

City of Rialto

Water Subcommittee Meeting

*Council Chambers
150 S. Palm Ave.
Rialto, CA 92376*



Special Meeting - Final

Thursday, November 13, 2025

SPECIAL MEETING - 1:00 P.M.

Rialto City Hall, Council Chambers, 150 S. Palm Ave. Rialto CA 92376

Water Subcommittee

*Mayor Joe Baca
Mayor Pro Tem Ed Scott*

The City Council creates Subcommittees as needed to accomplish the work of the Council. Subcommittees are categorized as either, Standing or Ad Hoc. Subcommittees do not replace the work or decision-making process of the City Council as a whole and are used to provide feedback to staff. Subcommittees enable City staff to obtain early feedback from representative members of the City Council on issues affecting public policy prior to their presentation, as necessary, to the full City Council.

Any discussion or feedback expressed or received at a Subcommittee meeting should not be construed or understood to be a decision by or for the City Council. Further, any feedback the Subcommittee may make to the City Council is based on information possessed by the Subcommittee at the time the feedback is made and may be revised or amended upon receipt by the Subcommittee of additional or newer information.

HOW TO REVIEW THE AGENDA

ALL AGENDAS ARE POSTED IN THE CITY HALL ADMINISTRATION BUILDING (150 SOUTH PALM AVENUE, RIALTO) AT LEAST 72 HOURS IN ADVANCE OF THE MEETING. ALL WRITINGS THAT RELATE TO AN OPEN SESSION AGENDA ITEM AT A REGULAR SUBCOMMITTEE MEETING DISTRIBUTED TO ALL OF THE SUBCOMMITTEE WILL BE MADE AVAILABLE AT THE SAME TIME BUT AT LEAST 72 HOURS BEFORE A REGULAR MEETING, FOR PUBLIC INSPECTION ON THE CITY'S WEBSITE AT www.rialtoca.gov AND IN THE OFFICE OF THE CITY CLERK LOCATED AT 290 WEST RIALTO AVENUE, RIALTO, CALIFORNIA (909-820-2519) FROM 7:00 A.M. TO 6:00 P.M., MONDAY THROUGH THURSDAY. ANY PERSON HAVING A QUESTION CONCERNING ANY AGENDA ITEM MAY CALL ADMINISTRATION/UTILITIES DIVISION AT (909-820-2689) TO MAKE INQUIRY CONCERNING THE NATURE OF THE ITEM DESCRIBED ON THE AGENDA.

ITEMS ADDED TO THE AGENDA. CONSISTENT WITH THE RALPH M. BROWN ACT, ADDITIONAL ITEMS MAY BE ADDED TO THE AGENDA AND ACTED UPON BY THE SUBCOMMITTEE ONLY IF IT IS CONSIDERED TO BE A "SUBSEQUENT NEED" OR "EMERGENCY" ITEM AND IS ADDED BY A MAJORITY VOTE. MATTERS RAISED UNDER ORAL COMMUNICATIONS MAY NOT BE ACTED UPON AT THAT MEETING OTHER THAN AS PROVIDED ABOVE.

NEED ADA ASSISTANCE? IN COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT, IF YOU NEED SPECIAL ASSISTANCE TO PARTICIPATE IN THIS MEETING, PLEASE CONTACT THE PUBLIC WORKS DIRECTOR AT (909) 421-7279. NOTIFICATION 48 HOURS PRIOR TO THE MEETING WILL ENABLE THE CITY TO MAKE REASONABLE ARRANGEMENTS TO ENSURE ACCESSIBILITY TO THIS MEETING (28 CAR 35.102-35.104 ADA Title II).

HOW TO ATTEND THE MEETING

(1) Members of the public may attend the meeting in person.

HOW TO MAKE A PUBLIC COMMENT

(1) Appear at the meeting and speak during the public comment period. There is a 5-minute time limit.

(2) You may submit a public comment in writing to the Rialto Utility Authority by email at ASKRUA@RIALTOCA.GOV.

CALL TO ORDER

ROLL CALL

PUBLIC COMMENTS

APPROVAL OF MINUTES

REPORTS/DISCUSSION ITEMS

[WS-25-0768](#) Staff Request Water Subcommittee Review and Discuss Rialto Water Services' Outstanding Issues.

UPCOMING MEETING/FUTURE DISCUSSION ITEMS

ADJOURNMENT



City of Rialto

Legislation Text

File #: WS-25-0768, **Version:** 1, **Agenda #:**

For Water Subcommittee Meeting November 13, 2025

TO: Water Subcommittee Members

APPROVAL: Tanya Williams, City Manager

Staff Request Water Subcommittee Review and Discuss Rialto Water Services' Outstanding Issues.

RECOMMENDATION:

Staff recommends that the Water Subcommittee Review Rialto Water Services' Outstanding Issues.

BACKGROUND:

At the Water Subcommittee meeting on October 30, 2025, Committee members requested that a special meeting be scheduled for November 13, 2025, to review and discuss outstanding issues related to Rialto Water Services. In response, the Committee requested that an executive summary of the identified issues be prepared and presented for discussion at the upcoming special meeting. The topics cover a variety of subject areas.

ANALYSIS/DISCUSSION:

The following executive summary outlines the perspectives presented by RWS and includes details on staff's positions as appropriate.

EXECUTIVE SUMMARY

This section provides a summary of the outstanding issues, current status updates, and operational considerations related to the City's Concession Agreement with Rialto Water Services (RWS). Staff has worked collaboratively with RWS and Veolia to identify areas requiring clarification, reconciliation, and procedural improvement.

1. Outstanding Issues

a. Maintenance Over \$250 Billings - \$441,348

Between Fiscal Years 2020 and 2023, Veolia did not submit certain invoices to Maher Accountancy (the City's accounting consultant) for processing and billing to the City. Staff will work jointly with RWS, Veolia, and Maher Accountancy to review the identified costs, confirm completion of work, and verify that payments have not already been made. Upon confirmation, any legitimate unpaid amounts may be considered for inclusion in subsequent budget years as appropriate. City and RUA staff have proposed breaking out the outstanding payments into multiple budget years.

b. Labor Reset

The Concession Agreement (CA) requires a labor fixed fee adjustment every four years. The previous period concluded on December 31, 2024. Water Resources Economics, the City's rate study consultant, has been retained to prepare a report establishing the labor cost basis for the next four-year period, retroactive to January 1, 2025.

RWS and City staff have agreed to hold a kickoff meeting in January 2026 with the consultant to initiate this process. RWS has previously confirmed agreement with this schedule.

c. Automated Meter Infrastructure (AMI) Project

The City Council approved a Final Capital Work Authorization (FCWA) for the AMI project on October 14, 2025, in the amount of approximately \$8,000,000. RWS has been negotiating final contract terms with the selected contractor, USG, but as of the 10/30/2025 meeting the agreement had not been finalized. At that meeting, the Water Sub Committee provided a recommendation to move forward with the second bidder on the list. RWS will provide a status update on current agreement negotiations.

The City has secured two grants requiring substantial project completion by the end of 2026. Previous procurements conducted by Veolia did not incorporate all required grant provisions and consequently had to be rebid. The City requires a detailed completion schedule demonstrating compliance with grant deadlines and conditions to ensure reimbursement eligibility.

Other important considerations:

- Risk Transfer: RWS has requested that the City assume risks related to meeting grant completion deadlines.
- Noteholder Approval: RWS has indicated that certain contract terms require noteholder approval; the rationale and timeline for this remain unclear.
- Outstanding Costs: RWS/Veolia assert they are owed more than \$750,000 for prior work. Staff has requested detailed cost documentation, including:
 - The \$350,000 included in the approved AMI FCWA to determine grant reimbursement eligibility.
 - Additional prior expenditures exceeding \$350,000, pending verification.

d. Battery Invoice and MicroGrid Project

RWS submitted an invoice for \$67,000 in additional battery-related expenditures despite staff verification that no batteries were purchased or installed. This invoice has been rejected twice.

In February 2023, the City approved an FCWA totaling \$3,167,063 for the MicroGrid project, which included:

1. Battery down payment - \$794,412
2. Switchgear and transformer - \$539,051
3. Vendor shop drawings - \$720,000
4. 60% design and Guaranteed Maximum Price preparation - \$1,113,600

In June 2023, RWS requested an additional \$3,818,262 for battery and substation work. Weeks later,

AECOM and Veolia terminated the battery portion of the project, citing losses exceeding \$700,000. The disposition of funds expended on the substation remains unclear.

Additionally, staff identified that a deposit made to Southern California Edison (SCE) for the battery project had not been returned. After staff engagement with SCE and the City's consultant (Terra Verde), approximately \$83,000 was successfully refunded.

RWS has alleged that the City halted the project in April 2023 following a meeting in Marina Del Rey. Staff has not found evidence supporting this statement. The City did, however, express concerns at that meeting regarding insufficient review by the Independent Engineer and subsequently retained an independent consultant to assist in project evaluation.

e. CAM10 - RWS Legal Bills for 218 Rate Process (2024)

A claim related to this issue has been filed with the City. As the matter is currently within the legal claims process, staff is unable to provide further comment at this time.

2. Current Status - Willow SSO (Sewer Overflow)

This item is currently in active litigation and will be addressed through appropriate legal channels.

3. Coordination with City Departments and SOP Development

- Finance Department: RWS has requested a designated point of contact to streamline financial communication.
- Public Works: RWS acknowledged significant improvement in coordination with Public Works and expressed a desire to continue strengthening this relationship.
- Community Development: Discussions are underway to revise and update the Municipal Industrial Pretreatment Program (MIPP) regulatory framework.

4. Standard Operating Procedures (SOPs)

At the October 29 meeting, City staff and RWS agreed to initiate joint meetings to develop the following SOPs:

- Emergency Response
- Utility Construction
- Extraterritorial Service

5. Maintenance and CIP Thresholds

City staff and RWS will meet to evaluate and update expenditure thresholds for maintenance and Capital Improvement Projects (CIP). These thresholds, as defined in the Concession Agreement, determine how repairs and capital work are funded through the established trust accounts under the CA's "waterfall" methodology. Adjustments may be implemented through formal Change Authorization Memorandums (CAMs) or similar mechanisms.

6. Offsite Reset Meeting

While staff agree that an off-site session would be beneficial for strategic discussions, it is recommended that such meetings be scheduled only after the most significant outstanding issues have been addressed and resolved.

7. Capital Improvement Project (CIP) Updates

RWS has requested improved communication and expedited processing for ongoing capital projects, including:

- Well 3A
- Sycamore Lift Station (Trunk Sewer Line)
- Etiwanda Waterline Replacement
- Pressure Reducing Valves
- AMI Project
- Septic-to-Sewer Conversions
- CCTV Collection System Program
- Niagara MIPP
- Sevana

Project Initiation and Authorization

RWS has requested City staff to approve projects prior to City Council consideration through the FCWA process, indicating that it will not proceed without preliminary Project Initiation Memo (PIMM) approval. Staff has clarified that the CA does not authorize staff or the Subcommittee to approve projects prior to FCWA authorization by the City Council. The PIMM is intended solely as an early informational document for the Water Subcommittee's review.

Conclusion

City staff continues to collaborate with RWS to resolve outstanding issues, ensure contractual compliance, and improve coordination on capital and operational matters. Staff will provide progress updates and recommendations to the Water Subcommittee as these efforts advance.

Representatives from RWS will be present for discussion and questions from the Water Subcommittee.

FINANCIAL IMPACT:

Operating Budget Impact

There is no impact on the Operating Budget.

Capital Improvement Budget Impact

There is no impact on the Capital Improvement Budget.