

*Proposition 1 Water Storage Investment Program
Inland Empire Utilities Agency*

Chino Basin Conjunctive Use Environmental Water
Storage/Exchange Program

QUARTERLY REPORT #5

July through September 2019

Progress Report to the California Water Commission
October 30, 2019

1. Purpose and Introduction

This Quarterly Report is to inform the California Water Commission (Commission) of changes and updates to the project, schedule, and status of the Inland Empire Utilities Agency (IEUA) Chino Basin Conjunctive Use Environmental Water Storage/Exchange Program, hereafter referred to as the Chino Basin Program (CBP), occurring during the most recent quarter of July through September 2019. The report contents are based on guidance provided by Commission staff and document progress that IEUA is making toward complying with conditions required to enter a funding agreement with the Commission for implementation of the CBP.

The report is organized into the following sections:

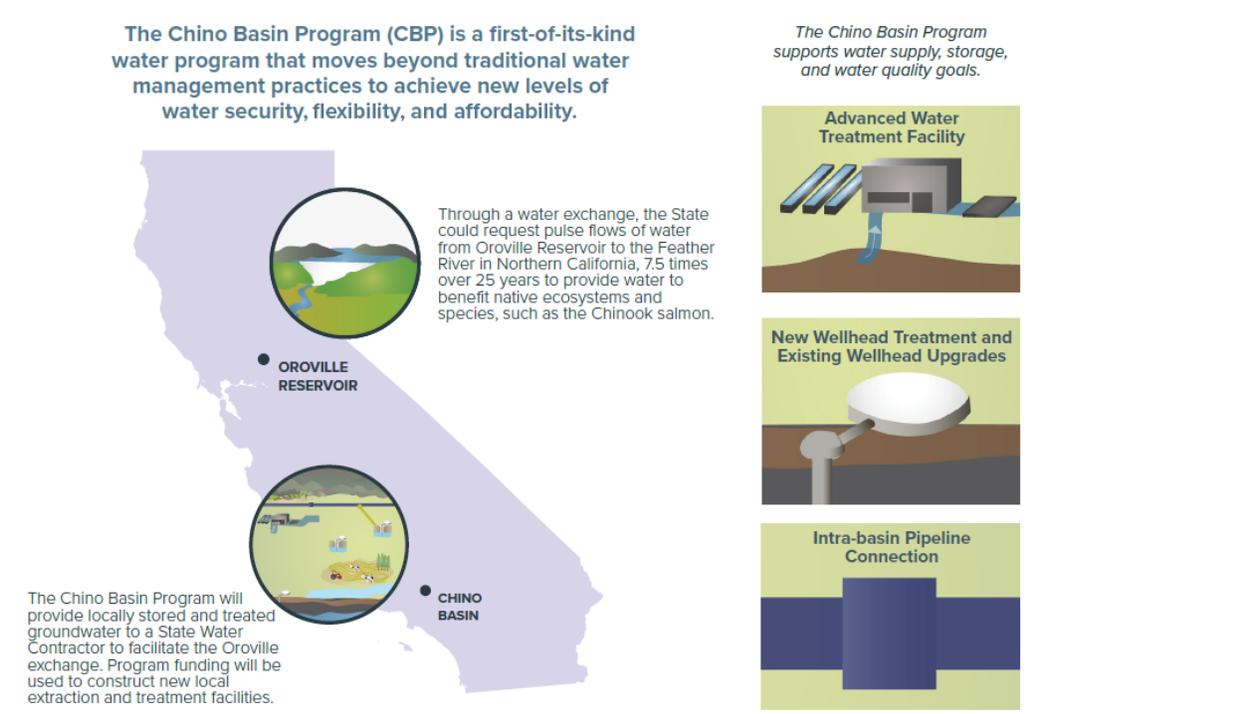
1. Purpose and Introduction
2. Project Planning Update
3. Project Schedule Update
4. Project Cost and Financing Update
 - Attachment 1 — Table 1. Project Schedule
 - Attachment 2 — Table 2. Quarterly Reporting Items for Commission Hearing on Final Awards
 - Attachment 3 – Letter to Nancy Vogel regarding the Governor’s Water Portfolio Program

2. Project Planning Update

The Project Planning Update is a narrative summary update of the project. The summary provides a description of the status of IEUA meeting the requirements and milestones identified by the Commission (see Attachments 1 and 2, respectively). Issues or concerns that have, will, or could affect milestones or requirements are also provided here. There are a number of key questions that have been raised by local agencies that are being addressed through a series of focused technical workshops (discussed further below). Addressing these key questions is important to the continued planning and development of the CBP and is not expected to impact program milestones.

IEUA continues to make progress with the planning and preliminary design of the CBP (see **Figure 2-1** and **Figure 2-2**). As noted in the last progress report, the CBP components continue to be refined. The Preliminary Design Report (PDR) Study is developing alternative facility configurations for the advanced water treatment system that will produce the 15 thousand acre-feet per year (TAFY) of purified water for recharge, storage, and extraction. Later this year the PDR team will report on the evaluation of alternatives based on evaluation criteria designed to identify a recommended alternative that achieves program objectives. These criteria take into consideration key factors, such as aligning with regional plans to protect and enhance the Chino Basin; value and cost effectiveness; location and capacity of facilities; and compatibility with local and regional infrastructure and associated operational requirements. The PDR Study will be completed spring of next year and will support further development of the CBP, including development of partnership agreements, planning for environmental and permitting requirements, and development of monitoring and operational plans. Provided further below is an update on progress made on specific planning and preliminary design efforts that occurred during the most recent quarter.

Figure 2-1. Location and Features of the Chino Basin Program



Water Sources

Planning efforts continue to identify potential water sources for advanced water purification to meet the need to produce 15 TAFY of advanced treated water. As described in the previous progress report, IEUA continues to work with local agency partners to define the physical and institutional arrangements for supplying water to the CBP. Water resource partnerships are being formulated and framed by the common goals of being a locally controlled, cost-effective, reliable supplies with long-term and mutual water resource benefits. Workshops were held with local water agency managers in August and September to review and discuss water supply sources. IEUA continues to work closely with its partners to define these water sources and associated partnership arrangements.

Rate Study Update

IEUA continues to advance the update of the 2015 IEUA Rate Study. As noted in the previous quarter, the Rate Study is focused on estimating connection fees based on cost accounting and recovery needed to support system improvements and expansions within the IEUA service area. Financial scenarios are being evaluated to determine recommended fees and charges. Information from this study and the PDR Study will be used to evaluate the impacts of the CBP (capital and O&M costs) on IEUA service rates.

Preliminary Design Report Study

The PDR Study, initiated earlier this year, is developing alternatives in collaboration with local partnering agencies. During this most recent quarter the PDR effort focused on the following elements:

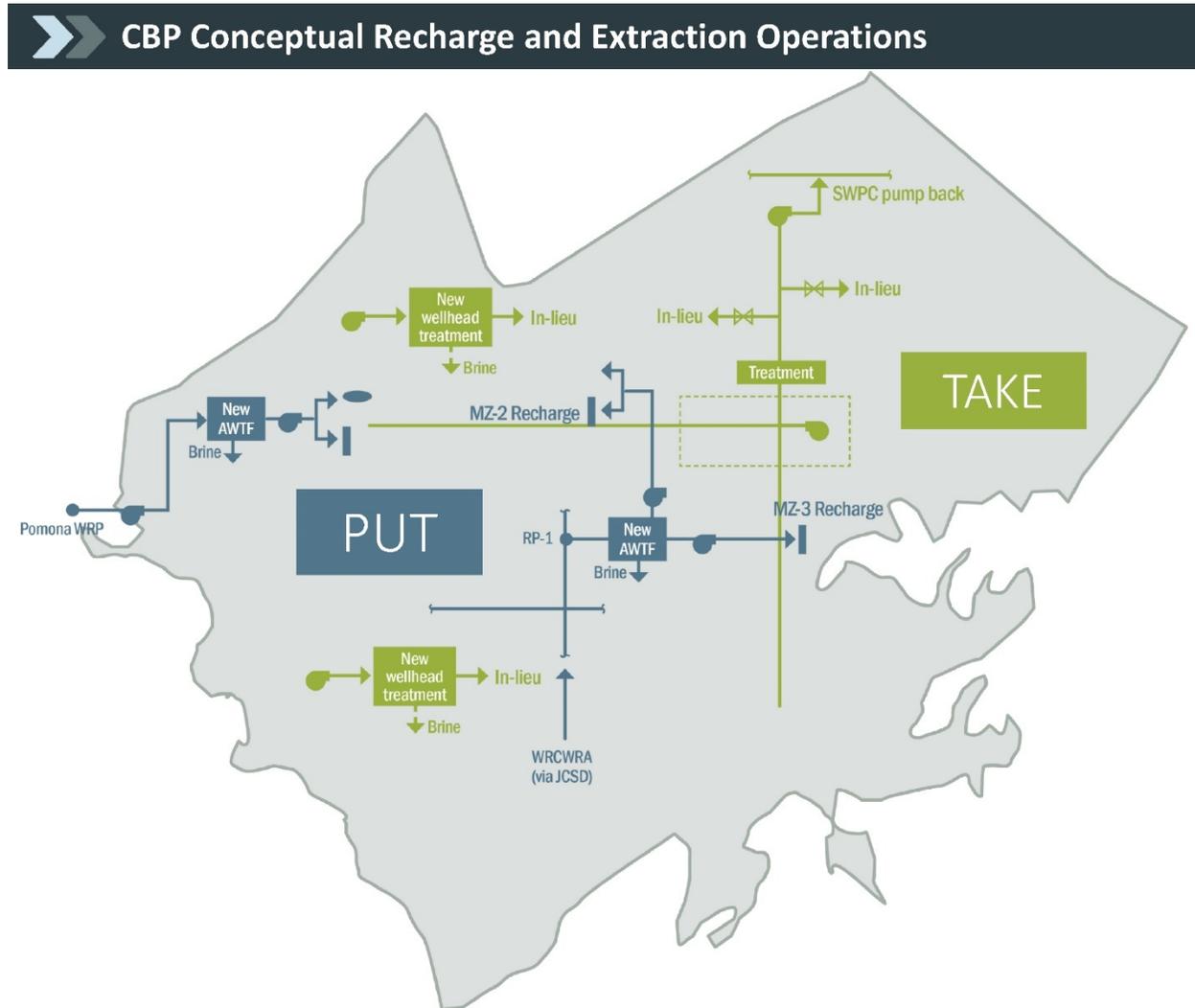
- Meeting with local agencies and Metropolitan Water District of Southern California (MWDSC) to obtain input on and review of draft alternatives for proposed program facilities.
- Completing development of program alternatives for evaluation.
- Developing estimated costs for facilities.
- Documenting input data and alternatives formulation.

Over the next several months the PDR team will evaluate the alternatives based on evaluation criteria and review recommendations with local agencies. The PDR team will develop draft technical memoranda describing the alternatives formulation, evaluation, and recommendations.

CBP Storage and Recovery Application

IEUA continues to work with the Chino Basin Watermaster (CBWM) to develop a CBP configuration in alignment with the Optimum Basin Management Program (OBMP) Update. IEUA and its local agency partners will continue to develop principles that best align with long-term groundwater management goals for the basin, consistent with the OBMP goals.

Figure 2-2. CBP Conceptual Recharge and Extraction Operations



CBP Exchange Operations – Preliminary Analysis

IEUA, working with its local and State partners, continues to evaluate the potential to support pulse flows of up to 50,000 acre-feet originating in Lake Oroville during the spring of dry and critical years designed to improve survival rates of emigrating juvenile Chinook salmon. The water for these pulse flows would be provided through an exchange with new water supplies stored (banked) in the Chino Groundwater Basin and extracted for use in the region in exchange for State Water Project (SWP) supplies that would subsequently be released from Lake Oroville in the form of pulse flows. A key principle for implementing the CBP is that no adverse impacts should occur to MWDSC or the SWP due to CBP operations. IEUA continues to work closely with these agencies to define the key operational parameters necessary to meet these conditions and achieve the proposed local and regional benefits. To that end, IEUA is conducting operations analyses to evaluate the integration of the CBP with MWDSC and SWP operations. Preliminary findings indicate CBP operations could be successfully completed under most hydrologic conditions. Extreme conditions, such as those that occurred in 2015, may require alternative approaches to meet these same objectives. For instance, IEUA is exploring “pre-delivery” in years prior to an exchange to add needed operational flexibility.

These and other alternative approaches will be further evaluated and discussed in the coming months.

CBP PEIR and Permitting Update

IEUA continues to coordinate plans for preparation of the CBP Programmatic Environmental Impact Report (PEIR) with other regional environmental planning efforts, such as the Chino Basin Storage Framework and OBMP Update environmental planning efforts. The development of the CBP PEIR will start later this year when recommendations from the PDR Study are available and the draft project description can be prepared.

Design, Construction, and Operation Update

As noted above, additional feasibility and preliminary design studies are underway. These efforts are defining project infrastructure alternatives and operational elements needed to complete design and development of operations plans.

Communications and Engagement Update

The CBP implementation requires close planning and coordination with local, regional, and State agencies. IEUA sees these efforts as critical to developing a clear understanding of interests, needs, and concerns and continues to develop and advance its project communications and outreach efforts through various means as discussed below.

CBP Leadership Meetings

IEUA formed the CBP Ad Hoc Committee to help provide policy-related leadership and to develop broad regional coalitions, statewide and national partnerships, and help secure needed CBP Agreements. The Ad Hoc Committee met several times over the last several months to focus on communication and outreach efforts to increase understanding of the CBP and identify opportunities for collaboration. Most recently, the Ad Hoc Committee directed the development of perspectives on the Governor's executive order to develop a resilient water portfolio for California which was recently discussed with local and State leaders. These discussions took place as part of a series of meetings with Nancy Vogel, director of the Governor's Water Portfolio Program, Joaquin Esquivel, State Water Resources Control Board Chair, and Kris Tjernell, Deputy Director, Integrated Watershed Management for California Department of Water Resources.

IEUA transmitted a letter of interest to Nancy Vogel expressing support for multi-benefit projects integrated across agencies to achieve new levels of water management innovation and effectiveness and describing how the CBP embraces all seven principles outlined by the Governor's initiative (see Attachment 3).

IEUA leadership hosted a Leadership Breakfast in September with local agencies and Key Note Speaker Kris Tjernell, to discuss CBP issues and opportunities from local and State perspectives.

CBP Workgroup

As described in previous progress reports, IEUA initiated a workgroup process (the CBP Workgroup) to help develop the CBP that best achieves the objectives and provides broad mutual benefit to the

region. Through participation in CBP Workgroup sessions, consistent with the Memorandum of Understanding (MOU) Mutual Commitments as shown in **Figure 2-3**, IEUA is working with local and regional agencies to discuss integration and coordination of local and CBP objectives and associated agreements.

Most recently, a series of focused workshops were held to explore key questions raised by local agencies regarding water sources, value and costs, economic analysis of alternatives, program size and obligations, and emerging water quality concerns. Input from these workshops is being used to refine the evaluation and development of the CBP. Additional focused workshops will be held later this year to further discuss these key questions. The CBP Workgroup workshops recently conducted and planned for the next quarter are summarized in **Table 2-1** and **Table 2-2** below.

Table 2-1. CBP Workgroup Completed Workshops

Month	Workshop	Objectives
December 2018	CBP Workgroup No. 1	CBP overview, workgroup charter, introduce MOU for CBP participation, identify key questions
January 2019	CBP Workgroup No. 2	CBP costs/benefits review, review questions, present draft MOU for CBP participation
February 2019	CBP Workgroup No. 3	CBP water sources and financial analysis review, introduce CBP agreement terms, review questions
May 2019	CBP Workgroup No. 4	IEUA rate study update, review CBP PDR approach, review CBP agreement terms, review questions
June 2019	CBP Workgroup No. 5	CBP water sources review, CBP PDR alternatives and evaluation approach, review questions
August 2019	CBP Workshops	CBP water sources
September 2019	CBP Workshops	CBP economic analysis, water sources, and PDR alternatives

Table 2-2. CBP Workgroup Planned Workshops

Month	Workshop	Objectives
November/December 2019	CBP Workshops and Workgroup No. 6	CBP economic analysis, water sources, and PDR alternatives and recommendations

Individual and joint meetings with local partner and State agencies completed this past quarter and planned for next quarter are discussed in the next section (see **Table 2-3** and **Table 2-4**). These ongoing engagement efforts are critical to sharing CBP information and progress, reviewing questions and concerns, identifying common and unique needs and ways to achieve broad mutual benefit, and to foster a culture of collaboration for the coordinated development and implementation of the CBP.

Figure 2-3. Mutual Commitments within the April 2019 CBP MOU approved and signed by 14 local agencies committing support of a collaborative approach to developing the CBP

NOW, THEREFORE, the Parties hereby make the following mutual commitments:

1. Work together in good faith to cooperatively plan and evaluate a strategy for the successful development of the CBP and receipt of the \$207 million funding.
2. Collaborate to refine the CBP components, including, but not limited to, water supply sources, infrastructure requirements operations, performance obligations, program costs and Basin impacts to optimize the benefits for the Chino Basin and the individual Stakeholders.
3. Develop a CBP Agreement.
4. Support securing additional grants and other funding sources for the CBP.
5. All Parties will work together in good faith to ensure that the CBP Agreement is negotiated and ready for potential execution by Summer 2019, recognizing the urgency of completing the institutional agreements by 2020.

MWDSC and State Engagement

IEUA continues to coordinate with the MWDSC and State agencies to evaluate the operational parameters and associated conditions for the CBP (see **Table 2-3** below). Technical analysis continues to focus on understanding operations, facilities, and potential benefits of the exchange arrangement between the CBP, MWDSC, and the State. Meetings with MWDSC focused on concepts for the exchange of stored water back into the MWDSC system, including discussion of hydraulic capacity conditions and consideration for water quality. Findings from these analyses and associated discussions are being used to help IEUA, California Department of Water Resources (DWR), and California Department of Fish and Wildlife (DFW) understand how the CBP exchange provisions would deliver pulse flows in the Feather River and how CBP operations in the Chino Basin would be integrated with MWDSC operations.

The CBP team is continuing to work closely with MWDSC, DWR, and DFW to evaluate these conditions to help inform the operational and contractual agreements that will be established for the CBP with these agencies. Next steps include holding joint meetings involving the CBP team, CDFW, DWR, MWDSC, and California Water Commission (CWC). Initially, these joint meetings will review the proposed CBP and its status, and discuss the roles and responsibilities of each local, regional, and State agency involved. Subsequent joint meetings will address efforts to advance the development and analysis of operational plans, monitoring and management plans, environmental planning, and development of institutional, legal, administrative agreements necessary to implement, operate, and manage the program. Plans for these joint coordination meetings are outlined in **Table 2-4**.

A meeting was also held with Commission management to provide an update on the CBP and to discuss progress towards developing institutional frameworks needed for the CBP program.

Table 2-3. CBP Agency Engagement Meetings Q3-2019 (previous quarter)

Month	Agency Meetings	Purpose
July	Local Partner Agencies (multiple meetings)	Discuss PDR and local facility needs, discuss recycled water supply exchange opportunities
July	MWDSC Partnering Discussions (recurring meetings)	Continued discussion of CBP operations with MWDSC system, identify/address challenges and opportunities
July	DWR (recurring meetings)	CBP update, further analysis of CBP-SWP exchange operations, steps forward
July	DFW (recurring meetings)	CBP update, administering of public benefits, review analysis of CBP-SWP operation, triggers for pulse flows
August	Local Partner Agencies (multiple meetings)	Discuss recycled water supply exchange opportunities and partnership arrangements
August	MWDSC Partnering Discussions (recurring meetings)	Continued discussion of CBP operations with MWDSC system, identify/address challenges and opportunities
September	Natural Resources Agency Executive Management	CBP overview and its potential alignment with Governor's Water Portfolio Program
September	SWRCB, Chair	CBP overview and opportunities for integrated watershed management to provide benefits locally and State-wide
September	DWR Executive Management	Tour of IEUA service area and overview of CBP and its alignment with local, regional, and State water management planning
September	CWC Executive Management	CBP overview and discussion of progress towards defining opportunities for providing benefits locally and State-wide
September	MWDSC Partnering Discussions (recurring meetings)	Continued discussion of CBP operations with MWDSC system, identify/address challenges and opportunities
September	DWR (recurring meetings)	CBP update, explore framework for conditions to govern CBP-SWP exchange operations, additional analysis needed
September	DFW (recurring meetings)	CBP update, discuss CBP-SWP operations based on pulse flow triggers, discuss framework for adaptive management planning

Table 2-4. CBP Agency Engagement Meetings Q4-2019 (planned for next quarter)

Month	Agency Meetings	Purpose
October	Local Partner Agencies (multiple meetings)	Discuss PDR and local facility needs, discuss recycled water supply exchange opportunities
October	MWDSC Partnering Discussions (recurring meetings)	Continued discussion of CBP operations with MWDSC system, identify/address challenges and opportunities
November	DFW, DWR, CWC, MWDSC Joint Meeting	CBP update, further analysis of CBP-SWP exchange operations, roles and responsibilities, and steps forward
November	Local Partner Agencies (multiple meetings)	Discuss recycled water supply exchange opportunities and partnership arrangements
November	MWDSC Partnering Discussions (recurring meetings)	Continued discussion of CBP operations with MWDSC system, identify/address challenges and opportunities
December	Local Partner Agencies (multiple meetings)	Discuss PDR recommended alternatives, and recycled water supply exchange partnerships
December	MWDSC Partnering Discussions (recurring meetings)	Continued discussion of CBP operations with MWDSC system, identify/address challenges and opportunities
December	DFW, DWR, CWC, MWDSC Joint Meeting	CBP update, further analysis of CBP-SWP exchange operations, roles and responsibilities, and steps forward
December	SWRCB	Discuss recycled water source of water supply for CBP program

3. Project Schedule Update

IEUA and local agency partners are working together to define the program elements on a schedule consistent with the proposed commitments to achieve local and state-wide public benefits (see **Figure 3-1** and **Table 3-1**). The program completion date remains December 2025, with full operation commencing in 2026. Additional details of the schedule and progress are provided in Attachments 1 and 2, respectively.

Figure 3-1. Simplified CBP Schedule



CBP milestones leading up to the Commission’s Water Storage Investment Program (WSIP) conditional funding award date are shown on **Table 3-1**.

Table 3-1. CBP Funding Milestones

Date	Milestone
Winter 2019/ 2020	Complete water sources evaluation, refine economic evaluation, and complete PDR
Spring 2020	Consensus on water sources, draft terms for water sources
Summer 2020	Draft agreement terms with local agency and MWDSC
Fall 2020	Draft agreement terms with resource agencies
Spring/ Summer 2021	Draft PEIR, Final agreement terms with local and resource agencies
Fall 2021	CWC final funding award negotiations and funding agreement execution

Next Steps

In the coming months IEUA, working with its local and regional partners, will focus on the following activities to further evaluate the CBP:

- **CBP Workshops:** Continue to collaborate with local partner agencies through focused workshops to review input and questions about economics, water sources, operations, and other key issues.
- **Water Sources:** Complete water source evaluations and draft partnership agreements.
- **PDR:** Complete evaluation of alternatives and identify a recommended alternative.
- **Partner and State Agency Coordination:** Continue to meet and coordinate with local and regional agency partners, and State agencies to work collaboratively on key elements and issues to advance CBP planning and development.
- **Communications and Outreach:** Continue to conduct one-on-one meetings and presentations for special committees and boards, distribute informational materials to interested parties, prepare news briefs, and provide web postings.

4. Project Cost and Financing Update

Capital Costs, Cash Flow, and Financing

IEUA is continuing its analysis of potential funding sources to help with financing of the CBP. To facilitate this analysis, IEUA began the Rate Study and PDR Study (discussed previously), which will provide the information necessary to complete a detailed economic and financial analysis of the CBP. The findings from these efforts will provide information needed to help IEUA and partner agencies make decisions about CBP development, implementation, and operations.

Pursuit of Additional Grant Funds

IEUA continues to explore additional grant opportunities for the CBP, including federal grant programs (i.e., Water Infrastructure Improvements for the Nation (WIIN) Act), State grant programs (i.e., Proposition 68), and State Revolving Funds programs.

ATTACHMENT 1

Table 1. Project Schedule



Table 1. Project Schedule

Funding Agreement Milestone	Start Date	Finish Date	% Complete
Non-Public Benefits Cost-Share Contracts (other agreements may be required and will be included when identified)			
Agreements with IEUA Member Agencies	2019	2020	35%
Agreements with State Water Project Contractor	2019	2021	15%
Chino Basin Storage and Recovery Application	2019	2021	5%
Contracts for Administration of Public Benefits			
CDFW (ecosystem agreement)	2019	2021	10%
SWRCB (water quality)	2019	2021	5%
DWR (emergency response)	2019	2021	5%
DWR (operations agreement)	2019	2021	10%
Completed Feasibility Studies (includes feasibility studies related to planning efforts that are the framework for the CBP, as well as CBP-specific studies)			
2000 Optimum Basin Management Plan (OBMP) for Chino Basin	1995	2000	100%
2001 Chino Basin Organics Management Strategy	1998	2001	100%
2002 Recycled Water System Feasibility Study	2000	2002	100%
2002 Wastewater Facilities Master Plan	2000	2002	100%
2002 Salinity Management Plan	2000	2002	100%
2005 Urban Water Management Plan	2003	2005	100%
2005 Recycled Water Implementation Plan	2003	2005	100%
2007 Recycled Water Three Year Business Plan	2006	2007	100%
2010 Urban Water Management Plan	2009	2011	100%
2013 Recharge Master Plan Update	2011	2013	100%
2015 Energy Management Plan	2014	2015	100%
2015 Recycled Water Program Strategy	2013	2016	100%
2015 Wastewater Facilities Master Plan Update	2014	2016	100%
2015 Water Use Efficiency Business Plan Update	2014	2016	100%
2016 Feasibility Study of Recycled Water Interconnection — Pomona, Monte Vista Water District, and IEUA	2014	2016	100%
2016 Integrated Water Resources Plan	2013	2016	100%
2017 Recycled Water Intertie Study – Jurupa Community Services District and IEUA	2014	2017	100%
2018 Recharge Master Plan Update	2017	2018	100%
2020 OBMP Update for Chino Basin	2018	2020	45%
CBP Feasibility Studies and Pre-Design	2019	2021	30%
IEUA Rate Study	2019	2020	70%
Environmental Documentation (includes environmental documentation already completed that supports elements of the CBP)			
IEUA Facilities Master Plan PEIR	2016	2017	100%
OBMP Update for Chino Basin EIR Addendum	2016	2017	100%
OBMP Update for Chino Basin CEQA	2019	2020	0%

Funding Agreement Milestone	Start Date	Finish Date	% Complete
CBP PEIR	2019	2020	0%
Federal, State, and Local Approvals			
Federal: Potential operations approvals w/USBR	2019	2021	0%
Federal: Potential permitting approvals w/USACE	2019	2021	0%
Federal: Other possible federal permits/approvals tbd	2019	2021	0%
State: Incidental Take Permit, if needed (w/CDFW)	2019	2021	0%
State: Section 1707 water rights change, if needed (by DWR, w/SWRCB)	2019	2021	0%
State: SWP water supply contract amendments, if needed (by SWPC, w/DWR)	2019	2021	0%
State: Other possible State permits/approvals tbd	2019	2021	0%
Local: Possible encroachment permits (w/city/county)	2019	2021	0%
Local: Storage in Chino Basin Water Bank (w/CBWM)	2019	2021	0%
Local: Other possible local permits/approvals tbd	2019	2021	0%
Funding Agreement Components			
Project Workplan	2017	2021	10%
Project Schedule	2017	2021	10%
Project Budget	2017	2021	10%
Project Design	2021	2023	0%
Construction	2023	2025	0%
Begin Operations	2026	2075	0%

ATTACHMENT 2

Table 2. Quarterly Reporting Items for Commission Hearing on Final Awards



Table 2. Quarterly Reporting Items for Commission Hearing on Final Awards*

Description	Estimated Completion Date	% Complete
Contracts for non- public cost-share (other agreements may be required and will be included when identified)		
Agreements with IEUA Member Agencies	2020	35%
Agreements with State Water Project Contractor (SWPC)	2021	15%
Chino Basin Storage and Recovery Application	2021	5%
Contracts for administration of public benefits		
CDFW (ecosystem)	2021	10%
SWRCB (water quality)	2021	5%
DWR (emergency response)	2021	5%
DWR (operations)	2021	10%
Completed feasibility studies (includes feasibility studies related to planning efforts that are the framework for the CBP as well as CBP-specific studies)		
2000 Optimum Basin Management Plan (OBMP) for Chino Basin	Done	100%
2001 Chino Basin Organics Management Strategy	Done	100%
2002 Recycled Water System Feasibility Study	Done	100%
2002 Wastewater Facilities Master Plan	Done	100%
2002 Salinity Management Plan	Done	100%
2005 Urban Water Management Plan	Done	100%
2005 Recycled Water Implementation Plan	Done	100%
2007 Recycled Water Three Year Business Plan	Done	100%
2010 Urban Water Management Plan	Done	100%
2013 Recharge Master Plan Update (RMPU)	Done	100%
2015 Energy Management Plan	Done	100%
2015 Recycled Water Program Strategy	Done	100%
2015 Wastewater Facilities Master Plan Update	Done	100%
2015 Water Use Efficiency Business Plan Update	Done	100%
2016 Feasibility Study of Recycled Water Interconnection — Pomona, Monte Vista Water District, and IEUA	Done	100%
2016 Integrated Water Resources Plan	Done	100%
2017 Recycled Water Intertie Study – Jurupa Community Services District and IEUA	Done	100%
2018 Recharge Master Plan Update	Done	100%
OBMP Update for Chino Basin CEQA	2020	40%
CBP Feasibility Studies and Pre-Design	2021	30%
IEUA Rate Study	2020	70%

Description	Estimated Completion Date	% Complete
Final environmental documentation (includes environmental documentation already completed that supports elements of the CBP)		
IEUA Facilities Master Plan PEIR	2017	100%
OBMP Update for Chino Basin EIR Addendum	2017	100%
OBMP CEQA Update for Chino Basin	2020	0%
CBP PEIR	2020	0%
All required federal, State, and local approvals, certifications, and agreements		
Federal: Potential operations approvals w/USBR	2021	0%
Federal: Potential permitting approvals w/USACE	2021	0%
Federal: Other possible federal permits/approvals tbd	2021	0%
State: Incidental Take Permit, if needed (w/CDFW)	2021	0%
State: Section 1707 water rights change, if needed (by DWR, w/SWRCB)	2021	0%
State: SWP water supply contract amendments, if needed (by SWPC, w/DWR)	2021	0%
State: Other possible State permits/approvals tbd	2021	0%
Local: Possible encroachment permits (w/ city/county)	2021	0%
Local: Storage in CBWB (w/Chino Basin Watermaster)	2021	0%
Local: Other possible local permits/approvals tbd	2021	0%

*Note: Updates to the Funding Agreement and Status Update sections of the Table 2 quarterly reporting template (provided by the Commission) are for elements needed to execute a funding agreement. The Commission requires an update of these elements only when a significant change has occurred. There currently is no information to report for these elements and there has been no change in the information related to these elements at this time.

ATTACHMENT 3

Letter to Nancy Vogel regarding the Governor's Water Portfolio Program





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October 3, 2019

Ms. Nancy Vogel

Director of the Governor's Water Portfolio Program California Natural Resources Agency
1416 Ninth Street, Suite 1311
Sacramento, CA 95814

Dear Director Vogel,

The Inland Empire Utilities Agency (IEUA) commends Governor Newsom for directing State agencies to prepare a Water Resilience Portfolio that meets the needs of California's communities, economy, and environment through the 21st century. We at IEUA are strong believers in promoting integration across agencies and prioritizing multi-benefit projects that maximize existing infrastructure, embrace innovation and new technologies, and strengthen partnerships. We wholeheartedly embrace this approach to managing our State's water resources.

IEUA is a regional wastewater treatment agency and wholesale distributor of imported water. Today, IEUA is responsible for serving approximately 875,000 people over 242 square miles in western San Bernardino County. IEUA engages proactively in regional water management as a member of the Santa Ana Watershed Project Authority, the Metropolitan Water District of Southern California, and the Chino Basin Watermaster.

In response to the Governor's call to State agencies for input as they develop the Water Resilience Portfolio, IEUA and its partners respectfully offer the Chino Basin Program (CBP) as a model project that embraces all seven principles outlined in the Governor's Executive Order N-10-19. The CBP addresses the complexity of water management stressors the Chino Basin (Basin) region faces, and provides future-thinking innovation and integrated, multi-benefit solutions.

CBP will match innovative, new water infrastructure with collaborative water exchanges to provide a new, reliable local water supply while contributing to ecosystem health in both southern and northern California. CBP's new advanced recycled water treatment facility will treat and store 15,000 acre-feet of water each year, creating a new, drought resistant local water supply while reducing reliance on imported water. CBP's partnership with an existing State Water Project Contractor will facilitate exchanges of up to 50,000 acre-feet of water to the Sacramento - San Joaquin Delta Estuary (Bay-

Water Smart – Thinking in Terms of Tomorrow

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President

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Director

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Shivaji Deshmukh
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Delta) Watershed in dry years. The exchange will be available for 25 years, giving California improved flexibility to protect the health of this vital ecosystem. The project leverages and dedicates groundwater storage capacity in southern California for the benefit of ecosystems and critically endangered species in northern California.

While developing the CBP, IEUA has identified a number of issues that should be addressed in the Governor's Water Resilience Portfolio, including:

1. A proven and successful mechanism to incentivize and implement regional programs currently exists within the Integrated Regional Water Management (IRWM) framework. Within the boundaries of the IRWM, agencies are able to identify, prioritize, and vet local programs designed to accomplish regional objectives and needs. If the intent is to provide regional collaboration beyond traditional boundaries, prioritization of funding and ranking criteria needs to be reconfigured to encompass these goals.
2. In order to incentivize regional projects such as CBP that could provide benefits to the State, a communication plan is critical to provide a uniform, statewide campaign to support the implementation of the multi-benefit programs to address why investments are necessary beyond the traditional "return on investment" approach and takes into account intangible benefits such as resilience and reliability. We recommend developing metrics that defines resilience and reliability that could be used when projects are competing for funds, similar to the California Water Commission Proposition 1 Water Storage Investment Program process, as an essential first step.

To encourage regional approaches among water users, attention needs to be given to quantifying the intangible benefits of resilience and reliability. Benefit calculations based solely on the traditional "return on investment" approach do not encompass the full benefits projects like the CBP create, and metrics to quantify these benefits are essential to any future public funding.

3. Focus and funding should be given to projects that address climate change and other impacts on water quality.
 - a. Periods of extreme drought exacerbate the effects of salinity in all water supply sources. Uncertainties in future climate changes, and consequences such as increased salinity, should be recognized as we continue to make investments in securing and safeguarding existing supplies.
 - b. Emerging constituents of concern, such as PFAS and PFOA pose a threat to the economics of long-term implementation of projects like the CBP. This risk should be

considered and addressed by developing and implementing a framework for sharing of future financial responsibility associated with these threats. It is vital that these water quality issues be incorporated and addressed so that agencies continue to use local groundwater basins to maximize their local resources and not increase reliance on the Delta.

We look forward to working with you and Governor Newsom's administration to develop the Water Resilience Portfolio. We also request the State's full support as we work toward implementing the CBP as a part of the Governor's plan. We look forward to continuing our dialogue with you to update you on the CBP and to discuss how we can best support you and the Governor in this important endeavor.

Sincerely,

INLAND EMPIRE UTILITIES AGENCY

Steven J. Elie Director, IEUA Board
Chair, Chino Basin Program Ad-Hoc Committee



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(Chino Basin Program)

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