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October 20, 2021

Ms. Karla Nemeth  
Director, California Department of Water Resources  
P.O. Box 942836, Room 1115-1  
Sacramento, CA 94236-0001

Subject: Chino Basin Program Letter of Commitment for Non-public Benefit Costs

Dear Director Nemeth,

In July 2018, the California Water Commission (CWC) approved \$206.9 million in conditional funding from the Proposition 1 Water Storage Investment Program (WSIP) for the Inland Empire Utilities Agency's (IEUA) Chino Basin Program (CBP). In 2021, IEUA received additional WSIP funds with a current conditional award amount of \$212,072,500. WSIP Regulations Section 6013(f)(2) states that all projects must meet statutory requirements to remain eligible for funding and show continued progress. This letter confirms IEUA's commitment to meet this requirement and fund the non-public benefit cost shares of the CBP, pursuant to Water Code section 79757(a)(3).

The CBP is an innovative approach to addressing local, regional, and statewide water resources management issues through strategic partnerships, creative water exchanges, and deployment of new critical infrastructure. The CBP promotes proactive investment in managing the water quality of recycled water and groundwater in the Chino Basin. The CBP also meets regional water supply reliability needs in the face of climate change, while leveraging California's interregional plumbing system.

The CBP consists of advanced water treatment facilities, injection wells, extraction wells, and water distribution system improvements that would collectively treat and store up to 15,000 acre-feet per year of recycled water in the Chino Basin, creating a new local water supply to be online in 2028. These facilities would also connect to the Metropolitan Water District of Southern California (Metropolitan) water distribution system to allow for a portion of the water supply developed by the CBP to be delivered to Metropolitan. The CBP water will offset State Water Project (SWP) Table A water supplies that would instead be released from Lake Oroville to create pulse flows in the Feather River for ecosystem benefits, of which IEUA and the California Department of Fish and Wildlife (CDFW) have been working towards potential points of agreement, as reflected in the CDFW letter included herein. As a SWP Contractor, Metropolitan is a vital partner and would serve as a fundamental party in completing the proposed water exchange between supplies stored locally in the Chino Basin and SWP supplies

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General Manager


stored in Lake Oroville. A letter of support from Metropolitan is also included herein. In addition, the CBP will provide emergency response and water quality benefits, along with other non-public benefits.

IEUA will continue to pursue additional WSIP funding if it becomes available, as well as other State and Federal funding opportunities to offset remaining capital costs. The remaining balance of capital and operating costs will be financed by IEUA with cost recovery through 1) IEUA wastewater rates under the Chino Basin Regional Sewage Service Contract which includes the following contracting agencies: the cities of Chino, Chino Hills, Fontana, Montclair, Ontario, Upland, and Cucamonga Valley Water District in the city of Rancho Cucamonga, and 2) agreements with local participating agencies that will use a portion of CBP water supplies in lieu of water deliveries from Metropolitan. CBP costs will be included in IEUA's annual budget and capital financing plan.

IEUA is committed to the success of the CBP and looks forward to continued coordination and collaboration with the California Department of Water Resources and the CWC. If you would like additional information or have any questions about the CBP, please contact Sylvie Lee, the CBP Program Manager, at (909) 993-1646 or [SLee@ieua.org](mailto:SLee@ieua.org).

Sincerely,

Inland Empire Utilities Agency

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Shivaji Deshmukh, P.E.  
General Manager

