

Proposition 1 Water Storage Investment Program
Inland Empire Utilities Agency

Chino Basin Conjunctive Use Environmental
Water Storage/ Exchange Program

INITIAL REPORT

Progress Report to the California Water Commission
October 30, 2018



Chino Basin Project
1water forward

1. Purpose and Introduction

The Initial Report is the first of the Quarterly Reports that inform the California Water Commission (Commission) of schedule updates and progress towards completion of Inland Empire Utilities Agency's (IEUA) Chino Basin Project (CBP). The Initial Report contents are based on guidance provided by Commission staff and document progress IEUA is making towards complying with conditions required to enter a funding agreement with the Commission for implementation of the CBP.

The discussion below explains items in **Table 1**, Project Schedule, and **Table 2**, Quarterly Reporting Items (Attachments 1 and 2, respectively). Table 1 and Table 2 are required components of the Initial and Quarterly Reports. In addition, this report provides an update on the Chino Basin Project since submittal of the application in August 2017 through September 30, 2018, per the reporting requirement guidelines provided by the Commission. The discussion is organized by the following sections:

1. Purpose and Introduction (this section)
 2. Project Planning Update
 3. Project Schedule Update
 4. Project Cost and Financing Update
 5. Financial Management System Questionnaire
- Attachment 1 – Table 1. Project Schedule
 - Attachment 2 – Table 2: Quarterly Reporting Items for Commission Hearing on Final Awards
 - Attachment 3 – Executed MOU between City of Pomona, Monte Vista Water District, and Inland Empire Utilities Agency Regarding Evaluation of the Feasibility of Recycled Water System Interconnections
 - Attachment 4 – Term Sheet for the Joint Inland Empire Utilities Agency-Jurupa Community Services District (IEUA-JCSD) Regional Water Recycling Program

The Commission also required IEUA complete a Financial Management Systems Questionnaire. This attachment was provided separately to the Commission as requested due to the sensitive nature of the financial information included.

2. Project Planning Update

The Project Planning Status Update is a narrative summary update of the project progress since submittal of the Proposition 1 Water Storage Investment Program (WSIP) application in August 2017. The summary provides a narrative description of the status of IEUA meeting the requirements and milestones identified by the Commission in Tables 1 and 2. Tables 1 and 2 are included in the Attachments section, and provide a tabular listing of the status of meeting the requirements and milestones. Issues or concerns that have, will, or could affect milestones or requirements are also discussed. There are no issues or concerns that affect milestones or requirements at this time. The discussion of how the project schedule is progressing in comparison to the schedule provided in August 2017 is included in the Project Schedule Update section below.

Project Description Update

The project infrastructure includes four major project components elements as listed below:

- **Recycled Water Interties.** New regional interties will allow additional recycled water to be provided in the Basin
- **Advanced Water Treatment.** New advanced water treatment facilities will supply 15,000 acre-feet (AF) of additional purified water to the Chino Groundwater Basin.
- **Pipeline Connection.** New pipeline connections will 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.
- **Well head Improvements.** New wellhead treatment systems will provide local water supply benefits to IEUA Member Agencies through increased pumping capacity and increased operational flexibility.

The above infrastructure components are consistent with descriptions provided in the August 2017 WSIP application. Since completion of the application, IEUA has progressed the planning of the advanced water treatment component and the source of recycled water supply and advanced the quantification of non-public benefits associated with reducing land subsidence risks and providing improved water reliability in the Chino Basin region. These advancements are summarized below. Other advancements of the project, such as progress with feasibility studies, regional planning, and engagement with project partners, are discussed further below.

Advanced Water Treatment Recycled Water Supply Summary Update

The CBP includes the construction of an Advanced Water Treatment Facility (recycled water). The source water for this facility will be secured from non-reclaimed wastewater and contaminated groundwater from neighboring agencies, and forecasted growth within the Santa Ana River Watershed. These sources will not only supply the treatment facility, they will also help the IEUA service area diversify its water portfolio to aid in mitigating an uncertain water supply future.

Since the WSIP application was submitted in August 2017, IEUA has identified several sources of water that has diversified its portfolio for the groundwater recharge of the CBP. IEUA has partnered with local agencies to establish pipeline connections with these sources of water, including contaminated groundwater from neighboring agencies and unused wastewater. Provided below is a summary of specific accomplishments related to these efforts:

- IEUA entered into a Memorandum of Understanding (MOU) with the City of Pomona and Monte Vista Water District to interconnect and treat contaminated groundwater from the Spadra Basin and divert recycled water currently flowing through Los Angeles County Sanitation Districts for recharge within the Chino Basin. This project has completed its initial feasibility study and has a request to the State Water Resources Control Board (SWRCB) for funding from the State Revolving Fund Loan Program. A copy of the MOU is provided as **Attachment 3**. The feasibility study was recently approved by the United States Bureau of Reclamation and is now eligible for funding through the 2018 WIIN Act Title XVI grant program.
- IEUA entered into a MOU with Jurupa Community Services District (JCSD) to use JCSD's unused tertiary treated wastewater for recharge within the Chino Basin. JCSD received its water rights petition approval from the SWRCB for the diversion of the wastewater from the Santa Ana River. This project has completed its initial feasibility study and has a request to the SWRCB for funding from the State Revolving Fund Loan Program. The project has been placed by the SWRCB under the Intended Use Plan's Fundable Projects List. The feasibility study was recently approved by the United States Bureau of Reclamation and is now eligible for funding through the 2018 WIIN Act Title XVI grant program. The Term Sheet for the Joint IEUA-JCSD RW Project is provided as **Attachment 4**.
- IEUA anticipates continued regional growth of recycled water and desalter water supplies within the service area as defined in the 2015 Integrated Water Resources Plan (A-1 p. 5; 2015 IRP water supply projections for recycled water and desalter production p. 28-33).
- IEUA has the opportunity of increasing treatment to recycled industrial wastewater that is currently discharged and disposed of via its regional brine line as additional source water for the project.
- IEUA completed feasibility studies for septic to sewer which, in the long term, will add another source of water for the project.

Chino Basin Project Innovation Benefits



Quality



Subsidence



New Infrastructure



Security



Basin Stakeholders

With these identified sources of new water, the CBP has increased potential sources of water beyond reliance on discharges from upstream agencies. This will assure that treated wastewater will continue to be discharged to the Santa Ana River, consistent with the Upper Santa Ana River Habitat Conservation Plan.

Benefits Summary Update

IEUA greatly depends on local water resources to meet about 70% of required demand. In recent years, salinity in the Chino Basin groundwater threatens the region's ability to use all existing recycled water supplies, especially with extended drought conditions. Additionally, land subsidence risks increased, and continue to be an issue. The CBP project addresses these critical issues, while improving the region's water reliability, especially in times of drought and future anticipated impacts to imported water supplies. The CBP incorporates water management approaches that will provide water security for the future and reduce land subsidence risk and TDS/salinity impacts to the Chino Groundwater Basin.

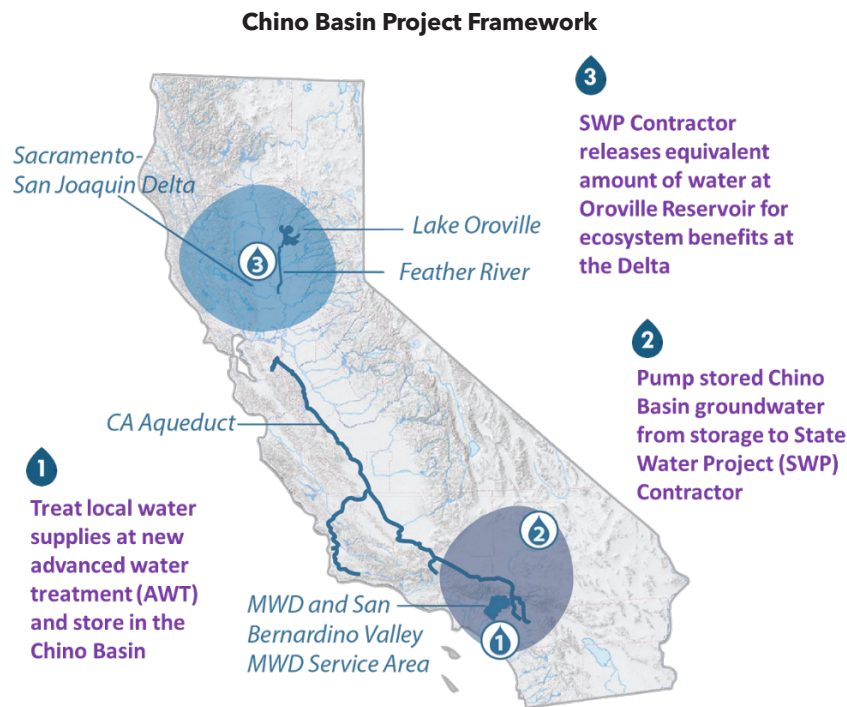
The quantification of these benefits was reported to the commission during the WSIP application review period. Other public benefits (as defined by the WSIP regulations) included ecosystem benefits, water quality benefits, and emergency response benefits. The quantification of these benefits was subject to the review process during WSIP evaluation phase and the findings from those efforts have not changed since that review process was concluded and findings ratified.

Feasibility Studies and Pre-Design Update

Since completing the application in August 2017, IEUA has completed more extensive facilities planning and operations analysis. Feasibility studies related to the recycled water interties have been completed and are under review. IEUA is performing additional operations analysis of the Lake Oroville exchange with the Chino Basin Water Bank. This analysis will allow IEUA to further refine exchange-related parameters, and further demonstrate the flexibility and adaptability of providing water exchanges for the benefits of the Feather River and Delta. IEUA has also conducted more detailed analyses to confirm that future hydrologic conditions under climate change conditions do not affect the necessary availability of water in Lake Oroville to provide for the proposed exchanges with the Chino Basin or the availability of recycled water for advanced water treatment, and hence no effect on the ability of the CBP to produce the anticipated public and non-public benefits. These efforts will inform CBP feasibility and pre-design planning studies of the project elements; these CBP studies are scheduled to begin in early 2019 and be completed by 2021.

Several regional planning initiatives that encompass the CBP have progressed, such as the 2017 Drought Response Plan and the 2018 Santa Ana Watershed Program Authority's "One Water One Watershed" Plan, which is the region's Integrated Regional Water Management Plan. These efforts will help establish the overall operational framework under which the CBP will perform. These efforts will inform, and be coordinated with, the CBP feasibility and pre-design studies.

In addition, the Chino Basin Watermaster is evaluating ranges of additional storage within the Chino Basin including Chino Basin Water Bank, to provide a maximum threshold for safe basin operations, and potential operation beyond safe storage with potential required actions to maintain the established hydraulic control. These efforts, referred to as the Chino Basin Storage Framework, will provide greater flexibility in basin operations, and will provide the operational parameters for the CBP groundwater storage and exchange elements.



Environmental Documentation and Permitting Update

In IEUA's original application, a summary of the environmental planning process and permitting needs were outlined and further discussed in subsequent correspondence with the Commission. This discussion below summarizes the status of environmental documentation and permitting efforts to date, and the plan forward for completing environmental documentation and addressing permitting needs.

Environmental Documents

The CBP and related benefits will be considered in a Programmatic Environmental Impact Report (PEIR) that will be developed across the 2019 to 2020 time-frame. This PEIR will build upon the previously adopted 2017 IEUA Facilities Master Plan PEIR which included all planning activities evaluated under the 2015 IEUA IRP, and already covers some facilities under the CBP.

Federal, State, and Local Approvals

As the CBP progresses through planning and preliminary design stages, the initial list of potential environmental and regulatory permits and approvals will be identified. Since the WSIP application was submitted in August 2017, IEUA has identified several sources of wastewater that has diversified its portfolio for the groundwater recharge of the CBP. With this expanded portfolio of wastewater sources, the need to obtain a wastewater discharge change petition from the SWRCB is reduced at this time and may not be required prior to commencing operation of the CBP.

Design, Construction and Operation Update

Additional feasibility and pre-design studies are being initiated. These efforts will further define project infrastructure and operational elements needed to complete environmental planning efforts, and to prepare the basis for design and operations. IEUA anticipates completing these planning and pre-design efforts in 2021, followed by design, construction, and operations activities.

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. For these efforts, IEUA is developing project communications and outreach materials (presentations, information graphics, handouts and/or brochures, contents for websites/newsletters, etc.) to support project discussions with IEUA Member Agencies and stakeholders, as well as agencies that are responsible for administering the public benefits and regulatory agencies responsible for permit and related approvals.

IEUA understands that effective communication of the CBP is a high priority. IEUA is actively engaging with interested parties and partners of the CBP through one-on-one meetings, presentations to special committees and boards, workshops, correspondence letters, news briefs, and web postings. To further enhance these efforts, IEUA is preparing a formal public relations and communications plan that will consider Member Agencies, stakeholders, State and federal resource agencies, and the broader spectrum of other local and regional interests and the general public. This PR plan will include methods, tools, style guides, strategies, and phased approaches to support effective communication of project information.

Numerous outreach activities have occurred since the application was submitted in August 2017. This includes outreach to Member Agencies, stakeholders, and more recently to the agencies that will be responsible for administering the public benefit, specifically California Department of Fish and Wildlife (CDFW), SWRCB, and California Department of Water Resources (DWR). IEUA will be engaging in specific planning and technical discussions with these parties in the coming months in order to prepare the necessary agreements and contracts required for the CBP. IEUA will be implementing its PR plan to continue to enhance the effectiveness of its communication efforts.

Chino Basin Project Partners



3. Project Schedule Update

Chino Basin Project Schedule

An updated schedule for the CBP is provided below. As requested by Commission staff, this schedule outlines estimated completion dates for the milestones listed in the CSC provided Table 1 Project Schedule form (Attachment 1). The project completion date of December 2025 has not changed from the submittal of the IEUA WSIP application in August 2017. The current project schedule targets the CBP to be fully constructed and operational by 2026.

Beginning and ending dates of major tasks associated with the CBP have been refined since the August 2017 date based upon new information developed as project planning efforts have advanced. The refined CBP schedule is shown below. Additional details of the schedule and progress made is provided in Table 1, Project Schedule, and Table 2, Quarterly Reporting Items (Attachments 1 and 2, respectively). Schedule refinements do not affect the project completion date of January 2026 or IEUA plans to complete the conditional requirements by 2022 required for executing the funding agreement with the Commission.

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								
	2018	2019	2020	2021	2022	2023	2024	2025

Next Steps

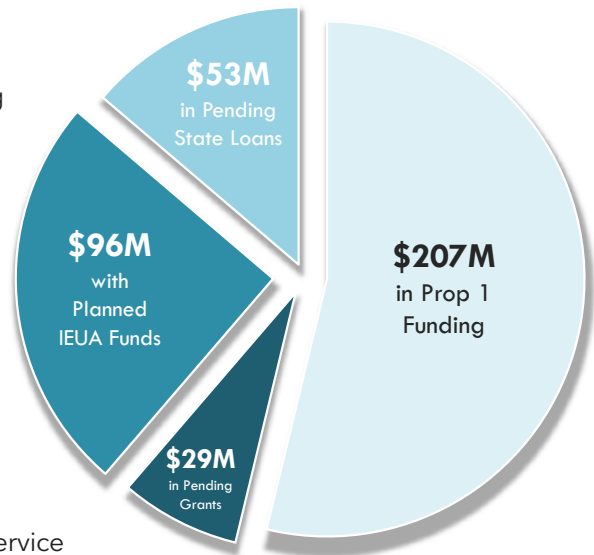
The CBP implementation requires close planning and coordination with Member Agencies and regional partners, coordination and collaboration with agencies responsible for administering the project public benefits, communication and outreach with stakeholders, advancement of planning and technical work related to feasibility studies and environmental planning efforts. These efforts are underway and making progress. Additional details for these efforts are also included in Tables 1 and 2 mentioned above.

4. Project Cost and Financing Update

Capital Costs, Cash Flow, and Financing

IEUA has conducted further analysis of potential funding sources to help with financing of the CBP. Based on this analysis, IEUA has identified access to several funding sources that will be applied to IEUA's share of the project costs:

- **Connection Fees.** Based on the 2015 Cost of Service Study, IEUA established water connection fees to support capital project construction costs that are needed to sustain water supply for growth within the service area.
- **Water Rates.** Also based on the 2015 Cost of Service Study, IEUA updated its water rates within its service area. Water and recycled water rates support operation and maintenance costs associated with the operation and maintenance of the regional water systems.
- **State Revolving Fund.** Loan applications for components of the Advanced Water Treatment Facilities and pipeline connections have been submitted to the SWRCB and have been placed on the eligibility list.



Capital costs will be updated based upon project refinements developed during the feasibility and pre-design effort. At this time there are no changes to the Capital costs of the project.

Information and findings from IEUA's financial analysis, combined with refined capital costs updated through feasibility and pre-design efforts, will inform contractual arrangements with project beneficiaries that will be developed later in the planning and implementation process.

Pursuit of Additional Grant Funds

IEUA is seeking additional grant opportunities for the CBP, with approximately \$29 million in grant awards pending. Additional grant funding may be realized through federal grant programs, State grant programs, and State Revolving Funds programs.

5. Financial Management System Questionnaire

A completed Financial Management Systems Questionnaire was completed per Commission guidelines. This questionnaire serves as a precursor to future audited financial statements the Commission requires prior to execution of the WSIP funding agreement. Because of the nature of information contained in this questionnaire, it has been submitted separately as requested by the Commission.

Chino Basin Conjunctive Use Environmental Water Storage/ Exchange Program

ATTACHMENTS

- | | |
|-----------------------|---|
| Attachment 1 – | Table 1: Project Schedule |
| Attachment 2 – | Table 2: Quarterly Reporting Items for Commission Hearing on Final Awards |
| Attachment 3 – | Executed MOU between City of Pomona, Monte Vista Water District, and Inland Empire Utilities Agency Regarding Evaluation of the Feasibility of Recycled Water System Interconnections |
| Attachment 4 – | Term Sheet for the Joint Inland Empire Utilities Agency-Jurupa Community Services District (IEUA-JCSD) Regional Water Recycling Program |

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>			0%
Agreements with IEUA Member Agencies	2019	2020	0%
Agreements with State Water Project Contractor	2019	2020	0%
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 the framework for the CBP, as well as CBP-specific studies)</i>			100%
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	10%
CBP Feasibility Studies and Pre-Design	2019	2021	0%
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%

Funding Agreement Milestone	Start Date	Finish Date	% Complete
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 right 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	0%
	• Agreements with State Water Project Contractor	2020	0%
	• 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 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	10%
	• CBP Feasibility Studies and Pre-Design	2021	0%

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 right 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 on for these elements and there has been no change in the information related to these elements at this time.

ATTACHMENT 3

Executed MOU between City of Pomona,
Monte Vista Water District, and Inland Empire
Utilities Agency Regarding Evaluation of
the Feasibility of Recycled Water System
Interconnections

**MEMORANDUM OF UNDERSTANDING
BETWEEN
CITY OF POMONA, MONTE VISTA WATER DISTRICT
AND INLAND EMPIRE UTILITIES AGENCY
REGARDING EVALUATION OF THE FEASIBILITY OF RECYCLED WATER
SYSTEM INTERCONNECTIONS**

WHEREAS, City of Pomona ("Pomona") has an established recycled water system with entitled rights for such recycled water; and

WHEREAS, Pomona has rights to brine wastewater, along with non-potable water from its groundwater basin; and,

WHEREAS, Inland Empire Utilities Agency ("IEUA") has established a regional wastewater treatment and recycled water distribution system and sees the need for additional recycled water supplies in the future; and

WHEREAS, IEUA has brine wastewater that is available within its region; and

WHEREAS, Monte Vista Water District ("MVWD") owns property and infrastructure that could facilitate the distribution, advanced treatment, and recharge of available recycled water supplies and available brine wastewater supplies within the northwestern Management Zone 1 region of the Chino Groundwater Basin; and

WHEREAS, Pomona, MVWD and IEUA ("the Parties") desire to develop a supplemental water supply to assist in meeting water needs and recognize that partnering would help mitigate existing and future potential land subsidence conditions, offset current potable demands, and enhance groundwater pumping within the Chino Groundwater Basin; and

WHEREAS, the Parties desire to enter into this Memorandum of Understanding ("MOU") in order to initiate formal negotiation and development of a project to provide regional mitigation and water supply benefits to all Parties; and

WHEREAS, the Parties desire to jointly prepare a Feasibility Report to evaluate the benefits and the feasibility of recycled water systems interconnections and advanced treatment and recharge of available recycled water and brine wastewater supplies.

Now, therefore, the Parties hereby make the following mutual commitments:

1. The Parties shall cooperate to mitigate existing and future potential land subsidence conditions, to reduce reliance on imported water, and to increase local water supply reliability and sustainability.
2. The Parties shall cooperate to define the parameters of a project to: a) develop a recycled water intertie; and b) treat and recharge available recycled water and brine wastewater

supplies within the northwestern Management Zone 1 region of the Chino Groundwater Basin to the benefit of the Parties.

3. The source of the water to meet the Parties' supplemental recharge and supply needs are anticipated to be diverted Title 22 approved tertiary treated wastewater from the Sanitation Districts of Los Angeles County Pomona Water Reclamation Plant.
4. The recycled water from the Pomona Water Reclamation Plant will be used to meet a portion of the Parties' water needs either via direct delivery or conveyed to IEUA's system to enhance groundwater recharge in the Chino Basin for later beneficial reuse within the region (See attached Figure 1).
5. The available non-potable recycled water and non-reclaimable water system brine wastewater from Pomona and IEUA may be utilized for advanced treatment and reuse, recharge, and/or injection into the groundwater basin (See attached Figure 2).
6. MVWD's property and infrastructure may be utilized to convey, treat and/or recharge the northwestern portion of Management Zone 1 (See attached Figure 2).
7. The Parties shall prepare a Feasibility Report to develop a scope of work and evaluate the technical and financial feasibility of the project.
8. IEUA will retain a consultant approved by all Parties to prepare the Feasibility Report. The Report will include alternatives for the project, preliminary engineered drawings, environmental assessments, and technical data, as required for institutional agreements and permits, as well as for determining project costs. The Report will also include the anticipated schedule of the project based on the findings described above.
9. The Parties will equally share the cost of developing the Feasibility Report. The Parties estimate that the Report will cost \$250,000.00, and anticipate that the Report will be complete approximately nine (9) months after the full execution of this MOU. Each Party shall, however, bear its own administrative costs in developing the Feasibility Report.
10. IEUA shall serve as the lead CEQA Agency for the Project and Feasibility Report.
11. Following the completion of the Report and a determination of project economic and technical viability, the Parties shall work diligently towards the development of a formal agreement for the Project Implementation.
12. This MOU serves to provide for the Parties' joint effort to prepare the Feasibility Report. This MOU does not obligate the Parties to take any contractual action, such as the execution of intertie agreements, after the Feasibility Report is complete.
13. The Parties acknowledge that this MOU may be amended in a writing signed by all Parties to add project partners.

This MOU may be signed in identical counterparts, each of which shall be deemed to be an original and shall constitute one MOU. This MOU shall take effect on the date of the last signature executed by the Parties, and shall expire upon completion of the Feasibility Report and each Party's full payment of any balance due for preparation of the Report.

For the CITY OF POMONA

Signature: Paula Chamberlain Date: 8-11-15

Printed Name: PAULA Chamberlain

Title: Acting City Manager

For the INLAND EMPIRE UTILITIES AGENCY

Signature: [Signature] Date: 7/15/15

Printed Name: _____

Title: _____

For the MONTE VISTA WATER DISTRICT

Signature: Mark N. Kinsey Date: 8/4/2015

Printed Name: Mark N. Kinsey

Title: General Manager

APPROVED AS TO FORM:

[Signature]
City Attorney for City of Pomona

ATTEST:

[Signature]
City Clerk

ATTACHMENT 4

Term Sheet for the Joint Inland Empire Utilities
Agency-Jurupa Community Services District
(IEUA-JCSD) Regional Water Recycling Program

Joint IEUA-JCSD RW Project Term Sheet [1L]	Term Sheet between Inland Empire Utilities Agency (IEUA) and JCSD for the development of a RW Interconnection	11/18/2015	Signed by J. Grindstaff, original to S. Lee for JCSD signature, original to Records, copy to Board Secretary for files <i>I signed original received 12/9/15/ Original to Records, copy to Sylvie and Board Secretary for files.</i>
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Jane F. Anderson, President
Chad Blais, Vice President
Kenneth J. McLaughlin, Director
Betty A. Anderson, Director
Joan E. Roberts, Ph.D., Director



COPY

November 24, 2015

Joe Grindstaff
Inland Empire Utilities Agency
P O Box 9020
Chino Hills CA 91709

Re: Term Sheet for the Joint Inland Empire Utilities Agency-Jurupa Community Services District (IEUA-JCSD) Regional Water Recycling Program

At its meeting of November 23, 2015, the Board of Directors approved the Term Sheet between IEUA and JCSD for the development of a recycled water interconnection and delivery pipelines; and authorized the General Manager to execute the Term Sheet, subject to non-substantive changes. Enclosed please find a fully-executed original for your records.

If you have questions pertaining to the content of the Term Sheet, please contact Robert Tock, Director of Engineering & Operations, at (951) 685-7434.

Sincerely,

A handwritten signature in blue ink that reads "Rosemary Hernandez".

Rosemary Hernandez
Administrative Assistant

Enclosure

cc: Michelle Lauffer (w/o enc.)

COPY

JOINT IEUA – JCSD REGIONAL WATER RECYCLING PROGRAM PROJECT
INTERCONNECTION CONSTRUCTION AND OPERATING TERM SHEET BETWEEN INLAND EMPIRE
UTILITIES AGENCY AND JURUPA COMMUNITY SERVICES DISTRICT

The Inland Empire Utilities Agency (Agency) and Jurupa Community Services District (District) (Collectively referred to as the Parties) agree to an “unbalanced exchange” regarding the conveyance of the District’s proportionate share of the Western Riverside County Regional Wastewater Authority (WRCRWA) treated wastewater effluent to the Agency for direct irrigation use by the Agency, as supply for the Agency’s Groundwater Recharge (GWR) program and corresponding District storage credits in Chino Basin. The recycled water will be conveyed through a series of pumping systems and pipelines (the Project) within the District and Agency service areas.

Section 1. Recycled Water Supply Projections

- A. It is understood that the following is the projected District proportionate share of WRCRWA treated wastewater:

Current Entitlement		Expansion Entitlement	
Flow (mgd)	Volume/YR (AFY)	Flow (mgd)	Volume/YR (AFY)
3.25	2600-3600	6.00	4800-6000

- B. It is acknowledged that this project is based on work to date regarding the current WRCRWA Petition for Change of Use (Discharge Permit) regarding releases to the Santa Ana River. This application is filed and well underway regarding required releases to the Santa Ana River. The final status or outcome is not known at present.
- C. District and Agency project available supply, at full development, estimated as follows:

District (Direct use)	800 AF/Year (16.6%)
Agency Deliveries	4000 AF/Year for use as:
1. Direct Use	2000 AF (41.7%); Use by Agency
2. Recharge	2000 AF (41.7%); District to receive recharge credits

- D. Both parties acknowledge that there are seasonal use aspects associated with recycled water deliveries for both direct use and recharge applications. Higher demands exist in the peak summer months while lower demands exist in the winter months. Both parties desire steady state daily flow availability (+/- 15%) because there is no reservoir storage contemplated in this project.
- E. In the event that the District identifies an opportunity to expand direct use in excess of the volume identified in Section 1C, the Agency and the District commit to meet and negotiate

reallocation/expansion terms in good faith consistent with this Term Sheet or the subsequent Agreement. Example: A connection between Ontario's future recycled water system and the District's Area B Development.

- F. Both parties acknowledge that Agency may request that Santa Ana River (SAR) discharges may be made in lieu of the Agency introducing reclaimed water into the Agency system as part of seasonal beneficial use. This is acceptable if coordinated with Section 2C, Beneficial Use, and Recharge Plan. District shall receive Recharge Credit as outlined in Section 1C.

Section 2. Beneficial Use

- A. District will construct and convey recycled water for direct use by its large users within its retail water system.
- B. Agency will construct and convey recycled water for direct use, primarily within its lower 930 pressure zone.
- C. Agency will utilize existing infrastructure or construct necessary facilities for the introduction of this recycled water for recharge in the Chino Basin.
- D. Agency and District shall cooperatively develop, coincidental with the project design and commitments, a mutually-agreed upon plan through a Project Committee to maximize recharge primarily within the Chino Basin Management Zone 3. It is understood that this recharge plan may be phased in nature due to the concurrent planning and construction of recharge basins within the 2013 Chino Basin Recharge Master Plan Update.
- E. Agency and District acknowledge that , pending completion of item D above, recharge capacity and other constraints may exist between this project and the provisions of the January 28, 2013 Management Zone 3 Recycled Water Groundwater Recharge Agreement (2013 Agreement). In consideration for the additional recharge associated with the Project, the maximum amount of groundwater recharge available through the 2013 Agreement will be amended as follows for the fiscal year immediately subsequent to the startup of the Project.

MZ-3 Recycled Water Recharge* (AF/Yr)	Maximum Eligible for RW Purchase Through 2013 Agreement (AF/Yr)
<4000	950
5000	850
6000	750
7000	650
8000	550
9000	450
10000	350

*from prior year

Section 3. Environmental, Pre- Design and Design

- A. Parties acknowledge and agree to the current project description as contained in the Joint IEUA-JCSD Regional Water Recycling Program Project State Revolving Fund Loan/grant application. This is detailed as Alternative 4 table and map (Attachment A).
- B. Parties have mutually-funded and initiated the Preliminary Design Report under separate agreement. District has engaged the consultant in this work.
- C. District has completed required California Environmental Quality Act (CEQA Plus) documentation with Board of Directors acceptance on September 26, 2015. Agency and District shall coordinate funding at 50% each following the execution of this Term Sheet.
- D. District shall coordinate appropriate land at its existing American Heroes Park in support of this project during the design phase at no cost to the Parties. The design and construction of the pump station at the Park shall be completed with appropriate water conservation measures.
- E. The Agency shall lead the design effort for the Project. The selection of consultants shall be through a competitive solicitation process and led by the Agency with participation/input by the District.
- F. Parties agree to mutually fund project design in a pro-rata allocation as describe in Section 4 Construction and Ownership.
- G. Project management costs directly associated with the Project (project management, construction management, grants management, etc.) shall be included as actual project costs and as such, shall be subject to pro-rata funding as outlined in Section 4D.
- H. Design of Agency facilities shall be in conformance with Agency standards.
- I. Design of District facilities shall be in conformance with District standards.
- J. The Agency shall engage participation from the District throughout the design processes through the Project Committee.

Section 4. Construction and Ownership

- A. Parties acknowledge and agree that commitment to design and construction are subject to the successful obtainment of the Joint IEUA-JCSD Regional Water Recycling Program Project State Revolving Fund Loan/grant.
- B. It is contemplated, subject to further discussion, that the Project design will be conducted under one project award and subject to the same cost allocation as describe in Section 4D.
- C. Both parties agree that the final construction approach shall be performed with a mutual goal of efficient design and process in order to meet the commitments made through the Joint funding application. Determination of the number of bid packages and construction management leadership will be determined by the Agency and District concurrent with the design process, but prior to the finalization of the design.
- D. Capital Costs and ownership (Based on pro-rata volume methodology in Section 1C):

Facilities	District Share	Agency Share
WRCRWA Pump Station	58.3%	41.7%
Transmission Pipeline (WRCRWA-AHP)	58.3%	41.7%
Agency Booster Pump and Pipeline (AHP-930 PZ)	50.0%	50.0%
District Booster Pump and Pipeline (AHP-JCSD)	100.0%	0.0%

- E. District shall operate and maintain the WRCRWA Pump Station, Transmission Pipeline (WRCRWA-American Heroes Park) and the District Pump Station and Pipeline to the retail area
- F. Agency shall operate and maintain the Agency Pump and Pipeline from American Heroes Park to the 930 pressure zone connection point.
- G. Agency and District coordination throughout the construction of the Project will be effectively communicated through the Project Committee.

Section 5. Operations and Maintenance Expenditures

- A. Parties acknowledge and agree that the allocation and payment of annual operations and maintenance expenses shall on a pro-rata basis, consistent with that defined in Section 1C applied to actual expenditures.
- B. District recognizes and agrees that there is a groundwater recharge maintenance charge (as adopted by the IEUA Board) currently at \$60/AF of recycled water recharged, that will be applied to the Project recharge.
- C. Agency agrees that for the first 10-years, the O&M costs associated with additional recycled water pumping from RP-1 to GWR (approximately \$50/AF) shall not be charged to the District. Following this time period, the District will fund the pro-rata portion of recycled water pumped from RP-1 to the 1158 pressure zone. This time period (10-years) may be modified as part of the formal Agreement based on the expected pumping costs determined in the predesign report.
- D. District shall coordinate electrical service for WRCRWA Pump Station and District distribution pumps at American Heroes Park.
- E. Agency shall coordinate electrical service for the Agency Pump Station at American Heroe's Park.
- F. Parties shall be mutually responsible (pro-rata Section 1C) for any WRCRWA administrative or operational charges at the WRCRWA facility.
- G. Parties shall stay current on all operational billings and shall coordinate program reconciliations between the partnering agencies on a quarterly basis. Monthly reports shall include project expenditures, recycled water deliveries, and recharge credits.
- H. Annual budgets and billings shall be reviewed by the Project Committee.

Section 6. Service Disruptions

- A. District and Agency acknowledge that the provision of recycled water to this program is interruptible in nature. The supply is contingent on many factors including WRCRWA facility operations, and electrical service provision, which are provided by others.
- B. It is acknowledged that the current project does not include back-up power generation at any facilities.
- C. In the event of planned or unplanned supply disruptions, District shall make every reasonable effort to resume recycled water delivery as soon as possible and shall keep Agency informed as to the status of service.

Section 7. Water Quality and Water Metering

- A. District and Agency acknowledge that the water quality of the District wastewater shall comply with WRCRWA's Regional Water Quality Control Board Water reclamation requirements and Title 22 permits. Measurement shall be at the point of compliance at the WRCRWA facility.
- B. Water quality reports from WRCRWA shall be made available on an appropriate schedule.
- C. Agency is responsible to ensure that their direct use wholesale customers comply with all necessary regulatory and permit requirements for the application of the recycled water.
- D. Water deliveries shall be measured at the WRCRWA metering points within the facility and at American Heroes Park.
- E. Water quality and quantities shall be subject to review and validation by the Project Committee.

Section 8. Financing

- A. District hereby agrees to allow Agency to apply on District's behalf to the California State Revolving Fund Loan/grant program.
- B. Agency has negotiated an agreement with the Chino Basin Regional Financing Authority (CBRFA) that allows Agency to become the lead agency to apply for the above grant and CBRFA to administer the grant, if received.
- C. District shall annually appropriate funds for the repayment of the State Revolving Fund (SRF) Loan/Grant, if received.
- D. The District and the Agency may elect to pursue additional or alternate funding sources as otherwise agreed upon.

Section 9. Term and Termination

- A. It is contemplated that the SRF grant or Loan will have a repayment period of 30 years.
- B. This construction and operating agreement shall be for a period of 45 years, with automatic 10-year renewals unless either Party objects in writing.

- C. Each party shall have the right to terminate the agreement with a 3-year notice unless a shorter notice is mutually agreed upon in writing.
- D. The terminating party is responsible for repayment of the affected party's proportionate share of the project commitments that is outstanding at the time of termination.

Section 10. Project Committee

Consistent with the roles as defined within this Term Sheet, a Project Committee shall be established to ensure effective coordination between the Agency and District throughout the planning, design, construction and operation of the Project. The Project Committee shall be comprised of at least one leadership representative from each party. The Committee shall meet no less than twice per year to review Project design, construction, budgets, costs and operational coordination.

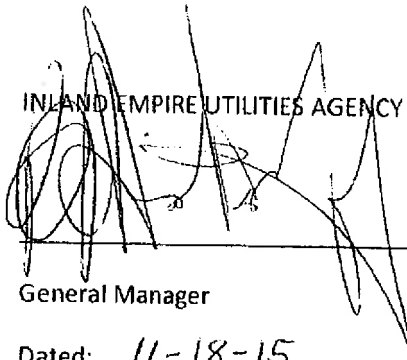
Section 11. Preparation of an Agreement

Both Parties agree to give best faith efforts to execute a formal Construction and Operations Agreement based on the terms identified herein within 180 calendar days, but no later than the award of a consultant design contract.

Section 12. Contingent on Grant Funding and Change of Use Petition

The obligations set forth in the formal Agreement shall not become effective, as to either party, unless and until the CBRFA executes a Grant Funding Agreement with the State of California which commits the delivery of grant funds to be applied to the Project as provided herein. In addition, project commitments shall be based on the successful issuance of a Change in Use permit regarding residual releases to the Santa Ana River.

Section 13. Approval of Terms


INLAND EMPIRE UTILITIES AGENCY

General Manager
Dated: 11-18-15

JURUPA COMMUNITY SERVICES DISTRICT

General Manager
Dated: _____

Section 13. Approval of Terms

INLAND EMPIRE UTILITIES AGENCY

General Manager

Dated: _____

JURUPA COMMUNITY SERVICES DISTRICT



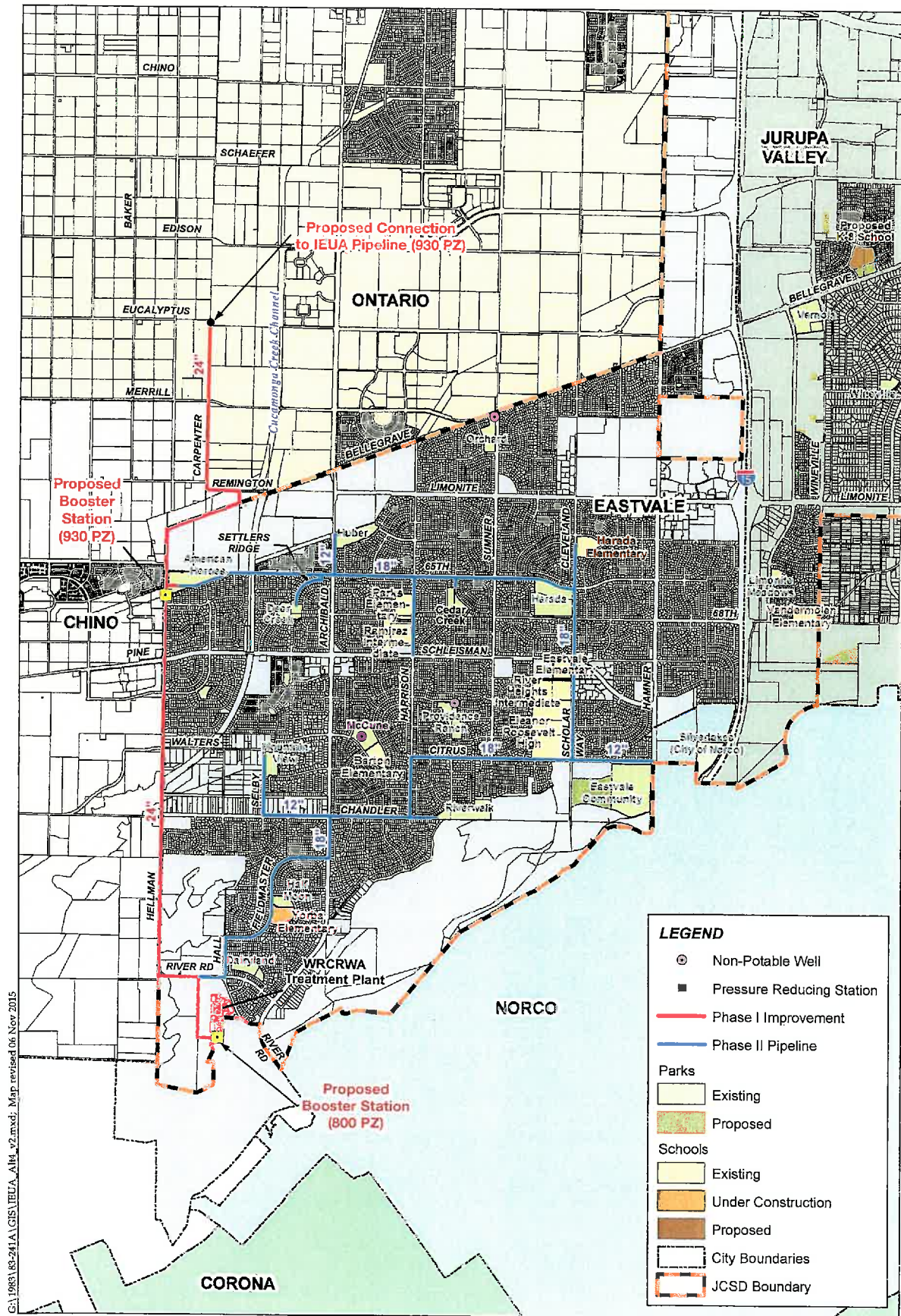
Todd M. Corbin
General Manager

Dated: November 23, 2015

ATTEST:



Julie B. Saba
Board Secretary



G:\19831.63-241\GIS\IEUA_Alt4_v2.mxd; Map revised 06 Nov 2015

Sources: Riverside Co. GIS, 2015; San Bernardino Co. GIS, 2015; Corona-Norco USD, Jurupa USD.



0 2,000 4,000 6,000 8,000 Feet

IEUA Alternative 4

No Reservoir Project - Future 800PZ Connection - Local 930PZ Connection

ALBERT A.
WEBB
ASSOCIATES

**EASTVALE RECYCLED WATER SYSTEM
IEUA ALTERNATIVE 4 - OPTION 1
(NO IEUA RESERVOIR PROJECT - LOCAL & 800 PZ CONNECTION)**

<u>Phase</u>	<u>Facility</u>	<u>Estimated Construction Cost</u>	<u>Estimated ¹ Project Cost</u>
I	Booster Station: from WRCRWA Plant to 800 PZ POC on Pine Ave. (Approx. 750 HP) ²	\$6,130,000	\$8,580,000
	24" Dia. Transmission Pipeline from WRCRWA BS to 800 PZ POC on Pine Ave. (Approx. 16,500 LF)	\$5,940,000	\$8,320,000
	Sub-Total Phase I	\$12,070,000	\$16,900,000
II	24" Dia. Transmission Pipeline from Hellman Ave./Pine Ave. Intersection to SW Corner American Heroes Park (Approx. 2200 LF)	\$790,000	\$1,110,000
	18" Dia. Looped Distribution Pipeline System (Approx. 38,000 LF)	\$10,180,000	\$14,250,000
	12" Dia. Dead End Pipelines Off Distribution System (Approx. 9800 LF)	\$3,130,000	\$4,470,000
	Individual On-Site Irrigation Boosters (Approx. 18 EA)	\$450,000	\$630,000
	Sub-Total Phase II	\$14,510,000	\$20,460,000
III	Booster Station from SW Corner American Heroes Park to 930 PZ POC (Approx. 750 HP) ³	\$6,130,000	\$8,610,000
	24" Dia. Transmission Pipeline from SW Corner American Heroes Park to 930 PZ POC (Approx. 12,900 LF)	\$4,630,000	\$6,490,000
	Sub-Total Phase III	\$10,760,000	\$15,100,000
	TOTALS	\$37,460,000	\$52,460,000
			\$39,084,000 74.50%
			\$13,376,000 25.50%

¹ Project cost is 1.4 times construction cost. Project cost includes: construction costs; construction contingencies; design engineering including plans and specifications; design and construction surveying and mapping; geotechnical evaluation and report; engineering contract administration; field inspection and environmental documentation. Costs are based on Engineering News Record (ENR) Construction Cost Index Los Angeles, (ENR = 10,981 - June, 2015). Escalation, financing, interest during construction, legal, and R-O-W costs are not included.

² Assumes QMAX = 5000 gpm and 50 psi connection pressure at 800 PZ POC. Also assumes \$150,000 of upgrades required for proposed booster station that will be constructed with WRCRWA plant expansion.

³ Assumes QMAX = 5000 gpm and 50 psi connection pressure at 930 PZ POC. Also assumes \$150,000 of upgrades required for proposed booster station that will be constructed with WRCRWA plant expansion.

CONTACT INFORMATION

Inland Empire Utility Agency

Chino Basin Conjunctive Use Environmental Water Storage / Exchange Program (Chino Basin Project)

Sylvie Lee, Manager of Planning & Environmental Resources

Email: slee@ieua.org



Chino Basin Project
1water forward