

RIALTO, CALIFORNIA

Innovative concession contract demonstrates an approach for other cities to strengthen their financial condition



“We’ve worked with Veolia for years in the community and this arrangement allows for both continuity and improvement in the water resource and wastewater service, and it assures us that the total commitment to the residents of the City of Rialto is met.”

– Mike Story, Rialto City Administrator



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Contract Facts

100,000
population served

Services provided
since: 2003 - Wastewater, 2012
WaterConcession, O&M

Facilities

11.7-MGD
wastewater treatment facility

263 miles
collection system

6
lift stations

11-MGD
water treatment systems

5
wells

187 miles
distribution system

11
booster stations

6
finished-water storage
reservoirs

Scope

The city of Rialto and Rialto Water Services (RWS) use a public-private concession model to strengthen the city's financial position and improve infrastructure services. As part of this concession, RWS hired Veolia to manage the city's water and wastewater systems. The City retains full ownership and control of the water supply and water rights and transparent public authority over all rate setting.

Challenge

Seeking superior service and lower costs, the City of Rialto contracted with Veolia in 2003 to provide O&M services to the City's wastewater treatment plant and collection system. In 2013, Veolia partnered with Table Rock Capital (TRC) to help the City address financial challenges through a 30-year concession agreement. Financing involved a \$35 million up-front payment and \$41 million in needed capital improvements to the water and wastewater treatment systems.

Solution

The financing mode is highly original, as the city of Rialto received funding for future water and wastewater system improvements through the concession contract signed with RWS, a special purpose company established by Table Rock Capital and a Ullico affiliate. Veolia provides O&M, Customer Service, Billing and Collections, and manages the capital improvement program on behalf of the concessionaire.

Result

Initial \$7 million capital improvements program and operational savings that saved \$2.5 million over the first five years of the contract term.

- Massive \$300 million contract expansion that provided a multimillion dollar concession payment and is funding more than \$40 million capital repairs.
- Allows cash-strapped city to obtain funding for critical system improvements while retaining ownership of its assets.
- Economic development, including airport redevelopment, funded through the concession payment.
- Capital projects that are expected to generate hundreds of construction jobs.

