

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

**Chino Basin Conjunctive Use Environmental Water
Storage/Exchange Program**

QUARTERLY REPORT #2

October through December 2018

Progress Report to the California Water Commission
JANUARY 31, 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 October through December 2018. The report contents are based on guidance provided by Commission staff and document progress that IEUA is making towards 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

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 in Tables 1 and 2, attached. Issues or concerns that have, will, or could affect milestones or requirements are also provided here. There are no issues or concerns that affect milestones or requirements at this time.

IEUA is making good progress on continuing to plan out project components. The description below is an overview of the principal project components. This overview description was provided in the previous progress report and is retained here for added context. Provided further below is an update on progress made on certain project components and related planning efforts during the last quarter.

Project Components

There are no changes to the project description since the previous report. The CBP includes four principal project components:

- **Advanced Water Treatment Facilities.** New advanced water treatment facilities for recycled water will supply 15,000 acre-feet (AF) annually of additional purified water to the Chino Groundwater Basin.
- **Recycled Water Pipelines.** New regional pipelines will convey treated recycled water to the planned Advanced Water Treatment (AWT) facilities.
- **Production Wells and Wellhead Treatment Systems.** Stranded wells and wellhead treatment systems will be restored and new wells and wellhead treatment systems will be constructed to provide local water supply benefits to IEUA Member Agencies through increased pumping capacity and operational flexibility.
- **Pipeline Networks.** New pipeline intertie connections will facilitate opportunities for IEUA's Member Agencies to optimize sharing of water within the Chino Basin when needed, and allow for pump back of water from the Chino Groundwater Basin to a State Water Contractor, allowing an equivalent amount of water to be released from the Oroville Reservoir for ecosystem benefits in the Delta watershed and enhanced water security in times of emergency due to catastrophic events, such as extreme drought, seismic events, or fire.

Feasibility Studies and Pre-Design Update

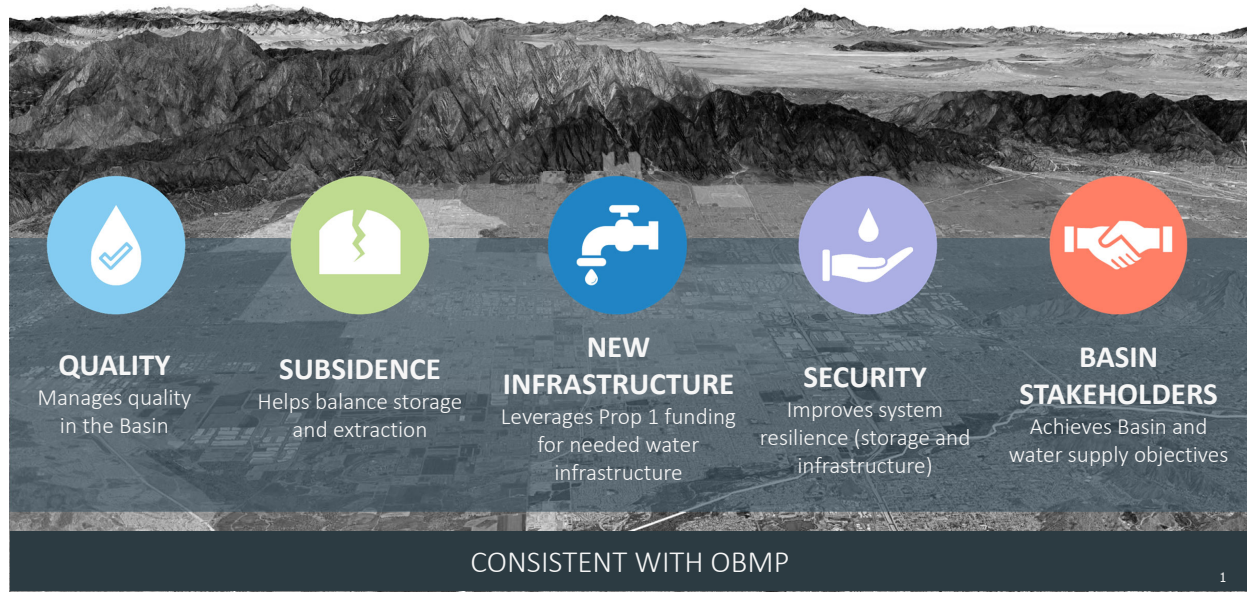
In recent months IEUA has advanced plans to complete a rate study and pre-design report to further advance the planning of the CBP. The following efforts are underway to identify and define key facilities, cost allocation, and operational and maintenance provisions:

- **Rate Study:** IEUA is currently in the process of updating its 2015 IEUA Rate Study, which will evaluate the impacts of the CBP (capital and operation/maintenance costs). Basin stakeholders will be engaged in the process, similar to the 2015 workshops. The requests for proposals were issued this quarter with a study start date of January 2019.
- **Pre-Design Report (PDR):** IEUA is in the process of developing a PDR. IEUA, partner agencies, and other interested parties will collaborate to complete the PDR, which will further refine the project components to achieve performance requirements and meet project objectives. The Request for Proposals was issued and the contract award is expected by March 2019. The study is expected to be completed by March 2020.

The Rate Study and PDR efforts will help to inform IEUA and its partner agencies on cost/benefits, operations, and project component details.

In addition, IEUA continued to coordinate with the Chino Basin Watermaster and their analysis of implementing additional storage within the Chino Basin, including the CBP, to define basin operations consistent with established basin management requirements. These efforts, referred to as the Chino Basin Storage Framework, are complete. The Chino Basin Watermaster began the process of updating the Optimum Basin Management Program (OBMP), a groundwater storage management plan for the Chino Groundwater Basin, with an expected completion date of December 2019. Through this collaboration the CBP efforts and objectives will be aligned with Chino Basin Watermaster management efforts and objectives and will improve the opportunity to optimize benefits of the CBP to the region.

Chino Basin Project Benefits



Environmental Documentation and Permitting Update

The information below summarizes the status of environmental documentation and permitting efforts occurring in the last quarter, and the plan forward for completing environmental documentation and addressing permitting needs.

Environmental Documents

IEUA continues to coordinate plans for completing a Programmatic Environmental Impact Report (PEIR) across the 2019 to 2020 time-frame. The PDR discussed previously will provide detailed project descriptions required to complete environmental analysis and permit planning. IEUA continues to coordinate plans for preparation of the CBP PEIR with other regional environmental planning efforts, such as the Chino Basin Storage Framework and OBMP Update environmental efforts.

Federal, State, and Local Approvals

IEUA has started the process of working with the resource agencies to review regulatory roles and needs as they pertain to the CBP. In the first quarter of 2019, IEUA will initiate formal engagement with these agencies, facilitated by the CWC. IEUA will share summary information about the CBP to establish a common understanding of the CBP and to help identify regulatory and administrative actions needed to support the planning and implementation of the CBP.

Design, Construction, and Operation Update

As noted above, additional feasibility and pre-design studies are being initiated. These efforts will further define project infrastructure and operational elements needed to complete design and construction and development of operations plans.

Communications and Engagement Update

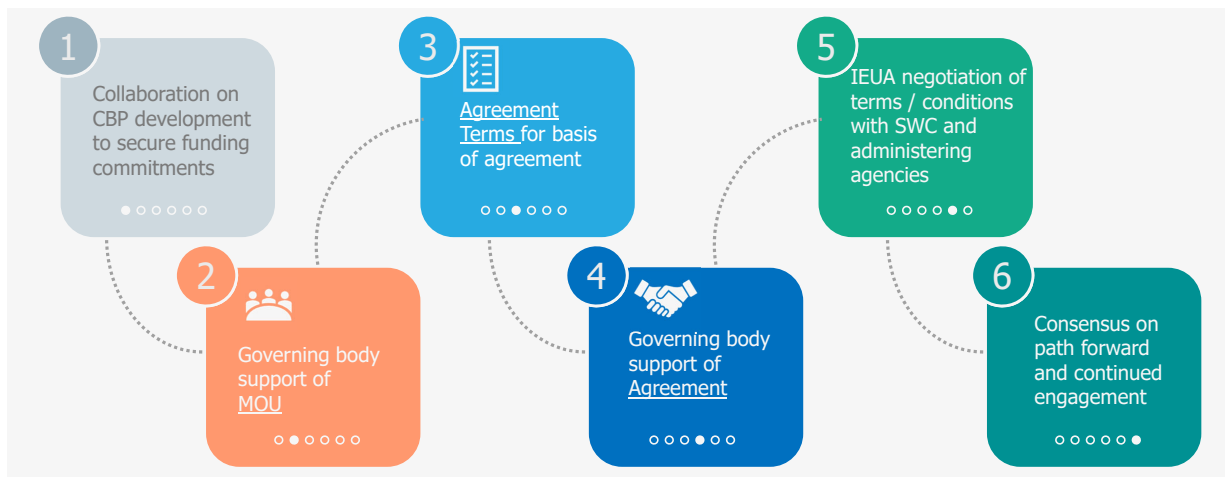
The CBP implementation requires close planning with IEUA Member Agencies and coordination with many agencies and partners. IEUA is continuing to develop and advance its project communications and outreach efforts. IEUA sees these efforts as critical to developing a clear understanding of Member Agency and stakeholder interests, needs, and concerns.

IEUA initiated a workgroup process (the CBP Workgroup) through which local partner agencies, IEUA, and other interested parties will collaborate to develop and implement the CBP. The CBP Workgroup process will provide an opportunity for partnering agencies to engage in program decision-making and direction. Through this process IEUA intends to develop the CBP that best achieves the objectives of providing broad mutual benefit to the basin and providing the public benefits outlined in the CBP Water Storage Investment Program application.

IEUA initiated the CBP Workgroup process in December 2018 and will hold regular monthly working sessions to help advance the planning and design of the CBP. IEUA is committed to the collaborative workgroup process and intends to understand and consider partnering agencies and other interested parties' interests in CBP decisions.

The first milestone established in this workgroup process is a CBP Memorandum of Understanding (MOU). The intent of the MOU is to formalize commitment to support a collaborative approach to the planning and design of the CBP. Through CBP Workgroup sessions and participation, IEUA will work with partner agencies to discuss integration and coordination of local and CBP objectives, performance agreements, and financial requirements. These efforts will lead to the next milestone, a CBP Agreement amongst the partnering agencies and IEUA. IEUA is also working to develop agreements with the Metropolitan Water District of Southern California (MWDSC) and State administering agencies. Negotiations with MWDSC have been initiated and formal discussions with State administering agencies will begin in February 2019. IEUA is also working closely with the Chino Basin Watermaster to align efforts and objectives to best meet basin needs, as described previously.

Objectives of Chino Basin Project Workgroup



3. Project Schedule Update

Chino Basin Project Schedule

The CBP schedule is provided below. There are no changes from the schedule shown in the previous quarterly report. The project completion date remains December 2025, with full operation of the CBP commencing in 2026. There are no known scheduling issues. Additional details of the schedule and progress are provided in Table 1, Project Schedule, and Table 2, Quarterly Reporting Items (Attachments 1 and 2, respectively).

Chino Basin Project Overview Schedule

TASK	2018	2019	2020	2021	2022	2023	2024	2025
Feasibility Studies and Pre-Design								
Storage and Recovery Application								
Environmental and Permitting								
Design & Construction								
Agreements & Stakeholder Coordination								
Program Management								
Total Project								

Next Steps

In the coming months IEUA will focus on the following activities to advance the CBP:

- Continue to advance the Rate Study and PDR efforts.
- Continue to collaborate with local partner agencies and other interested parties through the CBP Workgroup process and continue discussions with MWDSC towards developing agreements necessary for implementation of the CBP.
- Conduct one-on-one meetings with interested parties, presentations for special committees and boards, distribute correspondence letters and information materials to interested parties, prepare news briefs, and provide web postings.
- Implement public relations and communications strategies, including developing various communications tools (such as a new project web site), style guides, and phased approaches to support effective communication of project information.

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 is completing an additional economic analysis and embarking on a rate study (discussed previously). These additional efforts will provide information about the impacts of the CBP (capital and operation/maintenance costs) 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., 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 <i>(other agreements may be required and will be included when identified)</i>			
Agreements with IEUA Member Agencies	2019	2020	20%
Agreements with State Water Project Contractor	2019	2020	10%
Chino Basin Storage Agreement	2019	2020	0%
Contracts for Administration of Public Benefits			
CDFW (ecosystem agreement)	2019	2021	0%
SWRCB (water quality)	2019	2021	0%
DWR (emergency response)	2019	2021	0%
DWR (operations agreement)	2019	2021	0%
Completed Feasibility Studies <i>(includes feasibility studies related to planning efforts that are the framework for the CBP, as well as CBP-specific studies)</i>			
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%
2015 IRP	2013	2016	100%
2018 RMPU	2017	2018	100%
Recycled Water Interconnection – Pomona, MVWD, and IEUA Feasibility Study	2015	2018	100%
JCSD Recycled Water Intertie Feasibility Study	2015	2018	100%
2020 OBMP Update for Chino Basin	2018	2020	20%
CBP Feasibility Studies and Pre-Design	2019	2021	5%
CBP Rate Study	2019	2020	5%

Funding Agreement Milestone	Start Date	Finish Date	% Complete
Environmental Documentation <i>(includes environmental documentation already completed that supports elements of the CBP)</i>			
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%
CBP PEIR	2019	2020	0%
Federal, State, and Local Approvals			
Federal:	2019	2021	0%
– Potential operations approvals w/USBR			
– Potential permitting approvals w/USACE			
– Other possible federal permits/approvals tbd			
State:	2019	2021	0%
– Incidental Take Permit, if needed (w/CDFW)			
– Section 1707 water rights change, if needed (by DWR, w/SWRCB)			
– SWP water supply contract amendments, if needed (by SWPC, w/DWR)			
– Other possible State permits/approvals tbd			
Local:	2019	2021	0%
– Possible encroachment permits (w/ city/county)			
– Storage in CBWB (w/Chino Basin Watermaster)			
– Other possible local permits/approvals tbd			
Funding Agreement Components			
Project Workplan	2017	2021	5%
Project Schedule	2017	2021	5%
Project Budget	2017	2021	5%
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	Status	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	20%
	• Agreements with State Water Project Contractor	2020	10%
	• Chino Basin Storage Agreement	2020	0%
Contracts for administration of public benefits	• CDFW (ecosystem)	2021	0 %
	• SWRCB (water quality)	2021	0 %
	• DWR (emergency response)	2021	0 %
	• DWR (operations)	2021	0 %
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	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%
	• 2015 IRP	Done	100%
	• 2018 RMPU	Done	100%
	• Recycled Water Interconnection – Pomona, MVWD, and IEUA Feasibility Study	Done	100%
	• JCSD Recycled Water Intertie Feasibility Study	Done	100%
	• OBMP Update for Chino Basin CEQA	2020	20%
	• CBP Feasibility Studies and Pre-Design	2021	5%
	• CBP Rate Study	2020	5%

Description	Status	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:	2021	0%
	• Potential operations approvals w/USBR		
	• Potential permitting approvals w/USACE		
	• Other possible federal permits/approvals tbd		
	State:	2021	0%
	• Incidental Take Permit, if needed (w/CDFW)		
	• Section 1707 water rights change, if needed (by DWR, w/SWRCB)		
	• SWP water supply contract amendments, if needed (by SWPC, w/DWR)		
	• Other possible State permits/approvals tbd		
	Local:	2021	0%
	• Possible encroachment permits (w/ city/county)		
	• Storage in CBWB (w/Chino Basin Watermaster)		
	• Other possible local permits/approvals tbd		

* 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.



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