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# Residents sue to stop Riverside from spending water profits on other city services

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In 2013, the city agreed to pay \$10 million to settle a similar suit, but a new legal action contends Prop. 218 is being violated

Three longtime residents are challenging Riverside's annual, longstanding practice of transferring up to 11.5% of water utility revenue to its general fund, which pays for basic city services.

Filed last week in Riverside County Superior Court, the class-action lawsuit alleges that Riverside is violating state Prop. 218 by overcharging ratepayers to generate excess water profits for purposes unrelated to providing water.

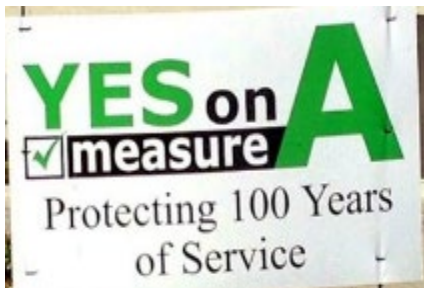
The 1996 law bars utilities from charging customers more than the actual cost of service.

In the suit, residents Scott Simpson, Dvonne Pitruzzello and Kevin Dawson allege that Riverside has unlawfully collected more than \$100 million from customers since 1997.

City spokesman Phil Pitchford declined to comment Monday, Dec. 23, citing the pending litigation.

The allegations are not new or unique to Riverside.

In recent years, legal challenges to such transactions have been filed against Burbank, Glendale and Los Angeles.



In April 2013, Riverside agreed [to pay \\$10 million to settle a suit](#) filed the year before by residents Javier and Vivian Moreno, who contended the practice violated Prop. 218. A few months later, [city voters approved a ballot measure](#) allowing the transfers to continue.

Though Riverside's charter outlines the practice, Simpson, Pitruzzello – a former mayoral and council candidate – and Dawson – a regular public speaker at council meetings – allege it is unconstitutional and seek the court's opinion.

In the meantime, the three request a court order halting the transfers.

According to their suit, Riverside transferred \$6 million from the water fund to the general fund in fiscal 2017-18 and \$6.5 million in 2018-19.

An estimated \$7 million will be transferred in 2019-20, the suit says.

Attorneys with Playa Del Rey-based Solomon, Saltsman & Jamieson, who are representing Simpson, Pitruzzello and Dawson in the case, did not return a message seeking comment Monday.

Riverside faced [a similar challenge in 2016](#) over its use of electric funds to pay for general services.

In that suit, resident Richard Olquin argued that if the city-owned utility could give millions each year to the general fund, it was overcharging customers on their bills.

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Olquin hoped to force Riverside to pay back \$115 million he alleged was illegally shifted from the electric fund to the general fund over the previous three years, and while he [died of a heart attack](#) nine months after filing his challenge, his fiancée, Alysia Webb, took his place as plaintiff.

In April 2017, the lower court sided with Riverside. Webb's appeal was subsequently [thrown out by a state appellate court](#) for not being filed within the 120-day time limit.

Last year, a majority of Riverside leaders [voted to increase electricity and water rates](#) to pay for infrastructure, renewable energy and utility operation costs, as well as to maintain strong bond ratings and low debt costs, city officials said.

The increases – 2.95% for electricity in the first year and 4.5% for water – are expected to generate an average of \$35 million more for each of the ensuing five years.