

**PUBLIC, LEGISLATIVE AFFAIRS, AND WATER RESOURCES
COMMITTEE MEETING
OF THE BOARD OF DIRECTORS
INLAND EMPIRE UTILITIES AGENCY*
AGENCY HEADQUARTERS, CHINO, CALIFORNIA**

WEDNESDAY, MAY 11, 2016

9:30 A.M.

(Please note change in time)

CALL TO ORDER

PUBLIC COMMENT

Members of the public may address the Board on any item that is within the jurisdiction of the Board; however, no action may be taken on any item not appearing on the agenda unless the action is otherwise authorized by Subdivision (b) of Section 54954.2 of the Government Code. Those persons wishing to address the Board on any matter, whether or not it appears on the agenda, are requested to complete and submit to the Board Secretary a "Request to Speak" form, which are available on the table in the Board Room. Comments will be limited to five minutes per speaker. Thank you.

ADDITIONS TO THE AGENDA

In accordance with Section 54954.2 of the Government Code (Brown Act), additions to the agenda require two-thirds vote of the legislative body, or, if less than two-thirds of the members are present, a unanimous vote of those members present, that there is a need to take immediate action and that the need for action came to the attention of the local agency subsequent to the agenda being posted.

1. ACTION ITEMS

A. MINUTES

The Committee will be asked to approve the Public, Legislative Affairs, and Water Resources Committee meeting minutes of April 13, 2016.

B. RECHARGE MASTER PLAN UPDATE PROJECT RESOLUTIONS AND AGREEMENTS

It is recommended that the Committee/Board:

1. Adopt Resolution No. 2016-5-2, authorizing IEUA's General Manager to execute the Groundwater Grant Program application with the SWRCB for the Chino Basin Improvements and Groundwater Cleanup Project through the Chino Basin Regional Financing Authority (CBRFA);
2. Adopt Resolution No. 2016-5-3, authorizing IEUA's General Manager to execute the Stormwater Grant Program application with the

SWRCB for the RMPU Project referred to as the Wineville, Jurupa, and RP-3 Basin Improvements and Groundwater Cleanup Project through the CBRFA;

3. Adopt Resolution No. 2016-5-4, authorizing IEUA's General Manager to execute the Clean Water State Revolving Fund (CWSRF) loan application with the SWRCB for the planning and design of the RMPU Project through the CBRFA;
4. Adopt Resolution No. 2016-5-5, dedicating certain revenues for the repayment of the SRF loan for the Planning and Design of the RMPU Project;
5. Authorize IEUA's General Manager to approve the Master Cost Sharing Agreement between CBWM and IEUA; and
6. Authorize IEUA's General Manager to approve the Master Recharge Facilities Financing Agreement between CBRFA, IEUA, and CBWM.

2. INFORMATION ITEMS

A. LEGISLATIVE REPORTS (WRITTEN)

1. West Coast Advisors
2. Innovative Federal Strategies
3. Agricultural Resources

B. CALIFORNIA STRATEGIES MONTHLY REPORT (WRITTEN)

C. FEDERAL LEGISLATION MATRIX (WRITTEN)

D. STATE LEGISLATION MATRIX (WRITTEN)

E. WATER ORDINANCE NO. 104 (WRITTEN/POWERPOINT)

F. PLANNING AND ENVIRONMENTAL RESOURCES UPDATE (ORAL)

INFORMATION ITEMS (RECEIVED AND FILED)

G. PUBLIC OUTREACH AND COMMUNICATION (WRITTEN)


H. SANTA ANA RIVER WATERMASTER OVERVIEW (WRITTEN/POWERPOINT)

I. 2015 REGIONAL URBAN WATER MANAGEMENT PLAN (WRITTEN/POWERPOINT)

3. **GENERAL MANAGER'S COMMENTS**
4. **COMMITTEE MEMBER COMMENTS**
5. **COMMITTEE MEMBER REQUESTED FUTURE AGENDA ITEMS**
6. **ADJOURN**

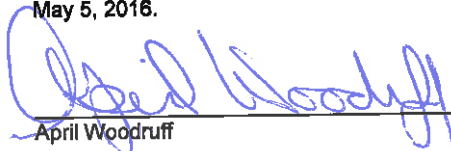
*A Municipal Water District

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Board Secretary (909-993-1736), 48 hours prior to the scheduled meeting so that the Agency can make reasonable arrangements

Proofed by: 

DECLARATION OF POSTING

I, April Woodruff, Board Secretary of the Inland Empire Utilities Agency, A Municipal Water District, hereby certify that a copy of this agenda has been posted by 5:30 p.m. in the foyer at the Agency's main office, 6075 Kimball Avenue, Building A, Chino on Thursday, May 5, 2016.



April Woodruff

**ACTION
ITEM
1A**

MINUTES

**PUBLIC, LEGISLATIVE AFFAIRS, AND WATER RESOURCES
COMMITTEE MEETING
INLAND EMPIRE UTILITIES AGENCY*
AGENCY HEADQUARTERS, CHINO, CA**

**WEDNESDAY, APRIL 13, 2016
9:00 A.M.**

COMMITTEE MEMBERS PRESENT

Steven J. Elie, Chair
Michael Camacho

STAFF PRESENT

P. Joseph Grindstaff, General Manager
Chris Berch, Executive Manager of Engineering
Martha Davis, Executive Manager of Policy Development
Jerry Burke, Deputy Manager of Engineering
Andy Campbell, Deputy Manager of Planning and Environmental Resources
Andrea Carruthers, Senior External Affairs Specialist
Pietro Cambiaso, Supervisor
Jason Gu, Grants Officer
Elizabeth Hurst, Water Resource Planner
Joel Ignacio, Senior Engineer
Sylvie Lee, Manager of Planning and Environmental Resources
Lisa Morgan-Perales, Senior Water Resources Analyst
Jason Pivovarov, Senior Engineer
John Scherck, Acting Deputy Manager of Engineering
Shaun Stone, Manager of Engineering
Kenneth Tam, Senior Associate Engineer
Stephanie Riley, Executive Assistant

OTHERS PRESENT

None.

The meeting was called to order at 9:04 a.m. There were no public comments received or additions to the agenda.

ACTION ITEMS

The Committee:

- ◆ Approved the Public, Legislative Affairs, and Water Resources Committee meeting minutes of March 9, 2016.
- ◆ Recommended that the Board:
 1. Amend the reimbursement agreement with the Chino Basin Watermaster for the Prado Basin Habitat Sustainability Program to increase the total program cost from \$600,000 to \$934,500; and
 2. Authorize the General Manager to execute the reimbursement agreement

amendment;

as a Consent Calendar Item on the April 20, 2016, Board meeting agenda.

◆ Recommended that the Board:

1. Approve the professional services contract award for the Feasibility Study for Sewer Service Septic Users in the IEUA service area, Project No. PL16015 to RMC Water and Environmental for the not-to-exceed amount of \$286,813; and
2. Authorize the General Manager to execute the contract;

as a Consent Calendar Item on the April 20, 2016, Board meeting agenda.

◆ Recommended that the Board:

1. Authorize the General Manager to purchase the East Declez property for the sum of \$3.0 million on behalf of the Chino Basin Watermaster (Watermaster); contingent upon the approval by the Watermaster Board of Directors;
2. Authorize the General Manager to spend up to \$100,000 on behalf of Watermaster for necessary fees related to the purchase of the property; and
3. Approve a \$3.1 million budget amendment for Project No. EN18007 in FY 2015/16 through an inter-fund loan from the Regional Wastewater Capital (RC) fund to the Recharge Water (RW) fund;

as an Action Item on the April 20, 2016, Board meeting agenda.

◆ Recommended that the Board:

1. Adopt Resolution Nos. 2016-4-1, 2016-4-2, and 2016-4-3, authorizing the Agency to enter into financial assistance agreements with the U.S. Department of Interior – Bureau of Reclamation (USBR) for three grant applications submitted in April 2016: 1) Drought Contingency Planning Grant; 2) Drought Resiliency Implementation Grant; and 3) Agricultural Water Conservation Grant; and
2. Authorize the General Manager to execute the financial assistance agreements, any amendments, and any grant related documents thereto;

as a Consent Calendar Item on the April 20, 2016, Board meeting agenda.

INFORMATION ITEMS

The following information items were presented or received and filed by the Committee:

- ◆ Public Outreach and Communication Report
- ◆ Legislative Reports
- ◆ California Strategies, LLC Activity Report
- ◆ Federal Legislation Matrix
- ◆ State Legislative Matrix
- ◆ 2015 Integrated Water Resources Plan
- ◆ Regional Water Use Efficiency Business Plan (2015-2020)

- ◆ Quarterly Planning and Environmental Compliance Update
- ◆ Planning and Environmental Resources Update

GENERAL MANAGER'S COMMENTS

General Manager Joseph Grindstaff had no comments.

COMMITTEE MEMBER COMMENTS

None.

COMMITTEE MEMBER REQUESTED FUTURE AGENDA ITEMS

There were no Committee member requested future agenda item.

With no further business, Director Elie adjourned the meeting at 10:08 a.m.

Respectfully submitted,

Stephanie Riley
Recording Secretary

*A Municipal Water District

APPROVED: MAY 11, 2016

**ACTION
ITEM
1B**



Date: May 18, 2016

To: The Honorable Board of Directors

Through: Public, Legislative Affairs, and Water Resources Committee (5/11/16)
Finance, Legal, and Administration Committee (5/11/16)

From: *for* P. Joseph Grindstaff *WJG*
General Manager

Submitted by: Chris Berch *CB*
Executive Manager of Engineering/Assistant General Manager

Jason Gu *JG*
Grants Officer

Subject: Recharge Master Plan Update Project Resolutions and Agreements

RECOMMENDATION

It is recommended that the Board of Directors:

1. Adopt Resolution No. 2016-5-2, authorizing IEUA's General Manager to execute the Groundwater Grant Program application with the SWRCB for the Chino Basin Improvements and Groundwater Cleanup Project through the Chino Basin Regional Financing Authority (CBRFA);
2. Adopt Resolution No. 2016-5-3, authorizing IEUA's General Manager to execute the Stormwater Grant Program application with the SWRCB for the RMPU Project referred to as the Wineville, Jurupa, and RP-3 Basin Improvements and Groundwater Cleanup Project through the CBRFA;
3. Adopt Resolution No. 2016-5-4, authorizing IEUA's General Manager to execute the Clean Water State Revolving Fund (CWSRF) loan application with the SWRCB for the planning and design of the RMPU Project through the CBRFA;
4. Adopt Resolution No. 2016-5-5, dedicating certain revenues for the repayment of the SRF loan for the Planning and Design of the RMPU Project;
5. Authorize IEUA's General Manager to approve the Master Cost Sharing Agreement between CBWM and IEUA; and

6. Authorize IEUA's General Manager to approve the Master Recharge Facilities Financing Agreement between CBRFA, IEUA and CBWM.

BACKGROUND

Proposition 1 Groundwater Grant Program

The SWRCB Groundwater Grant Program offers \$900 million for grants and loans for projects that cleanup groundwater contaminations, prevent contaminations from spreading, accelerate the speed of groundwater contamination cleanup process, protect drinking water source or provide clean water to disadvantaged communities.

The Chino Basin Improvements and Groundwater Cleanup Project consists of groundwater recharge and groundwater cleanup benefits, and will address the legacy trichloroethylene (TCE) plume in the Chino Basin. It consists of new wells, de-carbonators, pipelines, pump stations and recharge basin improvements with a total estimated project cost of \$66 million. The application is seeking \$32 million in grant funding under the Groundwater Grant Program. The application will be submitted via the CBRFA. The table below shows the project cost and benefit allocations:

Project	Benefits (AFY)			Cost Share (%)			Total Project Cost	Potential Funding		
	RW	SW	DW	CBWM	IEUA	CDA		Grants	SRF Loan	Planning Loan
CSI Storm Water Basin	-	81		100%	-	-	\$ 440,000	\$ 220,000	\$ 162,427	\$ 57,573
Wineville PS to Jurupa, Jurupa PS to RP3 Basin and RP3 Improvements	2,905	3,166		91%	9%		\$ 21,310,000	\$ 10,000,000	\$ 8,521,628	\$ 2,788,372
Declez Basin	-	241		100%	-	-	\$ 4,070,000	\$ 2,035,000	\$ 1,502,448	\$ 532,552
Victoria Basin	120	43		50%	50%		\$ 150,000	\$ 75,000	\$ 55,373	\$ 19,627
San Severino Basin Improvement Project	4,100	642		50%	50%		\$ 6,460,000	\$ 3,230,000	\$ 2,384,721	\$ 845,279
Lower Day Basin		789		100%			\$ 2,480,000	\$ 1,240,000	\$ 915,497	\$ 324,503
Turner Basin	-	66		100%	-	-	\$ 890,000	\$ 445,000	\$ 328,545	\$ 116,455
Ely Basin		221		100%			\$ 3,200,000	\$ 1,600,000	\$ 1,181,286	\$ 418,714
Montclair Basin		248		100%			\$ 1,440,000	\$ 720,000	\$ 531,579	\$ 188,421
Subtotal RMPU Project	7,125	5,497					\$ 40,440,000	\$ 19,565,000	\$ 15,583,504	\$ 5,291,495
TCE Cleanup - Wells, Pipeline, Pump Station & De-Carbonators			8,520		40%	60%	\$ 25,230,705	\$ 12,615,353	\$ 12,615,353	
Subtotal Cleanup Project			8,520				\$ 25,230,705	\$ 12,615,353	\$ 12,615,353	
Total	7,125	5,497	8,520				\$ 65,670,705	\$ 32,180,353	\$ 28,198,856	\$ 5,291,495

Proposition 1 Stormwater Grant Program

The SWRCB Stormwater Grant Program offers \$160 million in grant funding in two rounds for projects that provide multiple benefits to a region by addressing water supply, water quality, flood management, environmental issues through storm water runoff capture and groundwater recharge.

The Wineville, Jurupa and RP-3 Basin Improvements Project provides both recycled water and stormwater recharge benefits. It consists of groundwater recharge improvements, pipelines, pump stations and new recharge basins with a total project cost of approximately \$21.3 million. The application is seeking \$10 million under the Stormwater Grant Program. The application will be submitted via the CBRFA. The table below shows the estimated project cost and benefit allocations:

Project	Benefits (AFY)			Cost Share (%)			Total Project Cost	Potential Funding		
	RW	SW	DW	CBWM	IEUA	CDA		Grants	SRF Loan	Planning Loan
Wineville PS to Jurupa, Jurupa PS to RP3 Basin and RP3 Improvements	2,905	3,166		91%	9%		\$ 21,310,000	\$10,000,000	\$ 8,521,628	\$ 2,788,372

Clean Water SRF loan Program

In order to support the planning and design for the RMPU Projects, CBWM and IEUA will apply for a \$5.3M Clean Water State Revolving Fund (CWSRF) Loan from the SWRCB. This loan application will be submitted via the CBRFA. If future construction activities were to go forward and SRF funding was secured, these loans would be merged and not become due until after construction activities are complete.

Master Recharge Facilities Financing Agreement between CBRFA, IEUA and CBWM

The CBRFA, CBWM, and IEUA entered into a Recharge Facilities Financing Agreement in 2002 to pay for the bond debt issued for the Chino Basin Facilities Improvement Project. The purpose of this agreement is for the CBRFA to provide for the financing for ongoing recharge improvement projects as well as to provide a framework for the ownership and operation of such projects.

Master Cost Sharing Agreement between CBWM and IEUA

The CBWM and IEUA entered into the Master Cost Sharing Agreement in July 2014. The purpose of this agreement was to establish a framework for the joint management and allocation of cost for certain collaborative projects within the Chino Basin. This is an amendment to the 2014 Master cost Sharing Agreement Regarding the Management of the Collaborative Recharge Projects and aligns with the updated CBRFA Agreement.

Financing Plan for the RMPU Projects

As required by the 2013 RMPU, IEUA and CBWM committed to complete a Financing Plan for the funding of the RMPU projects. IEUA has worked with CBWM to develop a Financing Plan that identifies the preferred strategy to obtain grant funding and low interest loans for the funding of all RMPU projects. The draft Financing Plan has been attached for reference and will be processed through the CBWM Pools and Board in May 2016.

PRIOR BOARD ACTION

In 2014, the Board authorized the Agency to enter into a Master Cost Sharing Agreement Regarding the Management of the Collaborative Recharge Projects.

In 2002, the Board authorized the Agency to enter into a Recharge Facilities Financing Agreement to pay for the bond debt issued in 2002 with the CBRFA and CBWM.

IMPACT ON BUDGET

The combined total project cost of \$65.6 million consists of \$40.4 million for the RMPU projects and \$25.2 million for the Groundwater Cleanup Project.

The Agency will seek grant funding through SWRCB Groundwater Grant Program for \$32.2 million, \$19.6 million for the RMPU projects and \$12.6 million for the Groundwater Cleanup Project.

The Agency will seek grant funding through SWRCB Stormwater Grant Program for \$10 million for the RMPU projects.

The Agency will seek loan funding through SWRCB SRF Loan Program for \$5.3 million for the planning and design of the RMPU projects.

Upon approval, the RMPU and Groundwater Cleanup Projects budgeted under the Recycled Water Fund (WC) and Recharge Water Fund (RW) will be revised to reflect the new project costs, grants and SRF loan amount.

Attachments:

- Resolution No. 2016-5-2
- Resolution No. 2016-5-3
- Resolution No. 2016-5-4
- Resolution No. 2016-5-5
- Master Recharge Facilities Financing Agreement between CBRFA, IEUA, and CBWM
- Master Cost Sharing Agreement Between CBWM and IEUA
- Financing Plan for RMPU Projects

Grant and SRF Loan Applications & Regional Financing Authority Agreements (Chino Basin Recharge Master Plan Update Project)



State Water Resources Control Board



Jason H. Gu
Grants Officer

Grants & SRF loan Opportunities

SWRCB Prop 1 Stormwater Grant Program

- * \$80 million available statewide
- * Water Supply, Water Quality, Flood Control, & Environmental
- * 50% local match, \$10M maximum per project

SWRCB Prop 1 - Groundwater Quality Grant Program

- * \$900 million available statewide
- * Cleanup or Prevent Spread of Groundwater Contaminations
- * Help Accelerate the Cleanup Process
- * 50% local match, no maximum per project

SWRCB CWSRF Loan Program for Planning & Design

- * 1.7%, 5 years, can be rolled in to a construction SRF loan for 30 years

Stormwater Grant Program

Wineville, Jurupa & RP-3 Basin Improvement Project

- * Increase Water Supply
- * Improve Water Quality
- * Improve Groundwater Recharge Basins
- * \$21M total cost, \$10M grant

CWSRF Loan for Project Planning and Design

Groundwater Quality Grant Program

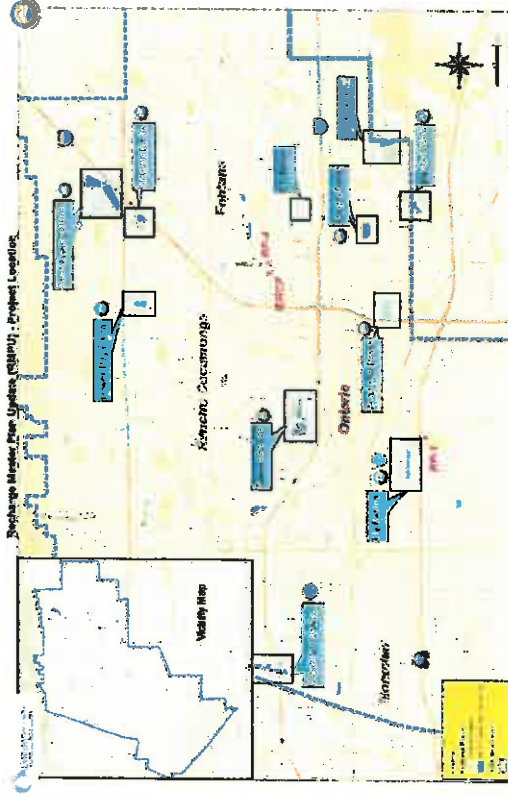
Recharge Master Plan Update (RMPU) Projects and the TCE Plume Cleanup Project

- * Improve the Groundwater Recharge Basins
- * Clean-up the South Archibald TCE Plume
- * Meet Drinking Water Standards
- * \$66M Combined Project Cost, \$32M grant

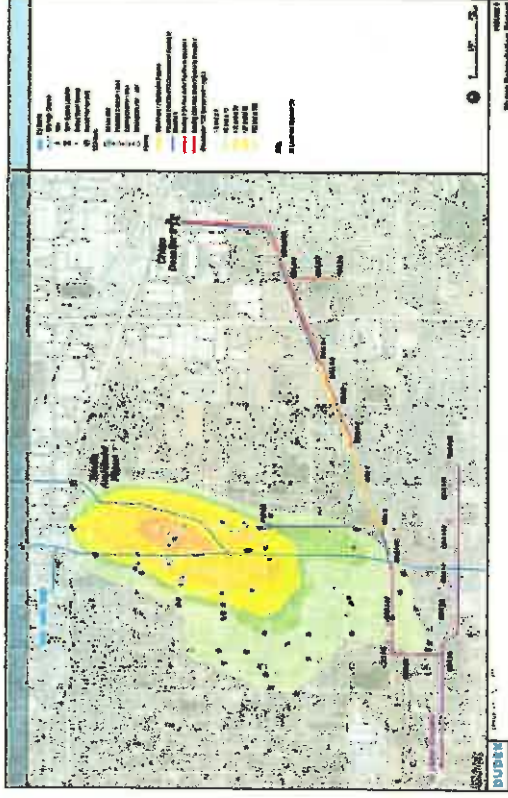
CWSRF Loan for Project Planning and Design

Recharge Master Plan update TCE Plume Cleanup Project

**RMPU Project
\$40.5M Cost**



**TCE Plume Cleanup
\$25.5M Cost**



**Total Project Cost \$66M
(\$32M Grant, \$5.3M Loan)**

RMPU Master Agreements

Master Recharge Facilities Financing Agreement

- * Originally Executed in 2002 by CBWM/IEUA/CBRFA
- * Amended for RMPU Projects Grant/Loan Financing
- * Agreement Scheduled for June 2016 by CBWM

Master Cost Sharing Agreement

- * Originally Executed in 2014 by CBWM and IEUA
- * Amended to Reflect the Master Recharge Facilities Financing Agreement Requirements

Funding Summary

Project	Benefits (AFY)				Cost Share (%)			Total Project Cost	Potential Funding		
	RW	SW	DW	CBWM	IEUA	CDA	Grants		SRF Loan	Planning Loan	
	CSI Storm Water Basin	-	81		100%	-	-		\$ 440,000	\$ 220,000	\$ 162,427
Wineville PS to Jurupa, Jurupa PS to RP3 Basin and RP3 Improvements	2,905	3,166		91%	9%		\$ 21,310,000	\$ 10,000,000	\$ 8,521,628	\$ 2,788,372	
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San Sevaine Basin Improvement Project	4,100	642		50%	50%		\$ 6,460,000	\$ 3,230,000	\$ 2,384,721	\$ 845,279	
Lower Day Basin		789		100%			\$ 2,480,000	\$ 1,240,000	\$ 915,497	\$ 324,503	
Turner Basin	-	66		100%	-	-	\$ 890,000	\$ 445,000	\$ 328,545	\$ 116,455	
Ely Basin	-	221		100%	-	-	\$ 3,200,000	\$ 1,600,000	\$ 1,181,286	\$ 418,714	
Montclair Basin	-	248		100%	-	-	\$ 1,440,000	\$ 720,000	\$ 531,579	\$ 188,421	
Subtotal RMPU Project	7,125	5,497					\$ 40,440,000	\$ 19,565,000	\$ 15,583,504	\$ 5,291,496	
TCE Plume Cleanup - Wells, Pipeline, Pump Station & De-Carbonators			8,520		40%	60%	\$ 25,230,705	\$ 12,615,353	\$ 12,615,353		
Subtotal TCE Cleanup			8,520				\$ 25,230,705	\$ 12,615,353	\$ 12,615,353		
Total	7,125	5,497	8,520				\$ 65,670,705	\$ 32,180,353	\$ 28,198,858	\$ 5,291,496	

Recommendations

1. Adopt Resolution No. 2016-5-2 for the Groundwater Grant application
2. Adopt Resolution No. 2016-5-3 for the Stormwater Grant application
3. Adopt Resolution No. 2016-5-4 & 2016-5-5 for the SRF loan application
4. Approve the Master Recharge Facilities Financing Agreement; and
5. Approve the Master Cost Sharing Agreement.

These actions support the Agency's mission of promoting sustainable use of groundwater and increasing the local water supply. It is also consistent with the Agency's mission of pursuing grants and low-interest financing.

RESOLUTION NO. 2016-5-2

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
INLAND EMPIRE UTILITIES AGENCY*, SAN
BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING
ITS INTENTION TO APPLY FOR A PROPOSITION 1
GROUNDWATER GRANT FOR THE CHINO BASIN
IMPROVEMENTS AND GROUNDWATER CLEAN-UP
PROJECT**

BE IT RESOLVED, by the Board of Directors of the Inland Empire Utilities Agency (IEUA) that the General Manager, or in his absence, his designees, is hereby authorized and directed to sign and file, on behalf of the Chino Basin Watermaster (Watermaster) and Chino Basin Regional Financing Authority (CBRFA) and, a Financial Assistance Application for a Proposition 1 Groundwater Grant from the State Water Resources Control Board for the implementation of the Chino Basin Improvements and Groundwater Clean-up Project;

BE IT RESOLVED, that the Inland Empire Utilities Agency hereby agrees and further does authorize the General Manager, or in his absence, his designees, to provide the assurances, certifications and commitments required for the financial assistance applications, including executing a financial assistance agreement from the State Water Resources Control Board and any amendments or changes thereto;

BE IT RESOLVED, that the General Manager, or in his absence, his designees is authorized to represent the Watermaster/CBRFA in carrying out the Watermaster/CBRFA's responsibilities under the agreement, including certifying disbursement requests on behalf of the CBRFA and compliance with applicable state and federal laws;

BE IT RESOLVED, that the General Manager is authorized to sign the Master Agreement Between Watermaster and IEUA Regarding the Management of Collaborative Recharge Projects; and,

BE IT FURTHER RESOLVED, that the General Manager is authorized to sign the Master Recharge Facilities Financing Agreement between the CBRFA, Chino Basin Watermaster and IEUA.

ADOPTED this 18th day of May, 2016.

Terry Catlin, President of the Inland Empire
Utilities Agency* and of the Board of
Directors thereof

ATTEST:

Steven J. Elie, Secretary/Treasurer of the
Inland Empire Utilities Agency* and of the
Board of Directors thereof

* A Municipal Water District

STATE OF CALIFORNIA)
) SS
COUNTY OF SAN BERNARDINO)

I, Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency*, DO
HEREBY CERTIFY that the foregoing Resolution No. 2016-5-2 was adopted at a regular meeting
on May 18, 2016 of said Agency* by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Steven J. Elie, Secretary/Treasurer

(SEAL)

* A Municipal Water District

RESOLUTION NO. 2016-5-3

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING ITS INTENTION TO APPLY FOR A PROPOSITION 1 STORMWATER GRANT FOR THE WINEVILLE BASIN, JURUPA BASIN, RP-3 BASIN IMPROVEMENTS AND PUMPING AND CONVEYANCE SYSTEM PROJECT

BE IT RESOLVED, by the Board of Directors of the Inland Empire Utilities Agency (IEUA) that the General Manager, or in his absence, his designees, is hereby authorized and directed to sign and file, on behalf of the Chino Basin Watermaster (Watermaster) and Chino Basin Regional Financing Authority (CBRFA) and, a Financial Assistance Application for a Proposition 1 Stormwater Grant from the State Water Resources Control Board for the implementation of the Wineville Basin, Jurupa Basin, RP-3 Basin Improvements, and Pumping and Conveyance System Project;

BE IT RESOLVED, that the Inland Empire Utilities Agency hereby agrees and further does authorize the General Manager, or in his absence, his designees, to provide the assurances, certifications and commitments required for the financial assistance applications, including executing a financial assistance agreement from the State Water Resources Control Board and any amendments or changes thereto;

BE IT RESOLVED, that the General Manager, or in his absence, his designees is authorized to represent the Watermaster/CBRFA in carrying out the Watermaster/CBRFA's responsibilities under the agreement, including certifying disbursement requests on behalf of the CBRFA and compliance with applicable state and federal laws;

BE IT RESOLVED, that the General Manager is authorized to sign the Master Agreement Between Watermaster and IEUA Regarding the Management of Collaborative Recharge Projects; and,

BE IT FURTHER RESOLVED, that the General Manager is authorized to sign the Master Recharge Facilities Financing Agreement between the CBRFA, Watermaster and IEUA.

ADOPTED this 18th day of May, 2016.

Terry Catlin, President of the Inland Empire Utilities Agency* and of the Board of Directors thereof

ATTEST:

Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency* and of the Board of Directors thereof

* A Municipal Water District

STATE OF CALIFORNIA)
) SS
COUNTY OF SAN BERNARDINO)

I, Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency*, DO
HEREBY CERTIFY that the foregoing Resolution No. 2016-5-3 was adopted at a regular meeting
on May 18, 2016 of said Agency* by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Steven J. Elie, Secretary/Treasurer

(SEAL)

* A Municipal Water District

RESOLUTION NO. 2016-5-4

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING ITS INTENTION TO APPLY FOR CLEAN WATER STATE REVOLVING FINANCIAL ASSISTANCE FUNDS FOR THE PRELIMINARY DESIGN PLANNING FOR THE RECHARGE MASTER PLAN UPDATE (RMPU)

BE IT RESOLVED, by the Board of Directors of the Inland Empire Utilities Agency* (IEUA) that the General Manager, or in his absence, his designees, is hereby authorized and directed to sign and file, on behalf of IEUA, a Financial Assistance Application for a SRF loan agreement from the State Water Resources Control Board for the preliminary planning design for Recharge Master Plan Update (RMPU);

BE IT RESOLVED, that IEUA hereby agrees and further does authorize the General Manager, or in his absence, his designees, to provide the assurances, certifications and commitments required for the financial assistance applications, including executing a financial assistance agreement from the State Water Resources Control Board and any amendments or changes thereto;

BE IT FURTHER RESOLVED, that the General Manager, or in his absence, his designees, is authorized to represent IEUA in carrying out IEUA's responsibilities under the loan agreement, including certifying disbursement requests on behalf of IEUA and compliance with applicable state and federal laws.

BE IT RESOLVED, that the General Manager is authorized to sign the Master Agreement between Watermaster and IEUA Regarding the Management of Collaborative Recharge Projects.

ADOPTED this 18th day of May, 2016.

Terry Catlin, President of the Inland Empire Utilities Agency* and of the Board of Directors thereof

ATTEST:

Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency* and of the Board of Directors thereof

* A Municipal Water District

Resolution No. 2016-5-4

Page 2 of 2

STATE OF CALIFORNIA)
) SS
COUNTY OF SAN BERNARDINO)

I, Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency*, DO
HEREBY CERTIFY that the foregoing Resolution No. 2016-5-4 was adopted at a regular meeting
on May 18, 2016 of said Agency* by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Steven J. Elie, Secretary/Treasurer

(SEAL)

* A Municipal Water District

RESOLUTION NO. 2016-5-5

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, DEDICATING CERTAIN REVENUES IN CONNECTION WITH PRELIMINARY DESIGN PLANNING FOR THE RECHARGE MASTER PLAN UPDATE (RMPU) AND ASSOCIATED STATE REVOLVING FUND (SRF) FINANCING FROM THE STATE WATER RESOURCES CONTROL BOARD (SWRCB)

WHEREAS, The State Water Resources Control Board (SWRCB) offers funding to assist local agencies to provide funding for the planning, design, and construction of water recycling projects that offset or augment state fresh water supplies;

WHEREAS, The Board of Directors of the Inland Empire Utilities Agency* (IEUA) has authorized the General Manager, or in his absence, his designees, to apply for and execute the Preliminary Design Planning for RMPU State Revolving Fund (SRF) loan with the SWRCB;

WHEREAS, IEUA has applied for a SRF loan from SWRCB for the Preliminary Planning Design for RMPU; and

WHEREAS, the SWRCB's SRF loan program requires each recipient to establish one or more dedicated sources of revenue for repayment of the SRF loan.

NOW THEREFORE, BE IT RESOLVED, by the Board of Directors that the IEUA hereby dedicates and pledges net revenues from enterprise funds to payment of any and all Clean Water State Revolving Fund and/or Water Recycling Funding Program financing for the Design Planning for RMPU, CWSRF Project. The IEUA commits to collecting such revenues and maintaining such funds(s) throughout the term of such financing and until the IEUA has satisfied its repayment obligation thereunder, unless modification or change is approved in writing by the SWRCB. So long as the financing agreements are outstanding, the IEUA's pledge hereunder shall constitute a lien in favor of the SWRCB on the foregoing fund(s) and revenue(s) without any further action necessary. So long as the financing agreements are outstanding, the IEUA commits to maintaining the funds and revenues at levels sufficient to meet its obligations under the financing agreements.

ADOPTED this 18th day of May, 2016.

Terry Catlin, President of the Inland
Empire Utilities Agency* and of
the Board of Directors thereof

ATTEST:

Steven J. Elie, Secretary/Treasurer of the
Inland Empire Utilities Agency* and of the
Board of Directors thereof

*A Municipal Water District

Resolution No. 2016 5-5

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STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency*, DO
HEREBY CERTIFY that the foregoing Resolution No. 2016-5-5 was adopted at a regular meeting
on May 18, 2016 of said Agency* by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Steven J. Elie, Secretary/Treasurer

(SEAL)

* A Municipal Water District

MASTER RECHARGE FACILITIES FINANCING AGREEMENT

Dated as of △April 1, △2016

By and △Among

CHINO BASIN REGIONAL FINANCING AUTHORITY,₂

INLAND EMPIRE UTILITIES AGENCY

and

CHINO BASIN WATERMASTER

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MASTER RECHARGE FACILITIES FINANCING AGREEMENT

This Agreement, dated as of April 1, 2016, by and among the Chino Basin Regional Financing Authority (the "Authority"), a joint exercise of powers agency duly organized and existing pursuant to Article 1, Chapter 5, Division 7, Title 1 of the Government Code (the "Joint Powers Act"), commencing with Section 6500, Inland Empire Utilities Agency ("IEUA"), a municipal water district duly organized and existing pursuant to Division 20 of the Water Code and the Chino Basin Watermaster ("Watermaster"), created pursuant to the terms of the Judgment (as defined below).

WITNESSETH:

WHEREAS, the Authority and Watermaster [△]

[△]

[△]

[△]previously entered into a Recharge [△]

[△]

[△]

[△]

[△]Facilities Financing Agreement, dated as of May 1, 2002 (the "2002 Agreement") to provide for the payment to the Authority by Watermaster of an operating fee that will be of sufficient amount to pay the remaining one-half of the debt service of the bonds issued by the Authority to fund the [△]local share of [△]certain recharge facilities improvements described in the [△]2002 Agreement and in the Peace Agreement referenced to below;

WHEREAS, the Watermaster and certain other entities in the Chino Basin have entered into the Peace Agreement Chino Basin, dated June 29, 2000 (the "Peace Agreement") attached to which as Exhibit B is the Optimum Basin Management Program Implementation Plan ("OBMP Implementation Plan");

WHEREAS, IEUA and Watermaster share responsibility for meeting certain monitoring and reporting requirements detailed in the Basin Plan amendment approved by the Santa Ana Regional Water Quality Control Board ("RWQCB") in 2004 (RS-2004-0001, RS-2012-0002);

WHEREAS, IEUA and Watermaster have made commitments to the RWQCB to obtain Maximum Benefit Groundwater Quality Objectives;

WHEREAS, IEUA and Watermaster are co-permittees for the Recycled Water Groundwater Recharge Program and share responsibility for meeting certain monitoring and reporting requirements of the RWQCB, Santa Ana Region Order No. RS-2007-0039 ("Order") and the Monitoring and Reporting Program (M&RP) No. RS-2007-0039;

WHEREAS, pursuant to the Peace II Agreement, and the Memorandum of Understanding Cooperative Efforts for Monitoring Programs, between IEUA and Watermaster Bright Line Approach, dated December 17, 2008 (the "Bright Line Agreement") IEUA and Watermaster are to jointly approve updates to the Recharge Master Plan to address how the Basin will be contemporaneously managed to secure and maintain hydraulic control and subsequently operated at a new equilibrium at the conclusion of the period of re-operation. The Recharge Master Plan, as updated, is to reflect an appropriate schedule for planning, design, and physical improvements as may be required to provide reasonable assurance that following the full beneficial use of groundwater withdrawn in accordance with the Basin Re-Operation and authorized controlled overdraft, that sufficient replenishment capability exists to meet the reasonable projections of desalter replenishment obligations.

WHEREAS, IEUA and Watermaster regularly partner to jointly manage and fund projects in furtherance of these prior commitments and obligations, with such shared costs for such projects including expenditures for design of improvements, preparation of CEQA documents, applications for construction and operation permits, awarding of construction contracts, administrative costs, and construction management services;

WHEREAS, IEUA and Watermaster will separately enter into contracts for services on a project specific basis, as described in written proposals including the nature of the services to be performed, the fees and rates to be charged, the location, time schedule and any special conditions of performance and other information deemed necessary by the Parties ("Task Orders"); and

WHEREAS, IEUA and Watermaster have entered in the Master Cost Sharing Agreement, dated as of July 24, 2014 (the "Master Agreement"),

WHEREAS, the Authority, IEUA and Watermaster desire to enter into this Master Recharge Facilities Financing Agreement to facilitate the financing of additional recharge projects from time-to-time;

NOW THEREFORE, the parties hereto do agree as follows:

Section 1. Definitions.

The following terms shall, for all purposes of this Agreement have the following meanings:

"Agreement" shall mean this Master Recharge Facilities Financing Agreement, dated as of [△]April 1, 2016 by and [△]among the Authority, IEUA and Watermaster as the same may be amended and supplemented from time-to-time in accordance with the terms hereof.

"Authority" shall have the meaning assigned thereto in the preamble hereto.

"Authority [△]Debt" means bonds, notes, loans from the State of California or a department or agency thereof or other evidences of indebtedness issued by or on behalf of the Authority to finance or refinance [△]a Project.

"[△]Agency Fiscal Year" means the twelve month period commencing on July 1 of each calendar year and ending on the following June 30 or such other twelve month period which may be designated by the [△]Agency as its fiscal year.

“ Δ Bright Line Agreement” shall have the meaning assigned thereto in the preamble hereto.

“Debt Resolution” means the resolution or resolutions providing for the issuance of Authority Δ Debt and the terms thereof, and any indenture or trust agreement related thereto.

“Debt Service” means, as of the date of calculation and with respect to Authority Δ Debt, an amount equal to the sum of (i) interest payable during such Δ Agency Fiscal Year on Authority Δ Debt, except to the extent that such interest is to be paid from capitalized interest, (ii) that portion of principal of Authority Δ Debt payable during such Δ Agency Fiscal Year, (iii) amounts necessary to replenish any reserve fund created pursuant to a Δ Debt Resolution, and (iv) all letters of credit, remarketing and other financing costs payable on a periodic basis. Such interest, principal and financing costs for Authority Δ Debt shall be calculated on the assumption that no Authority Δ Debt outstanding at the date of calculation will cease to be outstanding except by reason of the payment of principal on the due date thereof;

provided further that, as to any such Authority Δ Debt bearing or comprising interest at other than a fixed rate, the rate of interest used to calculate Debt Service shall be one hundred ten percent (110%) of the greater of (a) the daily average interest rate on such Authority Δ Debt during the twelve (12) calendar months preceding the date of calculation (or the portion of the then current Δ Agency Fiscal Year that such Authority Δ Debt have borne interest) or (b) the most recent effective interest rate on such Authority Δ Debt prior to the date of calculation; and

provided further that, as to any such Authority Δ Debt or portions thereof bearing no interest but which are sold at a discount and which discount accretes with respect to such Authority Δ Debt or portions thereof, such accreted discount shall be treated as interest in the calculation of Debt Service; and

provided further that the amount on deposit in a debt service reserve fund on any date of calculation of Debt Service shall be deducted from the amount of principal due at the final maturity of the Authority Δ Debt for which such debt service reserve fund was established and in each preceding Δ Agency Fiscal Year until such amount is exhausted.

“Fixed Project Costs” means Δ the capital costs of Δ all Projects, including (i) Debt Service on Δ Authority Debt to fund Δ Projects, (ii) reserves for repair and replacement and improvement to Δ Projects and (iii) reserves for payment of Debt Service on Δ such Authority Δ Debt.

“IEUA” or “Agency” shall Δ mean the Inland Empire Utilities Agency, including any successor thereto.

“Independent Certified Public Accountant” means any firm of certified public accountants appointed by Watermaster, Δ the Authority or IEUA, as the case may be, and each of whom is independent pursuant to the Statement on Auditing Standards No. 1 of the American Institute of Certified Public Accountants.

“Joint Powers Agreement” means the Joint Exercise of Powers Agreement creating the Chino Basin Regional Financing Authority, as such agreement may be amended or supplemented from time to time.

“Judgment” means: Judgment No. RCV 51010 (previously No. 164327) of the Superior Court of the State of California for the County of San Bernardino, dated January 27, 1978, in the action *Chino Basin Municipal Water District v. City of Chino, et al.*, and any subsequent amendments thereto.

“ Δ Master Agreement” shall have the meaning ascribed thereto in the preamble hereto.

“OBMP Assessment” shall have the meaning ascribed thereto in Section 1(cc) of the Peace Agreement.

“Peace Agreement” shall have the meaning ascribed thereto in the preamble hereto.

“Peace II Agreement” shall have the meaning ascribed thereto in the preamble hereto.

“Project” means Δ recharge facilities improvements **Δ which may be agreed to be undertaken by IEUA and Watermaster from time-to-time and set forth in an Annex attached to this Agreement and which have been approved under the Master Δ Agreement.** The Δ parties acknowledge that portions of Δ a Project may be revised from time-to-time without amendment to this Agreement.

“Trustee” means the entity or entities designated by the Authority pursuant to any Δ Debt Resolution to administer any funds or accounts required by such Δ Debt Resolution or otherwise.

“Watermaster” shall have the meaning assigned thereto in the preamble hereto.

Section 2. Purpose: Financing and Construction.

The purpose of this Agreement is for the Authority to provide for the financing **from time-to-time** of the Fixed Project Costs of Δ **Projects and to provide a framework for the ownership and operation of Projects.**

Unless otherwise expressly provided in an Annex attached hereto with respect to a specific Project, all Projects shall be owned by IEUA. All other aspects of such Projects, including the obtaining of all necessary authority and rights, consents and approvals, and the performance of all things necessary and convenient therefor, subject to compliance with all necessary federal and state laws, including but not limited to the California Environmental Quality Act (“CEQA”), and all other agreements relating thereto, shall be provided for by separate agreements, including but not limited to the Peace II Agreement and the Master Agreement (including any Task Order issued under the Master Agreement).

Section 3. Recharge Facilities.

Pursuant to the terms of this Agreement, Δ IEUA shall provide to Watermaster, and Watermaster shall utilize, the Δ Projects for recharge purposes in accordance with the Judgment, Section 5.1 of the Peace Agreement, **Section VIII of the Peace II Agreement** and Program Element 2 of Exhibit B thereto. Subject to Watermaster’s payment obligations hereunder, the Authority agrees to use its best efforts to finance Δ each Project pursuant to this Agreement. **Unless otherwise expressly provided in an Annex attached hereto, or expressly provided in a Task Order under the Master Agreement, with respect to a specific Project,** Watermaster shall be responsible for the operation of Δ each Project, including the payment of Δ operation and maintenance costs with respect

to the Project consistent with the Bright Line Agreement and Section VIII of the Peace II Agreement. Neither IEUA or the Authority shall have any responsibility to operate or maintain or pay any operation and maintenance costs with respect to any Project. The obligation of IEUA to provide a Project to Watermaster shall be contingent on the Authority's ability to finance such Project as described above.

Section 4. No IEUA or Authority Responsibility for Recharge Water.

Neither IEUA or the Authority nor any of their officers or agents shall be liable for the control, carriage, handling, use, disposal, or distribution of recharge water; nor for claim of damage of any nature whatsoever, including but not limited to property damage, personal injury or death, arising out of or connected with the control, carriage, handling, use, disposal or distribution of such recharge water and including attorneys fees and other costs of defense in connection therewith. Watermaster shall indemnify and hold harmless IEUA, the Authority and their officers, agents, and employees from any such damages or claims of damages.

Section 5. Rates and Charges.

(a) Establishment of Rates and Charges. IEUA, as agent for the Authority, shall fix charges to Watermaster under this Agreement equal to the amounts anticipated by IEUA to be needed by the Authority to pay Watermaster's share of Fixed Project Costs for each Project as set forth in the respective Annex to this Agreement.

(b) Insufficiency of Funds. Watermaster acknowledges that the Fixed Project Costs will vary from time-to-time and within any Agency Fiscal Year. If funds collected by the Agency in any Agency Fiscal Year are insufficient to pay Fixed Project Costs of a Project in such Agency Fiscal Year, the Agency shall promptly notify Watermaster of such insufficiency and Watermaster shall pay to the Agency, as agent for the Authority, an amount equal to Watermaster's portion of such insufficiency. The obligation of Watermaster to pay the Watermaster share of Fixed Project Costs of each Project shall commence upon execution of the respective Annex to this Agreement and continue to exist and be honored by Watermaster whether or not a Project is implemented (which provision may be characterized as an obligation to pay Watermaster's portion of the costs on a take-or-pay basis whether or not a Project is completed or is operable).

(c) Source of Payments. The obligation of Watermaster to make payments under this Agreement is a general obligation of Watermaster. Watermaster shall make payments under this Agreement solely as an operation fee (as determined in accordance with generally accepted accounting principles). Watermaster shall make such payments on a parity with other operation and maintenance expenses of Watermaster and prior to any payments other than operation and maintenance expenses of Watermaster. Nothing herein shall be construed as prohibiting Watermaster from using any other funds and revenues for purposes of satisfying any provisions of this Agreement.

(d) Obligation Is Not Subject To Reduction. Watermaster shall make payments under this Agreement whether or not a Project is completed, operable, operated or retired and notwithstanding the suspension, interruption, interference, reduction or curtailment of operation of a Project in whole or in part for any reason whatsoever. Such payments are not subject to any reduction, whether offset or otherwise, and are not conditioned upon performance by IEUA or the Authority under this Agreement or any other agreement.

(e) Allocation of Costs and Expenses.

(i) Adjustments. As agent of the Authority, IEUA shall update the values and amounts of Fixed Project Costs for all Projects under this Agreement on a annual basis, in order that the charges to Watermaster may accurately reflect increases or decreases from Agency Fiscal Year to Agency Fiscal Year in Watermaster's share of Fixed Project Costs for each Project. In addition, each such determination shall include an adjustment to be paid or received by Watermaster for succeeding Agency Fiscal Years which shall account for the differences, if any, between projections of Fixed Project Costs used by the Agency in determining the amounts of said Fixed Project Costs for all preceding Agency Fiscal Years and actual Fixed Project Costs allocable to Watermaster during such Agency Fiscal Years.

(ii) Interest Earnings. Interest earnings on all amounts paid by Watermaster under this Agreement shall be credited to Watermaster through the budgeting process.

(f) Time and Method of Payment.

△

(i) Statement of Charges. IEUA, as agent for the Authority shall furnish Watermaster with a written statement of the estimated Fixed Project Costs for all Projects for the next succeeding Agency Fiscal Year on or prior to June 1 of each Agency Fiscal Year. Such written statements shall take into account applicable credits received by the Authority or IEUA, as agent for the Authority, and estimated investment earnings on moneys related to such Projects held by the Authority or IEUA as agent of the Authority.

(ii) Fixed Project Costs. Watermaster shall pay to IEUA, as agent for the Authority, on or before July 15 of each Agency Fiscal Year, an amount equal to Watermaster's share of the Fixed Project Costs as set forth in the statement of charges described in clause (i) above for each Project for such Agency Fiscal Year.

(iii) Contest of Accuracy of Charges. If Watermaster questions or disputes the correctness of any billing statement[△], it shall pay the [△]amount claimed when due and shall, within thirty (30) days of the completion and delivery of the later of IEUA's or the Authority's annual audit, request an explanation from IEUA and the Authority. If the bill is determined to be incorrect, IEUA, as agent for the Authority, will adjust the bill to Watermaster in the next Agency Fiscal Year, including an adjustment equal to the interest actually earned by the Authority on its general reserves during such period. If IEUA, as agent for the Authority, and Watermaster fail to agree on the correctness of a bill within thirty (30) days after Watermaster has requested an explanation, the parties shall promptly submit the dispute to arbitration under Section 1280 et seq. of the Code of Civil Procedure.

Section 6. Annual Capital Budget and Billing Statement.

IEUA will promptly prepare and approve a capital budget for the period from July 1, 2016 through June 30, 2017 after execution and delivery of this Agreement. Thereafter, IEUA will prepare a preliminary annual capital budget for each applicable Agency Fiscal Year for credits, costs and expenses relating to the Projects. IEUA shall submit a draft of such budget to

Watermaster on or prior to each April 1 for review and comment. △IEUA staff shall use its best efforts to resolve any questions or concerns of Watermaster during such review. The Board of Directors of △IEUA will adopt a final annual capital budget for the applicable △Agency Fiscal Year on or before June 1 of each △Agency Fiscal Year. △IEUA shall supply a copy of said final annual capital budget to Watermaster and the Authority on or before June 15 of each △Agency Fiscal Year. Any amendment to the final annual capital budget shall be submitted to Watermaster for review and comment at least 30 days prior to action thereon by the △Agency Board of Directors.

Section 7. Obligation in the Event of Default.

(a) Written Demand. Upon failure of Watermaster to (i) make any payment in full when due under this Agreement or (ii) to perform any other obligation hereunder, the Agency, as agent for the Authority, shall make written demand upon Watermaster. If a failure described in clause (i) above is not remedied within thirty (30) days from the date of such demand or, if Authority △Debt are outstanding, for such additional time as is reasonably required, in the sole discretion of the Trustee, to correct the same, such failure shall constitute a default at the expiration of such period. If a failure described in clause (ii) cannot be remedied within thirty (30) days from the date of such demand but Watermaster commences remedial action within such thirty (30) day period, then such failure shall not constitute a default hereunder. Notice of any such demand shall be provided to Watermaster by the Agency, as agent for the Authority. Upon failure of IEUA or the Authority to perform any obligation △thereof hereunder, Watermaster shall make written demand upon IEUA or the Authority, as the case may be, and if said failure is not remedied within thirty (30) days from the date of such demand or, if Authority △Debt are outstanding, for such additional time as is reasonably required, in the sole discretion of the Trustee, to correct the same, then such failure shall constitute a default at the expiration of such period. Notice of such demand shall be provided to Watermaster.

In addition to any default resulting from breach by IEUA or the Authority or Watermaster of any agreement, condition, covenant or term hereof, if IEUA, the Authority or Watermaster shall file any petition or institute any proceedings under any act or acts, state or federal, dealing with or relating to the subject of bankruptcy or insolvency or under any amendment of such act or acts, either as a bankrupt or as an insolvent or as a debtor or in any similar capacity, wherein or whereby IEUA, the Authority or Watermaster asks or seeks or prays to be adjudicated a bankrupt, or is to be discharged from any or all of its △Debt or obligations, or offers to its creditors to effect a composition or extension of time to pay its △Debt, or asks, seeks or prays for a reorganization or to effect a plan of reorganization or for a readjustment of its △Debt or for any other similar relief, or if IEUA, the Authority or Watermaster shall make a general or any assignment for the benefit of its creditors, then in each and every such case IEUA, the Authority or Watermaster, as the case may be, shall be deemed to be in default hereunder.

(b) Termination of Agreement; Continuing Obligations. Upon the failure of Watermaster to make any payment which failure constitutes a default under this Agreement and causes the Authority to be in default under any △Debt Resolution, IEUA and the Authority may (in addition to the remedy provided by subsection (a) of this Section) give notice of termination of the provisions of this Agreement insofar as the same entitle Watermaster to use △a Project which notice shall be effective within 30 days thereof unless such termination shall be enjoined, stayed or otherwise delayed by judicial action. Irrespective of such termination, Watermaster shall remain liable to the Authority to pay the full amount of costs allocated to Watermaster hereunder.

(c) Enforcement of Remedies. In addition to the remedies set forth in this Section, upon the occurrence of a default as described herein, the Authority, IEUA or Watermaster, as the case may be, shall be entitled to proceed to protect and enforce the rights vested in such party by this Agreement by such appropriate judicial proceeding as such party shall deem most effectual, either by suit in equity or by action at law, whether for the specific performance of any covenant or agreement contained herein or to enforce any other legal or equitable right vested in such party by this Agreement or by law. The provisions of this Agreement and the duties of each party hereof, their respective boards, officers or employees shall be enforceable by the other party hereto by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction, with the losing party paying all costs and attorney fees.

(d) Trustee is Third Party Beneficiary. Any Trustee for Authority [△]Debt shall have the right, as a third party beneficiary, to initiate and maintain suit to enforce this Agreement to the extent provided in any [△]Debt Resolution.

Section 8. Covenants of Watermaster.

(a) Amount of OBMP Assessment. Watermaster will fix, prescribe and collect an OBMP Assessment for payments due under this Agreement equal to at least 1.25 times Watermaster's share of Fixed Project Costs for all Projects under this Agreement.

(b) Budgets. On or before the first day of each Watermaster Fiscal Year, Watermaster will adopt and file with IEUA and the Authority a budget approved by the governing body of Watermaster, including therein the estimated payment obligations under this Agreement payable to IEUA or the Authority. Any budget may be amended at any time during any Watermaster Fiscal Year and such amended budget shall be filed by Watermaster with the IEUA and Authority.

(c) Accounting Records and Financial Statements.

(i) Watermaster will keep appropriate accounting records with respect to the OBMP Assessments, which records shall be available for inspection by IEUA and the Authority and the Trustee at reasonable hours and under reasonable conditions.

(ii) Watermaster will prepare and file with IEUA and the Authority annually within two hundred ten (210) days after the close of each Watermaster Fiscal Year (commencing with Watermaster Fiscal Year ending June 30, [△]2016) financial statements of Watermaster for the preceding Watermaster Fiscal Year prepared in accordance with generally accepted accounting principles, together with a report of an Independent Certified Public Accountant thereon. Watermaster will promptly furnish a copy of such report to IEUA and the Authority and to the Trustee.

(d) Protection of Security and Rights of IEUA and the Authority. Watermaster will preserve and protect the rights of IEUA and the Authority and the Trustee to the obligations of Watermaster hereunder and will warrant and defend such rights against all claims and demands of all persons.

(e) Payment of Taxes and Compliance with Governmental Regulations. Watermaster will pay and discharge all taxes, assessments and other governmental charges which may hereafter be lawfully imposed upon the OBMP Assessments when the same shall become due. Watermaster will

duly observe and conform with all valid regulations and requirements of any governmental authority relative to the OBMP Assessments, but Watermaster shall not be required to comply with any regulations or requirements so long as the validity or application thereof shall be contested in good faith.

(f) Further Assurances. Watermaster will adopt, deliver, execute and make any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to effect the financing and refinancing of the △Projects and to allow IEUA and the Authority to comply with reporting obligations, to assure IEUA and the Authority of Watermaster's intention to perform hereunder and for the better assuring and confirming unto IEUA, the Authority and the Trustee of the rights and benefits provided to them herein.

(g) Maintenance of Tax-Exempt Status of Authority △Debt. Notwithstanding any other provision of this Agreement, Watermaster shall not take any action or omit to take any action, directly or indirectly, in any manner, which would result in any of the Authority △Debt being treated as an obligation not described in Section 103(a) of the Internal Revenue Code of 1986, as amended, by reason of classification of such Authority △Debt as a "private activity bond" within the meaning of Section 141 of said Code or for any other reason.

Section 9. Covenants of IEUA and the Authority.

(a) Accounting Records and Financial Statements.

(i) △IEUA, as agent of the Authority will keep appropriate accounting records in which complete and correct entries shall be made of all △transactions relating to △each Project, which records shall be available for inspection, copying and audit by Watermaster and its accountants, attorneys and agents at reasonable hours and under reasonable conditions.

(ii) The Authority will prepare annually within two hundred ten (210) days after the close of each △Agency Fiscal Year (commencing with the △Agency Fiscal Year ending June 30, △2016) financial statements of the Authority for the preceding △Agency Fiscal Year prepared in accordance with generally accepted accounting principles, together with a report of an Independent Certified Public Accountant thereof. The Authority will promptly furnish a copy of such report to IEUA, the Watermaster and to the Trustee.

(b) Compliance with Law. △IEUA and the Authority shall comply with all local, state and federal laws applicable to the △Projects.

(c) Use of Funds for △Projects. △IEUA and the Authority shall not allow the portion of the proceeds of Authority △Debt allocated to △a Project to be used for any purpose other than to pay for costs associated with financing or refinancing △such Project. Surplus proceeds of the portion of the Authority △Debt allocated to △a Project not needed to pay costs associated with △such Project shall be applied to redeem Authority △Debt unless otherwise agreed to in writing by IEUA and Watermaster.

Section 10. Term.

(a) No provision of this Agreement shall take effect until (i) this Agreement has been duly executed and delivered by Watermaster to IEUA and the Authority together with an opinion of △ _____, counsel to Watermaster, in substantially the form attached hereto as Exhibit A △(ii) this Agreement has been duly executed and delivered by the Authority to IEUA and the Watermaster with an opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Special Counsel to the Authority, in substantially the form attached hereto as Exhibit B, and (iii) this Agreement has been duly executed and delivered by IEUA to the Watermaster and the Authority with an opinion of general counsel to IEUA in substantially the form attached hereto as Exhibit C.

(b) The term of this Agreement shall continue until the △final maturity of all Authority △Debt. The parties hereto agree to negotiate in good faith to amend this Agreement on or prior to such date to extend the term hereof and to include terms and conditions as are mutually agreeable to the parties.

Section 11. Assignment.

The Authority may pledge and assign to any Trustee for Authority △Debt, all or any portion of the payments received under this Agreement from Watermaster and the Authority's other rights and interests under this Agreement. Such pledge and assignment by the Authority shall be made effective for such time as the Authority shall determine and provide that the Trustee shall have the power to enforce this Agreement in the event of a default by the Authority under a △Debt Resolution. Watermaster may assign its rights or obligations under this Agreement only with the written consent of the Authority.

Section 12. Amendments.

Except as otherwise provided in this Agreement, on and after the date Authority △Debt are issued and so long as any Authority △Debt are outstanding in accordance with the applicable △Debt Resolution, Section 6, 8, 9, 11 and 12 and this Section of this Agreement shall not be amended, modified or otherwise changed or rescinded by agreement of the parties without the consent of each Trustee for Authority △Debt whose consent is required under the applicable △Debt Resolution. This Agreement may only be otherwise amended, modified, changed or rescinded in writing by each of the parties hereto.

The Authority agrees not to grant to the owners of Authority △Debt as individuals any rights relating to the amendment, modification or change of this Agreement.

Notwithstanding the foregoing, the sections of this Agreement set forth in the first paragraph of this Section may be amended without the consent of each Trustee for Authority △Debt for any of the following purposes:

(a) to add to the agreements, conditions, covenants and terms contained herein required to be observed or performed by the Authority, IEUA, or Watermaster other agreements, conditions, covenants and terms hereafter to be observed or performed by the Authority, IEUA or Watermaster, or to surrender any right reserved herein to or conferred herein on the Authority, IEUA or Watermaster, and which in either case shall not adversely affect the interests of the owners of any Authority △Debt;

(b) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained herein or in regard to questions arising hereunder which IEUA, the Authority or Watermaster may deem desirable or necessary and not inconsistent herewith, and which shall not materially adversely affect the interests of the owners of any Authority Debt;

(c) to make any modifications or changes necessary or appropriate in the opinion of a firm of nationally recognized standing in the field of law relating to municipal bonds to preserve or protect the exclusion from gross income of interest on the Authority Debt for federal income tax purposes;

(d) to make any modifications or changes to this Agreement in order to enable the execution and delivery of Authority Debt on a parity with any Authority Debt previously issued and to make any modifications or changes necessary or appropriate in connection with the execution and delivery of Authority Debt;

(e) to make any other modification or change to the provisions of this Agreement which does not materially adversely affect the interests of the owners of any Authority Debt;

(f) to make changes to the definition of "Project."

Section 13. Miscellaneous.

(a) Headings. The headings of the sections hereof are inserted for convenience only and shall not be deemed a part of this Agreement.

(b) Partial Invalidity. If any one or more of the covenants or agreements provided in this Agreement to be performed should be determined to be invalid or contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

(c) Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

(d) Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

(e) Notices. Any notices required or permitted to be given hereunder shall be given in writing and shall be delivered (a) in person, (b) by certified mail, postage prepaid, return receipt requested, (c) by Federal Express or another reputable commercial overnight courier that guarantees next day delivery and provides a receipt, or (d) by telefacsimile or telecopy, and such notices shall be addressed as follows:

If to Watermaster: Chino Basin Watermaster
8632 Archibald Avenue, Suite 109
Rancho Cucamonga, California 91730
Attention: Chief Executive Officer

With a copy to: △

Attention: △_____

If to IEUA: **Inland Empire Utilities Agency**
6075 Kimball Avenue
Chino, California 91708
Attention: Chief Executive Officer

With a copy to: **Jean Cihigovenetche**
Cihigovenetche, Grossberg & Clouse
Palmbrook Corporate Center
3602 Inland Empire Blvd., Suite C315
Ontario, CA 91764

If to Authority: Chino Basin Regional Financing Authority
c/o Inland Empire Utilities Agency
△6075 Kimball Avenue△
Chino, California △91708
Attention: △Executive Director

With a copy to: Stradling Yocca Carlson & Rauth
660 Newport Center Drive, Suite 1600
Newport Beach, California 92660
Attention: Douglas **S.** Brown

or to such other address as either party may from time to time specify in writing to the other party. Any notice shall be deemed delivered when actually delivered, if such delivery is in person, upon deposit with the U.S. Postal Service, if such delivery is by certified mail, upon deposit with the overnight courier service, if such delivery is by an overnight courier service, and upon transmission, if such delivery is by telefacsimile or telecopy.

(f) Relationship To Other Agreements. In the event that the terms of this Agreement and any other agreement between the parties, including but not limited to the Master Agreement, conflict, the terms of this Agreement shall control.

(g) △Merger of Prior Agreements. This Agreement and the exhibits hereto constitute the entire agreement between the parties and supersede all prior agreements and understandings between the parties relating to the subject matter hereof. This Agreement is intended to implement, and should be interpreted consistent with, the Peace Agreement.

(h) △Time of the Essence. Time is of the essence in the performance of this Agreement.

IN WITNESS WHEREOF Watermaster has executed this Agreement with the approval of its governing body, and each of IEUA and the Authority △have executed this Agreement in accordance with the authorization of △their Boards of Directors.

CHINO BASIN REGIONAL FINANCING
AUTHORITY

By: _____
President

CHINO BASIN WATERMASTER

By: _____
Chief Executive Officer

INLAND EMPIRE UTILITIES AGENCY

By: _____
President

EXHIBIT A

[This opinion shall be delivered upon execution of the Agreement]

△ , 2016

Chino Basin Regional Financing Authority
c/o Inland Empire Utilities Agency

△

6075 Kimball Avenue△

△

Chino, California 91708

△

△

△Inland Empire Utilities Agency

6075 Kimball Avenue

Chino, California△ 91708

Ladies and Gentlemen:

We are acting as general counsel to the Chino Basin Watermaster (“Watermaster”) in connection with the execution and delivery of the Master Recharge Facilities Financing Agreement, dated as of April 1, 2016 (the “Agreement”), among the Chino Basin Regional Financing Authority (the “Authority”), Inland Empire Utilities Agency (the “Agency”) and Watermaster. As such counsel we have examined and are familiar with (i) documents relating to the existence, organization and operation of Watermaster provided to us by Watermaster, (ii) certifications by officers of Watermaster, (iii) all necessary documentation of Watermaster relating to the authorization, execution and delivery of the Agreement, and (iv) an executed counterpart of the Agreement. Terms used herein and not otherwise defined have the respective meanings set forth in the Agreement.

Based upon the foregoing and such examination of law and such other information, papers and documents as we deem necessary or advisable to enable us to render this opinion, including the Constitution and laws of the State of California, together with the resolutions, ordinances and public proceedings of Watermaster, we are of the opinion that:

1. Watermaster is a court-appointed entity, duly created, organized and existing under the laws of the State of California and duly qualified to undertake a water recharge program within its boundaries.

2. Watermaster has legal right, power and authority to enter into the Agreement and to carry out and consummate all transactions reasonably contemplated thereby, and Watermaster has complied with the provisions of applicable law relating to such transactions.

3. The Agreement has been duly authorized, executed and delivered by Watermaster, is in full force and effect as to Watermaster in accordance with its terms and, subject to the

△

△

qualifications set forth in the second to the last paragraph hereof, and assuming that the Authority and the Agency each has all requisite power and authority, and has taken all necessary action, to authorize, execute and deliver such Agreement, the Agreement constitutes the valid and binding obligation of Watermaster .

4. The obligations of Watermaster to make payments under the Agreement as a general obligation of Watermaster as provided in Section 5 of the Agreement is a valid, legal and binding obligation of Watermaster enforceable in accordance with its terms.

5. No approval, consent or authorization of any governmental or public agency, authority or person is required for the execution and delivery by Watermaster of the Agreement.

6. The authorization, execution and delivery of the Agreement and compliance with the provisions thereof will not conflict with or constitute a breach of, or default under, any instrument relating to the organization, existence or operation of Watermaster, any commitment, agreement or other instrument to which Watermaster is a party or by which it or its property is bound or affected, or any ruling, regulation, ordinance, judgment, order or decree to which Watermaster (or any of its officers in their respective capacities as such) is subject or any provision of the laws of the State of California relating to Watermaster and its affairs.

7. There is no action, suit, proceeding, inquiry or investigation at law or in equity, or before any court, public board or body, pending or, to our knowledge, threatened against or affecting Watermaster or any entity affiliated with Watermaster or any of its officers in their respective capacities as such, which questions the powers of Watermaster referred to in paragraph 2 above or the validity of the proceedings taken by Watermaster in connection with the authorization, execution or delivery of the Agreement, or wherein any unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated by the Agreement, or which would adversely affect the validity or enforceability of the Agreement.

The opinion expressed in paragraphs 3 and 4 above are qualified to the extent that the enforceability of the Agreement may be limited by any applicable bankruptcy, insolvency, reorganization, arrangement, moratorium, or other laws affecting creditors' rights, to the application of equitable principles and to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public agencies in the State of California and provided that no opinion is expressed with respect to any indemnification or contribution provisions contained therein.

This opinion is rendered only with respect to the laws of the State of California and the United States of America and is addressed only to the Chino Basin Regional Financing Authority and the Inland Empire Utilities Agency. No other person is entitled to rely on this opinion, nor may you rely on it in connection with any transactions other than those described herein.

Very truly yours,

EXHIBIT B

[This opinion shall be delivered upon execution of the Agreement]

△

_____, △2016

△

△Inland Empire Utilities Agency

△6075 Kimball Avenue△

Chino, California 91708

△

Chino Basin Watermaster
8632 Archibald Avenue, Suite 109
Rancho Cucamonga, California 91730

Ladies and Gentlemen:

We are acting as special counsel to the Chino Basin Regional Financing Authority (the "Authority") in connection with the execution and delivery of the Master Recharge Facilities Financing Agreement, dated as of △April 1, △2016 (the "Agreement"), △among the Authority, Inland Empire Utilities Agency (the "Agency") and the Chino Basin Watermaster ("Watermaster"). As special counsel we have examined and are familiar with (i) documents relating to the existence, organization and operation of the Authority provided to us by the Authority, (ii) certifications by officers of the Authority, (iii) all necessary documentation of the Authority relating to the authorization, execution and delivery of the Agreement, and (iv) an executed counterpart of the Agreement. Terms used herein and not otherwise defined have the respective meanings set forth in the Agreement.

Based upon the foregoing and such examination of law and such other information, papers and documents as we deem necessary or advisable to enable us to render this opinion, including the Constitution and laws of the State of California, together with the resolutions, ordinances and public proceedings of the Authority, we are of the opinion that:

1. The Authority is a joint exercise of powers agency duly created, organized and existing under the laws of the State of California.

2. The Authority has legal right, power and authority to enter into the Agreement and to carry out and consummate all transactions reasonably contemplated thereby, and the Authority has complied with the provisions of applicable law relating to such transactions.

3. The Agreement has been duly authorized, executed and delivered by the Authority, is in full force and effect as to the Authority in accordance with its terms and, subject to the qualifications set forth in the second to the last paragraph hereof, and assuming that Watermaster and the Agency each has all requisite power and authority, and has taken all necessary action, to

authorize, execute and deliver such Agreement, the Agreement constitutes the valid and binding obligation of the Authority.

4. No approval, consent or authorization of any governmental or public agency, authority or person is required for the execution and delivery by the Authority of the Agreement.

5. The authorization, execution and delivery of the Agreement and compliance with the provisions thereof will not conflict with or constitute a breach of, or default under, any instrument relating to the organization, existence or operation of the Authority, any commitment, agreement or other instrument to which the Authority is a party or by which it or its property is bound or affected, or, to the best of our knowledge, any ruling, regulation, ordinance, judgment, order or decree to which the Authority (or any of its officers in their respective capacities as such) is subject or any provision of the laws of the State of California relating to the Authority and its affairs.

6. There is no action, suit, proceeding, inquiry or investigation at law or in equity, or before any court, public board or body, pending or, to our knowledge, threatened against or affecting the Authority or any of its officers in their respective capacities as such, which questions the powers of the Authority referred to in paragraph 2 above or the validity of the proceedings taken by the Authority in connection with the authorization, execution or delivery of the Agreement, or wherein any unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated by the Agreement, or which, in any way, would adversely affect the validity or enforceability of the Agreement.

The opinion expressed in paragraph 3 above is qualified to the extent that the enforceability of the Agreement may be limited by any applicable bankruptcy, insolvency, reorganization, arrangement, moratorium, or other laws affecting creditors' rights, to the application of equitable principles and to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public agencies in the State of California and provided that no opinion is expressed with respect to any indemnification or contribution provisions contained therein.

This opinion is rendered only with respect to the laws of the State of California and the United States of America and is addressed only to the △Agency and Watermaster. No other person is entitled to rely on this opinion, nor may you rely on it in connection with any transactions other than those described herein.

Respectfully submitted,

EXHIBIT C

[This opinion shall be delivered upon execution of the Agreement]

_____, 2016

Chino Basin Regional Financing Authority
c/o Inland Empire Utilities Agency
6075 Kimball Avenue
Chino, California 91708

Chino Basin Watermaster
8632 Archibald Avenue, Suite 109
Rancho Cucamonga, California 91730

Ladies and Gentlemen:

We are acting as general counsel to the Inland Empire Utilities Agency (the "Agency") in connection with the execution and delivery of the Master Recharge Facilities Financing Agreement, dated as of April 1, 2016 (the "Agreement"), among the Agency, the Chino Basin Regional Financing Authority (the "Authority") and the Chino Basin Watermaster ("Watermaster"). As special counsel we have examined and are familiar with (i) documents relating to the existence, organization and operation of the Agency provided to us by the Agency, (ii) certifications by officers of the Agency, (iii) all necessary documentation of the Agency relating to the authorization, execution and delivery of the Agreement, and (iv) an executed counterpart of the Agreement. Terms used herein and not otherwise defined have the respective meanings set forth in the Agreement.

Based upon the foregoing and such examination of law and such other information, papers and documents as we deem necessary or advisable to enable us to render this opinion, including the Constitution and laws of the State of California, together with the resolutions, ordinances and public proceedings of the Agency, we are of the opinion that:

1. The Agency is a municipal water district duly created, organized and existing under the laws of the State of California.

2. The Agency has legal right, power and authority to enter into the Agreement and to carry out and consummate all transactions reasonably contemplated thereby, and the Agency has complied with the provisions of applicable law relating to such transactions.

3. The Agreement has been duly authorized, executed and delivered by the Agency, is in full force and effect as to the Agency in accordance with its terms and, subject to the qualifications set forth in the second to the last paragraph hereof, and assuming that the Authority and the Watermaster has all requisite power and authority, and has taken all necessary action, to authorize, execute and deliver such Agreement, the Agreement constitutes the valid and binding obligation of the Agency.

4. No approval, consent or authorization of any governmental or public agency, authority or person is required for the execution and delivery by the Agency of the Agreement.

5. The authorization, execution and delivery of the Agreement and compliance with the provisions thereof will not conflict with or constitute a breach of, or default under, any instrument relating to the organization, existence or operation of the Agency, any commitment, agreement or other instrument to which the Agency is a party or by which it or its property is bound or affected, or, to the best of our knowledge, any ruling, regulation, ordinance, judgment, order or decree to which the Agency (or any of its officers in their respective capacities as such) is subject or any provision of the laws of the State of California relating to the Agency and its affairs.

6. There is no action, suit, proceeding, inquiry or investigation at law or in equity, or before any court, public board or body, pending or, to our knowledge, threatened against or affecting the Agency or any of its officers in their respective capacities as such, which questions the powers of the Agency referred to in paragraph 2 above or the validity of the proceedings taken by the Agency in connection with the authorization, execution or delivery of the Agreement, or wherein any unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated by the Agreement, or which, in any way, would adversely affect the validity or enforceability of the Agreement.

The opinion expressed in paragraph 3 above is qualified to the extent that the enforceability of the Agreement may be limited by any applicable bankruptcy, insolvency, reorganization, arrangement, moratorium, or other laws affecting creditors' rights, to the application of equitable principles and to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public agencies in the State of California and provided that no opinion is expressed with respect to any indemnification or contribution provisions contained therein.

This opinion is rendered only with respect to the laws of the State of California and the United States of America and is addressed only to the Authority and Watermaster. No other person is entitled to rely on this opinion, nor may you rely on it in connection with any transactions other than those described herein.

Respectfully submitted,

ANNEX A-1

[Attach Annexes from time-to-time listing recharge facility improvements in the form set forth below:]

ANNEX A-1

<u>RMPU Project</u>	<u>Benefits (AFY)</u>		<u>Cost Share (%)</u>		<u>Total Project Budget</u>	<u>Potential Funding</u>	
	<u>RW</u>	<u>SW</u>	<u>CBMW</u>	<u>IEUA</u>		<u>Grants</u>	<u>Loans</u>
<u>San Sevaine Basin Improvement Project</u>	<u>4,100</u>	<u>642</u>	<u>50%</u>	<u>50%</u>	<u>\$6,460,000</u>	<u>\$3,540,000</u>	<u>\$2,920,000</u>
<u>Lower Day Basin</u>		<u>789</u>	<u>100%</u>		<u>\$2,480,000</u>	<u>\$1,125,000</u>	<u>\$1,355,000</u>
<u>Total</u>	<u>4,100</u>	<u>1,431</u>	<u>=</u>	<u>=</u>	<u>\$8,940,000</u>	<u>\$1,128,540</u>	<u>\$4,275,000</u>

Insert other provisions varying or supplementing the terms of the Master Recharge Facilities Financing Agreement:

Approved by:

CHINO BASIN WATERMASTER

INLAND EMPIRE UTILITIES AGENCY

By: _____
General Manager

By: _____
Chief Executive Officer

ANNEX A-2

<u>RMPU Project</u>	<u>Benefits (AFY)</u>		<u>Cost Share (%)</u>		<u>Total Project Budget</u>	<u>Potential Funding</u>	
	<u>RW</u>	<u>SW</u>	<u>CBMW</u>	<u>IEUA</u>		<u>Grants</u>	<u>Loans</u>
<u>CSI Storm Water Basin</u>	<u>=</u>	<u>81</u>	<u>100%</u>	<u>=</u>	<u>\$440,000</u>	<u>\$ -</u>	<u>\$440,000</u>
<u>Wineville PS to Jurupa, Jurupa PS to RP3 Basin and RP3 Improvements</u>	<u>2,905</u>	<u>3,166</u>	<u>91%</u>	<u>9%</u>	<u>\$21,310,000</u>	<u>\$5,300,000</u>	<u>\$16,010,000</u>
<u>Decluz Basin</u>	<u>=</u>	<u>241</u>	<u>100%</u>	<u>=</u>	<u>\$4,070,000</u>	<u>\$2,035,000</u>	<u>\$2,035,000</u>
<u>Victoria Basin</u>	<u>120</u>	<u>43</u>	<u>50%</u>	<u>50%</u>	<u>\$150,000</u>	<u>\$-</u>	<u>\$150,000</u>
<u>Turner Basin</u>	<u>=</u>	<u>66</u>	<u>100%</u>	<u>=</u>	<u>\$890,000</u>	<u>\$-</u>	<u>\$890,000</u>
<u>Ely Basin</u>	<u>=</u>	<u>221</u>	<u>100%</u>	<u>=</u>	<u>\$3,200,000</u>	<u>\$-</u>	<u>\$3,200,000</u>
<u>Montclair Basin</u>	<u>=</u>	<u>248</u>	<u>100%</u>	<u>=</u>	<u>\$1,440,000</u>	<u>\$-</u>	<u>\$1,440,000</u>
<u>Total</u>	<u>3,025</u>	<u>4,066</u>	<u>=</u>	<u>=</u>	<u>\$31,500,000</u>	<u>\$7,335,000</u>	<u>\$24,165,000</u>

Insert other provisions varying or supplementing the terms of the Master Recharge Facilities Financing Agreement:

Approved by:

CHINO BASIN WATERMASTER

INLAND EMPIRE UTILITIES AGENCY

By:

General Manager

By:

Chief Executive Officer

Document comparison by Workshare Compare on Wednesday, April 27, 2016
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Document 2 ID	PowerDocs://DOCSOC/1753327/5
Description	DOCSOC-#1753327-v5- Master_Recharge_Facilities_Financing_Agreement_- 2016
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Style change	
Format change	
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Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	460
Deletions	233
Moved from	0
Moved to	0
Style change	0
Format changed	0

**MASTER AGREEMENT BETWEEN CHINO BASIN WATERMASTER AND INLAND EMPIRE UTILITIES
AGENCY REGARDING THE MANAGEMENT OF COLLABORATIVE RECHARGE PROJECTS**

This Master Cost Sharing Agreement ("Agreement") is entered into as of ~~June~~ July 24,
~~2014~~, by and between the CHINO BASIN WATERMASTER ("Watermaster") and INLAND
EMPIRE UTILITIES AGENCY ("IEUA") (each a "Party" and collectively, the "Parties") for the
purposes of establishing a framework for the joint management and allocation of costs for certain
collaborative projects within the Chino Basin.

RECITALS

A. Watermaster is an agent of the Court and serves as the Court's special master in order to administer and enforce the provisions of the Chino Basin Watermaster Judgment, San Bernardino County Superior Court Case No. RCV 51010 (formerly Case No. SCV 164327);

B. IEUA is a regional public agency whose mission is to supply imported and recycled water; collect, treat, and dispose of wastewater; and provide other utility-related services to the communities it serves. IEUA strives to provide these services in a regionally planned, managed, and cost-effective manner;

C. Both Parties are interested in the recharge of water to the Chino Basin and have entered into prior agreements as to the development of facilities for such recharge;

D. Both Parties share responsibility for meeting certain monitoring and reporting requirements detailed in the Basin Plan amendment approved by the Santa Ana Regional Water Quality Control Board (RWQCB) in 2004 (R8-2004-0001, RS-2012-0002);

E. Both Parties have made commitments to the RWQCB to obtain Maximum Benefit Groundwater Quality Objectives;

F. The Parties are co-permittees for the Recycled Water Groundwater Recharge Program and share responsibility for meeting certain monitoring and reporting requirements of the RWQCB, Santa Ana Region Order No. RS-2007-0039 ("Order") and the Monitoring and Reporting Program (M&RP) No. RS-2007-0039;

G. Pursuant to the Peace II Agreement, the Parties are to jointly approve updates to the Recharge Master Plan to address how the Basin will be contemporaneously managed to secure and maintain Hydraulic Control and subsequently operated at a new equilibrium at the

conclusion of the period of Re-Operation. The Recharge Master Plan, as updated, is to reflect an appropriate schedule for planning, design, and physical improvements as may be required to provide reasonable assurance that following the full beneficial use of groundwater withdrawn in accordance with the Basin Re-Operation and authorized controlled overdraft, that sufficient Replenishment capability exists to meet the reasonable projections of Desalter Replenishment obligations.

H. The Parties regularly partner to jointly manage and fund projects in furtherance of these prior commitments and obligations, with such shared costs for such projects including expenditures for design of improvements, preparation of CEQA documents, applications for construction and operation permits, awarding of construction contracts, administrative costs, ~~and~~ construction management services, and financing related costs;

I. The Parties will separately enter into contracts for services on a project specific basis, as described in written proposals including the nature of the services to be performed, the fees and rates to be charged, the location, time schedule, financing, and any special conditions of performance and other information deemed necessary by the Parties ("Task Orders"); and

J. The Parties acknowledge that, due to their originations and structures, IEUA is better equipped to undertake certain project implementation activities, including oversight of the preparation of CEQA documents, ~~and~~ leading project management efforts, and securing debt financing under the Recharge Facilities Financing Agreement to support project costs.

K. The Parties seek to develop a Master Agreement for joint management, ~~and~~ cost sharing, and financing for projects in the Basin, and as individual Task Orders are approved by the Parties, such projects will be incorporated as part of the Master Agreement as individual tasks.

ARTICLE 1

PROJECT MANAGEMENT

1.1 **Approval of Task Orders.** Each Task Order shall be approved by IEUA and the Watermaster Board of Directors as an individual task in accordance with each Party's policies and procedures, with a specified "maximum allowable cost" amount for each individual Task. The costs to be borne by each Party shall not exceed the "maximum allowable cost" amount specified in each Task Order. The only exception being is approval of debt financing for all potential Projects under a single Task Order.

1.2 **Changes in Scope of Task Orders.** Should either party determine that a change in scope requiring a budget increase of any Task Order is necessary for a project, to be effective,

such a change in Task Order scope must be approved by each of the Parties pursuant to the procedures described in Section 1.1. Watermaster shall provide timely review and respond to any request for a change in project scope or any change in Task Order, to prevent unnecessary delays in the project(s) conducted pursuant to such Task Order.

1.3 **Amendment to Task Order Budgets.** If any project undertaken pursuant to a Task Order subject to this Agreement will exceed the budget allocated for such Task Order, Watermaster and IEUA shall amend the Task Order authorizing the project. Similarly, if grant funding is obtained for any project undertaken pursuant to a Task Order subject to this Agreement, Watermaster and IEUA shall amend the Task Order authorizing the project to reduce the Task Order budget accordingly. Watermaster shall reasonably and diligently process any necessary amendments of the Task Order authorizing the project to prevent unnecessary delays in projects.

1.4 **Contractor Selection.** IEUA shall retain a qualified contractor for any and all Task Orders. IEUA may, within its sole discretion, select contractors for each Task Order without the involvement and approval of the Watermaster Board.

1.5 **Monthly Progress Reports.** IEUA, pursuant to its policies and procedures, shall provide monthly progress reports to Watermaster's General Manager by the eighth calendar day of each month for each Task Order that is subject to this Master Agreement. Each monthly progress report shall include a summary of the current status of the Task Order, including reports on cost schedules and any potential for cost overruns, schedule status, and any changes or potential need for changes in the scope of the Task Order.

ARTICLE 2

COST SHARING

2.1 **Watermaster Approval.** Under no circumstances shall Watermaster be obliged to enter into any Task Order reimbursement or repayment obligation, absent approval of the Task Order by Watermaster's Board of Directors.

2.2 **Cost Sharing Allocation.** The Parties have previously agreed as to the cost sharing allocations among themselves for certain projects, including, but not limited to:

- a. Section 8.1(b) of the Peace II Agreement specifies that mutually approved capital improvements for recharge basins that do or can receive recycled water constructed pursuant to the Court-approved Recharge Master Plan, if any, will be financed through the use of third party grants and contributions if available, with

any unfunded balance being apportioned fifty (50) percent each to IEUA and Watermaster.

- b. The December 17, 2008 Memorandum of Understanding: Cooperating Efforts for Monitoring Programs between the Inland Empire Utilities Agency and the Chino Basin Watermaster, referred to as the "Bright Line Agreement," defines the cost sharing arrangement for certain monitoring programs between IEUA and Watermaster.
- c. The Parties acknowledge that there are projects which will be funded one hundred (100) percent by Watermaster and managed by IEUA for Watermaster's benefit; and, Watermaster will reimburse IEUA for its project management efforts of these projects.

From and after the Effective Date of this Master Agreement, the Parties agree that they shall apportion the costs of each Task Order for projects to be completed under each Task Order, in accordance with the applicable funding allocation, as described in each Task Order.

2.3 Fiscal-Year Basis Funding. While each Task Order may include a projected budget for the project included therein over the anticipated lifespan of the project, funding for Task Orders and change orders or amendments under this Master Agreement, and for projects not financed with new debt, will be made available on a fiscal-year basis. However, funding may be carried forward to complete projects that span fiscal years in order that payment may be made in a timely manner.

2.3 Debt Financing. The Parties may agree to secure new debt to finance projects approved under this Master Agreement. IEUA will seek the lowest cost financing, including but not limited to low interest State Revolving Funds (SRF) loans issued by the State Resources Control Board. A Task Order, listing all of the potential Projects to be financing with new debt, will be approved by the both Parties and included in an Annex to the Recharge Facilities Financing Agreement. The parties acknowledge that changes to the Projects and/or Project costs may occur from time-to-time. Whenever possible, IEUA will make every effort to modify debt financing accordingly.

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2.4 No Partnership or Joint Venture. Neither this Master Agreement, nor any Task Order or project hereunder, nor any other conduct engaged in by either Party pursuant to this Master Agreement or any Task Order hereunder shall create any partnership or joint venture between the Parties, or between each Party and any of the other Party's contractors.

2.5 Project Litigation. In the event that litigation arises in regard to any project that is the subject of a Task Order to this Agreement, which project cost is shared equally between the Parties, then said litigation costs will likewise be shared equally by the Parties. Where the

project is funded entirely through Watermaster, the cost of such litigation shall be borne entirely by Watermaster.

ARTICLE 3

REIMBURSEMENT OF COSTS

3.1 Reimbursement Schedule. Reimbursement shall be made as follows: At the last day of each month, IEUA shall transmit to Watermaster's General Manager a single invoice, with supporting documentation, itemizing Watermaster's share of costs paid by IEUA or debt financing, in the preceding monthly billing period that are applicable to each Task Order. Invoices for costs paid by IEUA shall be due and payable in full no later than 30 days from the date of receipt. Watermaster will exercise its best efforts to complete payment within 30 days, recognizing that Watermaster may be subject to requirement of reimbursement to IEUA for additional expenses, such as loss of interest earnings, incurred as a result of a delay in reimbursement. The loss of interest earnings will be calculated by IEUA based on the investment earning rate.

3.2 Transmittal of Reimbursement Payments. Remittance for all payments shall identify the applicable IEUA invoice number, and shall be made to the following:

IEUA
Accounts Receivable
P.O. Box 9020
Chino Hills, CA 91709

3.3 Debt Financing Schedule: Reimbursement of Project costs financed with new debt will be subject to the Recharge Facilities Financing Agreement and Fixed Project Costs provisions.

3.3 Disputed Invoices. If Watermaster disputes any portion of an invoice, Watermaster shall furnish prompt notice of the basis for the dispute and shall pay the undisputed portion. The due date for payment of the disputed portion shall be extended 30 days to allow the Parties to resolve the disputed issue.

3.4 Reimbursement Limitations. Neither Party shall be obligated to reimburse the other for any administrative time or overhead expenses incurred by the other Party that is unrelated to the Task Orders issued under this Master Agreement, however each Party is obligated to reimburse the other for capital cost and administrative time and overhead expenses as part of each Party's responsibilities as stated within each Task Order. All legal and technical consultants, contractors, or other personnel retained by either Party for work eligible for

reimbursement under this Agreement shall be under contract to or employed by that individual retaining Party alone and shall look solely to that retaining Party for payment. Each individual Party assumes absolutely no liability or obligation to the other Party's consultants, contractors, or personnel retained outside this agreement and its respective task orders.

ARTICLE 4

TERM

4.1 **Effective Date.** The effective date of this Master Agreement is June ____, 2014 ("Effective Date").

4.2 **Termination.** This Master Agreement shall be mutually terminable at any time by majority vote of either Party's Board of Directors, within each Party's sole discretion. Termination shall not relieve the terminating party from its obligations accruing prior to termination, including the payment of monies due for work performed prior to the date of termination and project settlements costs thereof, shall be paid after receipt of an Invoice as provided in Article 3, above.

ARTICLE 5

INDEMNITY

5.1 **IEUA.** IEUA shall indemnify Watermaster against and hold Watermaster harmless from any and all claims, suits, losses, damages, and liability for damages of every name, kind and description, including attorneys' fees and other costs of defense incurred, brought for, or on account of, injuries to or death of any person, including, but not limited to, workers, the public, or damage to property, or any economic or consequential losses, which are claimed to or in any way arise out of or are connected with IEUA's activities pursuant to this Agreement, any Task Order thereunder, regardless of the existence or degree of fault or negligence on the part of the Parties, a third-party contractor, the subcontractor(s) and employee(s) of any of these, except for the active negligence or willful misconduct of employees or agents of the Parties, or as expressly prohibited by statute. The provisions of this Section 5.1 will survive termination of this Agreement.

5.2 **Watermaster.** Watermaster shall indemnify IEUA against and hold IEUA harmless from any and all claims, suits, losses, damages, and liability for damages of every name, kind and description, including attorneys' fees and other costs of defense incurred, brought for, or on account of, injuries to or death of any person, including, but not limited to, workers, the public,

or damage to property, or any economic or consequential losses, which are claimed to or in any way arise out of or are connected with Watermaster's activities pursuant to this Agreement, any Task Order thereunder, regardless of the existence or degree of fault or negligence on the part of the Parties, a third-party contractor, the subcontractor(s) and employee(s) of any of these, except for the active negligence or willful misconduct of employees or agents of the Parties, or as expressly prohibited by statute. The provisions of this Section 5.2 will survive termination of this Agreement.

ARTICLE 6

GENERAL PROVISIONS.

6.1 **Notices.** Any notice under this Agreement shall be deemed sufficient if given by one Party to the other in writing and: delivered in person; transmitted by electronic mail or facsimile (with acknowledgement of receipt provided by the receiving Party); or, by mailing the same by United States mail (postage prepaid, registered or certified, return receipt requested) or by Federal Express or other similar overnight delivery service, to the Party to whom the notice is directed at the address of such Party as follows:

If to Watermaster:

Chino Basin Watermaster
Attn: General Manager
9641 San Bernardino Road
Rancho Cucamonga, CA 91730

If to IEUA:

Inland Empire Utilities Agency
Attn: Executive Manager of Engineering/Assistant General Manager
PO Box 9020
Chino Hills, CA 9170

Any communication given by mail shall be deemed delivered two (2) business days after such mailing date, and any written communication given by overnight delivery service shall be deemed delivered one (1) business day after the dispatch date. Either Party may change its address by giving the other Party notice of its new address.

6.2 **Assignability.** The Parties may not assign all or any part of this Master Agreement or any Task Order without advance written consent of each Party's Board of Directors.

6.3 Waiver. No waiver by any Party of any of the provisions shall be effective unless explicitly stated in writing and executed by the Party so waiving. Except as provided in the preceding sentence, no action taken pursuant to this Agreement, including, without limitation, any investigation by or on behalf of any Party, shall be deemed to constitute a waiver by the Party taking such action of compliance with any representations, warranties, covenants, or agreements contained in this Agreement, and in any documents delivered or to be delivered pursuant to this Agreement. The waiver by any Party of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach. No waiver of any of the provisions of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver.

6.4 Headings. The section headings contained in this Agreement are for convenience and reference only and shall not affect the meaning or interpretation of this Agreement.

6.5 Severability. If any term, provision, covenant or condition of this Agreement shall be or become illegal, null, void or unenforceable, the remaining provisions of this Agreement shall remain in full force and effect, and shall not be affected, impaired or invalidated. The term, provision, covenant or condition that is so invalidated, voided or held to be unenforceable, shall be modified or changed by the Parties to the extent possible to carry out the intentions and directives set forth in this Agreement.

6.6 Governing Law. This Agreement shall be governed by, and interpreted in accordance with, the laws of the State of California. This Agreement shall be specifically enforceable in the Court maintaining jurisdiction over the case Chino Basin Municipal Water District v. City of Chino, San Bernardino Superior Court Case No. RCV 51010.

6.7 Parties in Interest. Nothing in this Agreement, whether expressed or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any persons other than the Parties to it and their respective successors and assigns, nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third persons to any party to this Agreement, nor shall any provision give any third persons any right of subrogation or action against any party to this Agreement.

6.8 Attorney Fees. In any dispute under this agreement between the Parties, each Party shall bear its own legal costs and expenses.

6.9 Good Faith. The Parties agree to exercise their best efforts and utmost good faith to effectuate all the terms and conditions of this Agreement and to execute such further instruments or documents as are necessary or appropriate to effectuate all of the terms and conditions of this Agreement.

6.10 Construction. The provisions of this Agreement should be liberally construed to effectuate its purposes. The language of all parts of this Agreement shall be construed simply according to its plain meaning and shall not be construed for or against either Party, as each Party has participated in the drafting of this document and had the opportunity to have their counsel review it. Whenever the context and construction so requires, all words used in the singular shall be deemed to be used in the plural, all masculine shall include the feminine and neuter, and vice versa.

6.11 Entire Agreement. This Agreement contains the entire understanding and agreement of the Parties, and supersedes all prior agreements and understandings, oral and written, between the Parties concerning the subject matter of this agreement. There have been no binding promises, representations, agreements, warranties or undertakings by any of the Parties, either oral or written, of any character or nature, except as stated in this Agreement. This Agreement may be altered, amended or modified only by an instrument in writing, executed by the Parties to this Agreement and by no other means. Each Party waives its future right to claim, contest or assert that this Agreement was modified, canceled, superseded or changed by any oral agreement, course of conduct, waiver or estoppels.

6.12 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the day and year and at the place first written above.

CHINO BASIN WATERMASTER

By _____
PETER KAVOUNAS
General Manager

INLAND EMPIRE UTILITIES AGENCY

By _____
P. JOSEPH GRINDSTAFF
General Manager

Financing Plan for the 2013 Recharge Master Plan Update

As part of the 2013 Recharge Master Plan Update (RMPU), a financing plan is to be developed for the yield enhancement projects. The purpose of the financing plan is to define the IEUA/CBWM cost shares, identify funding sources and outline the allocation of cost and benefit among the Appropriators. The following sections are from the RMPU. Each section includes an outline of the proposed approach/methodologies used to develop the financing plan and will be finalized following input and consensus from the RMPU Steering Committee.

Identify the IEUA and Watermaster cost share. Watermaster and the IEUA will determine each party's cost share based on the Peace II Agreement and on the benefit to the parties. This will be negotiated and memorialized in an agreement as identified in the Implementation Plan above.

The cost share is consistent with the RMPU and the Peace II Agreement. Stormwater and imported water exclusive projects will be funded 100% by CBWM. Projects that do or can receive recycled water will be cost shared 50%/50% by CBWM and IEUA. Prior to moving forward with capital design or construction, IEUA and CBWM will enter into a specific Task Order.

Once the scope of the Montclair Basins project is defined, the IEUA and Watermaster will request that the CBWCD consider contributing funding to recharge improvements at the Montclair Basins.

Chino Basin Water Conservation District (CBWCD) has asked to wait until the preliminary design is completed before they commit to any funding contribution to the recharge improvement. CBWCD wanted to base their decision on a detailed design approach and an engineer's estimate instead of the current planning-level scope and cost. The preliminary design recommendation for Montclair Basin is scheduled to be complete in August 2016. At that time, CBWCD will provide a response to cost sharing of capital improvements at Montclair Basins.

Identify grant-funding share. The IEUA, Watermaster, and the Appropriators will combine their efforts to secure grant funding and low-interest financing from the State Water Resources Control Board, the DWR, and others.

Grant, loan and/or bond financing benefits and/or liabilities will be applied to all parties consistent with the IEUA/CBWM pro-rata methodology indicated in prior section.

Grant Opportunities: IEUA has identified several grant funding opportunities for the RMPU projects. Fundamental to formal grant submission and approval is the local commitment to proceed with projects as planned. Following commitment during the Chino Basin Facilities Improvement Project (CBFIP), IEUA/CBWM were successful in grant funding nearly 50% of the \$65M in capital projects constructed (\$36M in grants were received). In preparation for CBWM approval of the proposed RMPU projects, IEUA has initiated efforts to secure funding through the following grant programs:

1. Proposition 84 (State) – \$1,500,000 was received for the San Sevaine and Lower Day RMPU projects. These funds have already been approved and resulted in the acceleration of these projects within specific Task Order Nos. 2 & 8.

2. USBR (Federal) – \$750,000 was received for the San Sevaine and Lower Day RMPU projects. These funds have already been approved and resulted in the acceleration of these projects within specific Task Order Nos. 2 & 8.
3. Proposition 1 (State) – Water Recycling – An application was submitted in December 2015 for the San Sevaine Basin project. If awarded, it will provide approximately \$2.6 million in grants and \$4.9 million in SRF loans. Together with item 1 above, the San Sevaine Basin project will be fully funded by federal, state grants and low interest loans.
4. Proposition 1 (State) – Stormwater Grant (Round 1) – During round 1 of this program, \$80M will be made available to applicants. A pre-application was submitted in April 2016 for funding through this program. The final grant application is due in July 2016. The first round of this grant will provide up to a maximum of \$10M in grant funding per agency, with a minimum of a 50% local match. Special consideration is made for multi-benefit projects. This program requires that a Storm Water Resources Plan be completed by the applicant prior to submission – IEUA has been working with WEI (at the request of CBWM) to complete the Plan. The Plan is scheduled to be adopted by the SAWPA Board by May 2016. This program will be highly competitive with limited funding. Successful applicants will be notified in late 2016.
5. Proposition 1 (State) – Stormwater Grant (Round 2) – During round 2 of this program, \$80M will be made available to applicants. The final guidelines for the second round of this grant will be released in 2017. Special consideration is made for multi-benefit projects. This program will be even more highly competitive than the first round as more potential applicants may have completed their Storm Water Resources Plan by then. Successful applicants will be notified in late 2018.
6. Proposition 1 (State) – Groundwater Quality Grant – This program is designed to support the cleanup of human and natural contaminated groundwater. This program is scheduled to fund up to \$900M in projects in multiple rounds, with a minimum of a 50% local match. In addition, this program is tied to the Drinking Water SRF program to assist in funding remaining local match. Special consideration is made for groundwater contamination cleanup with multi-benefit projects. Pre-applications for this program are being accepted, with final applications being due in mid-2016 (within 1-month following the release of program guidelines). This program will be highly competitive and complete applications should be submitted as early as possible.

It is important to note that duplication of State grants is not permitted. In the event that we are successful getting two State grants, we will need to ensure that neither of the limits for State funding are exceeded; if this is the case, we will need to prioritize grant opportunities to accept.

Low Interest Loan Opportunities: The State Water Resource Control Board offers low interest loan opportunities for public agencies through the State Revolving Fund (SRF). There are several opportunities that IEUA/CBWM could pursue to provide low interest SRF funding for the RMPU projects. It is important to note that if SRF loan(s) are used to fund these projects, IEUA intends to use the Chino Basin Regional Financing Authority (CBRFA) to issue this debt. The CBRFA is governed by the IEUA Board of Directors, but enables IEUA to track and issue debt separately from IEUA capital project debt.

1. SRF Planning Loan – IEUA submitted a pre-application in March 2016 for a planning loan for the remaining RMPU design work. It is anticipated that approximately \$5,000,000 may be needed to fund all remaining “soft costs”. If successful in attaining this loan, all remaining soft costs will be funded through the loan and will not result in any special assessments or assessment adjustments. Repayment would not be triggered until after the completion of corresponding efforts (5-year repayment period) and can be rolled into SRF construction loan (if received). Interest rates for these loans are currently at 1.6%-1.8% (30-year).

2. **SRF Construction Loan** – It is anticipated that IEUA will submit several SRF loan packages for the RMPU projects. To maximize the potential of receiving some matching principle forgiveness (grant), loan packages should be sized at approximately \$25,000,000. Dependent upon the status of the RMPU project list approval, loan packages should start to be submitted to the State in mid-2016. Interest rates for these loans are currently at 1.6%-1.8% (30-year). SRF loans can be applied through either of the following state programs:
 - a. **Drinking Water SRF Program** – typical for drinking water projects (stormwater also qualifies) at standard low interest rate. Term for DWSRF is typically 20-year.
 - b. **Clean Water SRF Program** – typical for wastewater projects (wastewater treatment, recycled water and potentially groundwater recharge with stormwater may qualify for this program at standard low interest rate with the potential of principle forgiveness (IEUA has secured an average of 20% principle forgiveness [grant] for last several CWSRF loans). Term for CWSRF is typically 30-year.

To put the value of the SRF program in perspective, the following table shows the relative benefits of both the SRF loan and grant programs vs. funding through a bond (assumed at 5% consistent with the RMPU and to provide a projected conservative upper range to borrow costs). Assuming a total program cost of \$30M (value used as a maximum funding bookend example for CBWM funded portion), it is expected that the region would save over \$20M in financing costs over 30-years by just using the SRF program at current rates. Alternatively, it is expected that the region would save over \$36M in financing costs in 30-years based on estimated grant and SRF loan opportunities.

Table 1 – Funding Alternative Payment Schedule (dollars in 1,000's)

\$30M Bond					\$30M SRF Loan					\$12M Grant & \$18M SRF Loan				
Bond Fee	\$ 30,000	5.00%	30 years		Loan Grant	30,000	1.80%	30 years		Loan Grant	18,000	1.80%	30 years	
	\$ 500					0					12,000			
Project Cost	\$ 50,000				Project Cost	30,000				Project Cost	30,000			
Years	Principal Outstanding	Interest Payment	Principal Payment	Total Payment	Years	Principal Outstanding	Interest Payment	Principal Payment	Total Payment	Years	Principal Outstanding	Interest Payment	Principal Payment	Total Payment
1	\$ 30,500	\$ 1,525	\$ 459	\$ 1,984	1	\$ 30,000	\$ 540	\$ 763	\$ 1,303	1	\$ 18,000	\$ 324	\$ 458	\$ 782
2	\$ 30,041	\$ 1,502	\$ 482	\$ 1,984	2	\$ 29,237	\$ 526	\$ 777	\$ 1,303	2	\$ 17,542	\$ 316	\$ 488	\$ 782
3	\$ 29,559	\$ 1,478	\$ 506	\$ 1,984	3	\$ 28,480	\$ 512	\$ 791	\$ 1,303	3	\$ 17,076	\$ 307	\$ 474	\$ 782
4	\$ 29,053	\$ 1,453	\$ 531	\$ 1,984	4	\$ 27,670	\$ 498	\$ 805	\$ 1,303	4	\$ 16,602	\$ 299	\$ 483	\$ 782
5	\$ 28,521	\$ 1,426	\$ 556	\$ 1,984	5	\$ 26,885	\$ 484	\$ 819	\$ 1,303	5	\$ 16,119	\$ 290	\$ 482	\$ 782
6	\$ 27,963	\$ 1,398	\$ 586	\$ 1,984	6	\$ 26,045	\$ 469	\$ 834	\$ 1,303	6	\$ 15,627	\$ 281	\$ 500	\$ 782
7	\$ 27,377	\$ 1,369	\$ 615	\$ 1,984	7	\$ 25,211	\$ 454	\$ 849	\$ 1,303	7	\$ 15,127	\$ 272	\$ 509	\$ 782
8	\$ 26,762	\$ 1,338	\$ 646	\$ 1,984	8	\$ 24,362	\$ 439	\$ 864	\$ 1,303	8	\$ 14,617	\$ 263	\$ 519	\$ 782
9	\$ 26,116	\$ 1,306	\$ 678	\$ 1,984	9	\$ 23,498	\$ 423	\$ 880	\$ 1,303	9	\$ 14,099	\$ 254	\$ 528	\$ 782
10	\$ 25,438	\$ 1,272	\$ 712	\$ 1,984	10	\$ 22,618	\$ 407	\$ 896	\$ 1,303	10	\$ 13,571	\$ 244	\$ 537	\$ 782
11	\$ 24,728	\$ 1,236	\$ 748	\$ 1,984	11	\$ 21,722	\$ 391	\$ 912	\$ 1,303	11	\$ 13,033	\$ 235	\$ 547	\$ 782
12	\$ 23,978	\$ 1,199	\$ 785	\$ 1,984	12	\$ 20,810	\$ 375	\$ 928	\$ 1,303	12	\$ 12,486	\$ 225	\$ 557	\$ 782
13	\$ 23,193	\$ 1,160	\$ 824	\$ 1,984	13	\$ 19,882	\$ 358	\$ 945	\$ 1,303	13	\$ 11,929	\$ 215	\$ 567	\$ 782
14	\$ 22,369	\$ 1,118	\$ 866	\$ 1,984	14	\$ 18,937	\$ 341	\$ 962	\$ 1,303	14	\$ 11,362	\$ 205	\$ 577	\$ 782
15	\$ 21,503	\$ 1,075	\$ 909	\$ 1,984	15	\$ 17,975	\$ 324	\$ 979	\$ 1,303	15	\$ 10,785	\$ 194	\$ 588	\$ 782
16	\$ 20,594	\$ 1,030	\$ 954	\$ 1,984	16	\$ 16,995	\$ 306	\$ 997	\$ 1,303	16	\$ 10,197	\$ 184	\$ 598	\$ 782
17	\$ 19,640	\$ 982	\$ 1,002	\$ 1,984	17	\$ 15,998	\$ 288	\$ 1,015	\$ 1,303	17	\$ 9,599	\$ 173	\$ 609	\$ 782
18	\$ 18,637	\$ 932	\$ 1,052	\$ 1,984	18	\$ 14,983	\$ 270	\$ 1,033	\$ 1,303	18	\$ 8,990	\$ 162	\$ 620	\$ 782
19	\$ 17,585	\$ 879	\$ 1,105	\$ 1,984	19	\$ 13,950	\$ 251	\$ 1,052	\$ 1,303	19	\$ 8,370	\$ 151	\$ 631	\$ 782
20	\$ 16,480	\$ 824	\$ 1,160	\$ 1,984	20	\$ 12,898	\$ 232	\$ 1,071	\$ 1,303	20	\$ 7,739	\$ 139	\$ 642	\$ 782
21	\$ 15,320	\$ 768	\$ 1,218	\$ 1,984	21	\$ 11,827	\$ 213	\$ 1,090	\$ 1,303	21	\$ 7,098	\$ 128	\$ 654	\$ 782
22	\$ 14,102	\$ 705	\$ 1,279	\$ 1,984	22	\$ 10,737	\$ 193	\$ 1,110	\$ 1,303	22	\$ 6,442	\$ 116	\$ 666	\$ 782
23	\$ 12,823	\$ 641	\$ 1,343	\$ 1,984	23	\$ 9,627	\$ 173	\$ 1,130	\$ 1,303	23	\$ 5,778	\$ 104	\$ 678	\$ 782
24	\$ 11,481	\$ 574	\$ 1,410	\$ 1,984	24	\$ 8,498	\$ 153	\$ 1,150	\$ 1,303	24	\$ 5,099	\$ 92	\$ 690	\$ 782
25	\$ 10,071	\$ 504	\$ 1,481	\$ 1,984	25	\$ 7,348	\$ 132	\$ 1,171	\$ 1,303	25	\$ 4,409	\$ 79	\$ 702	\$ 782
26	\$ 8,590	\$ 429	\$ 1,555	\$ 1,984	26	\$ 6,177	\$ 111	\$ 1,192	\$ 1,303	26	\$ 3,706	\$ 67	\$ 715	\$ 782
27	\$ 7,035	\$ 352	\$ 1,632	\$ 1,984	27	\$ 4,985	\$ 90	\$ 1,213	\$ 1,303	27	\$ 2,991	\$ 54	\$ 728	\$ 782
28	\$ 5,403	\$ 270	\$ 1,714	\$ 1,984	28	\$ 3,772	\$ 68	\$ 1,235	\$ 1,303	28	\$ 2,263	\$ 41	\$ 741	\$ 782
29	\$ 3,689	\$ 184	\$ 1,800	\$ 1,984	29	\$ 2,537	\$ 46	\$ 1,257	\$ 1,303	29	\$ 1,522	\$ 27	\$ 754	\$ 782
30	\$ 1,890	\$ 94	\$ 1,890	\$ 1,984	30	\$ 1,280	\$ 23	\$ 1,280	\$ 1,303	30	\$ 788	\$ 14	\$ 788	\$ 782
TOTAL		\$ 29,022	\$ 30,500	\$ 69,522	TOTAL		\$ 9,088	\$ 30,000	\$ 39,088	TOTAL		\$ 5,453	\$ 18,000	\$ 23,453
Amount Saved Compared to Bond								\$ 20,434						\$ 36,069

Bond Financing: As part of the original CBFIP, bonds were used to finance the non-grant covered costs. It is anticipated that fixed rate bonds or alternative borrowing would cost the parties approximately 5% interest. Bond financing may also sensitive to the amount of funding needed (i.e. bonds less than \$20M may not be of interest to the market) and how the borrowing is backstopped (i.e. financing agreements between parties).

The debt issued in 2002 to finance the CBFIP was issued as variable rate revenue bonds. These bonds were refinanced in 2008 (2008B Variable Revenue Demand Obligation). Interest rates are set weekly and are backed by a letter of credit (LOC) facility provider. The remaining outstanding principal balance is \$15M. As favorable as the interest rates have been recently (averaged 0.15% over last 6 years – not adjusted for LOC or additional management costs), there is inherent risk in a rising market or economic downturn. In the fall of 2008, the interest rates jumped to as high as 12% (maximum amount) when the bonds failed to be remarketed.

Chino Basin Regional Financing Authority (CBRFA): In 1993, IEUA developed the CBRFA as an entity that could be used to finance projects that have benefits outside of just IEUA. The Board of Directors for the CBRFA is the IEUA Board. The CBRFA can effectively be used to fund projects that benefit the entire Chino Basin, without impacting the debt of IEUA. In 2002, the CBRFA was used to finance the CBFIP. Variable rate bonds were secured to fund more than \$20M in CBFIP costs (non-grant portion). CBWM debt associated with this repayment is made on an annual basis in accordance with the Master Recharge Facilities Financing Agreement. It is intended that all debt and grants for the RMPU projects will be applied for through the CBRFA. Doing so

would require both IEUA and CBWM to pledge revenues to the CBRFA. A 2016 Financing Agreement is being developed for consideration by IEUA, CBWM and CBRFA for adoption.

Proposed Approach: The proposed approach will involve several actions, with built in redundancies. IEUA's plan will prioritize the funding of projects through SRF programs with maximization of grant funding. Actions from IEUA, CBWM and/or CBRFA Boards are required for each of these items. Action is tied to commitments to make future debt payments and/or commitment toward application project. Proposed actions will be completed as follows:

1. SRF Planning Loan – cover all remaining soft costs into loan such that parties will not fund these costs until construction is complete. The following action items are planned:
 - a. IEUA Action
 - i. File application (*April 20, 2016*)
 - ii. Approve the 2016 Financing Agreement (*May 18, 2016*)
 - iii. Adopt Resolutions (*May 18, 2016*)
 - b. CBWM Action
 - i. Approve the 2016 Financing Agreement (*May 19, 2016*)
 - ii. Adopt Resolutions (*May 19, 2016*)
 - c. CBRFA Action
 - i. Approve the 2016 Financing Agreements (*May 18, 2016*)
 - ii. Adopt Resolutions (*May 18, 2016*)
 - iii. File Resolutions to State Water Board (*May 2016*)
2. USBR Drought Resiliency Implementation Grant – submit application to fund up to \$300K for drought project implementation. This will be helpful to use for purpose of attaining State funds (i.e. Proposition 1). This would be applied to the 23a RMPU Project (i.e. Wineville to Jurupa to RP-3). This project has an anticipated project cost of approximately \$21M and has both stormwater and recycled water benefits (3,166 AFY and 2,905 AFY, respectively). The following action items are planned:
 - a. IEUA Action
 - i. File application (*April 11, 2016*)
 - ii. Adopt Resolution (*April 20, 2016*)
3. Proposition 1 Stormwater Grant Round 1 – submit application to fund up to 50% of the cost (up to maximum of \$10M) of multi-benefit stormwater related projects. It is proposed that IEUA will submit for the 23a RMPU Project. The following action items are planned:
 - a. IEUA Action
 - i. File pre-application (*April 15, 2016*)
 - ii. Adopt Resolutions (*May 18, 2016*)
 - iii. File application and associated Resolutions to State Water Board (*June 2016*)
 - b. CBWM Action
 - i. Adopt Resolutions (*May 19, 2016*)
4. CWSRF – submit application to fund all of RMPU projects, TCE Plume Cleanup project and remaining/planned CDA wells/infrastructure. This application will be used to fund all remaining projects and will include nearly all the requirements needed to file for the Proposition 1 GWQ Grant (see item no. 5 below). The following action items are planned:
 - a. IEUA Action
 - i. Adopt Resolutions (*July 20, 2016*)
 - b. CBWM Action
 - i. Adopt Resolutions (*July 21, 2016*)
 - c. CDA Action

- i. Adopt Resolutions (**July 2016**)
 - d. CBRFA Action
 - i. File application and associated Resolutions to State Water Board (**July 2016**)
 - 5. Proposition 1 Groundwater Quality Grant – submit application to fund all of RMPU projects, TCE Plume Cleanup project and remaining/planned CDA wells/infrastructure. It is anticipated that this request will be approximately \$75M in projects (depending on success of prior actions) and would be eligible for up to 50% grant funding through Proposition 1 and Drinking Water SRF for non-grant portion. The following action items are planned:
 - a. IEUA Action
 - i. Filed pre-application in November 2015 via CBRFA without RMPU projects
 - ii. Amend the pre-application to include RMPU and CDA projects (**April 2016**)
 - iii. Adopt Resolutions (**May 18, 2016**)
 - iv. Approval of Programmatic Environmental Impact Report (includes 2013 RMPU projects) (**November 16, 2016**)
 - b. CBWM Action
 - i. Adopt Resolutions (**May 19, 2016**)
 - c. CBRFA Action
 - i. File application and associated Resolutions to State Water Board (**by June 2016**)

In the event that grants and SRF are not successful, debt options would be developed for IEUA and CBWM consideration prior to proceeding with and debt issuance. It is expected that parties will know success of various applications by early/mid 2017. Since most RMPU construction is not scheduled to be started until early 2018, time will remain to pursue favorable debt service.

Allocation of cost and benefit among the Appropriators. Watermaster assumes that capital cost and New Yield will be allocated to the Appropriator parties based on their share of Operating Safe Yield and future operation and maintenance expenses will be production based per Peace II Section 8.1. Any change in allocation method would first require a negotiation process among the Appropriative Pool parties.

The existing allocation of capital costs on the basis of OSY are as shown in Table 2. The cost distribution (%OSY) may change if an Appropriative Pool New Yield and Cost Allocation Agreement is adopted.

Table 2 – OSY by Party

Party	Share of OSY	% Share of OSY
Arrowhead Mtn Spring Water Co	-	0.00%
Chino Hills, City Of	2,111.422	3.85%
Chino, City Of	4,033.857	7.36%
Cucamonga Valley Water District	3,619.454	6.60%
Desalter Authority	-	0.00%
Fontana Union Water Company	6,391.736	11.66%
Fontana Water Company	1.000	0.00%
Fontana, City Of	-	0.00%
Golden State Water Company	411.476	0.75%
Jurupa Community Services District	2,061.118	3.76%
Marygold Mutual Water Company	655.317	1.20%
Monte Vista Irigation Company	676.759	1.23%
Monte Vista Water District	4,823.954	8.80%
Niagara Bottling, LLC	-	0.00%
Nicholson Trust	4.000	0.01%
Norco, City Of	201.545	0.37%
Ontario, City Of	11,373.816	20.74%
Pomona, City Of	11,215.852	20.45%
San Antonio Water Company	1,506.888	2.75%
San Bernardino County Shtg Prk	-	0.00%
Santa Ana River Water Company	1,301.374	2.37%
Upland, City Of	2,852.401	5.20%
West End Consolidated Water Company	947.714	1.73%
West Valley Water District	644.317	1.18%
Totals	54,834.000	100.00%

Based on the different alternatives outlined in Table 1, it is expected that financing would be applied to OSY as shown in Table 3.

Table 3 – Debt Impact Based on OSY

Financing Mechanism	Project Debt (Example from Table 1)	Annual Debt Payment (\$/Yr)	Annual Payment per %OSY (\$/%OSY)	Annual Payment per %OSY per \$1M Capital
Bond Financing	\$ 30,500,000	\$ 1,984,069	\$ 19,841	\$ 397
SRF only	\$ 30,000,000	\$ 1,302,943	\$ 13,029	\$ 261
SRF with Grant	\$ 18,000,000	\$ 781,766	\$ 7,818	\$ 156

Finance the construction of recharge improvements. The IEUA, the TVMWD, the WMWD, and potentially certain Appropriator parties will use their revenue structure and other means (municipal bonds, pay-as-you-go, etc.) to construct the recommended yield enhancement projects.

As indicated prior, IEUA’s primary intent is to get funding through the SRF program through the use of the CBRFA. In the event that any of the CBWM parties elect to fund their portion of 2013 RMPU projects through PAYGO, they are able to do so. It should be noted that many of the grant opportunities are tied to the SRF funding program; therefore, if a party elects to not participate with financing that is tied to grant benefit, their portion of the grant benefit would be correspondingly forfeited. If SRF funding is unsuccessful, parties will be advised of options for bond financing to review prior to making a commitment for use of bond financing or PAYGO. Notice to CBWM/IEUA on desire to use PAYGO shall be made in writing prior to CBWM Board action of any proposed funding action (i.e. SRF resolution, bond filing, etc.).

Apply pay-as-you-go for all the soft costs through completion of the final design. The soft costs were distributed between IEUA and Watermaster by the proportion of the total capital cost of the recommended projects to IEUA's portion of the cost shared projects (about six percent).

As indicated prior, IEUA has submitted a planning SRF loan application. Although this will not fund past soft costs, if secured, it will fund all remaining RMPU soft costs (estimated to be approximately \$5M). If this planning loan is attained, debt will not be due until 1) after the completion of construction, or 2) after the completion of the design (if construction is not pursued). Please note that property acquisition is not an eligible cost for the planning SRF loan program. If IEUA is unsuccessful in attaining this loan, the remaining soft costs will be funded through CBWM as PAYGO consistent with costs to date.

All costs associated with the development of implementing agreements, preliminary design, proof-of-concept, completion of the CEQA process, and final design are considered part of the project capital cost and will be paid for through the Watermaster assessment process pursuant to the Peace II Agreement unless a new Appropriative Pool New Yield and Cost Allocation agreement is reached. In the case that such an agreement is reached, an assessment reconciliation will be done consistent with the new agreement.

Several of these costs will be eligible under the SRF planning loan if attained.

INFORMATION
ITEM
2A



April 29, 2016

To: Inland Empire Utilities Agency
From: Michael Boccadoro
President
RE: April Legislative Report

Overview:

April was a busy month in the Legislature. Committees met with very full agendas ahead of the April 22 deadline for bills to make it out of policy committees before heading to fiscal review. Bills have until May 27 to make it out of Appropriations Committees and onto their respective floors.

On March 1, Southern California Gas Company (SoCalGas) and San Diego Gas & Electric (SDG&E) filed a motion at the California Public Utilities Commission that would temporarily move natural gas customers from a monthly 10 percent balancing, to a 5 percent daily balancing. SoCalGas stated the reason for the significant change is the inability to store gas at Aliso Canyon, and therefore will not have the flexibility to respond to extreme heat events this summer. After significant opposition, a settlement was reached that would allow SoCalGas to use their existing low and high Operational Flow Order (OFO) procedures to achieve the reliability they need during the summer months. The impact on end-use customers such as IEUA is unclear at the moment.

Unfavorable voter response has caused the Association of California Water Agencies, and their coalition partners, to suspend efforts to qualify a Constitutional Amendment for the November ballot that would create an alternate process for agencies to adopt conservation-based rates, lifeline rates, and rate-basing stormwater capture. An unfavorable ballot summary from the Attorney General was the driving factor for the lack of voter support. Recently, Lester Snow and the California Water Foundation have circulated a draft of a proposal that may only require a majority vote of the Legislature and no voter approval. The proposal aims to authorize lifeline rates as well as authorize fees to “create price signals to encourage or discourage specific service consumption patterns or other related behavior.”

Debate over whether the State Water Resources Control Board (SWRCB) should ease or lift the emergency conservation regulations continues with environmentalists arguing to continue the conservation regulations while many water agencies believe the regulations should be lifted. The conversation also continues on more permanent conservation and efficiency measures. A coalition of Southern California water agencies has submitted a framework to the SWRCB that takes into account many factors including local water supplies, daily use, drought contingency plans and other measures. There are concerns that their plan relies on self-certification.

The fate of the Cap and Trade Program is still uncertain as stakeholders wait for a ruling from the California Appellate court. The court recently issued a series of questions that are raising

speculation that the court could be leaning towards invalidating the auction of allowances. However, there are others who point to reasons why the court's questions shouldn't raise too much concern. Parties up and down the state are eager to have a final resolution from the court on the validity of the program, though a ruling from the appellate court will likely be appealed to the California Supreme Court, once again delaying any final resolution. The legal status of Governor Brown's and California Air Resources Board of GHG reduction efforts post 2020 are also being questioned. A recent Legislative Counsel Opinion raises substantial doubt about the validity of the Governor's Executive Orders on GHG.

Inland Empire Utilities Agency Status Report – April 2016

Natural Gas Daily Balancing

As reported in March, Southern California Gas Company (SoCalGas) and San Diego Gas & Electric (SDG&E) filed a motion at the California Public Utilities Commission requesting to temporarily move natural gas customers from a monthly 10 percent balancing, to a 5 percent daily balancing. SoCalGas is blaming the loss of Aliso Canyon storage for the reduced flexibility to respond to extreme heat events this summer.

A significant number of parties filed protests to this motion on several grounds. First, the procedural route SoCalGas took by filing a motion provides little opportunity for stakeholder input and transparency. Using a motion eliminates the crucial fact finding and testimony aspects a formal application requires. Additionally, parties argued that because of the nature of some natural gas use, a 5 percent daily balancing would impose significant operational and financial burdens on end use customers.

Due to strong opposition to the motion, SoCalGas initiated a series of stakeholder calls to try to come up with a solution agreeable to all parties. They temporarily dropped their daily balancing proposal, in favor of a proposal to use existing procedures to alleviate the predicted strain on the natural gas system. The settlement, filed Friday April 29, stipulates that SoCalGas will use existing low and high Operational Flow Orders (OFOs) to incentivize demand response to conditions in the natural gas transmission and distribution system.

High OFOs should not affect IEUA, as they only relate to gas marketers wanting to store gas in any of SoCal Gas's facilities. However, low OFOs could affect IEUA. While low OFO events are already in use, the frequency in which they will be called will now likely increase. For example, in 2015 there were 43 days in which a low OFO was called. A low OFO can be called when there is not enough gas in the system to meet demand. IEUA will not receive a notice from SoCalGas demanding reduced use, but if the marketer IEUA uses (Shell) does not fall within five percent of the aggregate demand of all of their customers, the marketer will receive a penalty that varies in severity depending on the level of the low OFO that is called. It is unclear how those marketers might pass along any penalties to IEUA and other customers, or if the marketer will

place any demands on IEUA during a low OFO event. The key factor impacting the ramifications of this settlement is how many low OFO days SoCalGas ultimately calls.

The terms of the settlement last until the end of November at which point the plan is to have a new settlement in place for winter. Winter conditions are substantially different because residential demand is increased significantly with natural gas heating.

While the settlement includes significant uncertainty, all parties concluded this option was much better than the original daily balancing proposal. IEUA is encouraged to keep track of how the agency is effected, if at all, due to the issuance of low OFOs.

SoCalGas has committed to having customer workshops to help customers understand how the new rules will work and the effects they will have.

ACWA's Proposition 218 Fix UPDATE

The Association of California Water Agencies (ACWA), along with the California League of Cities and the California State Association of Counties (CSAC) have proposed a Constitutional Amendment to create a new process for setting conservation rates, lifeline rates and rates for stormwater capture. As reported last month, the Attorney General wrote a less than favorable ballot summary for the measure. Essentially, the summary stated that passing the initiative would eliminate voter approval from the rate-setting process.

After testing the ballot title and summary, ACWA and the coalition have decided not to move forward with an initiative this year. They have indicated that they might try for a "Plan B" but they do not know what that alternative plan might be at this juncture.

Recently, Lester Snow and the California Water Foundation have circulated a draft proposal that some believe may only require a majority vote of the Legislature and no voter approval. The proposal aims to authorize lifeline rates as well as authorize fees to "create price signals to encourage or discourage specific service consumption patterns or other related behavior."

Allowable regulatory purposes include, but are not limited to:

- (1) To deter excess consumption of a service, such as domestic water service, as determined by the local agency.
- (2) To encourage adoption of technologies supporting more efficient use of the service.
- (3) To comply with goals of avoiding waste and unreasonable use of water pursuant to Article X, Section 2, of the California Constitution.

ACWA has shared the language with their members and is currently receiving feedback from agencies before they meet with other coalition partners to discuss how, if at all, they want to be part of the California Water Foundation efforts.

SWRCB Emergency Water Conservation Measures

Debate over whether the State Water Resources Control Board should ease or lift the emergency conservation regulations continues with environmentalists arguing to continue the conservation

regulations while many water agencies believe the regulations should be lifted due to improved water conditions.

As previously reported, the SWRCB approved amendments in February that ease the conservation mandates for certain regions based on factors such as regional temperature, growth, use of drought resilient supplies and investment in sustainable water projects. Now, stakeholders and regulators are debating and discussing two separate facets of the future of conservation regulations in California.

There is a continuing discussion about if or when to lift the current conservation measures. At the same time there is a discussion about drafting permanent regulations around water use efficiency and conservation. Eastern Municipal Water District, Western Municipal Water District, Irvine Ranch Water District and the Metropolitan Water District of Southern California outlined their joint proposal to the SWRCB. Under their "Supply-Demand Based Emergency Regulation Framework" water agencies would provide monthly reporting to SWRCB on total potable water production, residential gallons per capita per day, stages of water shortage contingency plans, and mechanisms to prevent water waste. The proposal would also require suppliers to demonstrate their ability to implement mandatory use reductions. Conservation standards would be modified based on evaluations and self-certifications, by water agencies, of the availability of suppliers to meet demand.

They argue that the benefits of their proposal include reflecting a water supplier's total integrated water resources planning portfolio, calibrating demand reductions to the severity of shortage for each supplier, providing a strong incentive for local agencies' continued investment in developing sustainable supplies and water efficiency, and reducing waste through implementation of water waste reduction measures.

Members of the SWRCB raised concerns about agencies' self-certifying their water supply forecasts, and expressed doubts about whether the proposal contains clear and adequate triggers for agencies to ensure conservation and other measures are implemented properly when water supplies are forecast to be low.

Discussions will continue in the coming months.

Cap and Trade Court Challenge/ GHG regulation Post 2020

The legal challenge to the validity of the greenhouse gas allowance system is still pending the California Appellate Court. Recently, the court issued several questions that are leading to speculation that the court is leaning towards ruling that the auctioning of GHG allowances represents a tax, and therefore needs to be approved by a 2/3 vote of the Legislature. Additionally, the court is considering how the state spends the revenue collected through the auctions.

The Brown Administration and CARB continue to insist the program is on solid legal footing and not to read into the court's questions.

Regardless of the meaning of the questions, the uncertainty of the legality of the cap and trade program, and the associated revenues, has caused serious reservations among some parties about spending the cap and trade allowance revenue.

While the case pending in the Appellate Court only looks at the Cap and Trade program, there are other legal questions being discussed with regard to extending the program beyond 2020. A recent Legislative Council opinion stated that neither the Governor, nor the California Air Resources Board have the authority to establish goals post 2020 without express authorization from the Legislature.

SB 970 (Leyva) Organic Food Waste Diversion

SB 970 (Leyva), the IEUA sponsored bill aimed at helping the state meet its organics diversion goals by demonstrating regional programs using digester capacity at existing wastewater treatment facilities to co-digest biosolids and diverted food waste, has passed out of the Senate Environmental Quality Committee. While the bill had broad support from many of the committee members, the Committee chair and Committee staff were more comfortable with language that directs CalRecycle to consider some specific criteria when awarding grants in their existing program. The Committee has committed to work with IEUA and the author's office as the bill moves over to the Assembly to insert some more operative language that will create an opportunity for these types of regional food waste diversion projects to receive appropriate funding from CalRecycle.

The bill is currently in the Senate Appropriations Committee awaiting a hearing date

Short-Lived Climate Pollutants

The California Air Resources Board (CARB) recently released their revised draft strategy to reduce short-lived climate pollutants (SLCPs) that includes a proposal to develop a regulation with CalRecycle by 2018 to virtually eliminate disposal of organic waste in landfills by 2025. Additionally, the draft strategy recognizes the ability of wastewater treatment facilities to co-digest food waste with biosolids. The plan outlines some of the barriers wastewater agencies might face in trying to develop these projects and commits CARB to working with other state agencies to ensure these projects can move forward in a timely and efficient manner. The plan also recognizes that there will need to be some financial incentives offered to facilities to help with the food waste receiving and methane recovery part of these projects. The plan also encourages the beneficial use of methane conversion to renewable natural gas for pipeline injection or for renewable transportation fuels.

Comments on the SLCP strategy are due May 26. CARB will hear the plan on May 19, as an "Information Only" item and will adopt the plan sometime in October.

Legislative Update

April was a busy month with the deadline for bills to be reported out of their policy committees onto fiscal committees on April 22.

MEMORANDUM

To: Joe Grindstaff and Kathy Besser, IEUA

From: Letitia White, Jean Denton, and Drew Tatum

Date: April 29, 2016

Re: April Monthly Legislative Update

Congress Begins WRDA Reauthorization

Supporters of the Water Resources Development Act hope both the Senate bill and a House companion can get through their respective chambers before the long recess for the party conventions and traditional August district and state work period. The Senate began the process at the end of April when the Environment and Public Works Committee introduced and quickly advanced the legislation to the floor on a 19-1 vote. The legislation includes a \$220 million aid package for Flint, Mich., as well as changes to the nation's clean water and drinking water programs.

The Water Resources Development Act would also authorize 25 Army Corps projects in 17 states. These projects, which have undergone Congressional scrutiny and have completed reports of the Chief of Engineers, aim to strengthen the nation's infrastructure to protect lives and property, restore vital ecosystems to preserve our natural heritage, and maintain navigation routes for commerce and the movement of goods to keep us competitive in the global marketplace.

The bill provides investment in the country's aging drinking water and wastewater infrastructure, assists poor and disadvantaged communities in meeting public health standards under the Clean Water Act and Safe Drinking Water Act, and promotes innovative technologies to address drought and other critical water resource needs.

The House Transportation and Infrastructure Committee has also started the process of drafting its own Water Resources Development legislation. If each chamber is able to pass the legislation before the summer break, staff hope to be able to negotiate a conference agreement that could be passed before the election.

Senate Appropriators First Floor Bill Hits Snag

Senators appeared poised to break a modern budgeting process record by passing an appropriations bill before the end of April. Lawmakers hoped to pass the Energy and Water Appropriations bill, but those plans were derailed when Democrats filibustered on a procedural vote. Bipartisan support for the legislation evaporated during the final week of the month after Senator Tom Cotton (R-AZ) offered what Democrats called a "poison pill" amendment. Senator

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Cotton's amendment, if agreed to, would prohibit the purchase of heavy water from Iran, which is used in the production of nuclear energy and weapons. Introduction of the amendment came after the White House announced the purchase of heavy water from Iran, which the administration says supports the implementation of the Iranian nuclear agreement. The White House has threatened to veto the legislation if Senator Cotton's amendment were to be included in the final legislation delivered to the president's desk.

Republican and Democratic leaders are expected to attempt to negotiate a path forward during the upcoming recess with the intention of resuming consideration of the legislation. Senate Majority Leader Mitch McConnell (R-KY) has set up another procedural vote for the week lawmakers return to Washington.

Senator Cotton's amendment was not the first proposal that threatened to derail the Energy and Water Appropriations bill. Earlier in the week, the Senate voted down an amendment that would have prohibited the use of funding to implement the EPA and Army Corps regulatory definition of the "waters of the United States". The amendment, offered by Senator John Hoeven (R-ND), was part of a continued Republican effort to block the new regulation, which has been temporarily blocked by the courts. Subject to a 60 vote threshold, the amendment failed by a 56-42 margin.

The Energy and Water Appropriations bill includes funding for the Army Corps of Engineers, Department of Energy, and the Bureau of Reclamation among other smaller agencies. As has been the case during the last two fiscal years, the legislation has included additional funding for western drought relief. This year, Senator Dianne Feinstein (D-CA) pushed for an additional \$100 million for projects that have already been authorized that will help combat the sustained drought in the Bureau of Reclamation's service area. The Senate Appropriations Committee also funded at the President's Budget request both the Title XVI (\$21.5 million) and WaterSMART (\$23.365 million) accounts.

While Senator Feinstein has pushed for additional drought funding, she still hopes to move a drought package before the end of the year. As we have previously noted, Senate Energy and Natural Resources Chairwoman Lisa Murkowski (R-AK) has indicated she would like to move a west-wide bill to focus on all western states suffering through the drought. While no authorization language was included in the Senate's draft, House Republicans are attempting to jumpstart negotiations by including provisions from the drought legislation introduced by Congressman Valadao (R-CA) that passed the House last year in their version the FY17 Energy and Water Appropriations Bill.

The provisions were included in the legislation as introduced, leading Democrats to offer amendments to strip the authorization language from an appropriations bill. Republicans were able to block those efforts. In speaking with staff from the House Energy and Water Appropriations Subcommittee, the language was included in order to negotiate a compromise with the Senate later in the year. Prior efforts to negotiate a package at the end of the year have been rebuffed.

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House Republicans are still searching for a path forward on appropriations bills, as no budget resolution has been adopted. Absent an agreement to waive the applicable point of order or an agreement on a budget resolution, the House will not be able to bring appropriations bills to the floor until mid-May. With only one week of session remaining until May 15, it appears likely that the House will forego a budget resolution for now. Republicans are still internally debating how to deal with conservative demands that \$30 billion in spending cuts be made to offset increases agreed to in the Bipartisan Budget Act of 2015.

Senate Clears FAA Reauthorization

With broad bipartisan support, the Senate cleared reauthorization legislation for the Federal Aviation Administration on a vote of 95-3. Only Senators Barbara Boxer (D-CA), Mike Lee (R-UT), and Marco Rubio (R-FL) voted against the legislation. Both Senators Ted Cruz (R-TX) and Bernie Sanders (I-VT) missed the vote due to their campaign schedules. The bipartisan measure would reauthorize the FAA through September 30, 2017 and does not include the controversial provision to privatize air traffic control operations. The legislation now moves to the House, where lawmakers currently have not scheduled floor consideration. House Transportation and Infrastructure Committee Chairman Bill Shuster (R-PA) has advanced his own reauthorization legislation, but it has yet to come to the floor of the House.

Prospects remain unclear for both measures in the House. If the House were to move forward with its own legislation, a formal conference between the House and Senate could be formed to iron out the differences in the legislation. Senate Commerce Committee Chairman John Thune hopes that the Senate-passed bill will be appealing in the House since the chamber did not attach tax riders to the legislation for the energy sector that were pushed by Democrats. Lawmakers have until mid-July to pass either a short-or-long term authorization before the current authority expires.

Outlook for May

The House and Senate are scheduled to be in recess for the first week of the month. Senate Majority Leader Mitch McConnell has queued up a cloture vote on the Energy and Water Appropriations bill when Senators return during the second week of the month. As noted above, the Senate has failed to garner the necessary votes to invoke cloture on two occasions already. During the recess, Republican and Democratic leaders are expected to attempt to negotiate a package of amendments for consideration in order to overcome Democratic filibusters on the legislation. Upon completion of the Energy and Water bill, the Senate is expected to turn to consideration of the Transportation, Housing and Urban Development Appropriations bill.

The House still has not adopted a budget resolution, though Republican leaders have huddled again in recent days in order to attempt to find a path forward. Without a budget resolution or an agreement to waive the applicable points of order, the House cannot consider an appropriations bill until May 15. Early in the month, the House may consider authorization legislation related to public health—including Zika.

The Appropriations Committees in both the House and Senate are expected to continue preparing bills for the floor.

Agricultural Resources

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April 30, 2016

Legislative Report

TO: Joe Grindstaff
General Manager, Inland Empire Utility Agency

FR: David M. Weiman
Agricultural Resources
LEGISLATIVE REPRESENTATIVE, IEUA

SU: Legislative Report, April 2016

The Legislative process went from seemingly endless “hurry-up-and-wait” to “high activity” in April. To be sure, drought, El Nino and water conditions have not disappeared at all, but now, both Houses have kicked into “legislative gear.”

Snapshots

- House is still unable to proceed with a budget. This remains a huge problem, especially for the Speaker.
- Speaker Ryan, when it comes to establishing an overall budget, is being blocked by his own caucus (a repeat of Boehner’s problems in 2013, 14 and 2015 with the same caucus).
- House Appropriators want to proceed – and are declaring that they will bring their bills to the floor beginning May 15 no matter what.
- House Energy and Water Appropriations has been marked up and reported. It’s ready to go. The Bill, however, contains language overturning/setting aside CVPIA, ESA and other laws. These changes have implications for State water rights. Highly controversial and divisive.
- Senate Energy and Water Appropriations also moving. Senator Feinstein included language to “maximize” water deliveries to the San Joaquin Valley. While the language

she advanced does not set aside existing law, the operational mandates are equally controversial.

- In the last week of April, the Senate Environment and Public Works Committee introduced and marked up a massive Water Resources Development Act (WRDA) bill and reported in on a voice vote. The bill contains water recycling language, financing language and, unrelated, objectionable water softener language (see below).
- The Senate finally broke a weeks-long jam on the Energy Bill and moved to final passage with a strong bi-partisan vote of 85-12.
- Senator Lisa Murkowski (R-AK) has now publicly stated that she will consider a drought bill (unclear if its for California and/or the West).
- Water allocations for 2016 have been increased by DWR.
- Drought Monitor still shows about half of California in Extreme or Exceptional drought, including the San Joaquin Valley and significant parts of Southern California.
- Senate is on track this session to work the fewest days in 60 years.

2016 Agenda – Passing Annual Funding Bills – Top Leadership Legislative Priority

- The required budget is not in place – still. Not clear one can be passed.
- As stated last month – little progress has occurred. The House Freedom Caucus has effectively blocked the budget/funding process by telling Speaker Ryan that they will not support the proposed budget (which sets an overall spending ceiling which is then “allocated” to the twelve appropriations subcommittees). Those allocations are the critical first step in the annual funding (budget/appropriations) process. Like last year, the process is slowed again this year.
- Appropriators are getting ready to move their bills beginning in two weeks, budget agreement or not. Ryan and the Freedom Caucus are openly in conflict. The line-in-the-sand is over the difference between \$1.05 and \$1.07 Trillion (top line for all functions and activities).
- Key question – can action on funding bills actually be finalized – or – is the Congress again headed for another CR or massive end-of-year funding bill? Unknown.

Tax Reform Agenda

- House Ways and Means Committee is now scheduling hearings and meetings on tax reform in general.
- It remains an issue to be discussed in 2016, but not acted upon until the next Congress.

- There is a largely unrecognized tax reform policy contradiction unfolding of significance to IEUA and all water users. WRDA (previously enacted) created a new bonding authority and others (even the WH) are turning to the bond market for expanded funding of water and infrastructure funding. The WRDA bill (just reported in the Senate) expands the WIFIA authority. While these policies are being advanced, tax reform policy changes under consideration may reduce or alter the deductibility of present bonding authority – effectively undermining or even nullifying these initiatives. In other words, these policy initiatives are in conflict with one another. This will become more and more of an issue in the very near short term.

Water/Weather/Drought

Feinstein Bill Introduced – Fate Unclear

- Drought legislation is being “two-tracked.” Highly controversial (though vastly different) Delta diversion provisions are in the House and Senate annual funding bills.
- At the end of April, with the Senate Energy Committee’s energy bill now having achieved final passage in the Senate, Senator Lisa Murkowski, Chair, Senate Energy Committee, is indicating that her committee would now consider a drought bill sometime later in May (perhaps June).
- Publicly, there is still no drought bill – at least not a westwide bill – yet.
- What will happen, when – how – all remains uncertain.

Drought Relief Funding – IEUA Grant Application Pending

- BuRec is expected to announce Title XVI/WaterSense grant funding awards – sometime in May resulting from the \$100 million for drought relief appropriated last December at Senator Feinstein’s request.
- IEUA submitted applications and your congressional delegation supported the request.

Unanticipated Drought-Related Federal Tax Issue

- Still pending – still unresolved.

Drought Status – CA and Rest of the West (unchanged)

- **Drought Conditions – California.** Even with El Nino storms, the Drought Monitor indicates that most (but now, not all) Counties remained in various levels of drought. Improvements notwithstanding, the Central Valley and most of Southern California remain in the highest drought status levels.
- **El Nino.** Drought Monitor also reports that westwide, that drought conditions are lessening (significantly) in most western states (Nevada is an exception).
- **Lake Mead.** BuRec is projecting that Lake Mead remains at risk and 2017 remains highly problematic. A multi-state lower basin agreement is being advanced in

anticipation of reaching the allocation trigger levels next year.

Water Resources Development Act – 2016

- Chairman Inhofe (R-OK) and Ranking Member Barbara Boxer (D-CA) introduced a new WRDA bill the last week of April and marked it up three days later. The massive bill was moved through the Environment and Public Works Committee in less than an hour (no amendments).
- The bill authorizes (for the first time), EPA's WaterSense Program, as highlighted by the WaterReuse Association, to identify and promote water efficient products, buildings...including reuse and recycling technologies.
- The bill establishes/authorizes an Innovative Water Technology Grant Program to accelerate innovate technologies, including reuse and recycling, to address national water challenges.
- The bill also Instructs a task force s to draft national drought resilience guidelines include provisions for reuse.
- Authorizes additional assistance for use of innovative technology in Clean and Drinking Water SRFs.
- Cites a WaterReuse and WEF sponsored economic study to support robust funding for SRF programs.
- In other provisions, the bill contains provisions on water softeners that are unacceptable, and contradict with the recycling and drought initiatives (in Southern California and other salt-sensitive areas.
- IEUA, LA Sanitation District and ACWA have been working with the Committee staff to change this language and eliminate any incentives or programmatic direction for water softener technology to be use in salt-sensitive areas. Discussions with the Committee remain pending.
- To be sure, water softener technology based on machines that produce a salt-laden waste stream of 1lb/machine/day are a threat to the water supply in the IEUA service area.

2016 – An Election Year

- It's an election year. As of April 30:
 - * It's beginning to look like Trump and Clinton will secure their respective nominations.
 - * Party conventions, thought to be deadlocked in mid-April, now do not appear to be on that track.
 - * A "stop-Trump" effort is still underway.
 - * Speculation is now shifting to "running mates" – who will be picked? Little is

known, less is predictable.

- Last month, I concluded my report saying that “*If there was a theme for the 2016 cycle, it’s ‘uncertainty.’*” I affirm it this month.

**INFORMATION
ITEM
2B**



CALIFORNIA STRATEGIES, LLC

Date: April 29, 2016
To: Inland Empire Utilities Agency
From: John Withers, Jim Brulte
Re: April Activity Report

Listed below is the California Strategies, LLC monthly activity report. Please feel free to call us if you have any questions or would like to receive any more information on any of the items mentioned below.

- Met with IEUA Executive staff to review priority issues and to discuss activities for April that Executive Staff wanted accomplished.
- Attended Water Leadership Breakfast with David Van Dorpe, ACOE speaking
- Discussed ways to highlight the customer return on investment for the building of recharge basins in our service territory.
- Discussed LAFCO and made recommendations to staff about upcoming issues. Support and advise on IEUA/SBVMWD transfer transaction on an as needed basis.
- Review and comment on Webb Engineering Plan of Services Initial Draft
- Provided a progress update on the recent request for documents from the CVWRD.
- Continue to monitor statewide water issues including The Water Fix, water bond, and drought relief act activities. Made recommendation regarding the request for money from various state special funds.
- Monitor Santa Ana Regional Board agenda and issues of interest to IEUA.
- Attend ACWA Conference May 2-5 and interact with IEUA staff and Directors

INFORMATION
ITEM
2C

Federal Legislation of Significance

Bill Number	Sponsor	Title and/or Summary	Summary/Status
H.R. 5055 / S. 2804	Rep. Mike Simpson / Sen. Lamar Alexander	FY 17 Energy and Water Development and Related Agencies and Appropriations bill	<p>The President's budget request to Congress was released on February 9, 2016.</p> <p>President' Budget Request for priority programs: Title XVI: \$21.5 million WaterSMART: \$23.4 million</p> <p>House Energy and Water Appropriations Committee Report: Title XVI: \$24 million WaterSMART: \$24 million</p> <p>Senate Energy and Water Appropriations Committee Report: Title XVI: \$21.5 million WaterSMART: \$23.4 million Western Drought: \$100 million</p> <p>The Senate Energy and Water Appropriations bill has made its way to the floor, but has currently stalled on a procedural vote. The Senate is scheduled to vote again after a recess scheduled to take place the first week of May. The Senate's legislation included additional funding, but no authorization for western drought.</p> <p>The House Energy and Water Appropriations bill is currently scheduled to be the second bill considered after the House can bring appropriations measures to the floor. While the House legislation did not include additional funding for western drought, language has been included to provide additional pumping flexibility in the delta. Without a budget or agreement to suspend the rules, the House could not bring an appropriations measures to the floor before May 15.</p>
S. 2533	Sen. Dianne Feinstein (D-CA)	California Long-Term Provisions for Water Supply and Short-Term Provisions for Emergency Drought Relief Act	<p>With her original legislation not gaining traction at the committee level, Senator Feinstein reintroduced drought legislation in February after receiving additional feedback from stakeholders in California. The bill also comes after House Republicans attempted to insert their own drought provisions into the Consolidated Appropriations Act, 2016.</p> <p>Feinstein said that she has continued to work with local, state, and federal partners to create her new legislation, though California Republicans in the House have said they were not involved in the latest discussions. California House Republicans have reiterated that they have already passed a drought bill this year, and they believe it is</p>

			<p>the only legislation that can be passed until the Senate moves legislation that can be conferred between the two chambers.</p> <p>The Senator has been placing additional pressure on federal agencies to allow for more pumping during periods where additional water is available due to rain events. It is unclear if this pressure would turn into language to be included in her drought bill later in the year either by an amendment or compromise with the California Republican delegation. Feinstein did include pumping language in the Energy and Water Appropriations bill, but it only requires a report back from federal agencies rather than requiring the additional pumping in statute.</p>
H.R.2898	Rep. David Valadao	Western Water and American Food Security Act of 2015	<p>Passed the House.</p> <p>First Legislative Committee Hearing was held in early October 2015 in the Senate. As mentioned above, Senator Feinstein has reintroduced drought legislation in the Senate in an effort to conference a bill with the House before the end of the 114th Congress.</p>
S.2012	Sen. Lisa Murkowski	Energy Policy Modernization Act of 2015	<p>Passed the Senate. The probable companion legislation in the House is H.R.8, the North American Energy Security and Infrastructure Act of 2015.</p> <p>The Senate is considering its first broad energy reform policy bill in eight years. The bill includes a number of policy priorities from both Republicans and Democrats and came as a result of months of negotiations, meetings outreach and other activities aimed at a truly bipartisan bill. The bill instead on fossil fuels and infrastructure: natural gas pipeline permitting, authorizing the main federal conservation fund, job training, updating the grid, as well as a push on energy efficiency.</p> <p>The legislation was brought back to the floor in April after an agreement was reached on amendments. While originally a target for energy tax breaks, those amendments were not added to the legislation.</p> <p>IFS is working with ACWA on language included in the legislation establishing a WaterSense program. We are seeking to add report language that would require the EPA to consider impacts to wastewater when considering equipment for the WaterSense label.</p>
H.R.4470	Rep. Dan Kildee (D-MI) / Rep. Fred Upton (R-MI)	Safe Drinking Water Act Improved Compliance Awareness Act	<p>The House has approved legislation to clarify the Environmental Protection Agency's authority to notify the public about danger from lead in their drinking water. The bill is the first approved by Congress to respond to the water crisis in Flint, Michigan. The legislation requires the Environmental Protection Agency to notify the public when concentrations of lead in drinking water rise above mandated levels and to create a plan</p>

		<p>to improve communication between the agency, utilities, states, and consumers. While the bill's authors admit that the new legislation will not prevent future water contamination, they contend that it will prevent the situation from dragging out as has happened in Flint.</p> <p>The legislation has not been taken up in the Senate, but it is expected to receive bipartisan support when Senators vote.</p>	
<p>H.R.3143 / S.886</p>	<p>Rep. Jerry McNERNEY (D-CA) / Sen. Tom Udall (D-MN)</p>	<p>Smart Energy and Water Efficiency Act of 2015</p> <p>Directs the Department of Energy (DOE) to establish and carry out a smart energy and water efficiency management pilot program to award grants to three to five eligible entities (authorities that provide water, wastewater, or water reuse services) to demonstrate advanced and innovative technology-based solutions that will: (1) increase and improve the energy efficiency of water, wastewater, and water reuse systems to help communities make significant progress in conserving water, saving energy, and reducing costs; (2) support the implementation of innovative processes and the installation of advanced automated systems that provide real-time data on energy and water; and (3) improve energy and water conservation, water quality, and predictive maintenance of energy and water systems, through the use of Internet-connected technologies, including sensors, intelligent gateways, and security embedded in hardware.</p> <p>The legislation has not advanced in the House, but a hearing has been held at the committee level in the Senate.</p>	
<p>H.R. _____ / S. _____</p>	<p>Rep. Bill Shuster (R-PA) / Sens. Jim Inhofe (R-OK) and Barbara Boxer (D-CA)</p>	<p>Water Resources Development Act of 2016</p> <p>The Senate Environment and Public Works Committee has advanced its Water Resources Development legislation for consideration by the Senate. IFS is working with ACWA on language included in the legislation establishing a WaterSense program. We are seeking to add report language that would require the EPA to consider impacts to wastewater when considering equipment for the WaterSense label.</p> <p>The House Transportation and Infrastructure Committee is currently drafting its own legislation, but it has not been released.</p> <p>The Water Resources Development Act would authorize 25 Army Corps projects in 17 states. The bill provides investment in the country's aging drinking water and wastewater infrastructure, assists poor and disadvantaged communities in meeting public health standards under the Clean Water Act and Safe Drinking Water Act, and promotes innovative technologies to address drought and other critical water resource needs.</p>	

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State Legislation to Watch

Bill Number	Sponsor	Title and/or Summary	Summary/Status	IEUA Position
AB 1704	Dodd	Water Rights	<p>Current law requires applicants for appropriation of water for small domestic, small irrigation, or livestock stockpond use to register with the State Water Resources Control Board, as specified. Current law requires the registration to include a certification that the registrant has contacted a representative of the Department of Fish and Wildlife and has agreed to comply with conditions set forth by the Department of Fish and Wildlife. This bill would, instead, require the registrant to provide a copy of the registrant's registration form to the Department of Fish and Wildlife and agree to general conditions, as specified.</p>	<p>Assm. Appropriations Suspense File</p>
AB 1713	Eggman	Sacramento-San Joaquin Delta: peripheral canal	<p>Current law requires various state agencies to administer programs relating to water supply, water quality, and flood management in the Sacramento-San Joaquin Delta. The bill would prohibit the construction of a peripheral canal, as defined, unless expressly authorized by an initiative voted on by the voters of California on or after January 1, 2017, and would require the Legislative Analyst's Office to complete a prescribed economic feasibility analysis prior to a vote authorizing the construction of a peripheral canal.</p>	<p>OPPOSE</p>
AB 1738	McCarty	Building Standards: Dark Graywater	<p>Would define "dark graywater" as a specified wastewater that comes from kitchen sinks and dishwashers. This bill would require the Department of Housing and Community Development, at the next triennial building standards rulemaking cycle, to adopt and submit for approval building standards for the construction, installation, and alteration of dark graywater systems for indoor and outdoor uses. This bill contains other existing laws.</p>	<p>Assm. Appropriations Suspense File</p>
AB 1749	Mathis	California Environmental Quality Act: exemption: recycled water pipelines	<p>CEQA exempts from its requirements projects consisting of the construction or expansion of recycled water pipeline and directly related infrastructure within existing rights of way, and directly related groundwater replenishment, if the project does not affect wetlands or sensitive habitat, and where the construction impacts are fully mitigated, and undertaken for the purpose of mitigating drought conditions for which a state of emergency was proclaimed by the Governor on a certain date. CEQA provides that this exemption</p>	<p>Natural Resources Committee 5/3</p>

			remains operative until the state of emergency has expired or until January 1, 2017, whichever occurs first. This bill would extend that date to January 1, 2022.	
AB 1755	Dodd	The Open and Transparent Water Data Act	<p>Would enact the Open and Transparent Water Data Act. The act would require the Department of Water Resources to establish a public benefit corporation that would create and manage (1) a statewide water information system to improve the ability of the state to meet the growing demand for water supply reliability and healthy ecosystems, that, among things, would integrate existing water data information from multiple databases and (2) an online water transfer information clearinghouse for water transfer information that would include a database of historic water transfers and transfers pending responsible agency approval and a public forum to exchange information on water market issues.</p>	<p>SUPPORT</p> <p>Asm. Appropriations Suspense File</p>
AB 1842	Levine	Water Pollution: Fines	<p>Current law imposes a maximum civil penalty of \$25,000 on a person who discharges various pollutants or other designated materials into the waters of the state. This bill would impose an additional civil penalty of not more than \$10 for each gallon or pound of polluting material discharged. The bill would require that the civil penalty be reduced for every gallon or pound of the illegally discharged material that is recovered and properly disposed of by the responsible party.</p>	<p>Asm. Appropriations Committee</p>
AB 1925	Chang	Desalination: Statewide Goal	<p>The Cobey-Porter Saline Water Conversion Law, states the policy of this state that desalination projects developed by or for public water entities be given the same opportunities for state assistance and funding as other water supply and reliability projects, and that desalination be consistent with all applicable environmental protection policies in the state. This bill would establish a goal to desalinate 300,000 acre-feet of drinking water per year by the year 2025 and 500,000 acre-feet of drinking water per year by the year 2030.</p>	<p>Asm. Appropriations 5/4</p>
AB 2206	Williams	Biomethane: interconnection and injection into common carrier pipelines: research	<p>Would request the California Council on Science and Technology to undertake and complete a study analyzing the regional and gas corporation specific issues relating to minimum heating value and maximum siloxane specifications adopted by the Public Utilities Commission for biomethane before it can be injected into common carrier gas pipelines. If</p>	<p>Asm. Appropriations</p>

5/4	<p>the California Council on Science and Technology agrees to undertake and complete the study, the bill would require each gas corporation operating common carrier pipelines in California to proportionately contribute to the expenses to undertake the study with the cost recoverable in rates.</p>		
AB 2304	<p>Levine</p> <p>California Market Water Exchange</p> <p>Would establish the California Water Market Exchange, governed by a 5-member board, in the Natural Resources Agency. This bill would require the market exchange, on or before December 31, 2017, to create a centralized water market platform on its Internet Web site that provides ready access to information about water available for transfer or exchange.</p>	<p>Assembly Appropriations Committee</p>	
AB 2313	<p>Williams</p> <p>Renewable Natural Gas</p> <p>The California Global Warming Solutions Act of 2006 establishes the State Air Resources Board as the state agency responsible for monitoring and regulating sources emitting greenhouse gases. This bill would require the state board to study and evaluate a strategy or strategies to increase the in-state production and use of renewable natural gas, as defined, to further specified goals.</p>	<p>Assembly Appropriations Committee</p>	
AB 2488	<p>Dababneh</p> <p>Protected species: unarmored threespine stickleback: taking or possession.</p> <p>Would permit the Department of Fish and Wildlife to authorize, under the California Endangered Species Act, the take of the unarmored threespine stickleback (<i>Gasterosteus aculeatus williamsoni</i>) attributable to the periodic dewatering, inspection, maintenance, or repair of the Metropolitan Water District of Southern California's Foothill Feeder water supply facility from Castaic Dam to the Joseph Jensen Treatment Plant in the County of Los Angeles, as specified, if certain conditions are satisfied.</p>	<p>Assembly Floor</p>	
AB 2583	<p>Frazier</p> <p>Sacramento-San Joaquin Delta Reform Act of 2009</p> <p>Would add a definition of the California Water Fix to the Sacramento-San Joaquin Delta Reform Act of 2009. This bill would eliminate certain provisions applicable to the BDCP and would revise other provisions to instead refer to a new Delta water conveyance project for the purpose of exporting water. This bill would require new Delta water conveyance infrastructure to be considered as interdependent parts of a system and to be operated in a way that maximizes benefits for each of the coequal goals. This bill contains other related provisions and other existing laws.</p>	<p>OPPOSE</p>	<p>DEAD- Did not pass Water, Parks and Wildlife Committee</p>
AB 2702	<p>Atkins</p> <p>Climate Change</p> <p>Would state the intent of the Legislature to enact legislation that would continue the work with local</p>		

	<p>governments, state agencies, and others to meet the goals set forth in Governor Brown's Under 2 MOU, which brings together subnational governments willing to commit to either reducing the emissions of greenhouse gases 80% to 95% below 1990 levels by 2050 or achieving a per capita annual emissions target of less than 2 metric tons of carbon dioxide equivalent by 2050.</p>			<p>Assembly Appropriations Committee</p>
<p>ACA-8</p>	<p>Would create an additional exception to the 1% limit for a rate imposed by a city, county, city and county, or special district to service bonded indebtedness incurred to fund the construction, reconstruction, rehabilitation, or replacement of wastewater treatment facilities and related infrastructure, potable water producing facilities and related infrastructure, nonpotable water producing facilities and related infrastructure, and stormwater treatment facilities and related infrastructure, that is approved by 55% of the voters of the city, county, city and county, or special district, as applicable, if the proposition meets specified requirements, and would authorize a city, county, city and county, or special district to levy a 55% vote ad valorem tax. This bill contains other related provisions and other existing laws.</p>	<p>Local government financing: water facilities and infrastructure: voter approval</p>	<p>Bloom</p>	<p>Assembly Rules Committee</p>
<p>SB 163</p>	<p>Would declare that the discharge of treated wastewater from ocean outfalls, except in compliance with the bill's provisions, is a waste and unreasonable use of water in light of the cost-effective opportunities to recycle this water for further beneficial use. This bill, on or before January 1, 2026, would require a wastewater treatment facility discharging through an ocean outfall to achieve at least 50% reuse of the facility's actual annual flow, as defined, for beneficial purposes.</p>	<p>Wastewater treatment: recycled water</p>	<p>Hertzberg</p>	<p>Oppose Unless Amended</p>
<p>SB 880</p>	<p>Would specify, with certain exceptions, for construction contracts entered into on or after January 1, 2017, that a design professional, as defined, only has the duty to defend himself or herself from claims or lawsuits that arise out of, or pertain or relate to, negligence, recklessness, or willful misconduct of the design professional. Under the bill, a design professional would not have a duty to defend claims or lawsuits against any other person or entity arising from a construction project, except that person's or entity's reasonable defense costs arising out of the design professional's degree of fault, as specified.</p>	<p>Construction Contracts: Indemnity</p>	<p>Wolk</p>	<p>Assembly Rules Committee</p>
				<p>OPPOSE</p> <p>Senate Judiciary Committee 5/3</p>

SB 1043	Allen	Renewable gas: biogas and biomethane	<p>Would require the State Air Resources Board to consider and adopt policies to significantly increase the sustainable production and use of renewable gas, as defined, and, in so doing, would require the state board, among other things, to ensure the production and use of renewable gas provides direct environmental benefits and identify barriers to the rapid development and use of renewable gas and potential sources of funding.</p>	Senate Appropriations
SB 1318	Wolk	<p>Local government: drinking water infrastructure or services: wastewater infrastructure or services</p>	<p>Would prohibit a local agency formation commission from authorizing a city or a district to extend drinking water infrastructure or services or wastewater infrastructure or services until it has extended those services to all disadvantaged communities within or adjacent to its sphere of influence, as specified, or has entered into an agreement to extend those services to those disadvantaged communities, unless specified conditions are met. This bill contains other related provisions and other existing laws.</p>	Senate Appropriations

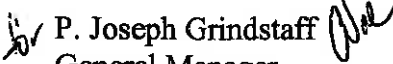
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Date: May 18, 2016

To: The Honorable Board of Directors

Through: Public, Legislative Affairs, and Water Resources Committee (05/11/16)
Finance, Legal & Administration Committee (05/11/16)

From:  P. Joseph Grindstaff
General Manager

Submitted by: Chris Berch 
Executive Manager of Engineering/Assistant General Manager

Sylvie Lee 
Manager of Planning and Environmental Resources

Subject: Water Ordinance No. 104

RECOMMENDATION

This is an informational item for the Board of Directors to receive and file.

BACKGROUND

In March 2015 the Agency completed the Cost of Service Study and on June 17, 2015, the Board adopted the water rates. Based on the Agency's commitment to our member agencies, the proposed water rates and methods identified in the Cost of Service Study were deferred to FY2016-17 to allow for continued discussion. During the transition to the new water rate structure, Agency staff identified revisions needed to the current Ordinance No. 103 to ensure that the Agency adopts resolutions in compliance with the approved legislation pursuant to the authority contained in the Municipal Water District Law of 1911, California Water Code, §71616.

The Agency's General Counsel has also reviewed the proposed revisions to Ordinance No. 103. To account for these revisions and upon approval, Ordinance No. 104 has been developed and shall supersede Ordinance No. 103. Staff will bring back Ordinance No. 104 to the Board in June 2016 as an action item for the Board to consider.

Key revisions are summarized below:

Part I, Section 107 – Definition of Terms

- Further defined Metropolitan Water District of Southern California (MWD) water fees and charges.
- Deleted Retail Meter Charge and replaced with Meter Equivalent Unit (MEU) Charge as the MEU Charge is the new method being adopted by the Agency.
- Updated Program Charge to include special projects (non-capital projects such as reports and studies) as part of the charge imposed by IEUA.

Part III, Division II, Section 301 – Other Charges: Deleted Retail Meter Charge and replaced with MEU Charge.

The Connection Fee, Classes of Water Service and Regulating the Sale and Delivery of Water Ordinance No. 104 is consistent with the Agency's Business Goal of *Fiscal Responsibility* by safeguarding the Agency's fiscal health through transparent fiscal policies of the Agency.

PRIOR BOARD ACTION

On May 20, 2015, the Agency's Board of Directors approved the Classes of Water Service and Regulating the Sale and Delivery of Imported Water Ordinance No. 103 to supersede Ordinance No. 100.

IMPACT ON BUDGET

None.

Attachment: Draft - Ordinance No. 104: Classes of Water Services & Regulating the Sale and Delivery of Water.

Water Ordinance No. 104



Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

Jason Pivovarov

IEUA Board of Directors Meeting
May 2016

Current Ordinance

- Cost of Service Study (COS) completed in March 2015
- Ordinance No. 103 adopted June 17, 2015
 - To include water connection fees and slight revisions to ensure compliance with California Water Code.
- Agency deferred proposed COS water rates to FY2016/17

Updates to Ordinance No. 104

- Definition of Terms to further define MWD Full Service Rate
- Deleted the Retail Meter Charge and replaced with MEU Charge
 - Retail Meter Charge = recover based on per account basis
 - MEU Charge = recover based on users potential capacity on the system

Incentives for Promoting Recycled Water

- **Section 202 -- Water Meter Connection Fees:**
 - Requires all new connections or upsizes to pay a water connection fee
 - Regardless of modification or water supply type (one water connection fee)
- **To promote RW use, should the Agency consider incentives?**
 - For example, to encourage RW conversions, should the connection fee be waived?
 - Provision – an existing customer doing conversion to recycled water, and if customer can prove that their demand will not increase from current use

Next Steps

- June 2016 Public Hearing and Board consideration
 - Ordinance No. 104

ORDINANCE NO. 1043

AN ORDINANCE OF THE BOARD OF DIRECTORS OF INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING WATER CONNECTION FEES, CLASSES OF WATER SERVICE AND REGULATING THE SALE AND DELIVERY OF WATER WITHIN THE INLAND EMPIRE UTILITIES AGENCY* SERVICE AREA

BE IT ORDAINED by the Board of Directors of the Inland Empire Utilities Agency* ("Agency") as follows:

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DIVISION 1 – GENERAL

PART I - ADMINISTRATION

SECTION 101 –AUTHORIZATION:

This Ordinance is enacted pursuant to the authority contained in the Municipal Water District Law of 1911, California Water Code, §71616- et. seq., as amended, and California Government Code §66013 and §54999.

SECTION 102 - PURPOSE AND OBJECTIVES:

The purpose of this Ordinance is to establish classes of water service, rates, and charges for the delivery of imported and supplemental water within the Inland Empire Utilities Agency service area, to promote the conservation and reuse of water resources, and to provide procedures for complying with requirements placed upon the Inland Empire Utilities Agency by the Metropolitan Water District of Southern California.

Inland Empire Utilities Agency is a member agency of the Metropolitan Water District of Southern California.

The objectives of this Ordinance are:

- (A) To establish water connection fees to cover IEUA's cost of water infrastructure and supplies and other related expenses and financial requirements.
- (B) To adopt terms and conditions for the fixing of water connection fees from time to time by resolution by the Board of Directors.
- (C) To define classifications of water service and establish water rates and charges for the sale of imported ~~water and supplemental water~~ sufficient to cover IEUA's cost of water and other operating expenses and financial requirements.
- (D) To adopt terms and conditions for the provision of the various classes of water and to provide for the fixing of water rates and charges from time to time by resolution of the Board of Directors.

- (E) To establish water connection fees from each new connection or upsized connection within IEUA's service area as a condition of receiving water deliveries from any source provided by IEUA.
- (F) To provide for the collection from each IEUA Local Agency, those charges imposed by Metropolitan on IEUA as a condition of receiving water deliveries from Metropolitan, including but not limited to, a Readiness-to-Serve Charge, a New Demand Charge, a ~~Retail Meter Charge, and a~~ Connection Maintenance Charge and Capacity Charge.
- (G) To encourage the use of recycled water to supplement existing surface and underground water supplies to assist in meeting the future water requirements within the service area. To encourage the efficient use of water and affect change in water-use habits to reduce ~~imported~~ water demand.
- (H) To establish provisions for obtaining funds for capital projects necessary to support supplemental water supply sources, development and implementation of conservation and water use efficiency programs to increase supply reliability and meet future water demands within the service area.

SECTION 103 – SEVERABILITY:

If any section, subsection, sentence, clause or phrase of this Ordinance is for any reason found to be invalid or unconstitutional by any court of competent jurisdiction, such decision shall not affect the remaining portion of this Ordinance. The Inland Empire Utilities Agency Board of Directors declares that it would have approved this Ordinance by section, subsection, sentence, clause, or phrase irrespective of the fact that any one or more of the sections, subsections, sentences, clauses or phrases be declared invalid or unconstitutional.

SECTION 104 - SERVICE AREA:

This Ordinance pertains to Local Agencies within the boundaries of the IEUA service area unless otherwise stated.

SECTION 105 – ADMINISTRATOR:

Except as otherwise provided herein, the General Manager shall administer, implement, and enforce the provision of this Ordinance. The General Manager may, at his discretion, delegate any or all of these powers and duties.

SECTION 106 - RIGHT OF REVISION:

IEUA reserves the right to amend this Ordinance, as it deems appropriate.

SECTION 107 - DEFINITION OF TERMS:

- (A) **AGRICULTURAL PURPOSES:** the growing or raising in conformity with recognized practices of husbandry, for the purposes of commerce, trade, or industry, or for use by public educational or correctional institutions, of agricultural, horticultural, or floricultural products, and produce (1) for human consumption or for the market, or (2) for the feeding of fowl or livestock produced for human consumption or for the market, or (3) for the feeding of fowl or livestock for the purpose of obtaining their products for human consumption or for the market, such products to be grown or raised on a parcel of land having an area of not less than one acre utilized exclusively therefor.
- ~~(B)~~ **BOARD OF DIRECTORS:** the Board of Directors of the Inland Empire Utilities Agency.
- ~~(C)~~ **GENERAL MANAGER:** the General Manager or a duly Authorized Representative of the Inland Empire Utilities Agency.
- ~~(D)~~ **CALENDAR YEAR:** the time period which commences January 1 of each calendar year and ends December 31 of the calendar year.
- ~~(B)~~~~(E)~~ **CAPACITY CHARGE:** a pass-through charge of the monetary annual charge imposed by Metropolitan based on the maximum summer day demand placed on the Metropolitan system by IEUA between May 1 and September 30 in cubic foot per second during a rolling three-calendar year period.
- ~~(C)~~~~(F)~~ **CONNECTED CAPACITY:** a measure of the size of the service connection to the Metropolitan System or to any water system within the Agency's service area, which will be used for purposes of determining the fixed capital, operation and maintenance charges among the Service Connections.
- ~~(D)~~~~(G)~~ **CONNECTION FEE:** a one-time charge imposed on any new retail water connection or upsized connection, based upon the connected capacity, to any water system within ~~the Agency's~~IEUA's service area.
- ~~(H)~~ **CONSERVATION CHARGE:** the charge for ~~capital~~regional conservation projects necessary to support water conservation program development within the service area.
- ~~(E)~~~~(I)~~ **DOMESTIC AND MUNICIPAL PURPOSES:** the use of water for all domestic, municipal, commercial, industrial and recreational purposes commonly, but not exclusively, serviced by the water supply of a city, town, or other similar population group, but shall not include water use for agricultural purposes.
- ~~(F)~~~~(J)~~ **DROUGHT CHARGE:** the charge for the programs needed to meet the reduced water supply made available to the region.

~~(G)~~(K) FISCAL YEAR: the time period which commences July 1 of each calendar year and ends June 30 of the following calendar year.

~~(H)~~(L) FULL SERVICE WATER RATE: service of Metropolitan water that does not meet the criteria for other classes of service or special programs. For purposes of agreements with Metropolitan, reference to the Full Service Water Rate shall be as defined by Metropolitan's Administrative Code.

~~(I)~~(M) GROUNDWATER BASIN: any groundwater basin located entirely or partially within or adjacent to ~~within~~ the boundaries of Inland Empire Utilities Agency.

~~(J)~~(N) GROUNDWATER REPLENISHMENT: the act of spreading, injecting, or causing to be spread or injected, water for the purpose of replenishing natural groundwater basins, without regard to subsequent use of the water.

~~(K)~~(O) IMPORTED WATER: water which is acquired by IEUA from Metropolitan and other Agencies or Entities, except for can be treated or untreated water but excludes recycled water sources.

~~(L)~~(P) IEUA: Inland Empire Utilities Agency or its officers or representatives when in the exercise of their official business.

~~(M)~~ ~~IEUA READINESS TO SERVE (RTS) CHARGE SHARE or RTS SHARE: a pass-through of Metropolitan's annual percent share of RTS charge imposed on the IEUA service area.~~

(O) IN-LIEU GROUNDWATER REPLENISHMENT: maintenance or replenishment of water supplies in groundwater basins by reduction or elimination of extraction therefrom through the substitution of deliveries of water to IEUA local agencies from surface distribution facilities in-lieu of such extraction.

(R) LONG-TERM SEASONAL STORAGE (LTSS): delivery of imported water by IEUA to an IEUA Local Agency, for storage, by direct or in-lieu methods, beyond the 12-month Seasonal Storage Service program period. Local production is reduced over the winter period and IEUA deliveries are increased under this program. LTSS may be made available at other times based on terms and conditions established by the General Manager.

~~(S)~~(S) LOCAL AGENCY: any individual, partnership, association, corporation, governmental entity or agency, mutual water company, water company, or any other organization and users of water in such quantity as to merit being considered for an individual service connection from IEUA.

~~(T)~~ METER EQUIVALENT UNIT (MEU): the number of equivalent base meters served by an IEUA Local Agency. The number of MEU's is determined by multiplying the number of active water accounts of each water meter size by the MEU ratio associated with that meter size. The MEU ratio is established by the assigned base meter size of 5/8-inch.

~~(U)~~ METER EQUIVALENT UNIT (MEU) CHARGE: an annual basic charge imposed by the IEUA for each MEU served by an IEUA Local Agency which exists as of January 1 of each year. The charge shall be established at a level which will yield revenues sufficient to recover the Program Charge, costs incurred for the Water Conservation Program, which also includes the Conservation and Drought Charges, and could include a portion of the Net RTS charge by Metropolitan.

~~(V)~~ METROPOLITAN: Metropolitan Water District of Southern California.

~~(W)~~ METROPOLITAN CONNECTION MAINTENANCE CHARGE (CMC): a pass-through charge of the monetary charge imposed by Metropolitan on IEUA to recover a portion of the cost associated with operating and maintaining service connections and other connection related costs.

~~(X)~~ METROPOLITAN NEW DEMAND CHARGE-BASE: a pass-through charge of the monetary charge imposed by Metropolitan based on water demand measured in acre-feet allocated by Metropolitan to IEUA as the basis for determining whether IEUA or an IEUA Local Agency its local agencies will incur a charge and the amount of the charge under Metropolitan's New Demand Charge.

~~(Y)~~ METROPOLITAN WATER DISTRICT FACILITIES: those facilities of Metropolitan that can provide water service to IEUA.

~~(Z)~~ READINESS-TO-SERVE (RTS) CHARGE or RTS CHARGE: a pass-through charge of the total monetary RTS charge, as determined by the RTS Share, imposed by Metropolitan on IEUA to recover the costs of emergency system storage and the cost of system conveyance capacity for peak and standby use not recovered by property tax revenue, over fixed costs associated with the water quality and reliability benefits provided by Metropolitan's system.

~~(AA)~~ READINESS-TO-SERVE (RTS) SHARE: the annual percent share of the RTS Charge imposed on IEUA which is not collected as a Standby Charge on property within IEUA's service area.

~~(R)~~ —

~~(S)~~ NET METROPOLITAN READINESS-TO-SERVE CHARGE or NET RTS CHARGE: portion of the Metropolitan RTS charge which is not collected as a standby charge on property within IEUA's boundaries and is billed by Metropolitan directly to IEUA.

~~(F)~~(BB) RETAIL METER CHARGE: an annual basic charge ~~imposed by the IEUA~~ for each active retail water meter served by an IEUA Local Agency which exists as of January 1 of each year. The charge shall be established at a level which will yield revenues sufficient to cover the Net RTS charge by Metropolitan, Program Charge and costs incurred for the Water Conservation Program, including the Conservation and Drought Charges.

(CC) PROGRAM CHARGE: the charge ~~levied-imposed~~ by the IEUA on ~~imported-deliveries for each class of water service water-deliveries~~ to offset administration, operation, special projects, maintenance, depreciation expenses, and debt service incurred by the IEUA in association with the water resources program.

~~(U)~~(DD) RECYCLED WATER; as defined in Title 22, Division 4, of the California Administrative Code, as amended from time to time, is water which as a result of treatment of wastewater, is suitable for direct beneficial use or a controlled use that otherwise would not occur.

~~(V)~~(EE) RESERVOIR STORAGE: the act of storing water in surface reservoirs or the maintenance of reservoir storage by reduction or elimination of reservoir withdrawals through substitution of surface deliveries of water to consumers from surface distribution facilities in lieu of such withdrawals.

~~(W)~~(FF) SEASONAL STORAGE SERVICE: additional summer production of local water supply sources by the IEUA Local Agency that is offset by equivalent IEUA imported winter water deliveries to the Local Agency within a 12-month period.

(GG) SERVICE CONNECTION: outlet pipe together with a shutoff valve and a meter to record the flow of water.

(HH) SPECIAL PROJECTS: non-capital projects that include planning and feasibility studies and reports, excludes conservation related programs and projects.

~~(X)~~(II) SEASONAL SHIFT STORAGE: deliveries of water by IEUA to an IEUA local agency in the winter period for groundwater replenishment by spreading or injecting or in-lieu deliveries of water which would have otherwise been produced from local sources, and which replaces local storage depleted by increased pumping from local sources during the preceding summer period to reduce, by an equivalent amount, the water deliveries from IEUA which would otherwise have been taken by the IEUA local agency during the preceding summer period, as calculated in their seasonal storage service certification form. Local production and IEUA deliveries remain the same for the combined summer and winter periods under this program.

~~(Y)~~(JJ) STANDBY CHARGE: revenue collected by Metropolitan on parcels of land within the IEUA service area to offset all or a portion of the RTS ~~charge-Charge~~ obligation.

~~(KK)~~ SUPPLEMENTAL WATER: includes recycled water, captured and treated stormwater, and water imported by IEUA which does not represent a delivery from Metropolitan to IEUA.

~~(Z)(LL)~~ WATER CONSERVATION PROGRAM: ~~cost - programs for programs~~ developed and implemented that are necessary to achieve efficient use of water resources to help meet future water demands within the service area

SECTION 108 - DUTY TO COMPLY:

All Local Agencies shall comply with all conditions of this Ordinance. Any Local Agency that is not in compliance with any provision of this Ordinance constitutes a violation of this Ordinance and is grounds for enforcement action as provided for in Division I, Part II of this Ordinance.

SECTION 109- RECYCLED WATER:

All Local Agencies are encouraged to promote the reuse of recycled water supplies in their service areas wherever technically and economically reasonable, and in compliance with the IEUA's Regional Reclamation Ordinance No. 63, as amended from time to time. Recycled water is available for the following uses: agricultural, recharge, wildlife habitat, recreational impoundments and any additional use provided for under Title 22, Division 4, of the California Administrative Code, as amended from time to time. To support the development of recycled water projects, IEUA may implement, from time to time, financial incentive programs, and levy additional imported water administrative charges to fund these incentive programs.

SECTION 110- WATER CONSERVATION:

All Local Agencies are encouraged to promote urban water conservation to supplement existing surface and underground water supplies and to assist in meeting the future water requirements of the region. To support the implementation of water conservation programs, IEUA may implement, from time to time, financial incentive programs and levy additional imported water administrative charges to fund these programs.

PART II – ENFORCEMENT

SECTION 201 -PROTECTION FROM DAMAGE:

No person, organization, or Local Agency shall maliciously, willfully, or negligently break, damage, destroy, impair the usefulness, uncover, deface, or tamper with any structure, appurtenance, or equipment which is a part of IEUA's Water Distribution System.

SECTION 202 - PENALTY FOR VIOLATION:

The IEUA shall have the right to assess such penalties as may be permitted by law and/or discontinue the water service to the connection, up to and including seizure of the service connection, of any Local Agency for failure to comply with any rule or regulation of the IEUA. A Local Agency will be notified of the IEUA's intention to discontinue service for non-compliance, with an explanation of the violation or infraction committed. A Local Agency shall have thirty (30) calendar days to respond before any action will be taken by the IEUA. However, no such notice to afford an opportunity to comply need be given in those instances in which the non-compliance may cause conditions dangerous and detrimental to public health, safety and welfare, or are in violation of State law or applicable section of the California Penal Code. These violations include, but are not limited to trespass, assault, water theft, cross connection, and water system damage.

DIVISION II -SERVICE CLASSIFICATION, RATES AND CHARGES

PART I – CLASSIFICATION

SECTION 101 -CLASSES OF SERVICE:

The classes of service for water are as follows:

- (A) Full Service Untreated (for domestic and municipal purposes, including groundwater replenishment, injection and in-lieu groundwater replenishment and reservoir storage).
- (B) Full Service Treated (for domestic and municipal purposes).
- (C) Interim Agricultural Untreated (for agricultural purposes without incidental domestic use for dwellings).
- (D) Seasonal Storage (for Long Term Seasonal Shift-Untreated and Seasonal Shift Storage-Untreated).
- (E) Recycled Water (recycled water delivered by the IEUA to the Local Agencies for selected non-potable uses, without regard to subsequent use of the water).

- (F) Replenishment (untreated water for groundwater replenishment by spreading by spreading, injecting or in-lieu deliveries of water within the service area).
- (G) Supplemental Water (includes recycled water and water imported to the IEUA service area from outside the Chino Basin Watershed, other than imported water delivered from Metropolitan to IEUA, without regard to subsequent use of the water).

PART II- WATER RATES

SECTION 201 –RATES:

The water rate shall be established in an amount which in combination with revenues from other charges collected by IEUA will result in revenues sufficient for the purposes set forth in §71616 of the California Water Code, and shall include but not be limited to, components for:

- (A) the cost for the acquisition of water (e.g., for water acquired from Metropolitan, the cost of acquisition would be Metropolitan's water supply rate for each class, including any penalties and other applicable charges); and
- (B) the cost incurred for the Program Charge by IEUA.
- (C) the cost incurred for the Water Conservation Program, which includes the Conservation and Drought Charges.

The Board shall establish said rates by resolution and shall adjust said rates from time to time by resolution. Written notice of the proposed establishment of water rates or amendment of water rates shall be given to all local agencies not less than 45-15 days prior to the meeting at which such resolution will be considered.

SECTION 202 – CONNECTION FEES:

The water connection fees shall be established and collected by IEUA in order to proportionally recover the costs to create regional supplies that are available to meet the water demands of future development. Any customer requesting a new connection to a water distribution system within IEUA service area, or requiring an additional connection as a result of any addition, improvement, modification, or change in use of an existing connection to a water distribution system shall pay a water connection fee. The connection fee may not be sold, traded, or conveyed in a manner to another site or customer. The connection does not convey or imply ownership in or of any facilities of the Agency IEUA's water system.

Customers subject to payment of the water connection fee shall pay 100% of the fee prior to issuance of the applicable permit to construct. Any plan changes may result in a revised

connection fee payment. Assessment of the applicable connection fee will be based on the date that ~~the General Manager~~ IEUA receives the final permit application and building plans. If full payment of all fees and charges is not received in accordance with the ~~resolution~~ General Manager's payment requirements, the new or additional water services will not be authorized.

The connection fees have been developed in accordance with California Government Code §66013 and California Water Code §71616 and shall include, but not be limited to components for:

- (A) The cost for the construction of capture, treatment, transmission, distribution, and injection facilities;
- (B) The cost incurred for the Water Conservation Program which includes the Conservation and Drought Charges;
- (C) Provide a reasonable surplus for improvements, extensions, and enlargements for ~~operating system reliability~~ contingency and ~~associated~~ debt services costs;
- (D) The cost to administer the program incurred by IEUA; and
- (E) Any other costs that are deemed appropriate and comply with governing laws.

The Board shall establish said connection fees by resolution and shall adjust said fees from time to time by resolution. Written notice of the proposed establishment of water rates or amendment of water rates shall be given to all local agencies not less than 15 days prior to the meeting at which such resolution will be considered.

SECTION 203 – RIGHT TO INSPECT DOCUMENTS AND PROPERTY:

IEUA retains the right, upon reasonable notice, to audit all public records and accounts of any local agency, to ensure ongoing compliance and enforcement of this ordinance. Additionally, pursuant to California Water Code § 71601, IEUA may enter upon the private property of any person to investigate possible violations of this ordinance, including, but not limited to the verification of meter connections previously issued by IEUA to verify that no unauthorized or non-permitted meter change has occurred.

SECTION 204 – LIEN FOR CHARGES:

Charges fixed by IEUA shall be a lien on all the property benefitted thereby as provided in California Water Code § 71637 and shall have the same force and effect as other liens for taxes and may be enforced by the same means as provided for the enforcement of liens for state and county taxes.

PART III - OTHER CHARGES

SECTION 301 -OTHER CHARGES:

In addition to the water rates provided in Division II, Part II, Section 201, this ordinance authorizes IEUA to levy on each IEUA Local Agency the following charges:

- (A) ~~IEUA Readiness-to-Serve-Charge: a pass-through of Metropolitan's annual monetary charge imposed on IEUA which provides a firm revenue source to cover the fixed costs associated with the water quality and reliability benefits provided by Metropolitan's system.~~
- (B) ~~IEUA New Demand Charge: a pass-through of of Metropolitan's charge imposed on IEUA which shall be assessed to an IEUA Local Agency for each increment of water by which the IEUA Local Agency New Demand Charge Rolling Average exceeds the IEUA Local Agency's New Demand Charge Base allocated to that IEUA Local Agency.~~
- (G)
~~(D)(C) Connection Maintenance Charge: a pass-through of Metropolitan's annual monetary charge which shall be assessed to each IEUA Local Agency based upon that IEUA Local Agency's connected capacity at each Metropolitan Service Connection.~~
- ~~(E) The IEUA Readiness to Serve Charge, IEUA New Demand Charge, and IEUA Connection Maintenance Charge shall be set by the Board of IEUA by resolution and shall be established at a level which will yield revenues sufficient to cover the charges imposed by Metropolitan upon IEUA under Metropolitan's Readiness to Serve Charge, New Demand Charge, and Connection Maintenance Charge, provided that IEUA charges may provide for collection in advance of expected invoice by Metropolitan and provide for a reasonable excess to cover variations in the amount of Metropolitan's charges which cannot be calculated in advance.~~
- ~~(F)(D) Retail Meter Charge: an annual basic charge for each active retail water meter served by an IEUA Local Agency which exists as of January 1 of each year. The meter charge shall be set by the Board of IEUA by resolution and shall be established at a level which will yield revenues sufficient to cover the Net RTS charge, Program Charge and costs incurred for the Water Conservation Program, including the Conservation and Drought Charges.~~
- (E) Meter Equivalent Unit Charge
- ~~(G)(F) Capacity Charge: a pass-through of Metropolitan's semiannual monetary charge imposed on IEUA based on the maximum summer day demand placed on Metropolitan's system between May 1 and September 30.~~

~~(H)(G)~~ Any additional charges imposed on IEUA by Metropolitan shall be administered as a pass-through charge.

Water rates and charges shall be set by the Board of IEUA by resolution and shall be established at a level which will yield revenues sufficient to cover the charges imposed by Metropolitan upon IEUA. IEUA may provide for collection in advance of expected invoice by Metropolitan and provide for a reasonable excess to cover variations in the amount of Metropolitan's charges which cannot be calculated in advance.

DIVISION III – REGULATIONS AS RELATED TO THE SALE OF IMPORTED WATER FROM METROPOLITAN

PART I- WATER SERVICE REGULATIONS

SECTION 101- OBLIGATION TO PAY FOR WATER DELIVERED:

All water delivered through any service connection to an IEUA Local Agency for use within the Local Agency shall be supplied in accordance with the provisions of the Metropolitan Water District Act and the rules and regulations of IEUA. IEUA shall bill the Local Agency for all water delivered through the service connection, and the Local Agency shall pay IEUA for all water so delivered at the rate or rates fixed by the Board of Directors by Resolution.

SECTION 102 - LIABILITY AND INDEMNIFICATION:

All contracts for the delivery of water to others shall contain the following language: Neither IEUA nor any of its officers, agents, or employees shall be liable for the control, carriage, handling, use, disposal, or distribution of water supplied by IEUA to a Local Agency after such water has been delivered to such Local Agency; nor for claim of damage of any nature whatsoever, including but not limited to property damage, personal injury or death, arising out of or connected with the control, carriage, handling, use, disposal, or distribution of such water beyond the point of such delivery; and the Local Agency shall indemnify and hold harmless IEUA and its officers, agents, and employees from any such damages or claims of damages, and shall reimburse IEUA for costs of repair of IEUA's facilities and other damages resulting from the operations of the Local Agency. Neither the Local Agency nor any of its officers, agents, or employees shall be liable for the control, carriage, handling, use, disposal, or distribution of water prior to such water being delivered to the Local Agency; nor for claim of damage of any nature whatsoever, including but not limited to property damage, personal injury or death, arising out of or connected with the control, carriage, handling, use, disposal, or distribution of such water prior to its delivery to such Local Agency, excepting, however, claims by IEUA for costs of repair to IEUA's facilities and other damages resulting from the operations of the Local Agency; and IEUA shall indemnify and

hold harmless the Local Agency and its officers, agents, and employees from any such damages or claim of damages, except claims by IEUA for costs of repair of IEUA's facilities and other damages resulting from the operations of the Local Agency.

SECTION 103 - SUSPENSION OF DELIVERIES:

Whenever repairs or maintenance of Metropolitan's and/or IEUA's system shall require suspension of delivery of water at any point or points, such delivery may be suspended without liability on the part of the IEUA; provided, that except in cases of emergency, as determined by the General Manager, notice of such suspension of service shall be given to the affected Local Agency in advance of such suspension.

Each Local Agency should have a seven (7) day supply of water in case of an interruption in Metropolitan deliveries. Except in cases of emergency, IEUA will notice long term (over seven days) shutdowns at least one year in advance and produce a shutdown schedule in September of each year for shutdowns less than seven days.

Seasonal Storage Service certifications will be adjusted for the reduction of credits that are accrued due to shutdowns that are greater than seven days. No adjustments will be made for shutdowns seven days or less.

SECTION 104 - RATES OF FLOW:

- (A) IEUA shall have the right to regulate and prescribe the maximum and minimum quantities of water that shall be discharged or delivered through any service connection so as to assure equitable service to all Local Agencies, and maintain compliance with Metropolitan's rules and regulations as may be amended from time to time.

SECTION 105 - WATER REQUIREMENTS AND SCHEDULE OF DELIVERIES:

(A) Before January 31 of each year or at such time as the General Manager may specify, each IEUA Local Agency shall furnish IEUA, on form provided by IEUA, the quantity of active water service accounts, an estimate of the amounts of water to be furnished to such IEUA Local Agency by IEUA, and an estimate of the quantity of water anticipated to be obtained from local sources to meet IEUA Local Agency needs. The estimate shall constitute the Local Agency's request for deliveries for the first of the five (5) years covered therein.

(A)(B) Requests made by IEUA to a Local Agency shall be complete and returned to IEUA no later than 45 calendar days after the initial request.

(B)(C) Each estimate furnished by a Local Agency shall contain, as a minimum, ~~for each service connection and for each month of the fiscal year beginning with the succeeding July 1, and for each month of the succeeding years,~~ the following information:

- (1) The quantity of untreated water to be delivered by IEUA to the IEUA Local Agency in full service for each month of the Fiscal Year.
- ~~(2)~~ The quantity of water to be delivered by IEUA to the IEUA Local Agency in ~~Interim~~ Agricultural Water Service for each month of the Fiscal Year.
- ~~(3)~~ The quantity of water to be delivered by IEUA to the IEUA Local Agency in Replenishment Water Service for each month of the Fiscal Year.
- ~~(2)~~ _____
- ~~(3)~~~~(4)~~ The quantity of water to be delivered by IEUA to IEUA Local Agency in Seasonal Storage Service for each month of the Fiscal Year.
- ~~(4)~~~~(5)~~ With regard to water estimated to be delivered in Seasonal Storage Service, the quantity of water to be used for:
 - (a) Domestic and municipal purposes, exclusive of groundwater replenishment by spreading or injecting;
 - (b) Groundwater replenishment by spreading or injecting;
 - ~~(c)~~ Direct Reservoir Storage.
- ~~(e)~~~~(6)~~ The quantity of active water service accounts itemized by customer class and meter size.

SECTION 106- METERING OF WATER:

All water delivered by IEUA shall be metered. Meter readings shall be made on or about the last day of each calendar month for billing purposes. Any Local Agency may request that the meter through which its water is being furnished be examined and tested by IEUA for the purpose of checking its accuracy. Such requests shall be made in writing to the General Manager and shall be accompanied by a deposit of the estimated cost of such examination and test as determined by the General Manager. Such demands may not be made more often than once a year without evident cause.

Any Local Agency affected shall have the right to be represented by a qualified observer at and during any such tests. In the event that any such test shall disclose an error exceeding two (2) percent, an adjustment shall be made in charges made to the affected Local Agency, covering the known or estimated period of duration of such error, but in no event exceeding six months, and the deposit shall be refunded. In the event that any such test shall disclose an error below two (2) percent, the deposit shall be retained by IEUA and the water bill paid as rendered.

SECTION ~~108-107~~ - DELINQUENT PAYMENT:

- (A) In the event any IEUA Local Agency is delinquent in payment of bills for water rates and charges, a penalty of ten (10) percent of the original unpaid invoice amount shall be added to any fee or charge that becomes delinquent. Interest at the maximum rate provided by California Government Code Section 926.10 as may be amended from time to time, shall accrue on the total of all delinquent fees or charges, commencing on the 25th calendar day after the postmark of the invoice, and shall be added to any fee or charge that becomes delinquent. Invoices for delinquencies, including additional charges, shall be mailed within five (5) business days of delinquency. Additional charges provided herein for delinquent payments may be waived by the Board upon written request by the IEUA Local Agency upon a finding that the delinquency was caused by excusable neglect or circumstances beyond the control of the IEUA Local Agency, provided that the delinquent Local Agency reimburses IEUA for all costs and penalties actually incurred by IEUA as a result of the delinquent payment. In the event that any IEUA Local Agency which receives deliveries of water from IEUA shall be delinquent for more than 25 calendar days in the payment of billings for IEUA's charges, the Board, at its discretion and upon other conditions as it may prescribe, after giving the IEUA Local Agency a 20 calendar day notice in writing of such delinquency and of the right to request a hearing on the matter, and after such hearing, if requested, may order the termination of water service to such agency until all delinquent payments, including additional charges, are made to IEUA, and may authorize such other action as may be appropriate.

In the event a mistake is discovered in a water sales record of IEUA, the General Manager shall initiate appropriate corrective action, except that no mistake made more than three (3) years prior to discovery shall be corrected. If an incorrect invoice has been issued to a Local Agency, the General Manager shall notify the affected Local Agency of any adjustment and the manner of making any required credit or charge, neither of which shall bear interest.

- (B) In the event that a retail water customer does not pay required connection fees in full, a penalty charge shall be imposed and must be paid in full prior to continued water service. The delinquent payment shall include any unpaid portion of the connection fee plus a penalty charge of ten (10) percent interest per annum beginning from the date of delinquency. All charges and penalties shall be assessed based on the connection fee that is in place at the time that full payment occurs.

SECTION ~~109-108~~ – NOTICES:

All notices and communications from Local Agencies to IEUA, relating to the service of water or the administration of these regulations by IEUA, shall be addressed to the General Manager, Post Office Box 697, Rancho Cucamonga, California 91729-0697, or such address as may be established by IEUA.

SECTION ~~110-109~~ - WATER AVAILABILITY:

All sales and deliveries of water at the rates established by Board resolution shall be subject to the ability of IEUA to sell and deliver such water under operating conditions determined by the General Manager.

- (A) IEUA may restrict the use of available water during any emergency caused by drought or other threatened or existing water shortages and during such periods prohibit wastage of ~~IEUA~~ water or the use of available ~~IEUA~~ water for any purpose other than household uses or such other limited uses as may be determined by IEUA to be essential. IEUA shall prohibit use of water during such periods for specific uses which IEUA may deem to be nonessential.
- (B) IEUA shall have the right to turn off water from lines and pipes of the system in case of an emergency, without notice. However, when possible, advance notice will be given by IEUA whenever Metropolitan announces an impending temporary shut-down of service or if a need arises for IEUA to shut down temporarily for routine or emergency repairs.

SECTION ~~110111~~ - ANNEXATIONS AND DETACHMENTS:

IEUA makes available water to the people and land within its service area boundaries. A request for annexation of area to the IEUA shall be made in writing and executed on behalf of the Local Agency responsible for providing water service to the annexing area, the area which is or is proposed to be situated. Local Agency annexation proposals shall be evaluated according to the requirements set forth by IEUA, and in accordance with Metropolitan's Administrative Code, as amended from time to time.

PART II - SERVICE CONNECTIONS

SECTION 201 -GENERAL AUTHORIZATION:

The General Manager is authorized to construct, or have constructed, any service connection requested by a Local Agency, which, in the opinion of the General Manager, should be authorized and which is not specifically precluded by resolution of the Board; subject to the terms and conditions deemed reasonable and proper, and which shall include the following:

- (A) The IEUA shall cause a service connection to be constructed pursuant to a written request by a Local Agency in accordance with plans and specifications approved by the General Manager and by an authorized representative of the Local Agency.

- (B) The service connection shall include the facilities for diversion of water from Metropolitan's system and for delivery of such water into the pipeline distribution system of IEUA or of IEUA's Local Agency. The service connection up to and including the fitting connecting with the pipeline through which IEUA will receive water delivered through the service connection, which shall include metering instruments and a cabinet therefor, shall be the property of Metropolitan and shall be operated, maintained and controlled by Metropolitan.
- (C) All service connections shall be installed at the sole expense of the Local Agency. IEUA shall furnish the Local Agency with an estimated cost of the service connection. The Local Agency shall deposit with IEUA the amount of such estimate prior to the start of construction. Any difference between the deposit and the actual cost shall be refunded to the Local Agency, if in excess of actual cost, or if the cost of the connection exceeds the estimate, the Local Agency shall be required to pay the difference.
- (D) Prior to the release of water by Metropolitan into the pipeline distribution system of IEUA or of IEUA's Local Agency, the Local Agency shall install its own flow control device or devices as a means of maintaining uniform flow. The flow control device shall be of a type approved by the General Manager and shall be accessible to and available for operation by representatives of IEUA when necessary. Tampering of the Local Agency's flow control device to take water at times not agreed upon with IEUA is forbidden under penalty of disconnection.
- ~~(E)~~ The number, design, and location of all service connections, meters, and the charges to be made therefore shall be as established by the Board of IEUA. Before any service connection shall be installed, the Local Agency desiring such connection shall execute an application on the form provided by IEUA and file the same with IEUA together with any and all deposits required, in accordance with IEUA rules and regulations as may be amended from time to time.

~~(E)~~

SECTION 202 - DISCONTINUANCE OF SERVICE:

- (A) A Local Agency's water service may be discontinued if a bill is not paid within twenty-five (25) days after the date of billing. The Board of Directors, in its discretion and upon such other conditions as it may prescribe after giving the Local Agency a reasonable opportunity to be heard, may order the termination of service to such Local Agency until all delinquent payments, including additional charges, are made to IEUA.
- (B) Whenever notice is given by IEUA to a Local Agency to discontinue service, the water may be shut off and the meter removed at the option of IEUA.
- (C) A Local Agency may have its water service discontinued by notifying IEUA thirty (30) days in advance of the date of discontinuance. The Local Agency shall be required to pay all water charges until the date of discontinuance.

- (D) If a Local Agency requests water service be restored, the meter shall be reinstalled at the sole expense of the Local Agency. If a Local Agency requests service be reinstated within a twenty-four (24) month period after discontinuance, the Local Agency shall be required to pay IEUA all outstanding charges up to the time of discontinuance.

SECTION 203 - INTERFERENCE BY LOCAL AGENCIES:

No Local Agency shall take or draw water from any water line or pipe of IEUA without paying the established charges therefore. Any Local Agency interference constitutes a violation of the Ordinance and is grounds for discontinuance of service.

SECTION 204 – EFFECTIVE DATE:

Upon the effective date of this Ordinance No. ~~103104~~, Ordinance No. ~~100103~~, including any amendments thereto, shall be repealed and superseded by this Ordinance. This Ordinance shall be in full force and effect immediately following its passage, approval, and publication, as provided by law.

ADOPTED, this ~~18th~~-~~15th~~ of June, ~~2014~~2016.

Terry Catlin
President of the Inland Empire
Utilities Agency* and of the Board of
Directors thereof

ATTEST:

Steven J. Elie
Secretary of the Inland Empire Utilities
Agency* and the Board of Directors thereof

*A Municipal Water District

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency*, DO
HEREBY CERTIFY that the forgoing Ordinance being No. ~~103~~104, was adopted at a regular
meeting on ~~May 20, June 15, 2015~~2016, of said Agency by the following vote:

AYES: ~~Hall, Elie, Camacho, Koopman, Catlin~~

NOES: None

ABSTAIN: None

ABSENT: None

Steven J. Elie
Secretary/Treasurer

(SEAL)

**INFORMATION
ITEM
2G**

Date: May 18, 2016

To: The Honorable Board of Directors

Through: Public, Legislative Affairs and Water Resources Committee (5/11/16)

From: *PJ* P. Joseph Grindstaff *PJ*
General Manager

Submitted by: Kathy Besser *KAB*
Manager of External Affairs

Subject: Public Outreach and Communication

RECOMMENDATION

This is an informational item for the Board of Directors to receive and file.

BACKGROUND

May

- May is Water Awareness Month
- May 1-7, International Compost Awareness Week
- May 4, Compost Giveaway, IEUA HQA Parking Lot, 9:00 a.m. – 2:00 p.m.
- May 5, Truman Middle School GIES Dedication, 16224 Mallory Drive, Fontana, 2:00 p.m. – 3:00 p.m.
- May 13-15, MWD Solar Cup Competition, Lake Skinner
- May 24, Cal Aero Preserve Academy GIES Dedication, 15850 Main St, Chino, CA 91708, 8:40 a.m. – 9:40 a.m.
- May 24, Cortez Elementary School GIES Dedication, 12750 Carissa Ave., Chino, 5:45 p.m.

Outreach/Education - Civic Publications Newspaper Campaign

- IEUA sent an email blast on April 17 as part of the 2016 Earth Day outreach to over 135,000 residents. 24.7% (32,784) of the residents opened the email with a 41.9% (13,672) click-thru rate to the IEUA website. The emails were determined by identifying residents who live within a seven mile radius of the event.
- IEUA sent an email blast to 157,000 households in the IEUA service area on April 25, 2016 with the subject line: *What happened to April showers?* The email blast led viewers to the *Kick the Habit* micro-site.

Media and Outreach

- The 2015 Annual Report can be found on the Agency's website. Additional copies have been distributed to stakeholders.
- Staff is developing ads to promote *No Drugs Down the Drain*. Staff distributed a press release highlighting *National Drug Take Back Day*.
- A *Kick the Habit* ad ran in the Chino Connection on May 7.
- IEUA staff placed a ¼ page *Kick the Habit* ad in the Fontana Herald News for the month of May.
- Staff placed an ad for *International Compost Awareness Week* in the Daily Bulletin on Sunday, May 1 and Tuesday, May 3.
- *Kick the Habit* bus advertisements in English and Spanish began on October 5, 2015 for an initial six month run and will continue to run for another six months.
- In April, 26 items were posted to Facebook and 26 tweets were sent under the @IEUAwater Twitter handle. Staff uploaded four different Earth Day promotional videos to our social media sites.
- Staff began implementing Friday Foliage as a weekly spot on IEUA's social media channels to highlight water efficient California native and drought tolerant plants. It also features pictures of the plants and information regarding the plant (i.e. good for slopes, attractive to butterflies, the location of where to locate them in the Chino Creek Park, etc.)
- For Water Awareness Month (May) staff will be implementing social media posts including *Where's Wally?* and *Observations of Owlle*. Staff will also be developing water tip videos to display on social media sites and the Agency website. In addition, a Water Awareness Month ad will be distributed in the Daily Bulletin and La Opinion. Staff will also be holding a contest for community members that asks members to post an image showing water being saved. After the month of May, the images will be placed in a drawing for a water awareness gift basket.

Education and Outreach Updates

- The Water Discovery Program is booked through the 2015/2016 school year. 1,376 Girl Scout troop members, elementary, middle and high school students have taken part in the park field trip from July 1, 2015 through April 30, 2016. Twelve additional Water Discovery Field Trips for school year 2015/16 have been scheduled. The Busing Mini-Grant program was extended through December 2020.
- Student Day for Earth Day was a huge success. Staff welcomed over 2,000 students, teachers and chaperones from 11 schools within our service area to attend. Over 1,500 community members attended the Community Day, which contained earth-friendly vendors, KOLA radio, a shredding company, environmental shows, giveaways, and education. Over 90 volunteers helped in making the 2016 Earth Day a huge success.
- The deadline for the 2016/2017 Garden in Every School® grant application was April 7, 2016, and six schools within IEUA's service area submitted applications. The GIES team will conduct pre-site visits to evaluate the proposed garden sites in May 2016 and four schools will be awarded the grant.

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

The above-mentioned activities are budgeted in the FY 2015/16 Administrative Services (GG) Fund, External Affairs Services budget.


INFORMATION
ITEM
2H





Date: May 18, 2016

To: The Honorable Board of Directors

Through: Public, Legislative Affairs, and Water Resources Committee (05/11/16)

From:  P. Joseph Grindstaff
General Manager

Submitted by: Chris Berch 
Executive Manager of Engineering/Assistant General Manager

Sylvie Lee 
Manager of Planning and Environmental Resources

Subject: Santa Ana River Watermaster Overview

RECOMMENDATION

This is an informational item for the Board of Directors to receive and file.

BACKGROUND

The Santa Ana River Watermaster (Watermaster) committee was created as part of the Physical Solution to the 1969 stipulated Judgment of the Santa Ana River surface water rights lawsuit brought by Orange County Water District (OCWD) against the upper watershed. The five-member committee is made up of two Watermasters from OCWD, and one Watermaster each from the IEUA, Western Municipal Water District (WMWD), and San Bernardino Valley Municipal Water District (SBVMWD). The committee prepares an annually report documenting compliance with river base flows as set by the stipulated Judgment.

Under the Judgment, IEUA has a combined minimal obligation with WMWD to provide OCWD with 34,000 acre-feet per year (adjusted for prior credits) of base flow at Prado. The Watermaster committee has reliably reported on activities and resolved water supply issues on the Santa Ana River since adoption of the 1969 Judgment.

On April 15, a workshop was held at IEUA with Board members from each of the Santa Ana River Watermaster agencies to present a summary of the Judgment, current Watermaster activities and opportunities for further collaboration. The presentation from the workshop is provided in its entirety as an attachment to this memo.

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.




Attachment: April 15, 2016 Santa Ana River Watermaster Presentation to Board Members of the Santa Ana River Watermaster Member Agencies




SANTA ANA RIVER WATERMASTER

SANTA ANA RIVER WATERMASTER

Past:

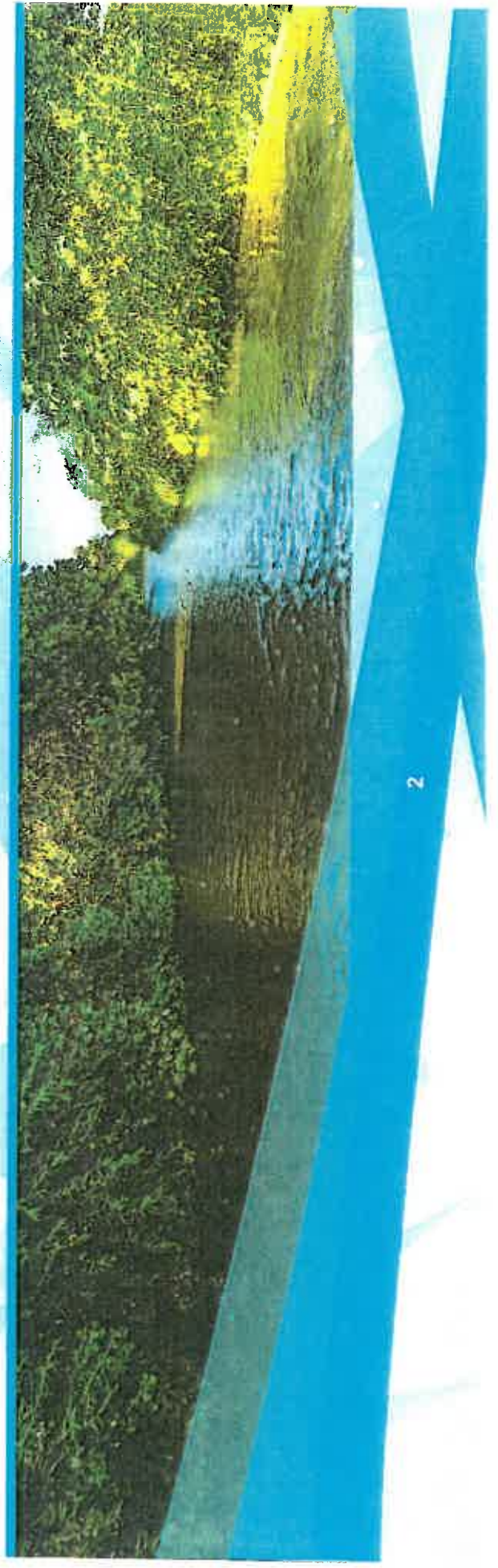
-  Purpose
-  Parties
-  Roles

Present:

-  Opportunities
-  Status
-  Potential Issues

Future:

-  Assurances
-  Collaboration
-  Discussion



PAST



Purpose



Parties



Roles

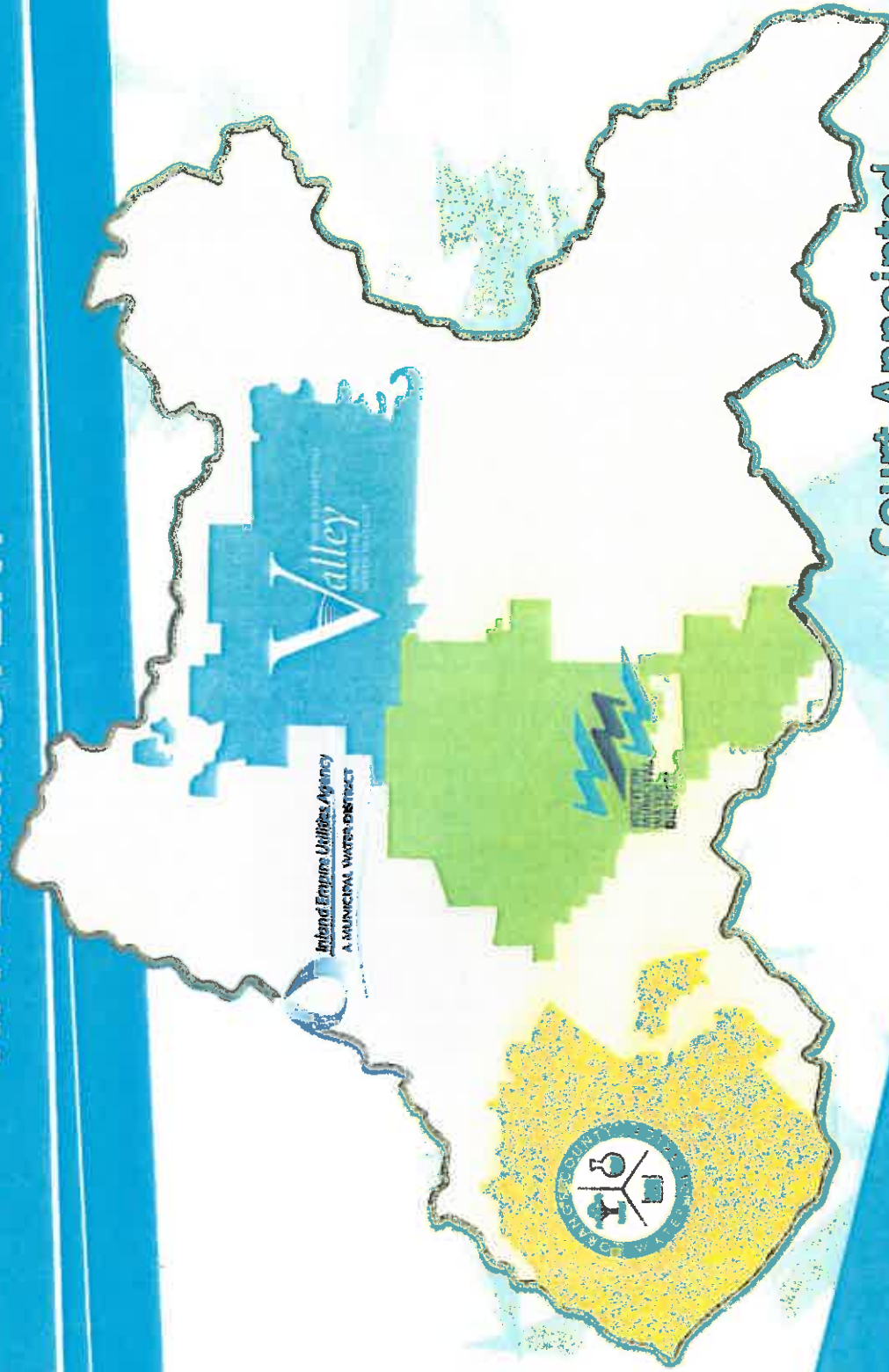


WHAT IS THE SANTA ANA RIVER WATERMASTER?

- ❖ Annually accounts for the quantity and quality of the flow of the Santa Ana River at the Riverside Narrows and Prado Dam
- ❖ Reports flows of base and storm flows
- ❖ A forum to discuss Santa Ana River regional water issues
 - Watermaster representatives work to avoid or resolve potential water conflicts between the Upper and Lower Basin.



WHO IS THE SANTA ANA RIVER WATERMASTER?



**Court-Appointed
Watermaster Agencies**



WATERMASTER COMMITTEE



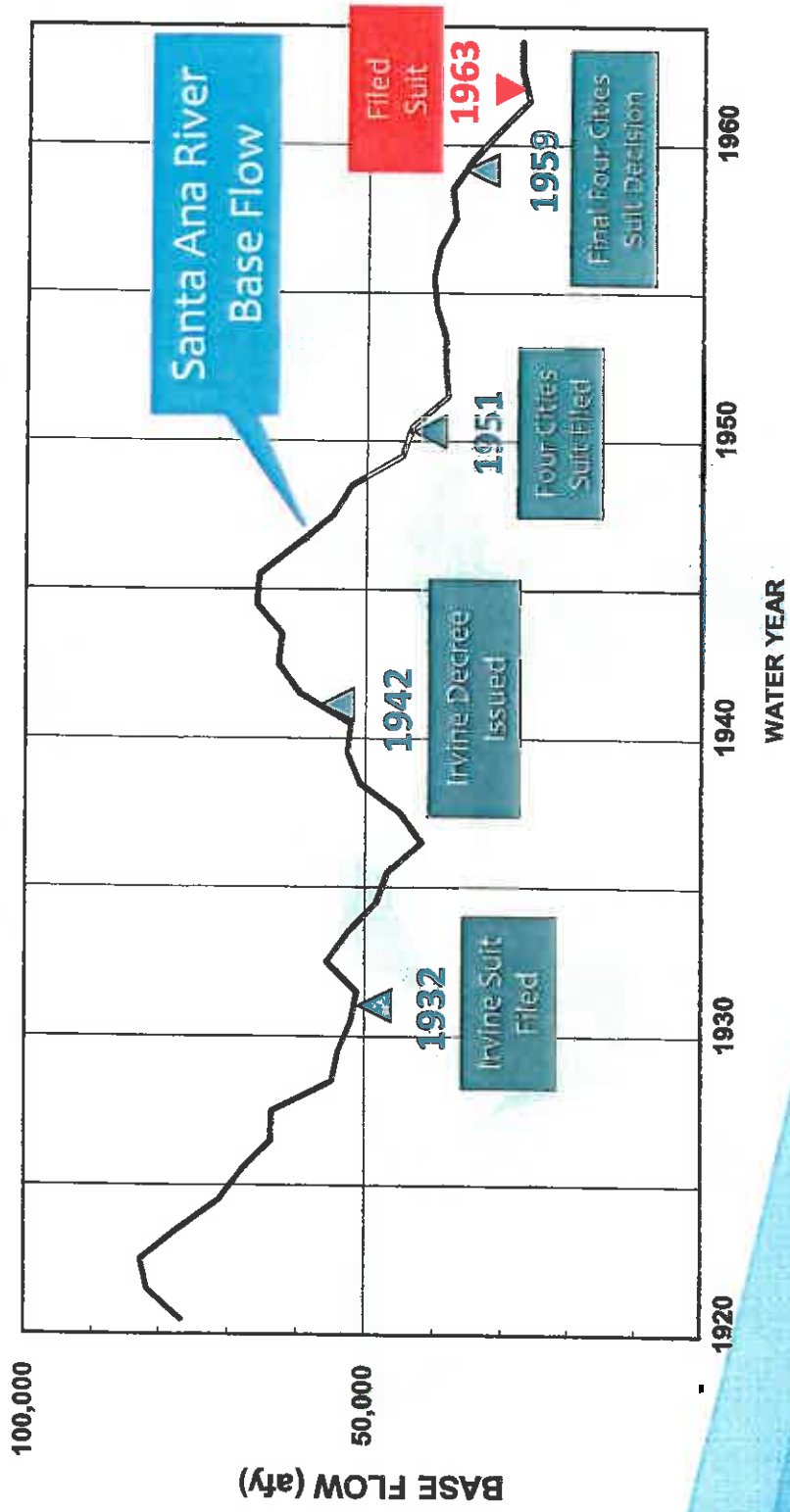
A MUNICIPAL WATER DISTRICT



(Two members)

- ❖ Appointed to replace all 4,000 parties in original suit
- ❖ Findings must be unanimous
- ❖ Superior Court retains continuing jurisdiction
 - Annual reports due April 30th of each year
 - Expenses shared by the parties

HISTORY



LEGAL GUIDELINES

- ❖ 1969 settlement is made up of two judgments impacting all four parties defining both groundwater and surface water rights
 - *Santa Ana River Watershed Judgment*
 - *Western-San Bernardino Judgment*
- ❖ The settlement's guiding doctrine is a *Physical Solution*
 - *Establishes a regional inter-basin allocation of flows in the SAR*
 - *Balances rights and obligations of all parties*
 - *Includes future availability of supplemental imported sources of water*
 - *Factors water quality in flow obligations*

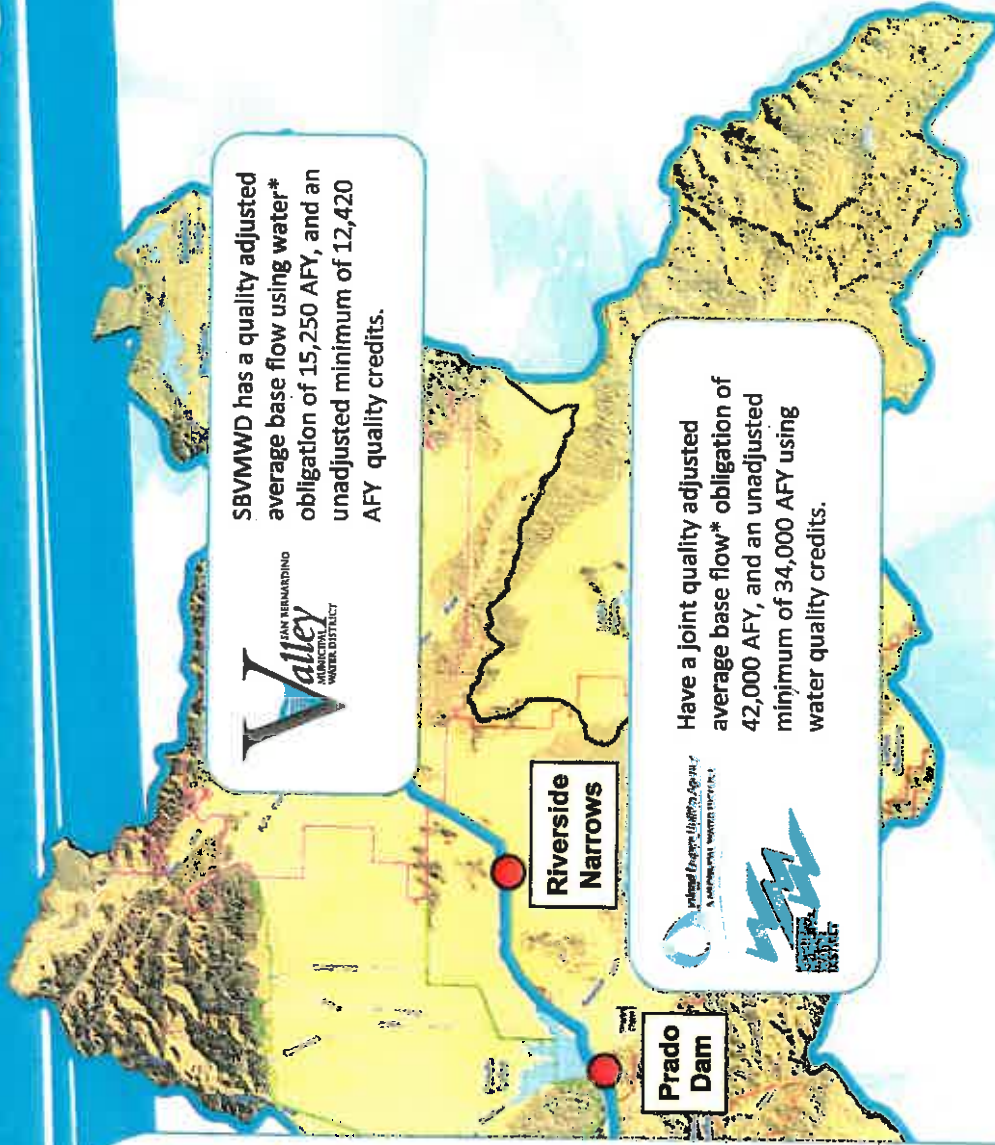
UPPER AREA COOPERATES TO MEET PRADO OBLIGATION

UPPER AREA USERS:

- Are enjoined from exporting water from Lower Area to Upper Area, directly or indirectly.
- May engage in unlimited water conservation activities, including spreading, impounding and other methods in the area above Prado.

LOWER AREA USERS:

- Are enjoined from exporting or "directly or indirectly causing water to flow" from the Upper Area to the Lower Area.
- May make full conservation use of Prado Reservoir.
- Cannot enforce two prior judgments so long as the Upper Area Districts comply with physical solution.



* Base flow adjusted using weighted average TDS of total flow

OUR AGREEMENT IN SUMMARY

- ❖ **Lower Area gets:**
 - Minimum base flow of 34,000 acre-feet/year
 - All storm flow that reaches Prado Dam
- ❖ **Upper Area gets:**
 - Rights to use all water above minimum base flow without interference

WESTERN-SAN BERNARDINO JUDGMENT

The Western-San Bernardino Judgment further implements the SAR Judgment and Watershed-wide Physical Solution above Riverside Narrows

- ❖ Ensures that Western users do not adversely affect Valley District's ability to meet its obligation to OCWD
- ❖ Ensures Valley District users are not adversely affected by Western users groundwater pumping

SUPPORTING AGREEMENTS TO ENSURE FLOW COMMITMENTS ARE MET

Agreements supporting Upper Districts' Guarantee of Base Flow at Riverside Narrows and Prado



DOCUMENTS AFFIRMING PROVISIONS OF THE 1969 JUDGMENT RELATED TO SWRCB PROCEEDINGS

1999

MOU to Affirm and Preserve
Existing Rights in the Santa
Ana River Watershed

2004

OCWD-City of San
Bernardino Agreement

2006

OCWD-East Valley Water
District Agreement

2006

OCWD-City of Riverside
Agreement

PRESENT



Opportunities



Status



Potential Issues



UPPER AREA OPPORTUNITIES



The Upper Area is eager to develop stormwater capture, recycled water, and other projects upstream while still complying with the 1969 Judgment obligations.



CURRENT STATUS

- ❖ Flows in the river have declined in recent years. OCWD is concerned about the sustainability of environmental habitat in Prado.
- ❖ The Judgment prohibits lower watershed from causing water to flow from the upper watershed.
- ❖ The Judgment prohibits upper watershed from causing water to flow from the lower watershed.



POTENTIAL ISSUES

- ❖ Could OCWD's comments regarding the need for additional water supplies for environmental mitigation and habitat be interpreted as "interference", "restraint" or "indirectly causing flow" from the Upper Area to the Lower Area?
- ❖ Could the 1969 Santa Ana River Stipulation Judgment prohibiting lower watershed from causing water to flow from the upper watershed mean that we cannot collaborate on water supply projects?

FUTURE



Assurances



Collaboration



Discussion



ASSURANCES



Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT



Watermasters are committed to continuing to operate under the Judgment and to collaborate to enhance future water resource management objectives.



COLLABORATION

We are dedicated to working together

- On a study of river flows (through HCP) compared to needs
 - ❖ HCP
 - ❖ SARCCUP
 - ❖ Other cooperative efforts
- To avoid protests/CEQA comments



PROJECTS REQUIRING COLLABORATION AND COLLECTIVE INPUT

- ❖ Habitat Conservation Plan (HCP)
- ❖ Santa Ana River Conservation and
Conjunctive Use Program (SARCCUP)

HABITAT CONSERVATION PLAN

- ❖ Covers future water supply projects and maintenance activities
- ❖ Provides habitat protections
- ❖ Required for incidental take permits
- ❖ Multi-agency cooperative effort



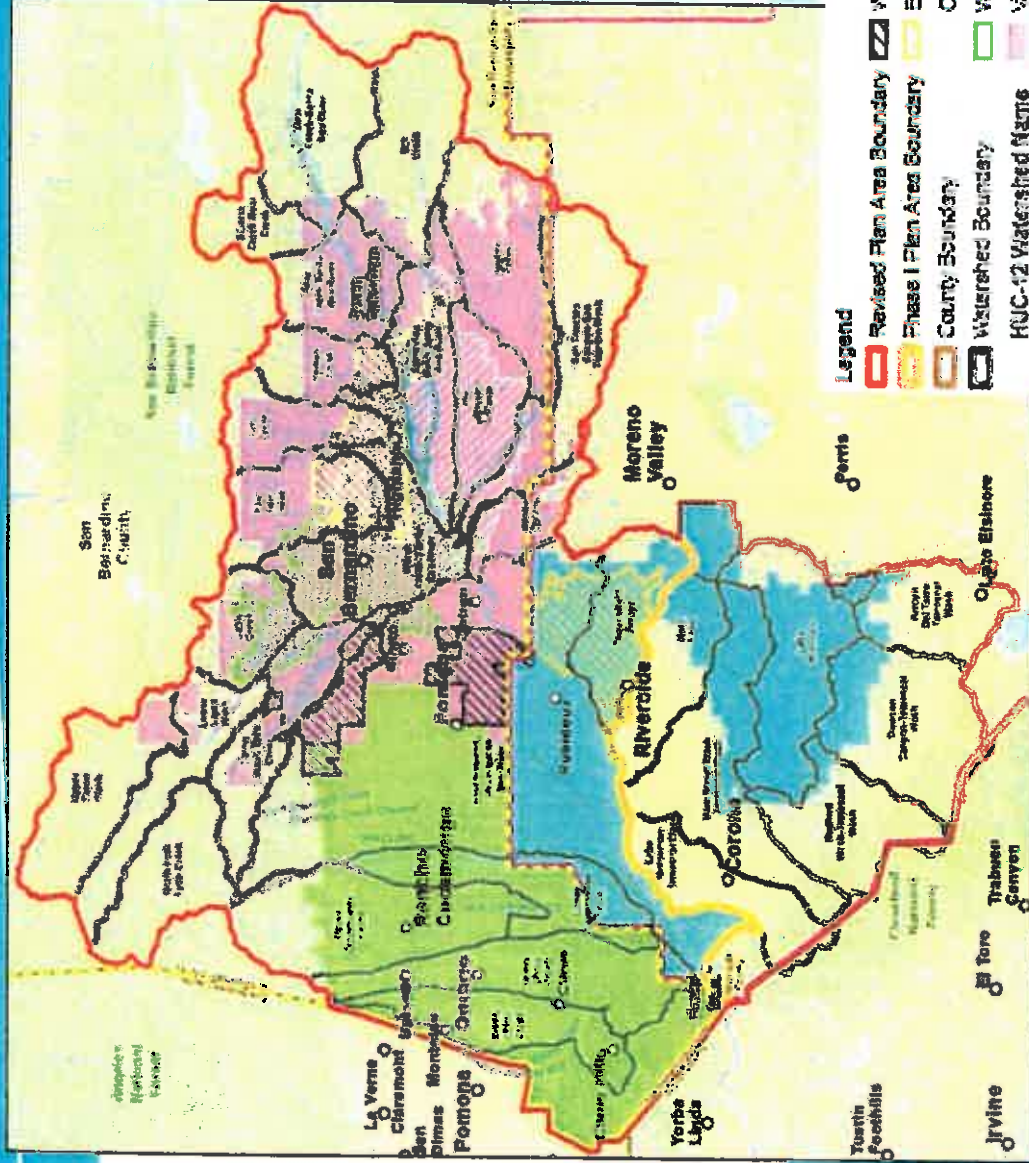
Photo: SD Center Public Works



Photo: Center for Ecology



STUDY AREA



Legend

- Revised Plan Area Boundary
- Phase I Plan Area Boundary
- County Boundary
- Watershed Boundary
- KUC-12 Watershed Name
- HCP Team Agency Boundaries
- RPU
- Flood Control
- West Valley
- East Valley
- Conservation District
- Water Department
- Valley District
- Westat
- EUA

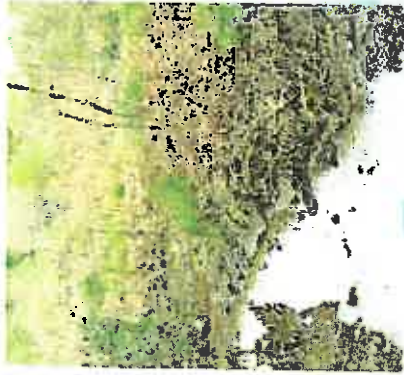
Westat Riverside County MS-HCP
Wash Plan HCP

Scale: 0 1.25 2.5 Miles

Source: 2009 KUC-12 Watershed RFP, Westat, Westat, Riverside County, Westat, Riverside County, Westat

- Includes areas with:
 - Covered Activities
 - Covered Species
 - Conservation Activities
- 863,000 Acres
 - 35,000 = Riparian
 - 22,000 = Water
 - 425,000 = Upland
 - 336,000 = Developed

SARCCUP ELEMENTS



HABITAT IMPROVEMENT:

Arundo Removal & Santa Ana Sucker Fish Habitat Restoration

New Water Supply
= 2,000 AFY



WATER USE EFFICIENCY:

Conservation-Based Rates Support, Water-use Efficient Landscaping Design

New Water Supply
= 7,439 AFY



GROUNDWATER BANKING:

“Put and Take” Conjunctive Use Facilities New Water Supply

New Water Supply
= 60,000 AFY

SARCCUP GROUNDWATER BANKING

- ❖ Phase 1 of SARCCUP Water Bank: 180,000 AF of Storage and 60,000 AF of Dry-Year Yield for Three Years
- ❖ Build recharge and extraction infrastructure to take advantage of wet-year extraordinary supplies
- ❖ Storage on “use-side” of major earthquake faults
- ❖ All five agencies share equally in dry-year yield



The previous generation implemented a successful water management solution.

Our generation needs to refine the application of the Judgment to meet changing water supply needs on the river.

INFORMATION
ITEM
21

Date: May 18, 2016

To: The Honorable Board of Directors

Through: Public, Legislative Affairs, and Water Resources Committee (05/11/16)

From: *to* P. Joseph Grindstaff *PG*
General Manager

Submitted by: Chris Berch *CB*
Executive Manager of Engineering/Assistant General Manager

Sylvie Lee *SL*
Manager of Planning and Environmental Resources

Subject: 2015 Regional Urban Water Management Plan

RECOMMENDATION

This is an informational item for the Board of Directors to receive and file.

BACKGROUND

The California Water Code (CWC) Section 10620(a) requires an urban water supplier to prepare and adopt an urban water management plan (UWMP) consistent with CWC Section 10640. All urban water suppliers (including wholesalers), either publicly or privately owned, serving municipal water to greater than 3,000 customers or supplying more than 3,000 acre-feet annually are required to prepare and file a copy of its UWMP with the Department of Water Resources (DWR), the California State Library, and any city or county within which the participating agency provides water supplies, no later than 30 days after adoption. This is an informational item outlining the content of the draft 2015 Regional UWMP. The final Regional UWMP will be brought back before the Board for consideration on June 15, 2016. The Regional UWMP must be adopted by the IEUA Board of Directors and submitted to DWR by July 1, 2016.

An UWMP is a planning tool that provides guidance to water management agencies for the development of reliable water supplies to meet the needs of their communities. An UWMP is required for an urban water supplier to be eligible for DWR state grants, loans, and drought assistance. The Regional UWMP requires a detailed assessment of a number of planning issues including:

- The water supplies necessary to meet annual demands over a 25-year period, under multi-year drought and average year conditions;

- The stages of actions that need to be taken to address up to a 50% reduction in water supplies;
- The actions to be taken to address a catastrophic interruption in water supplies; and,
- The opportunities to maximize conservation and the use of recycled water, local groundwater supplies and other water supplies to reduce the need for imported supplies.

In addition to the mandatory reporting requirements, the 2015 Regional UWMP captures other Agency planning efforts incorporating its regional visions. Specifically, the Agency's completed Phase I Integrated Resources Plan (IRP) and the Water Use Efficiency (WUE) Business Plan Update (2015-2020). Key elements of these documents have been incorporated into the UWMP to enhance the UWMP requirements as outlined in the 2015 UWMP Guidebook for Wholesale Water Suppliers. Examples include unique regional planning factors influencing water supply reliability, population growth, supply and demand projections, demand management measures, and the impacts of projected land use and future WUE standards on water demands. The UWMP also includes chapters on Climate Change Vulnerability Assessment and Voluntary Reporting of Energy Intensity.

One key difference to note in the Agency's 2015 Regional UWMP is the union of two UWMPs into one document. Normally, the Agency and the Water Facilities Authority would complete individual UWMPs; however, based on duplication of efforts and discussion with the Department of Water Resources, a Regional UWMP was completed with the integration of content from both agencies.

As an additional element of the UWMP work, a Land-Use Based Model (Model) was developed from General Plan land use data that incorporated existing and future development within the region. The new Model provides member agencies with agency specific demands and projections while maintaining individual agency uniqueness to the retail level. The Model will be the vehicle by which the IRP Phase II Projects will be evaluated. The primary objective of the Model was to disaggregate regional data down to the member agency level for IEUA's UWMP. The demand projections developed in the model will be used by the Agency and member agencies for any system or supply planning purposes that require detailed demand estimates and projections, such as conservation savings analyses.

In May 2013, IEUA and its eight retail member agencies entered into a Memorandum of Understanding for establishing a Regional Alliance to comply with the Water Conservation Act of 2009 (SB X7-7). While IEUA, as a wholesale agency is not required to comply with SB X7-7, SB X7-7 provides that an urban water retailer may meet its urban water use target individually or through a regional water management group (Regional Alliance) by way of a mutual agreement. Once a Regional Alliance is filed with the Department of Water Resources (DWR) it is the responsibility of the wholesale agency to report to DWR on regional compliance. As a requirement of the 2015 Regional UWMP, IEUA worked with the members to recalculate 2010 baselines and re-calibrate 2015 and 2020 gallons per capita day (GPCD) compliance targets. Based on the analysis, the new regional baseline was set at 242 GPCD with the 2015 target re-calibrated at 217 GPCD. In calculating 2015 regional compliance with SB X7-7, the region's actual 2015 GPCD is reported to be 162 bringing all member agencies into compliance with the statute through the Regional Alliance.

The Plan is consistent with the Agency's Business Goal of increasing *Water Reliability* by promoting water use efficiency and education to enhance water supplies within the region; and meeting the region's need to develop reliable and diverse local water resources in order to reduce dependence on imported water supplies.

PRIOR BOARD ACTION

On June 2, 2011, the IEUA Board of Directors adopted the IEUA 2010 Regional Urban Water Management Plan.

IMPACT ON BUDGET

None.

Attachment: The Draft 2015 Regional Urban Water Management Plan (2015-2020) can be viewed at the following link:

<https://ieua.hostedftp.com/JzryHWCC3TsQasxXGzSGxpoMW>

2015 Regional Urban Water Management Plan Update



2015 URBAN WATER MANAGEMENT PLANS



Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

Lisa Morgan-Perales

IEUA Board of Directors Meeting
May 2016

Urban Water Management Planning Act

- The California Water Code requires an urban water supplier (including wholesalers), supplying more than 3,000 acre-feet annually or serving municipal water to 3,000 customers to prepare and adopt an urban water management plan (UWMP) and file with the Department of Water Resources (DWR) every five (5) years .
- The UWMP is required for an urban water supplier to be eligible for state grants, loans, and drought assistance.
- The UWMP must be adopted by the Board of Directors and submitted to DWR by July 1, 2016.

Key UWMP Code Changes

- **Mandatory Electronic Submittal – WUE data Online Submittal Tool**
- **Mandatory Use of Standardized Forms**
- **Demand Management Measures (DMMs) – Requires narratives describing DMMs past 5-years and future DMMS to achieve water use targets**
- **Mandatory Water Loss Reporting – Requires a plan to quantify and report on distribution system water loss**
- **Voluntary Reporting of Passive Savings – future water projections based on savings from codes, standards, ordinances, etc.**
- **Voluntary Reporting of Energy Intensity & Climate Vulnerabilities**

2015 Regional UWMP Development

- Land-Use Based Model Development
- Water Facilities Authority Partnership
- Integrated Resources Plan Incorporation
- Water Use Efficiency Business Plan Update
- IEUA's 2015 Recycled Water Program Strategy
- IEUA's Energy Management Plan
- IEUA's Asset Management Plan



Regional Alliance Compliance Retail Level Data

Agency	2015 Service Area Population	Baseline GPCD (10-15 year)	2015 Target GPCD	2015 Actual GPCD**	2020 Target GPCD	Selected Compliance Method (1 or 3)
Chino	73,966	235	211	157	188	1
Chino Hills	77,596	217	195	162	167	1
CVWD	200,466	291	262	180	233	1
Fontana	215,520	216	194	138	173	1
MVWD*	56,039	208	187	136	166	1
Ontario	168,777	235	207	152	188	1
Upland	75,787	271	244	233	217	1
IEUA REGION	868,151	243	218	162	194	
Includes RW Credit				21	35	
Includes WUE Credit				3	6-11	

* Unconfirmed numbers

Next Steps

- Comment Period: May 2, 2016 - July 15, 2016
- Public Hearing: June 15, 2016
- Adopt the 2015 Regional Urban Water Management Plan: June 15, 2016
- Submit plan to DWR : July 1, 2016

