverside Strike Historic Water Deal

Water agreement brings benefits to all customers

Riverside, Calif. – A long-term water agreement to share surplus local water resources and pipeline capacity to benefit the customers of both water providers was approved at yesterday’s Riverside City Council meeting. The agreement was approved previously by the board of directors of Western Municipal Water District (Western), April 19 and Riverside Public Utilities (RPU), April 24.

Riverside’s Mayor, Rusty Bailey, summed up the agreement’s approval. “It’s all about public agencies working together for the benefit of the region’s water customers – residents and businesses alike.”

Water efficiency is up and water demand is down for both agencies because of the profound drought response by customers throughout the city. The City of Riverside has an average annual water right in the San Bernardino Basin Area (SBBA) that is surplus to the projected yearly water demand of their customers’ needs for the next 10 years – the term of the sales portion of the agreement. Western will purchase this “surplus water” as well as pay for the use of Riverside’s system and energy costs to transport the water to the Western service area.

Riverside has agreed to sell a minimum of 2,000 acre-feet per year of its surplus water to Western; roughly 10 percent of Western’s retail water demand. The purchase price for Riverside’s surplus water is less expensive than Western’s primary source of supply, which is imported water from Northern California and the Bay-Delta via the Metropolitan Water District of Southern California. Western’s estimated savings for the purchase of these local supplies is $4.6 million over the next 10 years; the revenue gained by the City of Riverside from the sale of the surplus water is $4.6 million. Western’s payment for use of Riverside’s system and for energy will also provide the City with an additional $12.4 million in estimated revenue.

“Securing local water at a lower cost is beneficial to our customers; it’s something Western has worked diligently toward. Partnering with Riverside on a long-term basis to expand our water supply portfolio is crucial,” said John Rossi, Western’s general manager, adding, “Our agencies have a history of working together to find solutions to meet the region’s water needs.”

Riverside’s General Manager, Girish Balachandran, explained his agency’s perspective. “Riverside Public Utilities has a keen interest in doing what’s right to benefit our community. Whether it’s partnering in water supply projects, cohesive communication to help our customers save water, or selling our surplus supply, the goal is to help our customers and keep rates as low as possible.”

In addition to the sale of surplus water for 10 years, the agreement also permits Western to use the Riverside system at times when capacity is available for the next 20 years. Western will coordinate with Riverside to move water supplies secured by Western (other than Riverside’s surplus water) from the SBBA. Over the 20-year term, Western will pay Riverside up to approximately $83 million to move approximately 5,000 acre-feet of water per year. This arrangement allows Western to receive additional water at a lower cost than imported supplies relieving some of the upward pressure in rates from the rising cost of imported water.

Another element of the water collaboration is providing information to customers. Western and RPU have created RiversideWaterPartnership.com, a website that provides details about the partnership including projects, water efficiency and history.
Agreement Highlights

*Rights to Groundwater Supplies*

- Riverside has water rights in the SBBA and will lease at least 2,000 acre-feet per year of water surplus to their customers’ needs to Western.
- Western leases approximately 5,000 acre-feet of annual water rights from other entities in the San Bernardino area.

*Delivery of Groundwater Supplies*

- Riverside will provide available capacity to Western in the groundwater production wells, pipeline conveyance, and treatment facilities that it owns and operates.
- Riverside will deliver its surplus water as well as Western’s leased water to Western.
- Riverside and Western have multiple interconnections, allowing for delivery through Riverside’s facilities to Western’s facilities.

*Purchase of Groundwater Supplies*

- Western will pay Riverside for energy, Operations and Maintenance (O&M), capital recovery, and a commodity charge for Riverside’s surplus water.
- Western will pay Riverside for energy, O&M, and capital recovery for Western’s leased water.

*Financial Details*

- Riverside will receive revenue from Western to cover the cost of providing the annual service, as well as revenues for future capital improvements to the facilities Western uses.
- The estimated total revenue to Riverside for both components of the agreement (Riverside’s surplus sales and movement of Western’s leased water) is approximately $100 million over the next 20 years.
- The total delivery price for both Riverside’s surplus water and Western’s leased water will be less expensive than imported water from Northern California, Western’s primary source of water.
- The estimated savings to Western for the delivery of local supplies instead of imported water is roughly $45 million over the next 20 years.

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For more information about the partnership, please visit RiversideWaterPartnership.com.