

# **NOTICE OF MEETING**

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**OF THE  
REGIONAL SEWERAGE PROGRAM  
TECHNICAL COMMITTEE**

**OF THE**



*Inland Empire Utilities Agency*

**A MUNICIPAL WATER DISTRICT**

**WILL BE HELD ON**

**THURSDAY, MAY 26, 2016**

**3:30 P.M.**

**BOARD ROOM  
AT THE OFFICE OF THE AGENCY  
6075 KIMBALL AVENUE, BUILDING A  
CHINO, CA 91710**



## **Regional Sewerage Program Technical Committee Meeting**

**AGENDA**  
**Thursday, May 26, 2016**  
**3:30 p.m.**

### **Location**

Inland Empire Utilities Agency  
6075 Kimball Avenue  
Chino, CA 91708

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### **Call to Order and Roll Call**

#### **1. Action Items**

- A. Approval of the April 28, 2016 Meeting Minutes
- B. Regional Contract Amendment
- C. Fiscal Year 2016/17 Budget
- D. City of Chino Hills Regional Connection Request

#### **2. Informational Items**

- A. RP-1/RP-5 Expansion PDR
- B. Strategic Grant Planning
- C. Regional Audit Response

#### **3. Receive and File**

- A. Draft Regional Policy Committee Agenda
- B. Building Activity Update
- C. Recycled Water Distribution - Operations Summary
- D. Sewer Fee Evaluation
- E. Recharge Master Plan Update Project Resolutions and Agreements


#### **4. Other Business**

- A. IEUA General Manager's Update
- B. Committee Member Requested Agenda Items for Next Meeting
- C. Committee Member Comments
- D. Next Meeting – July 28, 2016

#### **5. Adjournment**

**DECLARATION OF POSTING**

I, Laura Mantilla, Executive Assistant 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, CA on Monday, May 23, 2016.

  
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Laura Mantilla

**ACTION  
ITEM**

**1A**



## **Regional Sewerage Program Technical Committee Meeting MINUTES OF APRIL 28, 2016 MEETING**

### **CALL TO ORDER**

A regular meeting of the IEUA/Regional Sewerage Program – Technical Committee was held on Thursday, April 28, 2016, at the Inland Empire Utilities Agency located at 6075 Kimball Avenue, Chino, California. Committee Chairman Shaw called the meeting to order at 3:35 p.m.

### **ATTENDANCE**

#### **Committee Members:**

Ryan Shaw	City of Ontario
Chuck Hays	City of Fontana
Mike Hudson	City of Montclair
Rosemary Hoerning	City of Upland
Braden Yu (alternate)	Cucamonga Valley Water District
Mark Wiley	City of Chino Hills
P. Joseph Grindstaff	Inland Empire Utilities Agency

#### **Absent Committee Members:**

Jesus Plasencia	City of Chino
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#### **Others Present:**

Chris Berch	Inland Empire Utilities Agency
Christina Valencia	Inland Empire Utilities Agency
Sylvie Lee	Inland Empire Utilities Agency
Shaun Stone	Inland Empire Utilities Agency
Kathy Besser	Inland Empire Utilities Agency
Javier Chagoyen-Lazaro	Inland Empire Utilities Agency
Nel Groenveld	Inland Empire Utilities Agency

### **1. ACTION ITEMS**

#### **A. Approval of the meeting minutes of March 31, 2016**

**Motion:** By Mike Hudson/ City of Montclair and seconded by Rosemary Hoerning/City of Upland to approve the minutes of the March 31, 2016 Technical Committee meeting.

**Motion carried: Unanimously.**

**B. Ten Year Capital Improvement Plan (TYCIP)**

Sylvie Lee/IEUA stated that the TYCIP was presented to the Regional Technical Committee as an informational item last month. The TYCIP is an overview of the member agency growth forecast, major planning documents, capital projects and wastewater flow projections. The TYCIP total is approximately \$732 million. The major projects in the 10-year window are the RP-5 expansion, RP-2 relocation and RP-1 improvements. Ms. Lee requested that the Regional Technical Committee provide their recommendation to the IEUA Board on the proposed 2016/17 – 2025/26 TYCIP Plan.

**Motion:** By Chuck Hays/City of Fontana and seconded by Braden Yu/CVWD to make recommendation to the IEUA Board of Directors to approve the Ten Year Capital Improvement Plan:

**Motion carried: Unanimously.**

**C. Water Quality Laboratory Construction Award**

Shaun Stone/IEUA gave a presentation on the new water quality laboratory. He stated that current laboratory is at the end of its useful life and cannot meet future analytical needs. The new laboratory will be 16,000 sq. ft. with an enhanced safety and workflow layout and will be located at RP-5. Mr. Stone stated that this project is partially grant-funded with remaining project funding through the State Revolving Fund Loan Program. IEUA received three bids and Kemp Brothers Construction Inc., was the lowest responsive bidder at \$17,460,000. Mr. Stone recommended that the Regional Technical Committee authorize IEUA to award the construction contract to Kemp Brothers Construction Inc.

**Motion:** By Braden Yu/Cucamonga Valley Water District and seconded by Chuck Hays/City of Fontana to make recommendation to the IEUA Board of Directors to award the construction contract Kemp Brothers Construction Inc.:

**Motion carried: Unanimously.**

**D. Regional Connection Requests**

Shaun Stone/IEUA received a request on March 25, 2016 from the City of Ontario for approval of two connections to the sewer system. The connections are required due to a lack of City of Ontario sewer system close to the proximity.

**Motion:** By Mike Hudson/City of Montclair and seconded by Chuck Hays/City of Fontana approved the two new sewer connections for City of Ontario (Ontario Regional Sewer Connections #0-97 and #098).

**Motion carried: Unanimously.**

## **2. INFORMATIONAL ITEMS**

### **A. Regional Sewage Service Contract Amendment - Recycled Water**

Sylvie Lee/IEUA reported that the Special Technical Committee made amendments to Sections 15 and 16 of the Regional Sewage Service Contract for Recycled Water. The Special Technical Committee is waiting to hear comments from the City of Chino. Mr. Shaw stated that the City of Ontario has some outstanding questions as well.

### **B. Property Tax Overview**

Christina Valencia/IEUA stated that at the last meeting, the City of Fontana requested that IEUA provide an overview on the property tax history of the Agency. Ms. Valencia emailed the report to the Committee that evening, which was also provided in the meeting packet. Joseph Grindstaff discussed the history of the property tax money and Improvement of District "C" allocation to the Regional Wastewater Capital Improvement (RC Fund), Tertiary Capital (TO) Fund/Tertiary Operations & Maintenance Fund and the General Administration Fund (GG). Mr. Grindstaff indicated that IEUA will continue to dedicate about 65% to the RC Fund as needed to support the relocation of RP-2 and scheduled upgrades to RP-1. Mr. Hays/City of Ontario requested a report on inter-fund loans. Ms. Valencia will provide the information to the Committee.

### **C. Response to Regional Contract Audit**

Ryan Shaw/City of Ontario stated that they have met with the other member agencies to come up with a plan and expect to have it finalized next week.

## **3. RECEIVE AND FILE**

### **A. Pretreatment Committee Minutes**

The Pretreatment Committee Minutes were received and filed by the Committee.

### **B. Draft Regional Policy Committee Agenda**

The draft Regional Policy Committee Agenda was received and filed by the Committee.

### **C. Building Activity Update**

The Building Activity Update Report was received and filed by the Committee.

**D. Recycled Water Distribution Summary**

The Recycled Water Distribution Summary for March 2016 was received and filed by the Committee.

**E. RP-1/PR-5 Expansion PDR Update**

The RP-1/RP-5 Expansion PDR Update was received and filed by the Committee.

**4. OTHER BUSINESS**

**A. IEUA General Manager's Update**

Mr. Grindstaff indicated that the drought still exist and the region remains dry. He is not sure what the State Water Control Board will do or if they will loosen water restrictions slightly. What they have done is not a reasonable standard and is not sustainable for the long term.

**B. Committee Member Requested Agenda Items for Next Meeting**

**C. Committee Member Comments**

Mr. Yu thanked IEUA, especially Christina Valencia and Sylvie Lee for meeting with them to discuss water rates and for listening and taking their input. He stated that they want to work together and do what is best for the region.

**D. Next Meeting – May 26, 2016**


**5. ADJOURNMENT – Meeting adjourned at 4:10 p.m.**



**ACTION  
ITEM**

**1B**

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Date: May 26/June 2, 2016  
To: Regional Committees  
From: Inland Empire Utilities Agency   
Subject: Policy Options for Implementation of Recycled Water Policy Principles

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### **RECOMMENDATION**

It is requested that the Regional Committees provide input to the IEUA Board of Directors on the methodology for the implementation of the Recycled Water Policy Principles.

### **BACKGROUND**

The Recycled Water (RW) Policy Principles that were approved by the Regional Committees in January and March 2016, and as adopted by the IEUA Board in March 2016, were developed in response to inequities identified by several Contracting Agencies regarding the use of the recycled water in excess of their respective base entitlement. The proposed recycled water contract amendment language, scheduled action by the IEUA Board of Directors on June 15, 2016, was developed over the last six months based on feedback from all Member Agencies. The proposed contract amendment language was developed to amend Regional Contract Sections 15 and 16 that specifically deal with the topic of recycled water. While meaningful discussion has taken place during workshops with the Regional Technical Committee Members and IEUA, the Contracting Agencies are in fundamental disagreement on the contract amendment language. Contracting Agencies also have differing opinions on Section 30 of the Regional Contract that outlines the process for which the IEUA Board approves Regional Contract amendments.

IEUA is seeking input from the Regional Committees on the three options listed below for consideration for the implementation of the RW Policy Principles.

#### **Option 1: Do Nothing**

- The Regional Contract currently provides the base entitlement for each agency, and establishes a process by which an agency can request and use another agency's entitlement. This provision has been in place, but has not addressed use above entitlement.
- Above entitlement use would continue.

**Option 2: IEUA Board adopts Resolution to Implement the RW Policy Principles**

- Two resolutions consistent with the RW Policy Principles.
  1. Implementation of the RW Policy Principles, and providing the basis for the amount of recycled water use that Chino will be grandfathered for the next seven years, and set the definition for surcharge rate for use over base entitlement.
  2. Establish surcharge rate for use in excess of entitlement.

**Option 3: Regional Contract Amendment as Proposed (Current Notice of Intent)**

- This option addresses the changes proposed within the RW Policy Principles as developed with Contracting Agency staff for the last six months.
- Proposed amendment language (Section 15 and 16) is not supported by all Contracting Agencies.
- Proposed method of amendment (Section 30.B) is not supported by all Contracting Agencies.

**Attachment: Recycled Water Policy Principles**

## **POTENTIAL DRAFT RESOLUTION NO. 2016-6-x**

### **RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY\* (IEUA), SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING REGULATIONS FOR THE PURCHASE OF RECYCLED WATER ABOVE BASE ENTITLEMENT FOR CONTRACTING AGENCIES**

**WHEREAS**, the IEUA Board of Directors has adopted Ordinance No. 69, regulating the availability and use of recycled water from the Regional Recycled Water Distribution System; and

**WHEREAS**, Section 16 A. 2 of the Chino Basin Regional Sewage Service Contract establishes each Contracting Agency's Base Entitlement to recycled water; and

**WHEREAS**, IEUA and the Contracting Agency's have determined that the purchase of recycled water in excess of a Contracting Agency's Base Entitlement, delivered through the IEUA regional recycled water system, requires the establishment of policies and principles to promote the equitable allocation of recycled water within the IEUA service area; and

**WHEREAS**, in furtherance thereof, on January 28, 2016 and March 3, 2016 respectively, the Regional Technical and Policy Committees approved the Recycled Water Policy Principles, and on March 16, 2016 the IEUA Board of Directors adopted the Recycled Water Policy Principles; and

**WHEREAS**, the Recycled Water Policy Principles serve as a guideline to the establishment of these regulations governing the purchase of recycled water in excess of a Contracting Agency's Base Entitlement, delivered through the IEUA regional recycled water system.

**NOW, THEREFORE**, the Board of Directors of the Inland Empire Utilities Agency\* does hereby RESOLVE, DETERMINE, AND ORDER as follows:

#### **Section 1. Definitions**

**Base Entitlement** – Shall mean the total base supply of effluent which is subject to the right of first purchase from IEUA by the Contracting Agencies receiving sewerage service at any regional treatment plant, said portion being in the proportion that the quantity of sewage delivered into the regional sewerage system by the Contracting Agency bears to the total quantity of sewage delivered into the regional sewerage system by all Contracting Agencies, less normal processing losses resulting from the treatment of sewage.

**Contracting Agency** – Shall mean any sewage collection agency located, in whole or

part, within the boundaries of IEUA which has entered into a service contract with IEUA.

**Section 2.** That effective July 1, 2016, the use of recycled water above a Contracting Agency's Base Entitlement will require the Contracting Agency to provide replacement water.

1. Any Contracting Agency exceeding entitlement shall provide replacement water by one of the following means:
  - i. Stored water in the Chino Groundwater Basin,
  - ii. Acquisition of another contracting agency's unused entitlement, or
  - iii. Payment of a surcharge rate to IEUA per Section 2.0 below.
2. The annual amount of replacement water will be calculated as a reconciliation on the annual usage and the entitlement once a year, within 90 days following the end of the fiscal year.
3. Replacement water will be purchased by IEUA within 12 months following the Contracting Agency's payment of the surcharge rate.

**Section 3.** Effective July 1, 2016, the surcharge rate for the purchase of replacement water by IEUA will be calculated by IEUA based on the difference between the IEUA recycled water rate for the fiscal year and the purchase and delivery cost of the replacement water.

**Section 4.** That effective July 1, 2016 through June 30, 2023, the City of Chino has temporary annual Base Entitlement based on Fiscal Year 2014/15 annual usage for its associated Fiscal Year 2014/15 customers of 8,324 acre-feet. The groundwater recharge allocation for Chino will be curtailed during the temporary period if the use of recycled water exceeds its base entitlement.

ADOPTED this 15<sup>th</sup> day of June, 2016.

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

**POTENTIAL DRAFT RESOLUTION NO. 2016-6-x**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND  
EMPIRE UTILITIES AGENCY\*, SAN BERNARDINO COUNTY,  
CALIFORNIA, ESTABLISHING SURCHARGE RATES FOR USE OF  
RECYCLED WATER ABOVE ENTITLEMENT OF IEUA'S  
REGIONAL WATER SYSTEM FOR FISCAL YEAR 2016/17**

**WHEREAS**, The Regional Advisory Committees have reviewed and recommended service rates for Fiscal Year 2016/17:

**NOW, THEREFORE**, the Board of Directors of the Inland Empire Utilities Agency\* does hereby RESOLVE, DETERMINE, AND ORDER as follows:

**Section 1.** That effective July 1, 2016, the surcharge rate for purchase of replacement water by IEUA will be set by the difference between the recycled water rate for the fiscal year and the purchase and delivery cost of the replacement water. Fiscal Year 2016/17 rates are as follows for the various categories:

1. Imported water from Metropolitan Water District rate per IEUA Rate Resolution 2016-6-x less recycled water rate of \$470 per acre foot.
2. Chino Basin Groundwater purchase rate less recycled water rate of \$470 per acre foot.

ADOPTED this 15<sup>th</sup> day of June, 2016.

\_\_\_\_\_  
President of the Inland Empire Utilities  
Agency\* and of the Board of Directors  
thereof

ATTEST:

\_\_\_\_\_  
Secretary/Treasurer of the Inland Empire  
Utilities Agency\* and of the Board  
of Directors thereof

**ACTION**

**ITEM**

**1C**

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Date: May 26/June 2, 2016  
To: Regional Committees  
From: Inland Empire Utilities Agency  
Subject: Fiscal Year 2016/17 Amended Budget

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### **RECOMMENDATION**

It is requested that the Regional Technical and Policy Committees (Regional Committees) provide recommendation to the IEUA Board of Directors (Board) on the proposed amendments to the Fiscal Year (FY) 2016/17 adopted budget for the Agency's Regional Wastewater Operations and Maintenance (RO) fund, Regional Wastewater Capital Improvement (RC) fund, Recycled Water (WC) fund, and Recharge Water (RW) fund.

### **BACKGROUND**

The Agency's first biennial budget of FYs 2015/16 and 2016/17 was adopted by the Board in June 2015, along with the multi-year rates for the Regional Wastewater Operation and Maintenance (RO), the Regional Wastewater Capital Improvement (RC), Recycled Water (WC), and the Recharge Water (RW) funds.

The proposed changes to the FY 2016/17 adopted operations and maintenance (O&M) budget was provided to the Regional Technical Committee on March 31 and the Regional Policy Committee on April 7, 2016. The overview also included an update of the changes to the Water Resources (WW) fund rate structure and draft rates still under discussion with the water member agencies. No changes to the capital improvement plan (CIP) were presented, as the review of the fiscal years (FYs) 2017- 2026 Ten Year Capital Improvement Plan (TYCIP) was still underway. The final FYs 2016/17 – 2025/16 TYCIP was presented to the Regional Technical Committee on April 28 and Regional Policy Committee on May 5, 2016.

Following is a summary of the proposed changes (amendments) to the FY 2016/17 O&M adopted budget for the Regional Wastewater, Recycled Water and Recharge Water programs.

### **Amendments to the FY 2016/17 Budget**

#### **Regional Wastewater Capital Improvement (RC) Fund**

A major revenue source for the RC fund is the fees levied for new connections to its regional wastewater system, referred to as wastewater connections fees. Pursuant to the Regional Sewage



Service Contract (Regional Contract), member agencies collect and hold these funds in a trust account (Capital Construction Reimbursement Accounts) until they are “called” or requested by the Agency to support planned capital expenditures for the regional wastewater system.

**Table 1: Wastewater Connection Fee Rates**

	FY 2015/16		FY 2016/17		FY 2017/18	FY 2018/19	FY 2019/20
<i>Effective Date</i>	7/01/15	1/01/16	7/01/16	01/01/17	7/01/17	7/01/18	7/01/19
<b>Wastewater Connection Fee</b>	\$5,107	\$5,415	\$5,415	\$6,009	\$6,309	\$6,624	\$6,955

The projected number of new EDU connections has been reduced as the result of revised data submitted by member agencies in the fall of 2015. The number of new connections for FY 2016/17 was reduced from 4,580 to 3,000 resulting in a decrease of \$9.1 million of related revenue. As reported in Table 4, the cumulative number of new connections through FY 2019/20 was reduced from 19,250 to 16,030 for a cumulative decrease in projected revenue of \$19.8 million. A comparison of member agency forecasts and the IEUA projections are provided in Table 2.

**Table 2: Adjustment to New Wastewater Connection Forecasts**

Forecasts	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	5 Year Total
<b>Member Agencies Fall 2014</b>	5,849	6,185	5,045	4,470	4,453	26,002
<b>Fall 2015</b>	4,693	5,277	5,187	4,063	3,470	22,690
<b>IEUA Adopted</b>	4,330	4,580	3,735	3,310	3,295	19,250
<b>IEUA Amended</b>	4,330	3,000	3,000	3,000	2,700	16,030

Property tax receipts are another major funding source for the RC fund. Consistent with past practice, approximately 65 percent, or \$29.1 million in FY 2016/17, of property tax is allocated to the RC fund. The 65 percent relates to the portion of Improvement District “C” (IDC) taxes collected prior to the adoption of Proposition 13 in 1978.

An additional 3 percent increase in total property tax receipts is assumed for FY 2016/17 based on the year to date favorable growth of 6 percent. Property tax receipts budgeted in the RC fund is first allocated to support debt service and CIP costs. Debt service costs in FY 2016/17 are budgeted at \$13.5 million. Key changes in the RC fund FY 2016/17 adopted budget total revenue and other funding sources are summarized below in Table 3.

**Table 3: RC Fund Major Revenues and Other Funding Sources**

\$Millions	Major Funding Sources	Adopted FY 2016/17	Amended FY 2016/17	Change	Key Assumptions
Regional Wastewater Capital (RC)	Wastewater Connections Fees	\$26.2	\$17.1	(\$9.1)	Reduced from 4,580 units to 3,000 units based on revised member agency count.
	Interest and Other Revenue	2.5	1.1	(1.4)	Interest rates lower than anticipated.
	SRF Loan	0.0	2.9	2.9	Proceeds for the RP-1 and RP-5 Expansion PDR SRF planning loan.
	Property Tax Receipts	27.6	29.1	1.5	An additional 3% increase based on year to date receipts.
	<b>Total</b>	<b>\$56.3</b>	<b>\$50.2</b>	<b>(\$6.1)</b>	

Inter-fund transfers from the RC fund support debt service and capital expenditures. The increase over the adopted FY 2016/17 budget is due to operating costs and capital expenditures for the FYs 2017-2026 TYCIP. Table 4 summarizes the key changes to RC fund FY 2016/17 adopted budget total expenses and other uses of funds.

**Table 4: RC Fund Major Expenses & Other Uses of Funds**

\$Millions	Major Uses of Funds	Adopted FY 2016/17	Amended FY 2016/17	Change	Key Assumptions
Regional Wastewater Capital (RC)	Capital Improvement Plan (CIP)	15.3	20.0	4.7	See Table 7 for summary of major capital projects.
	Operating Expenses	\$6.3	\$9.5	\$3.2	Program costs to support increase of the Regional CIP.
	Inter-Fund Transfers	7.5	9.5	2.0	Support GG fund CIP.
	Debt Service Costs	13.7	13.5	(0.2)	Interest rates lower than anticipated. Includes principal & interest for the 2008A, 2008B and 2010A bonds.
	<b>Total</b>	<b>\$42.8</b>	<b>\$51.5</b>	<b>\$8.7</b>	

A total of \$20 million of capital project costs is budgeted in FY 2016/17, an increase of \$4.7 million over the previously adopted budget. The major projects are listed in Table 5 below.

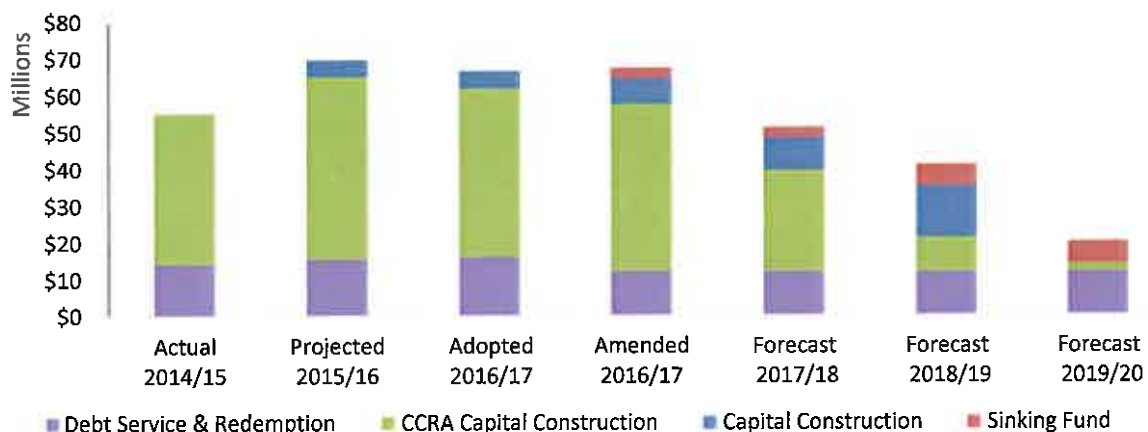
**Table 5: RC Fund Major Capital Projects**

\$Millions	Project	Adopted FY 2016/17	Amended FY 2016/17
RC Fund	RP-2 Relocation/RP-5 Solids Treatment Facility	\$4.0	\$3.1
	RP-1 Mixed Liquor Return Pump	3.0	2.4
	RP-1 and RP-5 Expansion PDR	2.0	2.2
	RP-4 Chlorination Facility Retrofit	1.5	1.0
	RP-1 Headworks Primary & Secondary Upgrade	-	1.5
	San Bernardino Ave. Gravity Sewer	-	1.3
	RP-5 Expansion to 30 MGD	-	1.2
	All Other Regional Capital Projects	4.8	7.3
	<b>Major Capital Projects</b>	<b>\$15.3</b>	<b>\$20.0</b>

The RC fund estimated ending fund balance for FY 2016/17 of \$67.5 million is slightly higher than the \$66.7 million projected in the adopted budget. As shown in Figure 1 below, the fund balance is projected to drop over the ensuing three fiscal years. The primary drivers for the anticipated decrease are higher capital expenditures on major plant expansions and the early retirement of the 2008A Bonds beginning in November 2017.

A sinking fund is also being established beginning in FY 2016/17 to support the early repayment of the 2008A Bonds. Future capital calls against the Capital Construction Reimbursement Accounts (CCRAs) held by member agencies will be a primary funding source for the sinking fund.

**Figure 1: RC Fund Reserve Balance by Type**



## Regional Wastewater Operations and Maintenance (RO) Fund

The key revenue and funding sources for the RO fund include: equivalent dwelling unit (EDU) volumetric charges, property taxes, and reimbursement from the Inland Empire Regional Composting Authority (IERCA) for labor and operating costs. Major expenses include operating costs for the collection, treatment, and disposal of wastewater, maintenance and capital replacement and rehabilitation (R&R) costs of regional facilities and infrastructure, and organic management activities. The bio-solids recycling budget includes tipping fees paid to the IERCA for processing of bio-solids from all of the Agency's facilities.

Pursuant to the Agency's commitment to have rates that fully recover the cost of service and consistent with the Regional Contract, incremental increases to the monthly EDU volumetric rate were adopted for five fiscal years in FY 2014/15, as reported in Table 6. The initial assumptions of achieving full cost of service, or recovery of O&M, R&R, and debt service costs, was projected to be reached in FY 2018/19. Due to an increase in projected R&R costs; full cost of service may not be achieved until FY 2020/21. No change in the adopted EDU volumetric rates is proposed; however future rates may need to be adjusted higher than the consumer price index (CPI) as previously planned when the multi-year rates were adopted. Property taxes will continue to be used to cover program costs not supported by the adopted rates.

**Table 6: Adopted EDU Volumetric Rates FYs 2015/16 – 2019/20**

Rate Description	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20
<b>EDU Volumetric Rate</b>	\$14.39	\$15.89	\$17.14	\$18.39	\$19.59	\$20.00
<b>Effective Date</b>		10/01/15	07/01/16	07/01/17	07/01/18	07/01/19

The RO fund FY 2016/17 amended revenue and other funding sources are estimated at \$86.8 million, an increase of 2.2 million compared to the adopted budget of \$84.6 million. The primary change is the increase in volumetric EDU revenue due to favorable growth in volumetric units in both FY 2015/16 (0.5 percent) and FY 2014/15 (2.5 percent) compared to the budgeted 0.25 percent annual growth. The higher number of EDUs increased the projected volumetric EDU revenue from \$54.9 million to \$56.2 million in FY 2016/17 with the same 0.25% growth assumption. Table 7 highlights the changes in major revenue and other funding sources.



**Table 7: RO Fund Major Revenues and Other Funding Sources**

\$Millions	Major Funding Sources	Adopted FY2016/17	Amended FY 2016/17	Change	Key Assumptions
Regional Wastewater Operations and Maintenance (RO)	Volumetric EDU Revenue	\$55.0	\$56.4	\$1.4	Favorable growth in volumetric EDUs in FY 2014/15 and FY 2015/16. Proposed FY 16/17 revenue assumes 0.25% growth
	Inter-Fund Transfers	4.5	5.1	0.6	Transfer from RC for LAB project, and from WC for the SCADA system project.
	Property Tax Receipts	9.3	9.5	0.2	An additional 3% increase in FY 2016/17 based on year to date receipts
	State Loans	7.7	7.7	0.0	Water Quality Laboratory project.
	Grants	3.5	3.5	0.0	USBR grant for the Chino Basin Groundwater Supply Wells and Raw Water Pipeline project.
	Other Revenues	4.6	4.6	0.0	Reimbursement of IERCA labor costs
	<b>Total</b>	<b>\$84.6</b>	<b>\$86.8</b>	<b>\$2.2</b>	

The amended RO fund FY 2016/17 total expenses and other uses of funds are estimated at \$89.2 million compared to the adopted budget of \$75.5 million as indicated in Table 8. The increase of \$13.7 million includes a \$3.2 million inter-fund loan to the Water Resources (WW) fund to support purchase of supplemental water supplies, and an increase of \$7.5 million in R&R projects.

**Table 8: RO Fund Major Expenses & Other Uses of Funds**

\$Millions	Major Uses of Funds	Adopted FY 2016/17	Amended FY 2016/17	Change	Key Assumptions
Regional Wastewater O&M (RO)	Capital Improvement Plan (CIP)	11.8	19.3	7.5	New projects for Agency-wide pump efficiency, RP-2 dry bed rehabilitation, etc.
	Operating Expenses	\$62.0	\$66.5	\$4.5	New panel replacement project and increase in employment costs due

\$Millions	Major Uses of Funds	Adopted FY 2016/17	Amended FY 2016/17	Change	Key Assumptions
					to reduced vacancy factor.
	Debt Service Costs	0.2	3.4	3.2	Inter-fund loan \$3.2 million to WW fund to support purchase of supplemental water
	Inter-Fund Transfers	\$1.5	0	(1.5)	RC fund support for RO fund share of the RP-5 solids handling facility project costs.
	<b>Total</b>	<b>\$75.5</b>	<b>\$89.2</b>	<b>\$13.7</b>	

The amended FY 2016/17 total expenses and other uses of funds includes \$26.9 million of project expenses for both capital and operations and maintenance (O&M) projects. The funding sources for these projects include grants, loans, volumetric EDU rates and property tax receipts. The major RO fund projects are listed below in Table 9. The \$3.0 million expense for the Chino Basin Groundwater Supply Wells and Raw Water Pipeline project will be funded by grants and property taxes.

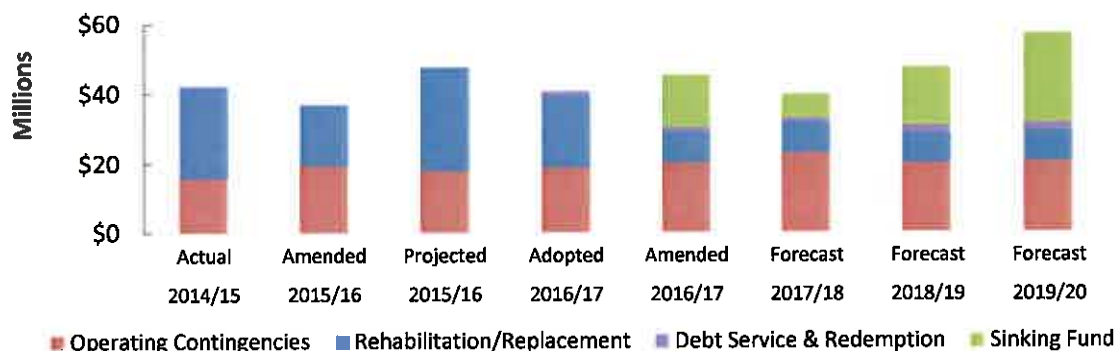
**Table 9: RO Fund Major Projects**

\$Millions	Project	Adopted FY 2016/17	Amended FY 2016/17
<b>RO Fund Capital Projects</b>	New Water Quality Laboratory	\$7.0	\$7.0
	Agency-Wide Lighting Improvements Phase 2	0	1.4
	Agency-Wide Pump Efficiencies	0	1.3
	SCADA Enterprise System	1.0	1.2
	RP-1 East Primary Effluent Pipe Rehab	1.4	0.5
	Other capital projects	2.4	7.9
	<b>Total Capital Projects</b>	<b>\$11.8</b>	<b>\$19.3</b>
<b>RO Fund O&amp;M Projects</b>	Chino Basin Groundwater Supply Wells and Raw Water Pipeline	\$3.0	\$3.0
	Panel Replacement	0	2.4
	RO O&M Emergency Projects	0.6	0.6
	Other O&M projects	0.5	1.6
	<b>Total O&amp;M Projects</b>	<b>\$4.1</b>	<b>\$7.6</b>
	<b>Total Project Costs</b>	<b>\$15.9</b>	<b>\$26.9</b>

The FY 2016/17 ending fund balance is estimated at \$45.2 million, approximately \$4.6 million higher than the adopted budget's fund balance of \$40.6 million (Figure 2). The estimated increase is primarily due to a higher projected ending fund balance for FY 2015/16 as a result of lower O&M and capital expenditure projections.

Beginning in FY 2016/17 a sinking fund reserve is being established to support the relocation, rehabilitation and decommissioning of wastewater facilities. Based on current assumptions the sinking fund reserve is projected to be \$25 million at the end of FY 2019/20. These funds will be used to support the relocation of the RP-2 solids handling facility to the RP-5 site and rehabilitation of RP-1, the Agency's oldest treatment plant. The use of property taxes to fund the sinking fund reserve over time will help mitigate the impact to future rates.

**Figure 2: RO Fund Reserve by Type**



### Recycled Water (WC) Fund

No change in the budgeted 37,100 acre feet (AF) of recycled water deliveries in FY 2016/17, or the related revenue of \$16.0 million. Additionally, there is no change in the \$2.1 million Local Projects Program (LPP) rebate from the Metropolitan Water District of Southern California (MWD). The LPP rebate will sunset in June 2017.

Other key funding sources for the WC fund include; State Revolving Fund (SRF) low interest loans, grants, and water connection fees. SRF loan proceeds and grant receipts are estimated at \$12.6 million in FY 2016/17, a reduction of \$5.5 million from the adopted budget. The reduction is mainly attributed to timing of expenditures and related receipts for major projects financed by Proposition 1 grant and SRF loans. Additionally the WC fund will be transferring approximately \$1.4 million of SRF loan receipts to the RO fund for costs associated with the SCADA Enterprise System project. Beginning in FY 2017/18 the RO fund will provide annual transfer to support the WC fund for debt service costs related to the SCADA Enterprise System project (Table 10).

**Table 10: WC Fund Major Revenue & Other Funding Sources**

\$Millions	Major Funding Sources	Adopted FY 2016/17	Amended FY 2016/17	Change	Key Assumptions
	Loan and Grant Proceeds	18.1	12.6	(\$5.5)	SRF loans and grants to support WC fund capital projects.
	Connection Fees	4.5	2.9	(1.6)	4,167 MEUs reduced to 2,730.
	Inter-Fund and Other Revenues	2.4	2.7	0.3	Interest and other reimbursements.

\$Millions	Major Funding Sources	Adopted FY 2016/17	Amended FY 2016/17	Change	Key Assumptions
Recycled Water (WC)	Property Tax Receipts	2.1	2.2	0.1	An additional 3% increase in FY 2016/17 based on year to date receipts.
	Direct Sales	\$9.7	\$9.7	\$0.0	24,200 AF in FY 2016/17.
	Recharge Sales	6.0	6.0	0.0	12,900 AF in FY 2016/17.
	MWD LPP Rebate	2.1	2.1	0.0	\$134/AF rebate for recycled water sales over 3,500 AFY & up to 13,500 AFY. Rebate expires in June 2017.
	<b>Total</b>	<b>\$44.9</b>	<b>\$38.2</b>	<b>(\$6.7)</b>	

Major expenses for the WC fund include capital, debt service and operating costs. Operating costs include labor, pumping, O&M (special) projects and a portion of the ground water recharge operating costs not reimbursed by Watermaster. Groundwater recharge expenses of \$1.1 million are estimated in FY 2016/17. In addition, the Agency's FY 2016/17 pro-rata share is estimated to be \$506,000. The Agency's annual pro rata share is based on the relative proportion of recycled water recharged to the total recharge from all sources in the prior year.

Annual debt service costs are estimated at \$6.7 million in FY 2016/17. Repayment of the \$28.5 million outstanding inter-fund loans (\$13.5 million due to RC fund and \$15 million due to the NC fund) has been deferred from FY 2016/17 to FY 2019/20 with full repayment projected by FY 2025/26. The proposed major expense and other uses of funds are summarized in Table 11.

**Table 11: WC Fund Major Expenses & Other Uses of Funds**

\$Millions	Major Uses of Funds	Adopted FY 2016/17	Amended FY 2016/17	Change	Key Assumptions
	Capital Improvement Plan (CIP)	18.6	11.9	(6.7)	See Table 13 for summary of major capital projects.
	Operating Expense	7.9	9.5	1.6	Includes labor, professional fees and services, materials and supplies, and a portion of the groundwater recharge operations expense and inter-fund transfers to support operating and capital costs.
	Inter-Fund Transfers	1.2	2.4	1.2	Capital and operating support to other funds.



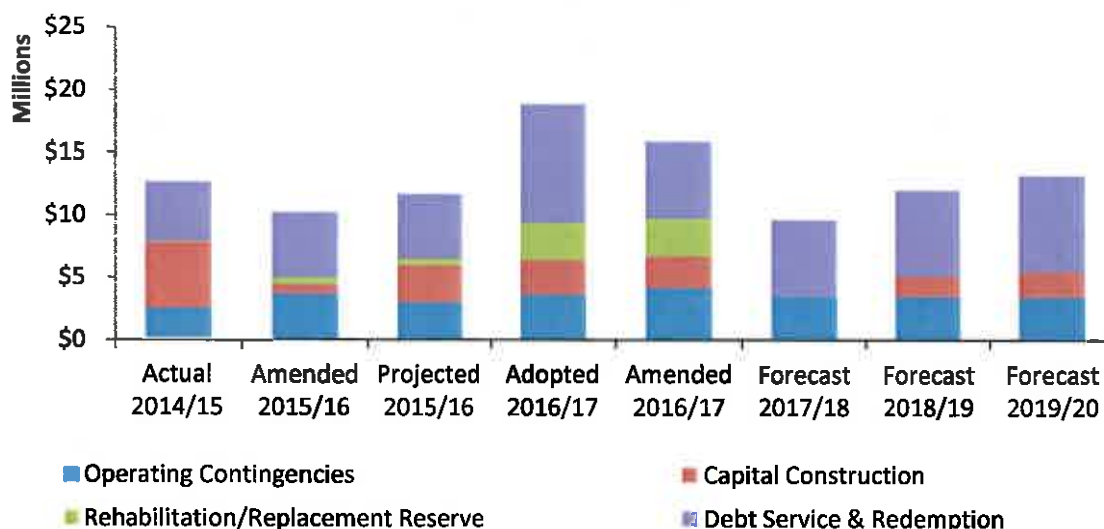
\$Millions	Major Uses of Funds	Adopted FY 2016/17	Amended FY 2016/17	Change	Key Assumptions
	Water Connection Fee Transfers	0.4	0.4	0.0	Connection fees to support projects in GG, RW and WW funds.
	Utilities	\$3.0	\$3.0	\$0.0	\$0.12 kWh electricity rate for direct access, renewable energy rates based Purchase Power Agreements (PPAs) melded rate.
	<b>Total</b>	<b>\$40.4</b>	<b>\$33.9</b>	<b>(\$6.5)</b>	

Capital expense is projected to be \$11.9 million as indicated in Table 12, reflects a reduction of \$6.7 million from the previously adopted budget of \$18.6 million. The reduction of projected CIP expenditures is mostly due to changes in the execution of the recycled water regional intertie projects.

**Table 12: WC Fund Major Capital Projects**

\$Millions	Project	Adopted FY 2016/17	Amended FY 2016/17
WC Fund	Recycled Water Regional Interties	\$10.0	\$1.5
	San Seavine Improvements	3.0	3.2
	1630 West RW Pump Station – Surge Tank Install	-	1.3
	Napa Lateral/SB Speedway	1.0	0.5
	RP-1 Parallel Outfall Pipeline	1.0	0.2
	1158 Reservoir Site Cleanup	-	0.6
	All Other Capital Projects	3.6	4.6
	<b>Major Capital Projects</b>	<b>\$18.6</b>	<b>\$11.9</b>

Fund reserves for FY 2016/17 are projected to be \$15.9 million, a \$3.0 million decrease from the estimated ending balance reported in the adopted FY 2016/17 budget (Figure 3). The decrease is mainly due to a reduction in SRF loan and related grant proceeds. Also contributing to the decrease of reserves is the projected reduction in the number of new MEU connections. Previously budgeted for fiscal years 2015/16 through 2019/20 was 14,562 new MEU connections, this has been reduced to 11,632 new MEU connections. The reduction in the R&R and capital expansion reserves over the next two fiscal years are driven by projected CIP expenditures. Based on current assumptions, capital construction reserves will start to rebuild in FY 2018/19.

**Figure 3: WC Fund Reserve Balance by Type****Recharge Water (RW) Fund**

The Recharge Water (RW) fund accounts for the revenues and expenses associated with groundwater recharge (GWR) operations and maintenance through joint efforts with Chino Basin Watermaster (Watermaster), Chino Basin Water Conservation District (CBWCD), and the San Bernardino County Flood Control District (SBCFCD). Operating expenses include general basin maintenance and/or restoration, groundwater administration (e.g. labor, tools, and supplies), contracted services (e.g. weeding and vector control), compliance reporting, and environmental documentation for permit compliance.

Total budgeted revenues, other funding sources and inter-fund contributions/support adopted for FY 2016/17 was \$7.4 million and the amended budget shows slight decrease at \$7.1 million. The budget is comprised of reimbursements from Watermaster for groundwater recharge facilities operations and maintenance (O&M), capital/special project support, and debt service costs. The remaining balance will be contributed by IEUA for its portion of capital costs (50/50 shared with Watermaster), debt service, and pro-rata share of O&M cost (Table 13).

**Table 13: RW Fund Revenue and Other Funding Sources**

\$Millions	Major Funding Sources	Adopted FY 2016/17	Amended FY 2016/17	Change	Description
Recharge Water (RW) Fund	Watermaster GWR O&M	\$0.8	\$0.9	\$0.1	Watermaster reimbursement of groundwater recharge operations & maintenance (GWR O&M) and facilities.

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\$Millions	Major Funding Sources	Adopted FY 2016/17	Amended FY 2016/17	Change	Description
	IEUA Operations Support	1.9	1.7	(0.2)	Operating support for the Agency's pro-rata share for GWR costs and debt service costs.
	Watermaster Debt Service	0.5	0.4	(0.1)	Watermaster reimbursement for its share of the debt service costs, interest rate estimated at 1.5% and 2015/16 interest credit adjustment.
	Watermaster Capital and O&M Projects	4.2	4.1	(0.1)	Capital project cost shared with Watermaster based on Master Cost Sharing Agreement.
	<b>Total</b>	<b>\$7.4</b>	<b>\$7.1</b>	<b>(0.3)</b>	

Total RW fund expenses and other uses of funds for FY 2016/17 remain at \$7.3 million. These include debt service costs for bonds issued in 2002 to finance the Chino Basin Facilities Improvement Project (CBFIP); groundwater recharge (GWR) operations and maintenance (O&M) expenses, and capital projects costs.

FY 2016/17 GWR O&M expense budget as shown in Table 14, includes utilities and general groundwater basin maintenance costs for infiltration restoration and slope repairs on various groundwater basins; amongst them Declez, Ely, Hickory, Banana, and Jurupa basins.

**Table 14: RW Major Expenses & Other Uses of Funds**

\$Millions	Major Uses of Funds	Adopted FY 2016/17	Amended FY 2016/17	Change	Description
<b>Recharge Water (RW) Fund</b>	GWR O&M	1.6	1.8	0.2	O&M, specialty O&M, Watermaster and SBCFCD costs, and IEUA pro-rata share.
	Debt Service	\$1.0	\$0.9	(\$0.1)	Lower projected interest and financial expenses.
	Watermaster CIP	4.7	4.6	(0.1)	See Table 19.
	<b>Total Expenses</b>	<b>\$7.3</b>	<b>\$7.3</b>	<b>\$0.0</b>	

**Table 15: Recharge Program Capital Projects**

\$Millions	Capital Projects	Adopted FY 2016/17	Amended FY 2016/17
Recharge Water (RW) Fund	RW15003 Recharge Master Plan Update	\$3.1	\$3.1
	RW15004 Lower Day RMPU	1.2	1.2
	EN16052 Ely Basin Turnout Remote Control Upgrade	0.4	
	RW15002 Upper Santa Ana River HCF	0.1	0.3
	<b>Total Capital Projects</b>	<b>\$4.7</b>	<b>\$4.6</b>

In 2014, CBWM and IEUA entered into the Master Cost Sharing Agreement Regarding the Management of the Collaborative Recharge Projects. 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.

FY 2016/17 RMPU projects total \$6.9 million. Contribution, or cost share, of RMPU capital project from CBWM and the Agency are included in the Recycled Water (WC) and Recharge Water (RW) fund budgets. The combined RMPU total project costs of \$41.5 million consists of \$35.8 million share from CBWM and \$5.7 million from the Agency. The Agency will seek grant and SRF loan funding for the planning, design, and construction of the RMPU projects.

**Summary of Capital Projection and Cost Share between IEUA and CBWM**

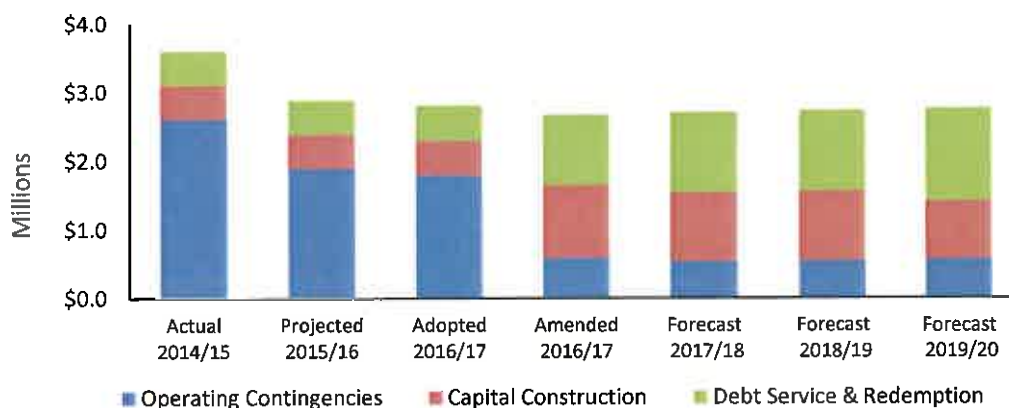
Project Name	Project Number	Proposed RMPU Budget	CBWM Share	IEUA Share	Current Total Project Budget	FY 2016/17
GWR/RW SCADA Upgrades	EN14047	\$ 892,000	\$ 446,000	\$ 446,000	\$ 892,000	\$ 455,263
HCP	RW15002	\$ 160,000	\$ 80,000	\$ 80,000	\$ 160,000	\$ 44,452
San Sevaine Improvements	EN13001	\$ 6,460,000	\$ 3,230,000	\$ 3,230,000	\$ 6,460,000	\$ 3,250,000
2013 RMPU Design	RW15003	\$ 3,825,500	\$ 3,575,250	\$ 250,250	\$ 3,825,500	\$ 2,000,000
Lower Day Improvements	RW15004	\$ 2,480,000	\$ 2,480,000	\$ -	\$ 2,480,000	\$ 1,118,014
2013 RMPU Construction	EN18007	\$ 24,244,500	\$ 24,244,500	\$ -	\$ 24,244,500	-
Victoria Basin Construction	WR15020	\$ 130,000	\$ 65,000	\$ 65,000	\$ 130,000	-
RP-3 Construction	WR15019	\$ 3,300,000	\$ 1,650,000	\$ 1,650,000	\$ 3,300,000	-
		<b>\$ 41,492,000</b>	<b>\$ 35,770,750</b>	<b>\$ 5,721,250</b>	<b>\$ 41,492,000</b>	<b>\$ 6,867,729</b>

The estimated ending fund balances for the amended FY 2016/17 budget is projected to be approximately \$2.7 million, compared to the adopted budget's ending balance of \$2.8 million. The operating contingency reserve is adjusted to reflect 4 months of O&M expenses consistent with



the Agency's Reserve Policy. The ending balance in ensuring fiscal years is projected to average about \$2.8 million (Figure 4).

**Figure 4: RW Fund Reserve Balance by Type**



### Property Tax Allocation by Fund

Total property tax receipts are projected to increase from \$42.4 million, in the FY 16/17 adopted budget to \$44.7 million. The increase of 6 percent is based on higher than projected year to date receipts. Table 16 provides a summary of property tax allocations by fund.

**Table 16: FY 2016/17 Property Tax Allocation by Fund (\$Millions)**

Fund	Allocation %	2016/17 Adopted	Allocation %	2016/17 Amended
RC Fund	65%	\$27.6	65%	\$29.1
RO Fund	22%	9.3	21.3%	9.5
WC Fund	5%	2.1	4.9%	2.2
GG Fund	4%	1.9	4.4%	2.0
WW Fund	4%	1.5	4.4%	1.9
Total	100%	\$42.4	100%	\$44.7

Consistent with past practice, the annual allocation of total property taxes to the RC fund will continue at 65 percent, including related growth. The 65 percent relates to the portion of Improvement District "C" (IDC) taxes collected prior to the adoption of Proposition 13 in 1978.

Property taxes were first allocated to the WW fund in FY 2014/15 from the Administrative Service (GG) fund to support regional water resource initiatives not supported by the proposed water rates, such as Santa Ana River Conservation and Conjunctive Use Program (SARCCUP), Integrated Resources Plan (IRP) Phase II drought resiliency projects, and supplemental water purchases and storage. In order to adequately finance these regional investments without impacting program rates, beginning in FY 2017/18 all future growth in property tax receipts allocated to the RO, WC and GG funds will be re-allocated to the WW fund. Going forward, property tax receipts for the

RO, WC and GG fund will be “fixed” at the FY 2016/17 amended amount as reported in Table 1.

### Conclusion

No changes are proposed for the adopted rates through FY 2019/20 for the Regional Wastewater and Recycled Water Programs. The proposed amendments to the FY 2016/17 Regional Wastewater (RC and RO funds), Recycled Water, and the Recharge Water fund combined total revenues and other funding sources of \$10 million is primarily driven by the reduction in the projected number of new wastewater connections (Table 17).

**Table 17: Proposed Amendments to Total Revenues and Other Funding Sources  
 For RC, RO, WC and RW Funds**

Major Funding Sources (\$Millions)	Adopted FY 2016/17	Amended FY 2016/17	Change	Key Assumptions
Connection Fees	\$30.6	\$20.1	(\$10.5)	New wastewater connections reduced from 4,580 to 3,000 based on updated member agency forecast.
Grants and Loans	29.3	26.7	(2.6)	Delay of SRF loans and grants related to WC fund capital projects.
Other Revenues	11.5	11.4	(0.1)	Includes IERCA and other contract cost reimbursements.
Property Taxes	39.0	40.8	1.8	An additional 3% increase based on FY 2015/16 YTD receipts.
User Charges	55.0	56.4	1.4	Increase in the projected number of volumetric EDUs based on YTD billings.
Recycled Water Sales	17.8	17.8	0	No change in projected deliveries; direct 24,200 Acre Feet (AF) and recharge 12,900 AF.
<b>Total Revenues &amp; Other Funding Sources</b>	<b>\$183.2</b>	<b>\$173.2</b>	<b>(\$10.0)</b>	

The combined amendment to total expenses and other uses of funds for the RC, RO, WC and RW funds is summarized in Table 18 below. As indicated, the increase of \$17.2 million is primarily driven by higher CIP costs and related support costs, as well as a reduction in the employment vacancy factor to support the Agency’s succession planning.

**Table 18: Proposed Amendments to Total Expenses and Other Uses of Funds**

**for RC, RO, WC and RW Funds**

<b>Major Uses of Funds (\$Millions)</b>	<b>Adopted FY 2016/17</b>	<b>Amended FY 2016/17</b>	<b>Change</b>	<b>Key Assumptions</b>
Operating Expenses	\$80.7	\$90.3	\$9.6	Increase in program costs to support higher CIP and O&M (special) project costs and reduced vacancy factor.
Capital Improvement Plan (CIP)	50.5	55.8	5.3	Major projects for FY 2016/17 include New Water Quality Laboratory, RMPU projects, RP-5 Solids Treatment Facility, and RP-5 Expansion account for the \$5.3M change. The Ten Year Capital Improvement Plan totals for these funds are \$664.8 million.
Inter-fund Transfers	1.3	3.2	1.9	Transfers to support higher CIP costs.
Debt Service	24.1	24.5	0.4	Deferral of WC inter fund loan repayment, offset by \$3.2 million inter-fund loan from RO fund to WW fund.
<b>Total Expenses &amp; Uses of Funds</b>	<b>\$156.6</b>	<b>\$173.8</b>	<b>\$17.2</b>	

**Inter Fund Loans**

A summary of outstanding inter-fund loans projected at the end of FY 2016/17 is provided in Table 19. Repayment of the inter-fund loans due from the WC fund have been deferred to FY 2019/20 through FY 2025/26. The Water Resources (WW) fund repayment of the \$3.2 million is projected to begin in FY 2024/25. On May 11, 2016, the water member agencies submitted a formal request to the Agency's Board to forgive the \$4.3 million inter-fund loan due to the Administrative Services (GG) fund by the WW fund.

**Table 19: Schedule of Outstanding Inter-Fund Loans as of June 30, 2017**

Inter Fund Loans Issued	From	To	Loan Amount (\$Millions)
FY 2007/08	Non-Reclaimable Wastewater (NRW) Fund	Recycled Water (WC) Fund	\$9
FY 2007/08	Regional Wastewater Capital (RC) Fund		3
FY 2009/10	Non-Reclaimable Wastewater (NRW) Fund		6
FY 2014/15	Regional Wastewater Capital Improvement (RC) Fund		10.5
FY 2014/15	Administrative Services (GG) Fund	Water (WW) Fund	4.3*
FY 2016/17	Regional Capital O&M (RO) Fund		3.2
	<b>Total</b>		<b>\$36</b>

**Attachments:**

Appendix A: Summary of Major Changes in Fund Budgets

Appendix B: The Sources and Uses of Fund reports for the Regional Wastewater Capital and Operations funds, Recycled Water, and Recharge Water programs

Appendix C: Major Projects in FY 2016/17

Appendix D: Inter-fund Loan and Repayment Schedule



**Appendix A: Summary of Major Changes in Fund Budgets**

**(\$ in Millions)**

		<b>Adopted FY 2016/17</b>	<b>Amended FY 2016/17</b>	<b>Proposed Amendments</b>
<b>RC Fund</b>	Total Revenue & Funding Sources	\$55.3	\$49.2	(\$6.1)
	Total Expense & Uses of Funds	41.8	51.5	9.7
	Net Increase (Decrease)	13.5	(2.3)	(15.7)
	Beginning Fund Balance	53.3	69.8	16.5
	<b>Ending Fund Balance</b>	<b>\$66.8</b>	<b>\$67.5</b>	<b>\$0.8</b>
<b>RO Fund</b>	Total Revenue & Funding Sources	\$84.2	\$86.8	\$2.6
	Total Expense & Uses of Funds	80.1	89.2	9.1
	Net Increase (Decrease)	4.1	(2.4)	(6.5)
	Beginning Fund Balance	31.9	47.6	15.7
	<b>Ending Fund Balance</b>	<b>\$36.0</b>	<b>\$45.2</b>	<b>\$9.2</b>
<b>WC Fund</b>	Total Revenue & Funding Sources	\$44.9	\$38.2	(\$6.8)
	Total Expense & Uses of Funds	40.4	34.0	(6.5)
	Net Increase (Decrease)	4.5	4.2	(0.3)
	Beginning Fund Balance	14.4	11.7	(2.7)
	<b>Ending Fund Balance</b>	<b>\$18.9</b>	<b>\$15.9</b>	<b>(\$3.0)</b>
<b>RW Fund</b>	Total Revenue & Funding Sources	\$7.4	\$7.1	(\$0.3)
	Total Expense & Uses of Funds	7.3	7.3	0.0
	Net Increase (Decrease)	0.1	(0.2)	(0.3)
	Beginning Fund Balance	2.7	2.9	0.1
	<b>Ending Fund Balance</b>	<b>\$2.8</b>	<b>\$2.7</b>	<b>(\$0.1)</b>

**Appendix B**  
**INLAND EMPIRE UTILITIES AGENCY**  
**FISCAL YEAR 2016/17 BUDGET UPDATE**  
**RC FUND - SOURCES AND USES OF FUNDS (In Thousands)**

	2014/15	2015/2016	2015/2016	2016/2017	2016/2017
	ACTUAL	AMENDED BUDGET	PROJECTED ACTUAL	ADOPTED BUDGET	AMENDED BUDGET
<b>REVENUES</b>					
Contract Cost reimbursement	\$12	\$0	\$0	\$0	\$0
Interest Revenue	94	365	128	545	135
<b>TOTAL REVENUES</b>	<b>\$105</b>	<b>\$365</b>	<b>\$128</b>	<b>\$545</b>	<b>\$135</b>
<b>OTHER FINANCING SOURCES</b>					
Property Tax - Debt and Capital	\$26,414	\$26,752	\$28,212	\$27,554	\$29,058
Regional System Connection Fees	15,074	22,647	22,647	26,161	17,136
State Loans	0	2,888	0	0	2,888
Grants	50	0	0	0	0
Other Revenues	0	6	1	6	6
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>\$41,538</b>	<b>\$52,292</b>	<b>\$50,860</b>	<b>\$53,721</b>	<b>\$49,088</b>
<b>EXPENSES</b>					
Employment Expenses	\$3,230	\$3,535	\$3,437	\$3,171	\$4,021
Contract Work/Special Projects	1,007	908	307	750	2,950
Operating Fees	233	240	240	247	247
Professional Fees and Services	312	321	345	299	399
Other Expenses	1,457	1,605	1,310	1,790	1,899
<b>TOTAL EXPENSES</b>	<b>\$6,239</b>	<b>\$6,609</b>	<b>\$5,638</b>	<b>\$6,258</b>	<b>\$9,516</b>
<b>CAPITAL PROGRAM</b>					
IERCA investment	\$0	\$0	\$0	\$500	\$500
Work In Progress	4,318	14,015	9,580	14,845	19,504
<b>TOTAL CAPITAL PROGRAM</b>	<b>\$4,318</b>	<b>\$14,015</b>	<b>\$9,580</b>	<b>\$15,345</b>	<b>\$20,004</b>
<b>DEBT SERVICE</b>					
Financial Expenses	\$207	\$381	\$45	\$248	\$233
Interest	6,204	6,043	5,775	6,125	5,991
Principal	23,083	7,078	7,074	7,279	7,274
Short Term Inter-Fund Loan	10,500	0	0	0	0
<b>TOTAL DEBT SERVICE</b>	<b>\$39,994</b>	<b>\$13,502</b>	<b>\$12,894</b>	<b>\$13,652</b>	<b>\$13,499</b>
<b>TRANSFERS IN (OUT)</b>					
Capital Contribution	\$207	(\$1,608)	(\$1,520)	\$1,014	(\$1,943)
Debt Service	6,204	(1,925)	(1,925)	(1,964)	(1,937)
Operation support	23,083	(6,000)	0	0	0
Capital - Connection Fees Allocation	10,500	(4,318)	(4,780)	(4,600)	(4,600)
<b>TOTAL INTERFUND TRANSFERS IN (OUT)</b>	<b>39,994</b>	<b>(13,852)</b>	<b>(8,224)</b>	<b>(5,550)</b>	<b>(8,480)</b>
<b>FUND BALANCE</b>					
Net Income (Loss)	(\$10,282)	\$4,680	\$14,652	\$13,461	(\$2,276)
Beginning Fund Balance July 01	65,455	55,174	55,174	53,321	69,825
<b>ENDING FUND BALANCE AT JUNE 30</b>	<b>\$55,174</b>	<b>\$59,853</b>	<b>\$69,825</b>	<b>\$66,782</b>	<b>\$67,549</b>
<b>RESERVE BALANCE SUMMARY</b>					
Capital Expansion / Construction	\$32	\$441	\$4,765	\$1,724	\$6,829
CCRA Capital Construction	41,023	43,824	49,472	45,913	45,608
Rehabilitation/Replacement	0	0	0	3,000	0
Debt Service & Redemption	14,119	15,588	15,588	16,144	12,112
Sinking Fund	0	0	0	0	3,000
<b>ENDING BALANCE AT JUNE 30</b>	<b>\$55,174</b>	<b>\$59,853</b>	<b>\$69,825</b>	<b>\$66,782</b>	<b>\$67,549</b>

**INLAND EMPIRE UTILITIES AGENCY  
 FISCAL YEAR 2016/17 BUDGET UPDATE  
 RO FUND - SOURCES AND USES OF FUNDS (In Thousands)**

	2014/2015 ACTUAL	2015/16 AMENDED BUDGET	2015/16 PROJECTED ACTUAL	2016/17 ADOPTED BUDGET	2016/17 AMENDED BUDGET
<b>REVENUES</b>					
User Charges	\$46,965	\$49,696	\$50,921	\$55,023	\$56,381
Cost Reimbursement JPA	3,423	3,350	3,240	3,526	3,526
Contract Cost Reimbursement	123	531	531	93	93
Interest Revenue	195	154	154	150	182
<b>TOTAL REVENUES</b>	<b>\$50,708</b>	<b>\$53,731</b>	<b>\$54,846</b>	<b>\$58,792</b>	<b>\$60,182</b>
<b>OTHER FINANCING SOURCES</b>					
Property Tax Revenues	\$9,140	\$9,054	\$9,549	\$9,326	\$9,549
State Loans	0	948	0	7,657	7,657
Grants	332	3,525	525	3,525	3,525
Other Revenues	763	738	738	757	757
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>\$10,235</b>	<b>\$14,265</b>	<b>\$10,812</b>	<b>\$21,264</b>	<b>\$21,487</b>
<b>EXPENSES</b>					
Employment Expenses	\$24,338	\$27,887	\$26,973	\$29,348	\$29,552
Contract Work/Special Projects	1,053	12,065	3,354	4,110	7,640
Utilities	6,398	7,331	6,595	7,687	7,690
Operating Fees	1,819	2,283	1,847	2,339	2,347
Chemicals	4,092	4,471	4,328	4,349	4,499
Professional Fees and Services	2,979	3,640	2,922	2,721	2,812
Office and Administrative expenses	20	406	206	406	406
Biosolids Recycling	3,755	4,233	4,223	4,188	4,354
Materials & Supplies	1,621	2,096	2,113	2,020	2,028
Other Expenses	741	5,652	4,623	4,857	5,149
<b>TOTAL EXPENSES</b>	<b>\$46,815</b>	<b>\$70,064</b>	<b>\$57,183</b>	<b>\$62,025</b>	<b>\$66,478</b>
<b>CAPITAL PROGRAM</b>					
Capital Construction & Expansion (WIP)	9,336	\$12,588	\$8,899	\$11,794	\$19,281
<b>TOTAL CAPITAL PROGRAM</b>	<b>\$9,336</b>	<b>\$12,588</b>	<b>\$8,899</b>	<b>\$11,794</b>	<b>\$19,281</b>
<b>DEBT SERVICE</b>					
Financial Expenses	(\$5)	\$2	\$0	\$2	\$0
Interest	159	214	214	214	214
Short Term Inter-Fund Loan	0	0	0	0	3,200
<b>TOTAL DEBT SERVICE</b>	<b>\$154</b>	<b>\$216</b>	<b>\$214</b>	<b>\$216</b>	<b>\$3,415</b>
<b>TRANSFERS IN (OUT)</b>					
Capital Contribution	\$1,274	\$82	\$1,727	(\$1,545)	\$1,025
Operation support	0	6,000	0	0	0
Capital - Connection Fees Allocation	0	3,440	4,249	4,111	4,111
<b>TOTAL INTERFUND TRANSFERS IN (OUT)</b>	<b>\$1,274</b>	<b>\$9,522</b>	<b>\$5,976</b>	<b>\$2,566</b>	<b>\$5,136</b>
<b>FUND BALANCE</b>					
Net Income (Loss)	\$5,909	(\$5,350)	\$5,337	\$8,589	(\$2,368)
Beginning Fund Balance July 01	\$36,306	\$42,215	\$42,215	\$32,053	\$47,553
<b>ENDING FUND BALANCE AT JUNE 30</b>	<b>\$42,215</b>	<b>\$36,865</b>	<b>\$47,553</b>	<b>\$40,642</b>	<b>\$45,185</b>
<b>RESERVE BALANCE SUMMARY</b>					
Capital / Operation Contingencies	\$15,605	\$19,238	\$17,628	\$18,500	\$19,984
Rehabilitation/Replacement	26,395	17,412	29,710	20,830	8,857
Debt Service & Redemption	216	216	216	1,312	1,312
Sinking Fund	0	0	0	0	15,032
<b>ENDING BALANCE AT JUNE 30</b>	<b>\$42,215</b>	<b>\$36,865</b>	<b>\$47,553</b>	<b>\$40,642</b>	<b>\$45,185</b>

Regional Wastewater and Recycled Water Programs Amended Budget for FY 2016/17

May 26/June 2, 2016

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INLAND EMPIRE UTILITIES AGENCY  
FISCAL YEAR 2016/17 BUDGET UPDATE  
WC FUND - SOURCES AND USES OF FUNDS (In Thousands)

	2014/2015 ACTUAL	2015/2016 AMENDED BUDGET	2015/2016 PROJECTED ACTUAL	2016/2017 ADOPTED BUDGET	2016/2017 AMENDED BUDGET
<b>REVENUES</b>					
Contract Cost reimbursement	\$480	\$5	\$0	\$0	\$0
Interest Revenue	0	192	77	216	85
Water Sales	12,047	14,022	14,022	17,814	17,814
<b>TOTAL REVENUES</b>	<b>\$12,527</b>	<b>\$14,219</b>	<b>\$14,098</b>	<b>\$18,030</b>	<b>\$17,899</b>
<b>OTHER FINANCING SOURCES</b>					
Property Tax - Debt/Capital	\$2,063.83	\$2,057.83	\$2,170	\$2,119.57	\$2,170.10
Connection Fees	0	683	417	4,475	2,932
State Loans	22,714	11,367	5,002	15,985	6,749
Grants	4,901	4,417	4,161	2,125	5,815
Capital Contract Reimbursement	110	1,444	138	718	1,136
Other Revenues	32	0	0	0	0
Loan Transfer from Internal Fund	10,500	0	0	0	0
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>\$40,321</b>	<b>\$19,969</b>	<b>\$11,889</b>	<b>\$25,422</b>	<b>\$18,802</b>
<b>EXPENSES</b>					
Employment Expenses	\$4,080	\$3,300	\$3,462	\$3,419	\$3,653
Contract Work/Special Projects	343	2,332	1,178	2,225	3,289
Utilities	2,033	2,877	2,231	3,010	3,026
Operating Fees	159	216	215	152	352
Professional Fees and Services	737	704	692	654	683
Materials & Supplies	114	183	168	169	159
Other Expenses	197	1,356	1,119	1,283	1,357
<b>TOTAL EXPENSES</b>	<b>\$7,662</b>	<b>\$10,968</b>	<b>\$9,065</b>	<b>\$10,911</b>	<b>\$12,519</b>
<b>CAPITAL PROGRAM</b>					
Work in Progress	\$35,295	\$19,898	\$9,949	\$18,630	\$11,899
<b>TOTAL CAPITAL PROGRAM</b>	<b>\$35,295</b>	<b>\$19,898</b>	<b>\$9,949</b>	<b>\$18,630</b>	<b>\$11,899</b>
<b>DEBT SERVICE</b>					
Financial Expenses	(\$31)	\$2	(\$36)	\$2	\$1
Interest	2,773	2,816	2,816	2,822	2,803
Principal	2,815	3,412	3,962	4,433	3,919
Short Term Inter-Fund Loan	0	0	0	2,000	0
<b>TOTAL DEBT SERVICE</b>	<b>\$5,557</b>	<b>\$6,230</b>	<b>\$6,742</b>	<b>\$9,257</b>	<b>\$6,722</b>
<b>TRANSFERS IN (OUT)</b>					
Capital Contribution	(\$1,649)	(\$370)	(\$2,034)	(\$459)	(\$1,941)
Debt Service	0	1,465	1,465	1,465	1,465
Operation support	(400,000)	(465,893)	(466)	(791)	(506)
One Water	0	(130)	(130)	(378)	(378)
<b>TOTAL INTERFUND TRANSFERS IN (OUT)</b>	<b>(\$401,649)</b>	<b>(\$464,928)</b>	<b>(\$1,165)</b>	<b>(\$164)</b>	<b>(\$1,381)</b>
<b>FUND BALANCE</b>					
Net Income (Loss)	(\$397,315)	(\$467,836)	(\$934)	\$4,490	\$4,199
Beginning Fund Balance July 01	10,351	12,636	12,636	14,391	11,702
<b>ENDING BALANCE AT JUNE 30</b>	<b>(\$386,964)</b>	<b>(\$455,200)</b>	<b>\$11,702</b>	<b>\$18,881</b>	<b>\$15,901</b>
<b>RESERVE BALANCE SUMMARY</b>					
Operating Contingencies	\$2,554	\$3,656	\$3,022	\$3,637	\$4,173
Capital Expansion & Replacement	5,217	813	2,923	2,751	2,538
Rehabilitation/Replacement Reserve	100	500	500	3,000	3,000
Debt Service & Redemption	4,765	5,258	5,258	9,493	6,190
<b>ENDING BALANCE AT JUNE 30</b>	<b>\$12,636</b>	<b>\$10,227</b>	<b>\$11,702</b>	<b>\$18,881</b>	<b>\$15,901</b>

**INLAND EMPIRE UTILITIES AGENCY  
 FISCAL YEAR 2016/17 BUDGET UPDATE  
 RW FUND - SOURCES AND USES OF FUNDS (In Thousands)**

	2014/2015 ACTUAL	2015/16 AMENDED BUDGET	2015/16 PROJECTED ACTUAL	2016/17 PROPOSED BUDGET	2016/17 AMENDED BUDGET
<b>REVENUES</b>					
User Charges					
Property Tax - O&M					
Cost Reimbursement from JPA	\$595	\$742	\$486	\$773	\$915
Contract Cost reimbursement	0	50	0	0	60
Interest Revenue	13	10	10	10	10
<b>TOTAL REVENUES</b>	<b>\$608</b>	<b>\$802</b>	<b>\$496</b>	<b>\$783</b>	<b>\$985</b>
<b>OTHER FINANCING SOURCES</b>					
Capital Contract Reimbursement	\$604	\$1,487	\$1,506	\$4,701	\$4,539
Other Revenues	23	0	34	0	0
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>\$697</b>	<b>\$1,487</b>	<b>\$1,540</b>	<b>\$4,781</b>	<b>\$4,599</b>
<b>EXPENSES</b>					
Employment Expenses	\$398	\$650	\$628	\$684	\$679
Contract Work/Special Projects	0	140	0	0	120
Utilities	112	122	122	122	104
Operating Fees	4	7	7	5	7
Professional Fees and Services	183	647	643	593	687
Office and Administrative expenses	8	16	16	16	16
Expense Allocation	0	76	62	61	65
Materials & Supplies	67	86	86	83	86
<b>TOTAL EXPENSES</b>	<b>\$772</b>	<b>\$1,742</b>	<b>\$1,563</b>	<b>\$1,564</b>	<b>\$1,762</b>
<b>CAPITAL PROGRAM</b>					
CSDLAC 4Rs	\$0	\$0	\$0	\$0	\$0
Capital Expansion/Construction	\$758	\$1,816	\$1,521	\$4,735	\$4,620
<b>TOTAL CAPITAL PROGRAM</b>	<b>\$758</b>	<b>\$1,816</b>	<b>\$1,521</b>	<b>\$4,735</b>	<b>\$4,620</b>
<b>DEBT SERVICE</b>					
Financial Expenses	\$86	\$145	\$212	\$78	\$92
Interest	7	143	30	273	205
Principal	607	632	632	647	647
<b>TOTAL DEBT SERVICE</b>	<b>\$700</b>	<b>\$920</b>	<b>\$874</b>	<b>\$999</b>	<b>\$945</b>
<b>TRANSFERS IN (OUT)</b>					
Capital Contribution	\$338	\$315	\$251	\$440	\$457
Debt Service	350	460	460	499	472
Operation support	400	466	466	791	506
Property Tax Transfer	0	62	62	96	96
<b>TOTAL INTERFUND TRANSFERS IN (OUT)</b>	<b>\$1,088</b>	<b>\$1,302</b>	<b>\$1,239</b>	<b>\$1,826</b>	<b>\$1,531</b>
<b>FUND BALANCE</b>					
Net Income (Loss)	\$162	(\$887)	(\$684)	\$73	(\$211)
Beginning Fund Balance July 01	\$3,413	\$3,575	\$3,575	\$2,743	\$2,890
<b>ENDING FUND BALANCE AT JUNE 30</b>	<b>\$3,575</b>	<b>\$2,687</b>	<b>\$2,890</b>	<b>\$2,816</b>	<b>\$2,679</b>
<b>RESERVE BALANCE SUMMARY</b>					
Operating Contingencies	\$2,614	\$1,688	\$1,891	\$1,798	\$587
Capital Expansion / Construction	500	500	500	500	1,056
Debt Service & Redemption	460	499	499	518	1,036
<b>ENDING BALANCE AT JUNE 30</b>	<b>\$3,575</b>	<b>\$2,687</b>	<b>\$2,890</b>	<b>\$2,816</b>	<b>\$2,679</b>

**Appendix C – FY 2016/17 RC, RO, WC, and RW Major Projects\***

Description	FY 2016/17 Adopted	FY 2016/17 Amended	Total Ten Year Budget
New Water Quality Laboratory-RO	\$7,000,000	\$7,000,000	\$25,000,000
Recharge Master Plan Updates	1,175,000	4,655,000	8,685,500
San Sevaline Improvements	3,250,000	3,250,000	5,740,000
RP-5 Solids Treatment Facility - RC	4,000,000	3,125,000	125,000,000
Chino Basin Groundwater Supply Wells and Raw Water Pipeline	3,000,000	3,000,000	10,940,000
RP-1 Mixed Liquor Return Pump Improvements	3,000,000	2,850,000	5,700,000
Agency Wide Aeration Panel Replacement	0	2,400,000	9,600,000
RP-5 Expansion PDR	500,000	1,850,000	1,850,000
RP-1 Headworks Primary and Secondary Upgrade	2,700,000	1,500,000	4,925,000
RP-5 Flow Equalization and Effluent Monitoring	1,500,000	1,465,000	2,975,000
RP-1 East Primary Effluent Pipe Rehab	1,400,000	1,400,000	2,000,000
Agency Wide Lighting Improvements	0	1,385,000	1,400,000
RP-5 Expansion to 30 MGD	0	1,250,000	125,000,000
SCADA Enterprise System	1,200,000	1,200,000	11,220,000
Recycled Water Connection to JCSD	2,500,000	1,000,000	15,000,000
RP-4 Disinfection Facility Improvements	1,500,000	1,000,000	2,215,000
RC Planning Documents	1,000,000	1,000,000	2,000,000
Agency Bypass Pumping Project	1,000,000	1,000,000	2,000,000
Napa Lateral	1,000,000	500,000	5,800,000
Major Facilities Repair and Replacements	500,000	400,000	5,800,000
RP-1 Expansion PDR	500,000	350,000	350,000
<b>TOTAL MAJOR PROJECTS</b>	<b>\$36,725,000</b>	<b>\$41,580,000</b>	<b>\$350,700,500</b>

\*FY 2016/17 TYCIP for RC, RO, WC and RW funds is \$664.8 million, and TYCIP for all funds is \$732 million.



**Appendix D – Inter-Fund Loan Re-payment Schedule**

Inter Fund Loans Issued	From	To	Loan Amount (\$Millions)	Repayment Schedule
FY 2007/08	Non-Reclaimable Wastewater (NRW) Fund	Recycled Water	\$9	2019/20-22/23 \$8.0 2023/24 \$1.0 <b>Total \$9.0</b>
FY 2007/08	Regional Wastewater Capital (RC) Fund	Recycled Water	\$3	2022/23 \$1.0 2023/24 \$1.0 2024/25 \$1.0 <b>Total \$3.0</b>
FY 2009/10	Non-Reclaimable Wastewater (NRW) Fund	Recycled Water	\$6	2023/24 \$1.0 2024/25 \$2.0 2025/26 \$3.0 <b>Total \$6.0</b>
FY 2014/15	Regional Wastewater Capital Improvement (RC) Fund	Recycled Water	\$10.5	2022/23 \$1.0 2023/24 \$5.0 2024/25 \$4.5 <b>Total \$10.5</b>
FY 2014/15	Administrative Services (GG) Fund	Water Fund	\$4.3*	\$4.3 TBD
FY 2016/17	Regional Wastewater O&M (RO) Fund	Water Fund	\$3.2	2024/25 \$0.5 2025/26 \$0.5 2026/27 \$0.5 2027/28 \$0.5 2028/29 \$0.5 2029/30 \$0.5 2030/31 \$0.2 <b>Total \$3.2</b>
	<b>Grand Total</b>		<b>\$31.7</b>	<b>\$31.7</b>

\*Subject to IEUA Board approval of request for loan forgiveness



*Inland Empire Utilities Agency*

A MUNICIPAL WATER DISTRICT

# Overview of FY 2016/17 Budget Amendments



**Regional Committees  
May 26/June 2, 2016**





# Proposed Amendments to FY 2016/17 Budget

## Total Revenue and Other Sources of Funds RC, RO, WC and RW:

Major Funding Sources (\$Millions)	Adopted FY 2016/17	Amended FY 2016/17	Change	Key Assumptions
Connection Fees	\$30.6	\$20.1	(\$10.5)	New wastewater connections reduced from 4,580 to 3,000 based on updated member agency forecast.
Grants and Loans	29.3	26.7	(2.6)	Delay of SRF loans and grants related to WC fund capital projects.
Other Revenues	11.5	11.4	(0.1)	Includes IERCA and other contract cost reimbursements.
Property Taxes	39.0	40.8	1.8	An additional 3% increase based on FY 2015/16 YTD receipts.
User Charges	55.0	56.4	1.4	Increase in the projected number of volumetric EDUs based on YTD billings.
Recycled Water Sales	17.8	17.8	0	No change in projected deliveries; direct 24,200 Acre Feet (AF) and recharge 12,900 AF.
<b>Total Revenues &amp; Other Funding Sources</b>	<b>\$133.2</b>	<b>\$173.2</b>	<b>(\$10.0)</b>	

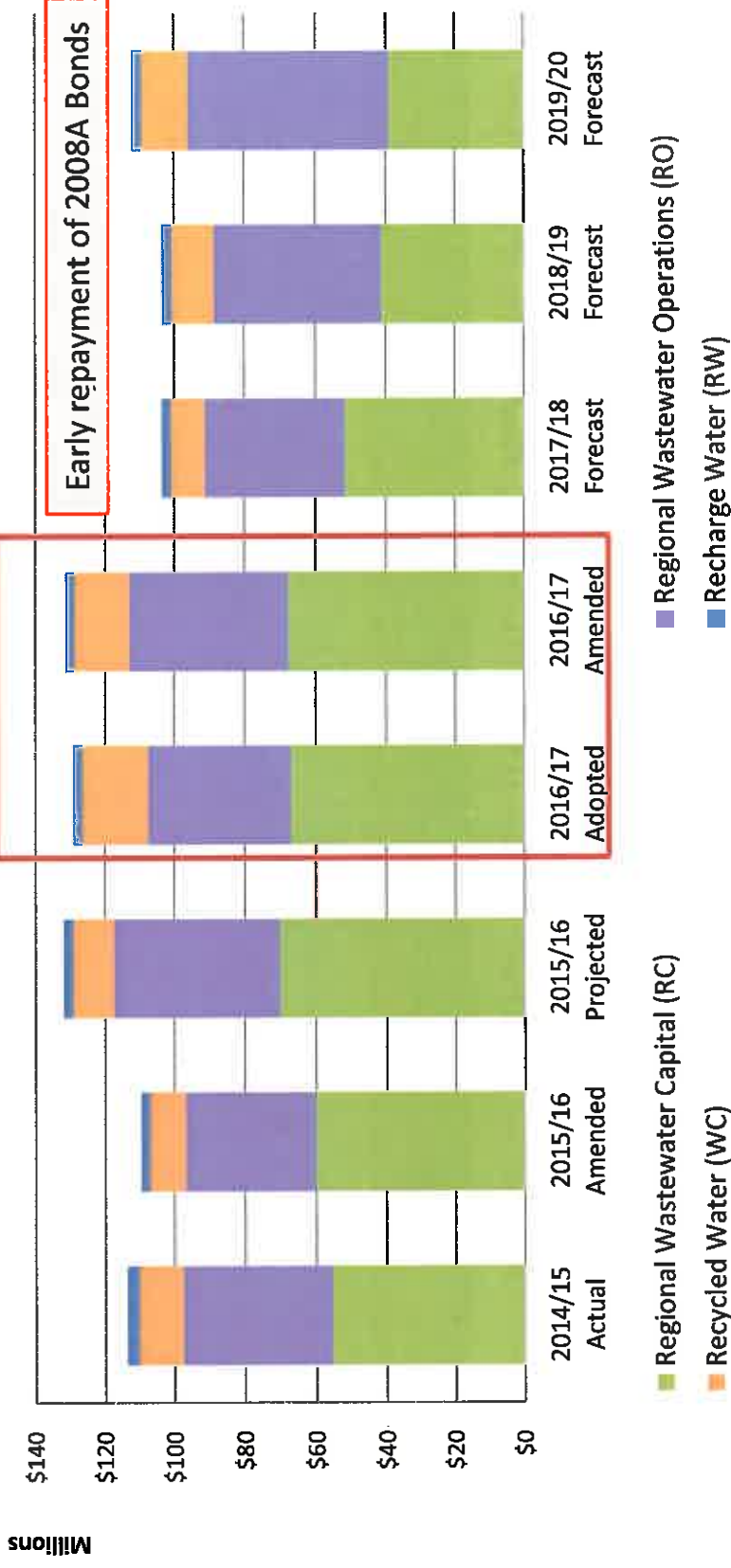
# Proposed Amendments to FY 2016/17 Budget

## Total Expenses and Other Uses of Funds RC, RO, WC and RW:

Major Uses of Funds (\$Millions)	Adopted FY 2016/17	Amended FY 2016/17	Change	Key Assumptions
Operating Expenses	\$80.7	\$90.3	\$9.6	Increase in program costs to support higher CIP and O&M (special) project costs and reduced vacancy factor.
Capital Improvement Plan (CIP)	50.5	55.8	5.3	Major projects for FY 2016/17 include; New Water Quality Laboratory, RMPU projects, RP-5 Solids Treatment Facility, and RP-5 Expansion.
Inter-fund Transfers	1.3	3.2	1.9	Transfers to support higher CIP costs.
Debt Service	24.1	24.5	0.4	Deferral of WC inter fund loan repayment, offset by \$3.2 million inter-fund loan from RO fund to WW fund.
<b>Total Expenses &amp; Uses of Funds</b>	<b>\$156.6</b>	<b>\$173.8</b>	<b>\$17.2</b>	

# Total Estimated Fund Balance - (RC, RO, WC and RW funds

- Projected DCR for FY 2016/17 is 2.6x and averages 2.7 over the next 10 years



# Proposed RMPU Projects

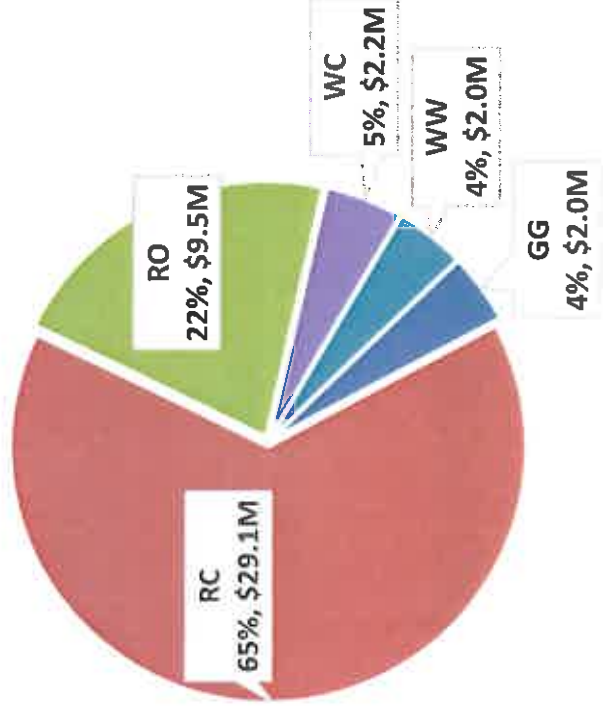
Summary of Capital Projection and Cost Share between IEUA and CBWM

Project Name	Project Number	Proposed RMPU Budget	CBWM Share	IEUA Share	Current Total Project Budget	FY 2016/17
GWR/RW SCADA Upgrades	EN14047	\$ 892,000	\$ 446,000	\$ 446,000	\$ 892,000	\$ 455,263
HCP	RW15002	\$ 160,000	\$ 80,000	\$ 80,000	\$ 160,000	\$ 44,452
San Sevaine Improvements	EN13001	\$ 6,460,000	\$ 3,230,000	\$ 3,230,000	\$ 6,460,000	\$ 3,250,000
2013 RMPU Design	RW15003	\$ 3,825,500	\$ 3,575,250	\$ 250,250	\$ 3,825,500	\$ 2,000,000
Lower Day Improvements	RW15004	\$ 2,480,000	\$ 2,480,000	\$ -	\$ 2,480,000	\$ 1,118,014
2013 RMPU Construction	EN18007	\$ 24,244,500	\$ 24,244,500	\$ -	\$ 24,244,500	-
Victoria Basin Construction	WR15020	\$ 130,000	\$ 65,000	\$ 65,000	\$ 130,000	-
RP-3 Construction	WR15019	\$ 3,300,000	\$ 1,650,000	\$ 1,650,000	\$ 3,300,000	-
		\$ 41,492,000	\$ 35,770,750	\$ 5,721,250	\$ 41,492,000	\$ 6,867,729

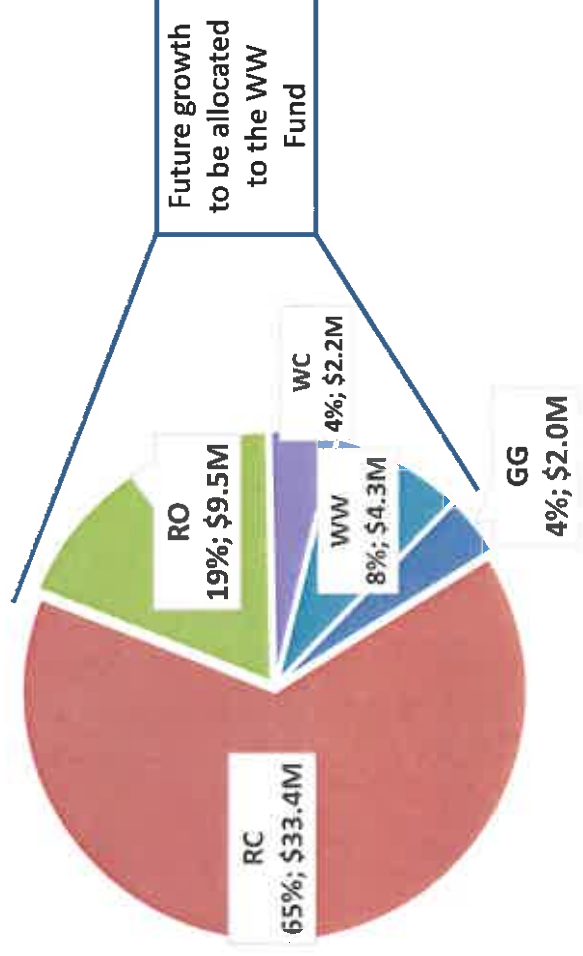
# Continue Investment of Property Taxes

- ❖ No change in the 65% allocated to the RC fund.
- ❖ Future growth for the 35% will be assigned to the Water Fund (WW):
  - ✓ Support regional projects not supported by the proposed rates.

FY 2016/17 Property Tax Allocation  
\$44.7 Million



FY 2022/23 Property Tax Allocation  
\$51.4 Million





# Outstanding Inter-Fund Loans (All Funds)



- ❖ WC Inter-Fund loan re-payment begins FY 2019/20 through FY 2025/26
- ❖ WW Inter-Fund loan re-payment begins FY 2024/25 through FY 2030/31

Inter Fund Loans Issued	From	To	Loan Amount (\$Millions)
FY 2007/08	Non-Reclaimable Wastewater (NRW) Fund		\$9
FY 2007/08	Regional Wastewater Capital (RC) Fund	Recycled	3
FY 2009/10	Non-Reclaimable Wastewater (NRW) Fund	Water (WC) Fund	6
FY 2014/15	Regional Wastewater Capital Improvement (RC) Fund		10.5
FY 2014/15	Administrative Services (GG) Fund	Water (WW) Fund	4.3*
FY 2016/17	Regional Capital O&M (RO) Fund		3.2
	<b>Gr Total</b>		<b>\$36</b>

\* Debt forgiveness request by member agencies is subject to IEUA Board approval.

# Recommendations



- ❖ Provide recommendation to IEUA Board of the proposed amendments to FY 2016/17 budget for the:
  - Regional Wastewater Capital Improvement (RC) fund,
  - Regional Wastewater Operating & Maintenance (RO) fund,
  - Recycled Water (WC) fund, and
  - Recharge Water (RW) fund.

# Questions?




**ACTION  
ITEM  
1D**

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Date: May 26, 2016

To: Regional Technical Committee

From: Inland Empire Utilities Agency 

Subject: Request by the City of Chino Hills for a Regional Connection Point to the Southwest Chino Trunk Sewer (Chino Hills Regional Sewer Connection #CH-10, Project No. CW16003.05)

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### **RECOMMENDATION**

It is recommended that the Regional Technical Committee approve the request by the City of Chino Hills for a new connection point to the Regional System (Chino Hills Regional Sewer Connection #CH-10, Project No. CW16003.05).

### **BACKGROUND**

On April 21, 2016, IEUA received a request from the City of Chino Hills (Attachment "A") for the approval of a connection to the Southwest Chino Trunk Sewer. The purpose of the connection is to discharge sewer flows from a proposed development consisting of 346 residential apartment units and a 326,641 square-foot industrial business park. The connection is required due to grade restraints of a City of Chino Hills sewer located west of Monte Vista Avenue. The connection will be made to the existing 18-inch sewer pipeline, which is located in an easement located within the development south of the Chino Hills Parkway, west of Chino Creek Channel, and east of Monte Vista Avenue/Fairfield Ranch Road (Attachment "B").

### **SUMMARY OF FLOW RATE**

Peak Flow Rate: 0.33 MGD or 0.51 cfs

The 18-inch Southwest Chino Trunk Sewer is designed to deliver a maximum flow rate of 2.77 MGD to the Regional Water Recycling Plant No. 5. The proposed additional flow rate of 0.33 MGD is within the capacity of this sewer.

*City of Chino Hills*

April 21, 2016

Mr. Joe Grindstaff  
Inland Empire Utilities Agency  
6075 Kimball Avenue  
Chino, CA 91710

14000 City Center Drive  
Chino Hills, CA 91709  
(909) 364-2600

[www.chinohills.org](http://www.chinohills.org)

**Subject: City of Chino Hills Sewer Connection Request**

Dear Joe:

On December 2, 2014, the City of Chino Hills Planning Commission approved Tentative Parcel Map 19539 located on the northeast corner of Fairfield Ranch Road and Monte Vista Avenue and consisting of 348 residential apartment units and 326,641 s.f. of industrial business park. The only means of sewer service for this project is an 18-inch trunk sewer which traverses the site and is owned and operated by Inland Empire Utilities Agency. It is my understanding that this sewer line becomes City responsibility as it crosses Monte Vista Avenue, however, due to grade constraints within the project site, it is not feasible for the project to connect within an area of City jurisdiction.

The development is requesting a connection point be allowed immediately adjacent to Chino Creek. The project will generate an average daily flow of 68,530 gpd with a maximum peak flow of 231 gpm. This peak flow is a combination of gravity flow from the apartment units and pumped flow from the business park. Attached is a schematic of the project with the location of the requested connection point, and flow generation calculations provided by the development engineer.

Please contact me if you have any questions or need additional information on this connection request.

Sincerely,



Steven Nix  
City Engineer

SN/ps

Attachments: Flow Calculations  
Schematic Drawing

*City Council*

Art Bennett • Ed M. Graham • Ray Marquez • Cynthia Moran • Peter J. Rogers

**Steve Nix**

---

**From:** Robert Bernie Berndt <[robert.berndt@webbassociates.com](mailto:robert.berndt@webbassociates.com)>  
**Sent:** Tuesday, April 19, 2016 5:54 PM  
**To:** Steve Nix; Christy Clow ([CClow@turnerrei.com](mailto:CClow@turnerrei.com))  
**Cc:** Eysanka Velasco; Nicole Torstvet  
**Subject:** Turner - Fairfield - IEUA Connection Application  
**Attachments:** PM 19539 IEUA SWR EXHIBIT 20160419.pdf

Hi Steve,

I was able to round up the information from the adjacent apartment complex to provide you with the information I believe you're looking for. Total water connection volumes are as follows;

Turner Commercial 105 EDU	11,430 gpd avg. flow	4.0 peak factor	32 gpm peak
flow (120gpm for short time due to pump)			
Apartment (S'y) 80 DU	13,200 gpd avg. flow	2.8 peak factor	26 gpm peak
flow (connected to commercial gravity line)			
Apartment (N'y) 266 DU	43,900 gpd avg. flow	2.8 peak factor	85 gpm peak
flow (separate connection to existing MH)			

I've included an exhibit delineating this information for your reference ... Let me know if you need anything further to make this connection request on our behalf ...

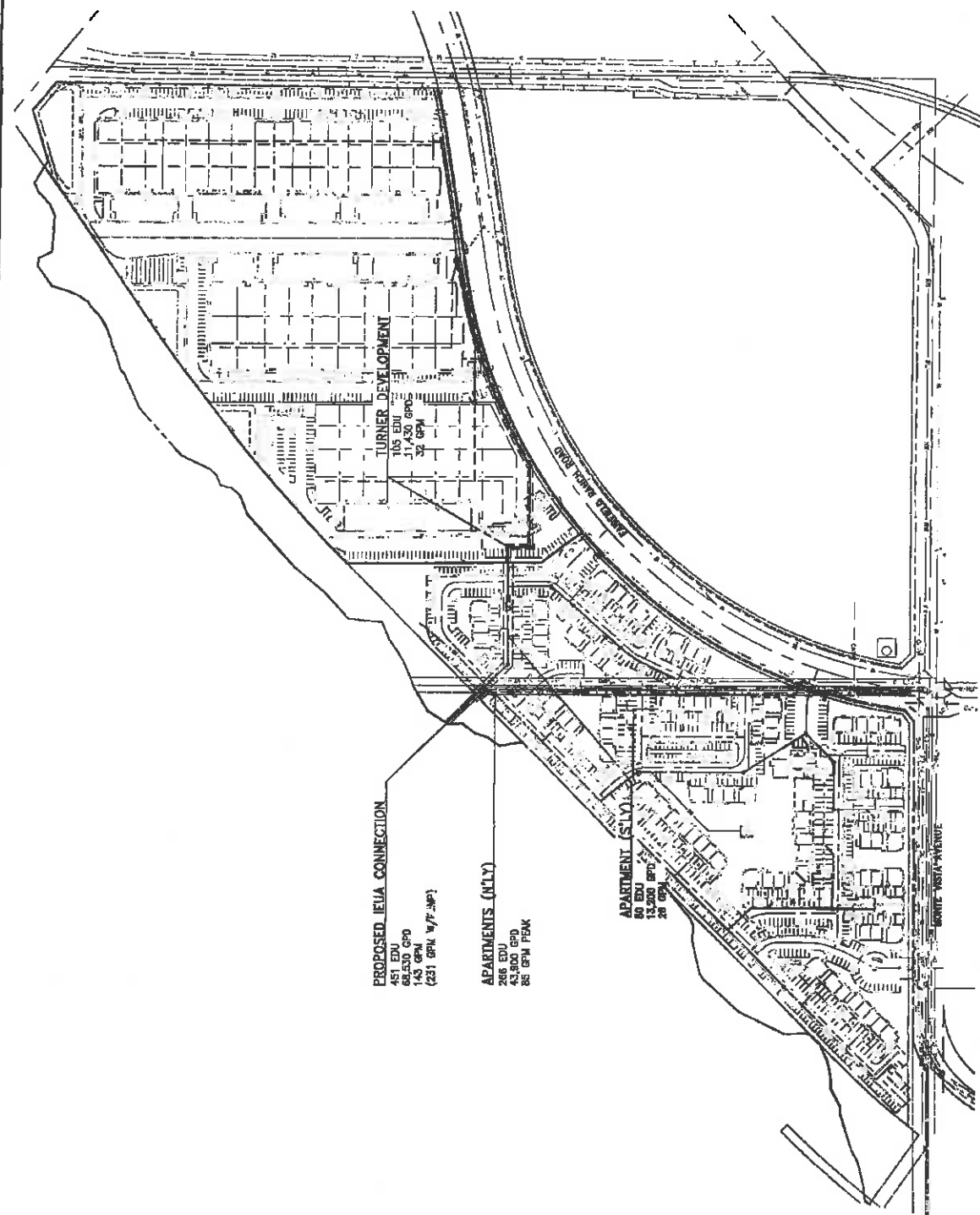
Robert "Bernie" Berndt - Project Manager  
Albert A. Webb Associates  
3788 McCray Street, Riverside, CA 92506  
t: 951.686.1070  
e: [robert.berndt@webbassociates.com](mailto:robert.berndt@webbassociates.com) w: [www.webbassociates.com](http://www.webbassociates.com)  
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ATTACHMENT "B"

CITY OF CHINO HILLS REGIONAL CONNECTION CH-10





**INFORMATION  
ITEM  
2A**

Date: May 26, 2016/June 2, 2016  
To: Regional Committees  
From: Inland Empire Utilities Agency  
Subject: RP-1/RP-5 Expansion PDR

---

### **RECOMMENDATION**

This is an information item for the Regional Committees to review.

### **BACKGROUND**

This item was presented at the IEUA Board of Directors Workshop meeting on May 11, 2016.

Attachments:

The following attachments are found in the below link:

[https://www.dropbox.com/sh/4ielnij1b7kmdym/AACZd6NjAJAvNM3\\_wZ-67MAja?dl=0](https://www.dropbox.com/sh/4ielnij1b7kmdym/AACZd6NjAJAvNM3_wZ-67MAja?dl=0)

1. Decommissioning of CCWRF
2. Elimination of Primary Effluent Flow Equalization Draft TM
3. Onsite Centrate Treatment and Offsite Recycle Flow Discharge Draft TM
4. RP-5 Liquids Treatment Alternative Technology, Secondary Treatment Draft TM
5. Ultimate Expansion of RP-5 Draft TM
6. RP-1 & RP-5 Expansion PDR Board Workshop No. 1 PowerPoint
7. RP-1 & RP-5 Expansion PDR Board Workshop No. 1 Board Letter



**Inland Empire Utilities Agency**  
A MUNICIPAL WATER DISTRICT

---

**Date:** May 11, 2016

**To:** The Honorable Board of Directors

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

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

Shaun J. Stone  
Manager of Engineering

**Subject:** RP-1/RP-5 Expansion Preliminary Design Report (PDR) Workshop

---

### **RECOMMENDATION**

This is an informational item for the Board of Directors.

### **BACKGROUND**

Beginning in June 2013, the Inland Empire Utilities Agency (Agency) started a planning initiative to update the Agency's Wastewater Facilities Master Plan (WFMP). As part of the WFMP, the Agency planned existing facility improvements to accommodate for population growth and optimization of the wastewater collection and wastewater treatment systems, as well as the recycled water system. The WFMP incorporated the wastewater flow projections developed by the Integrated Water Resources Plan (IRP) and operational knowledge of the existing treatment systems to develop a comprehensive facilities and operations plan. According to the WFMP, influent wastewater flows are projected to increase as a result of population growth in the service area. By the year 2060, influent flows at RP-1 are projected to increase as much as 20 percent and more than double at RP-5.

In addition, the United States Army Corps of Engineers (USACE) has begun a project to raise the Prado Dam Spillway, which will result in an increased high water service level behind the dam placing the RP-2 Solids Treatment Facility in a flood plain. Therefore, RP-2 must be decommissioned and a new Solids Treatment Facility must be constructed at RP-5 with sufficient capacity to treat existing and future service area flows.

The RP1/RP-5 Expansion PDR project will develop a consolidated PDR for the RP-1 Liquids & Solids Treatment System Expansion, RP-5 Liquids Treatment System Expansion, and RP-5 Solids Treatment Facility to size of the required treatment capacity expansions at each of the facilities,

determine the schedule for design and construction, and estimate the project costs (design, construction, internal labor, & contingency).

Included as attachments are the first five Technical Memorandums (TMs) for the RP-1 and RP-5 Expansion PDR project. Agency staff conducted the first of five major technical workshops on April 25<sup>th</sup> and April 26<sup>th</sup>, and will be sharing a summary presentation at the Board Workshop on May 11, 2016. This workshop will focus on the RP-5 Secondary Treatment Alternatives and the Decommissioning of Carbon Canyon Water Recycling Facility.

All five TMs from the first staff workshop are being attached for review and include:

- Decommissioning of CCWRF Preliminary TM 5-1-16
- Elimination of RP-1 Primary Effluent Equalization Preliminary TM 5-1-16
- Onsite Centrate Treatment Preliminary TM 5-1-16
- RP-5 Secondary System Alternatives Preliminary TM 5-1-16
- RP-5 Ultimate Expansion Preliminary TM 5-1-16

The RP-1/RP-5 Expansion PDR project is consistent with the IEUA business goal of *Wastewater Management Capacity*, namely that IEUA will maintain capacity within systems and facilities to meet essential service demands and to protect public health and environment.

### **PRIOR BOARD ACTION**

On January 20, 2016, the Board of Directors approved the consulting engineering services contract award for the RP-1/RP-5 Expansion PDR to Parsons Water & Infrastructure Inc. for the not-to-exceed amount of \$2,431,598.

### **IMPACT ON BUDGET**

None.

Attachments:

1. Decommissioning of CCWRF  
<https://dl.dropbox.com/s/r62ad9atwcrdplg/16122%20Attach%201.%20Decommissioning%20of%20CCWRF%20Draft%20TM%204-20-16.pdf?dl=0>
2. Elimination of Primary Effluent Flow Equalization Draft TM  
<https://dl.dropbox.com/s/h3ym26zfei8flx2/16122%20Attach%202.%20Elimination%20of%20Primary%20Effluent%20Flow%20Equalization%20Draft%20TM%204-20-16.pdf?dl=0>
3. Onsite Centrate Treatment and Offsite Recycle Flow Discharge Draft TM  
<https://dl.dropbox.com/s/ujophz87hhd510r/16122%20Attach%203.%20Onsite%20Centrate%20Treatment%20and%20Offsite%20Recycle%20Flow%20Discharge%20Draft%20TM%204-20-16.pdf?dl=0>

4. RP-5 Liquids Treatment Alternative Technology, Secondary Treatment Draft TM  
<https://dl.dropbox.com/s/hlavdo3xr5sikw5/16122%20Attach%204.%20RP-5%20Liquids%20Treatment%20Alternative%20Technology%2C%20Secondary%20Treatment%20Draft%20TM%204-20-16.pdf?dl=0>
5. Ultimate Expansion of RP-5 Draft TM  
<https://dl.dropbox.com/s/p2hao0s1fbz4kpn/16122%20Attach%205.%20Ultimate%20Expansion%20of%20RP-5%20Draft%20TM%204-20-16.pdf?dl=0>
6. RP-1 & RP-5 Expansion PDR Board Workshop No. 1  
<https://dl.dropbox.com/s/gowmfi72iuoceay/16122%20Attach%206.%20RP-1%20%26%20RP-5%20Expansion%20PDR%20Board%20Workshop%20No.%201.pptx?dl=0>

PJG:CB:SS:jm

# RP-1 & RP-5 Expansion PDR Board Workshop No. 1

May 11th, 2016



Jason Marselles, P.E.,  
Senior Engineer

Shaun Stone, P.E.,  
Manager of Engineering



# Board Workshop No. 1 Objective

## Facility Capacities & Expansion Sizing

- Secondary Treatment Alternatives: Conventional Activated Sludge (CAS) versus Membrane Bio-Reactor (MBR)
- Expansion Phasing: RP-1, CCWRF, RP-5
- Impacts to Cost and Budget



# Technical Memoranda Relating to Facility Capacities & Expansion Sizing



Facility Flows & Expansion Phasing



Decommissioning of CCWRF

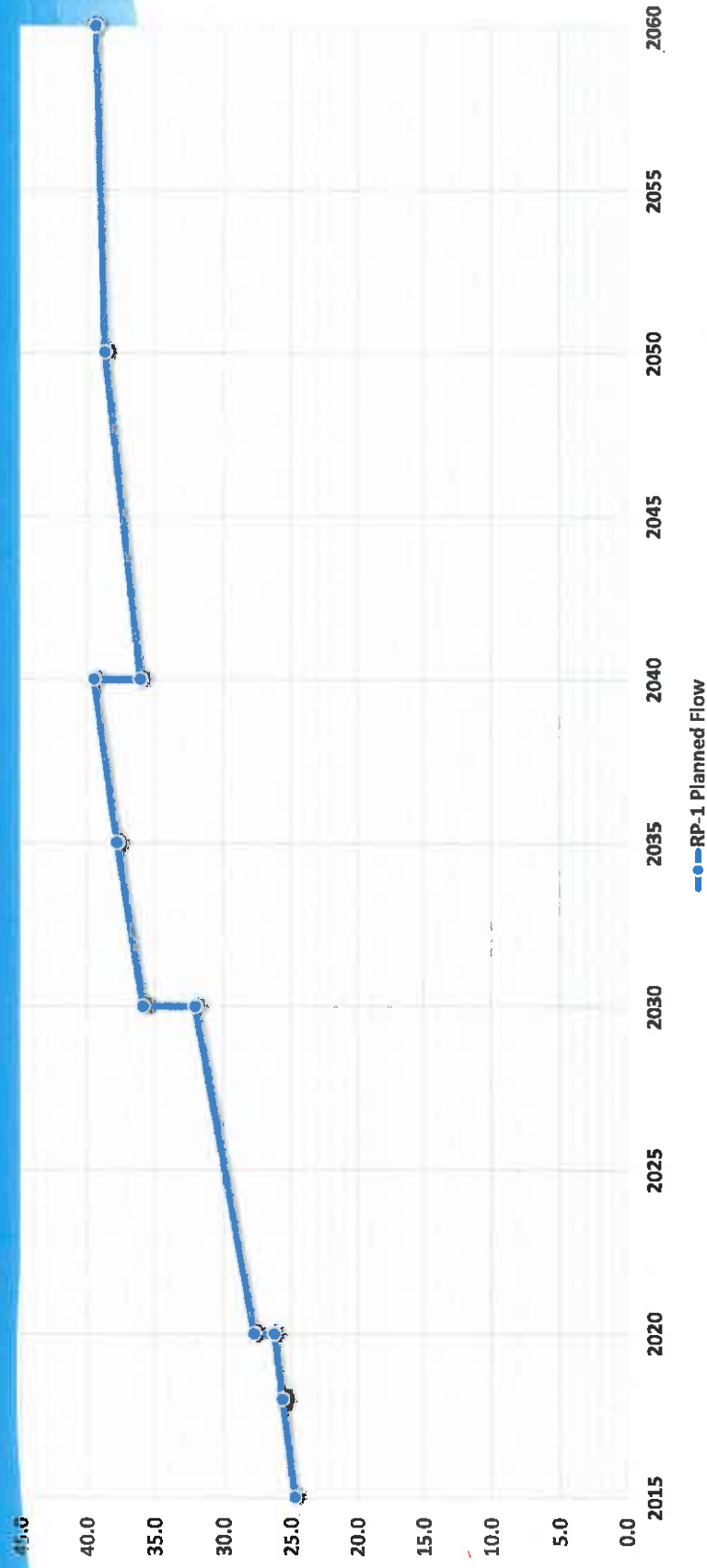


RP-5 Secondary Treatment System  
Alternatives

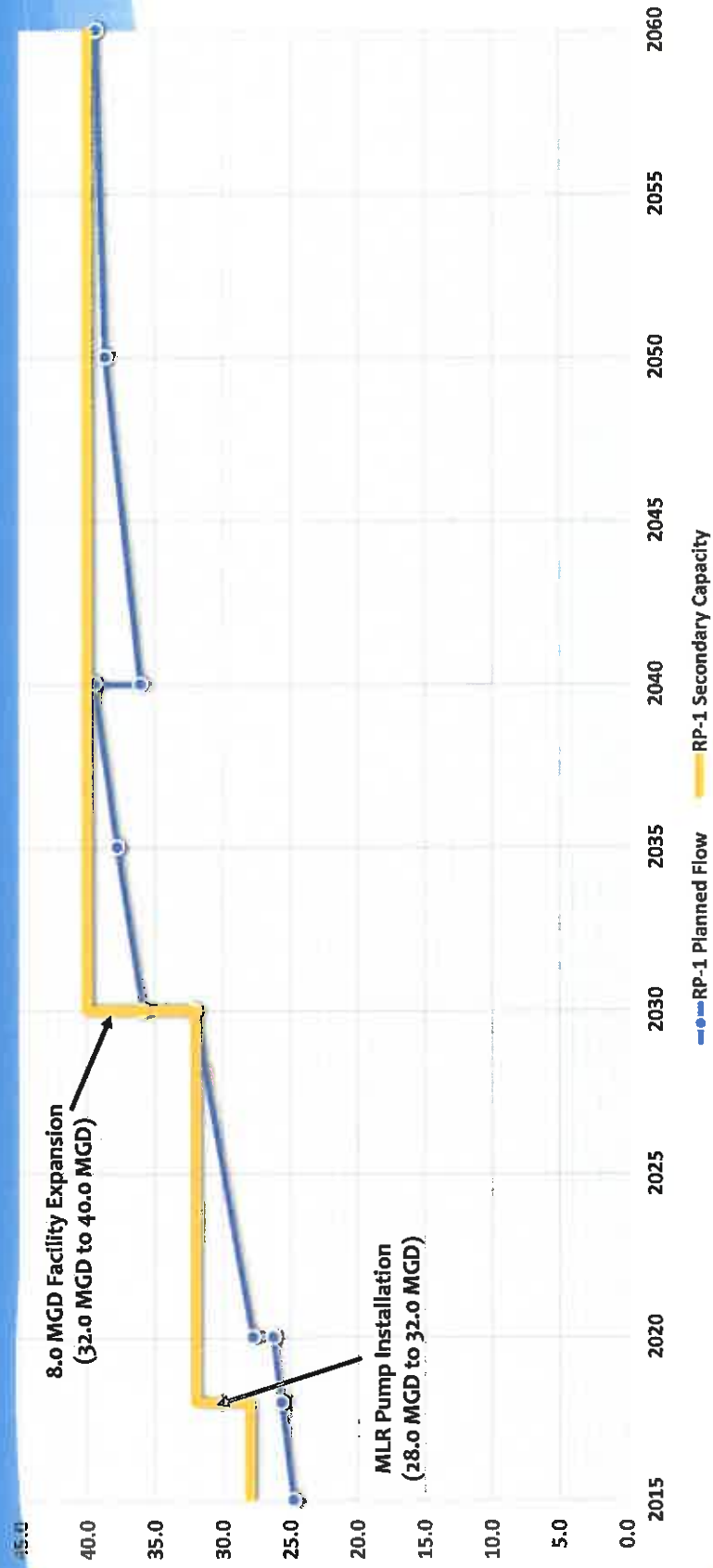
# FACILITY FLOWS AND EXPANSION PHASING



# RP-1 Influent Flows & Treatment Capacity

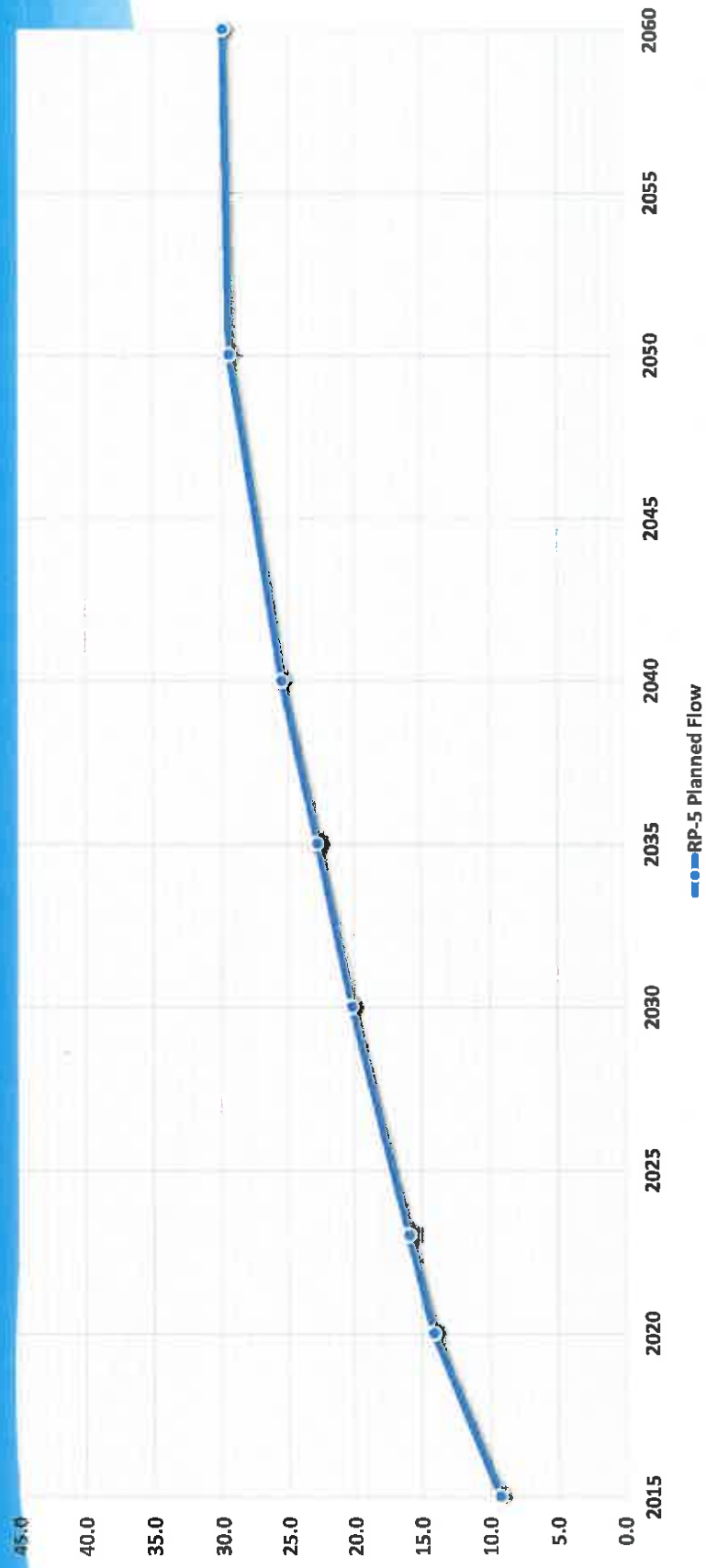


# RP-1 Influent Flows & Treatment Capacity



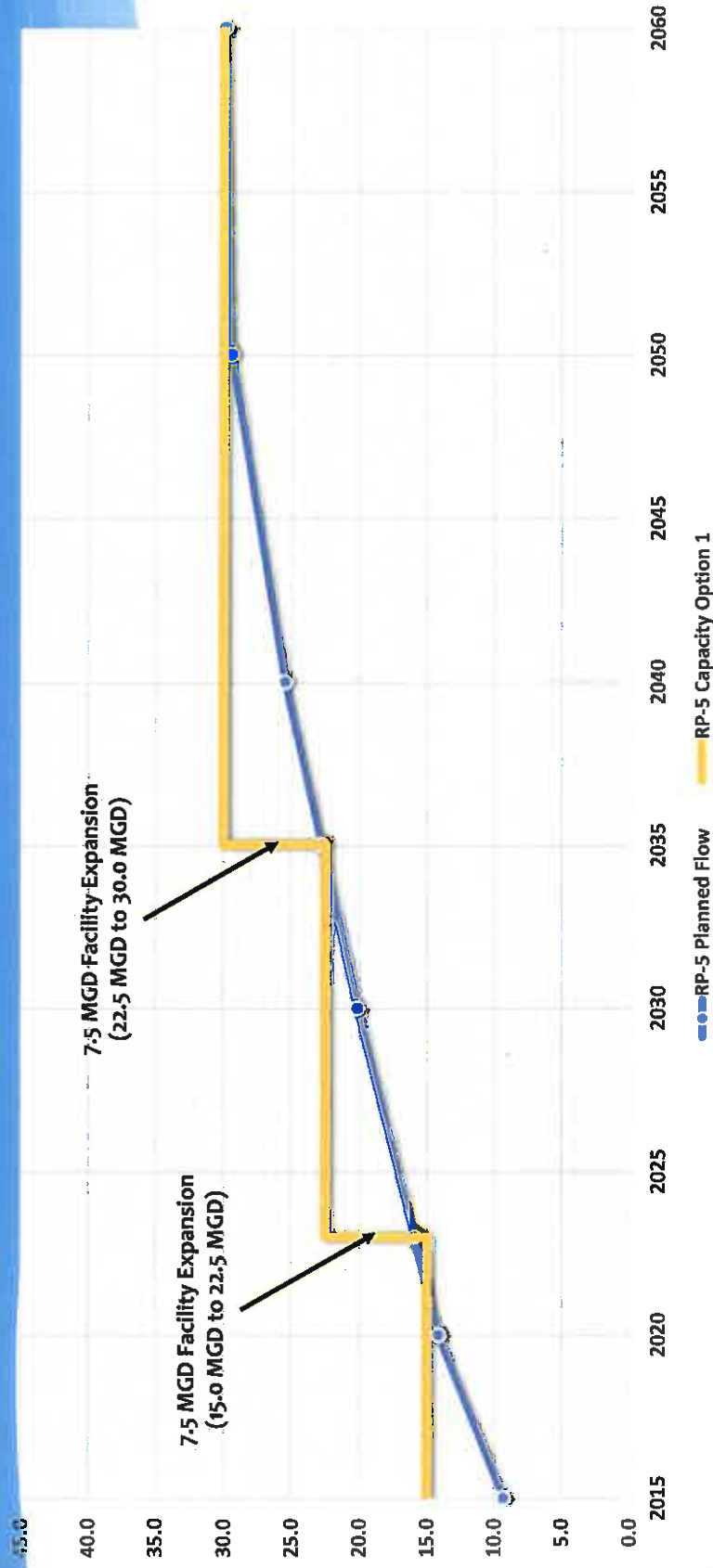


# RP-5 Influent Flows & Treatment Capacity

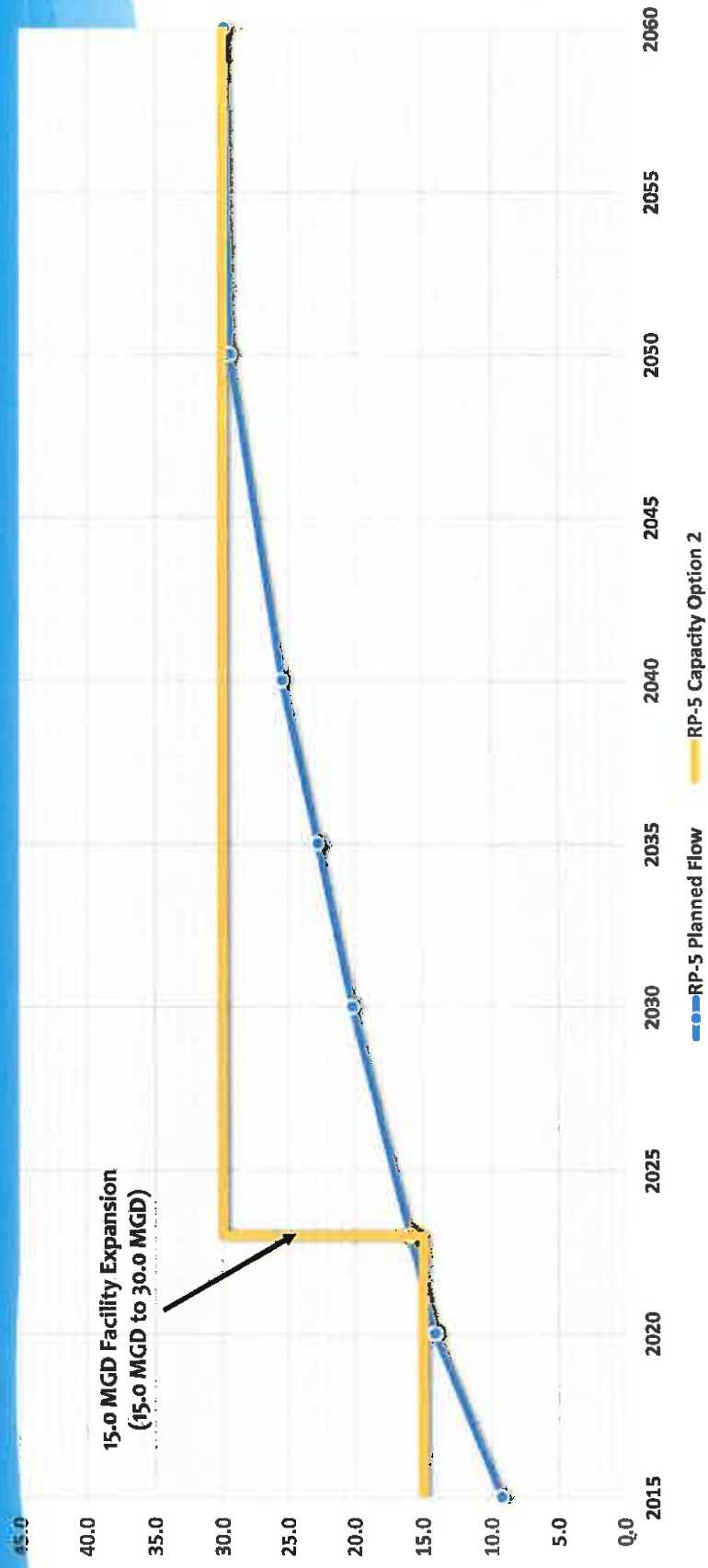




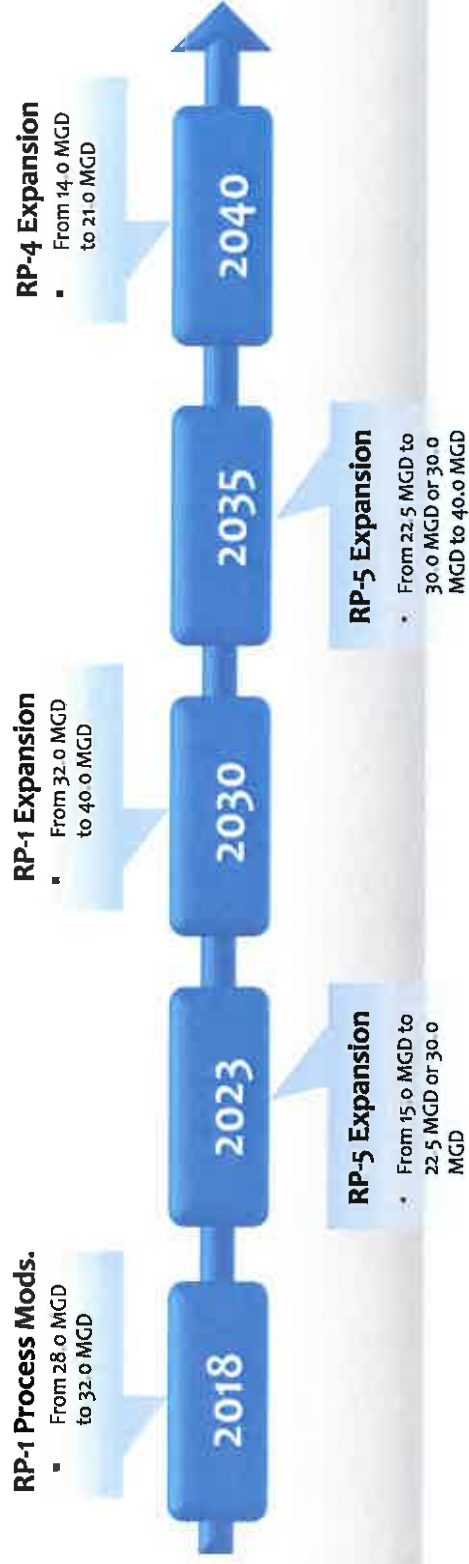
# RP-5 Influent Flows & Treatment Capacity



# RP-5 Influent Flows & Treatment Capacity



# Agency Facility Expansion Phasing



# EVALUATION OF THE DECOMMISSIONING OF CCWRF





# Decommissioning of CCWRF Alternatives

- Business Case Evaluation Included 3 Alternatives:
  - Alternative 1 – Operate CCWRF Indefinitely
  - Alternative 2 – Operate CCWRF Until 2033
  - Alternative 3 – Shutdown CCWRF after the Expansion of RP-5 (2023)



# Decommissioning of CCWRF Alternatives

- Business Case Evaluation Included 3 Alternatives:
  - Alternative 1 – Operate CCWRF Indefinitely
  - Alternative 2 – Operate CCWRF Until 2033
  - Alternative 3 – Shutdown CCWRF after the Expansion of RP-5 (2023)



*CCWRF & Surrounding Vicinity*



# Business Case Evaluation (BCE)

Alternative	Description	Capital Cost	30-YR Cost
1	Operate CCWRF Indefinitely	\$83M	\$191M
2	Operate CCWRF Until 2033	\$145M	\$236M
3	Operate CCWRF Until 2023	\$135M	\$209M

# Decommissioning of CCWRF

## Benefits versus Drawbacks

Alternative	Benefits	Drawbacks
Alternative 1: Operate CCWRF Indefinitely	<ul style="list-style-type: none"> <li>• Lowest capital cost alternative</li> <li>• Facility meets future planned flows</li> </ul>	<ul style="list-style-type: none"> <li>• Highest O&amp;M cost</li> </ul>
Alternative 2: Operate CCWRF Until 2033	<ul style="list-style-type: none"> <li>• Defers decision to shutdown CCWRF</li> <li>• Centralized facilities</li> <li>• Improved water quality through MBR</li> </ul>	<ul style="list-style-type: none"> <li>• Highest 30-yr cost (NPV)</li> <li>• Requires major facility rehab projects prior to shutdown</li> <li>• Congested RP-5 site layout</li> <li>• Sale of property (w/ easements)</li> </ul>
Alternative 3: Shutdown CCWRF When RP-5 goes On-Line in 2023	<ul style="list-style-type: none"> <li>• Lowest O&amp;M alternative</li> <li>• Centralized facilities</li> <li>• Improved water quality through MBR</li> </ul>	<ul style="list-style-type: none"> <li>• High capital cost alternative</li> <li>• Potential relocation of solar</li> <li>• Congested RP-5 site layout</li> <li>• Sale of property (w/ easements)</li> </ul>

# EVALUATION OF SECONDARY TREATMENT ALTERNATIVES



# RP-5 Secondary Treatment Alternatives

- Alternative 1: Expand Existing Conventional Activated Sludge (CAS) System
- Alternative 2: Conversion of Existing CAS System to MBR System and Expand MBR to Meet Capacity Requirements
- Alternative 3: Maintain Existing CAS System and Construct New MBR Train for Expanded Capacity

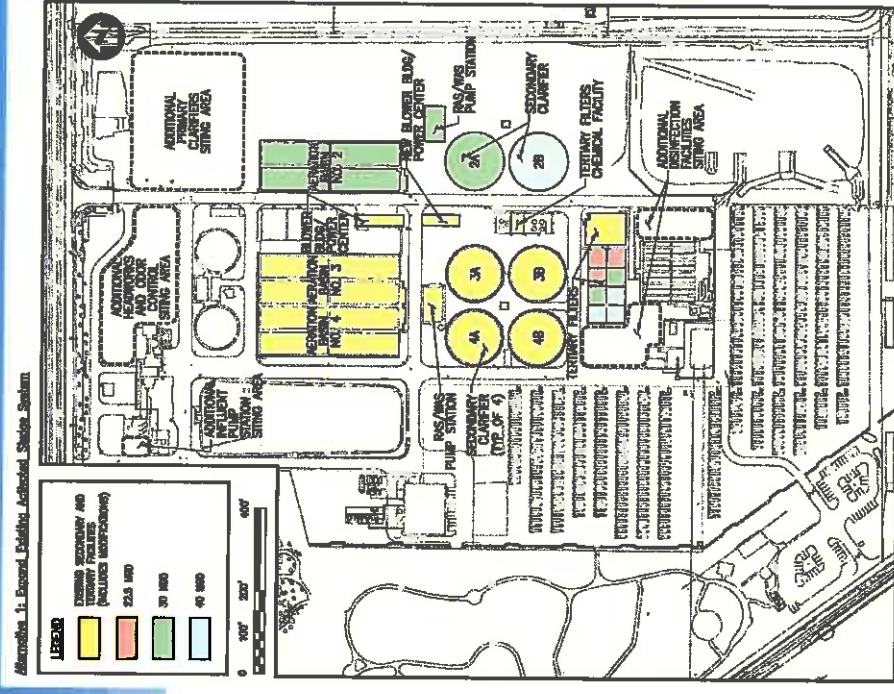


RP-5 Liquids Train



# RP-5 Secondary Treatment Alternatives

- Alternative 1: Expand Existing Conventional Activated Sludge (CAS) System
- Alternative 2: Conversion of Existing CAS System to MBR System and Expand MBR to Meet Capacity Requirements
- Alternative 3: Maintain Existing CAS System and Construct New MBR Train for Expanded Capacity

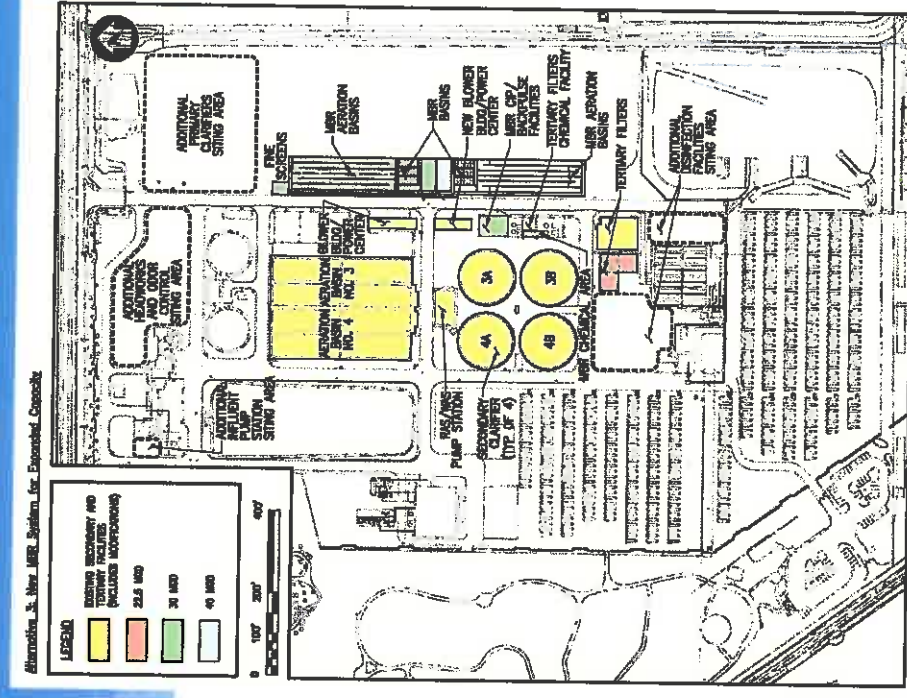


[illegible]

- 19



- Alternative 3: Maintain Existing CAS System and Construct New MBR Train for Expanded Capacity



# Secondary Treatment Alternatives

## Benefits versus Drawbacks

Alternative	Benefits	Drawbacks
Alternative 1: Expand Existing Activated Sludge System	<ul style="list-style-type: none"> <li>Operational consistency – same as existing system</li> </ul>	<ul style="list-style-type: none"> <li>Largest footprint</li> <li>RP-5 Solids Treatment Facility location</li> <li>Reduced compatibility with advanced treatment</li> <li>Potential relocation of RP-5 solar</li> </ul>
Alternative 2: Retrofit Existing Activated Sludge System with MBR	<ul style="list-style-type: none"> <li>Higher quality effluent</li> <li>Smallest footprint</li> <li>Better compatibility with advanced treatment (RO &amp; AWT)</li> <li>Reduced cost for UV disinfection</li> </ul>	<ul style="list-style-type: none"> <li>Complex construction sequencing</li> </ul>
Alternative 3: New MBR System for Expanded Capacity	<ul style="list-style-type: none"> <li>MBR portion of flow would have same benefits associated with Alternative 2</li> </ul>	<ul style="list-style-type: none"> <li>Requires operation of two independent plants</li> </ul>

# Total Project Cost Comparison for Secondary Treatment Alternatives

Option	Phase I - 2023	Phase II - 2035	CCWRF Operation
Option 1	• 15.0 MGD to 22.5 MGD	• 22.5 MGD to 30 MGD	• Online
Option 2	• 15.0 MGD to 30.0 MGD	• No Required Expansion	• Online
Option 3	• 15.0 MGD to 30.0 MGD	• 30.0 MGD to 40.0 MGD	• Decommissioned

Alt.	Description	Option 1		Option 2		Option 3	
		2023	2035	2023	2035	2023	2035
1	Expand Existing CAS System	\$88M	\$100M	\$162M	---	\$162M	\$82M
2	Conversion to MBR	\$121M	\$54M	\$152M	---	\$152M	\$142M
3	Existing CAS System and New MBR Train	\$88M	\$126M	\$167M	---	\$167M	\$147M

# Total Project Cost Comparison for Secondary Treatment Alternatives

Option	Phase I - 2023	Phase II - 2035	CCWRF Operation
Option 1	• 15.0 MGD to 22.5 MGD	• 22.5 MGD to 30 MGD	• Online
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Alt.	Description	Option 1		Option 2		Option 3	
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3	Existing CAS System and New MBR Train	\$88M	\$126M	\$167M	---	\$167M	\$147M



# Business Case Evaluation for Secondary Treatment Alternatives

Option	Phase I - 2023	Phase II - 2035	CCWRF Operation
Option 1	• 15.0 MGD to 22.5 MGD	• 22.5 MGD to 30 MGD	• Online
Option 2	• 15.0 MGD to 30.0 MGD	• No Required Expansion	• Online
Option 3	• 15.0 MGD to 30.0 MGD	• 30.0 MGD to 40.0 MGD	• Decommissioned

Alt.	Description	Option 1		Option 2		Option 3	
		Total Capital	30-YR Cost	Total Capital	30-YR Cost	Total Capital	30-YR Cost
1	Expand Existing CAS System	\$188M	\$323M	\$162M	\$282M	\$241M	\$390M
2	Conversion to MBR <sup>2</sup>	\$175M	\$275M	\$152M	\$245M	\$234M	\$412M
3	Existing CAS System and New MBR Train <sup>2</sup>	\$214M	\$345M	\$167M	\$278M	\$214M	\$453M

1. Business Case Evaluation completed at a 3% Escalation Rate and 2% Discount Rate.
2. Benefits included for avoided capital cost of microfiltration systems.

# Size of RP-5 Expansion 22.5 MGD versus 30.0 MGD

## Benefits of 22.5 MGD Expansion

- Lowest Phase I capital cost
- Consistent with Wastewater Facilities Master Plan
- Delays need for additional debt issuance

## Benefits of 30.0 MGD Expansion

- Lowest 30-YR cost (NPV)
- Additional capacity at RP-5 to allow for operational flexibility
  - Flow diversions
  - Emergency Capacity
  - Enhanced effluent quality
- 7.5 MGD expansion at \$4 per gallon of capacity



# Points For Discussion



Decommissioning of  
CCWRF



RP-5 Secondary  
Treatment Alternatives




Size of RP-5 Expansion



**INFORMATION  
ITEM**

**2B**

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Date: May 26, 2016/June 2, 2016  
To: Regional Committees  
From: Inland Empire Utilities Agency   
Subject: Strategic Grant Planning

---

**RECOMMENDATION**

This is an informational item for the Regional Committees to review.

**BACKGROUND**

The item was presented in a workshop at the IEUA Board of Directors meeting on April 6, 2016.

# Grant Strategic Plan



*Inland Empire Utilities Agency*

A MUNICIPAL WATER DISTRICT

Jason Gu  
Grants Officer

# Grant Management Cycle

## \* Pre- Award Activities

- \* Identify Grant Opportunities
- \* Develop Proposal Concepts
- \* Grant Application Teams

## \* Post-Award Activities

- \* Negotiate Grant Contracts
- \* Manage Grant Awards
- \* Grants Audit & Closeout

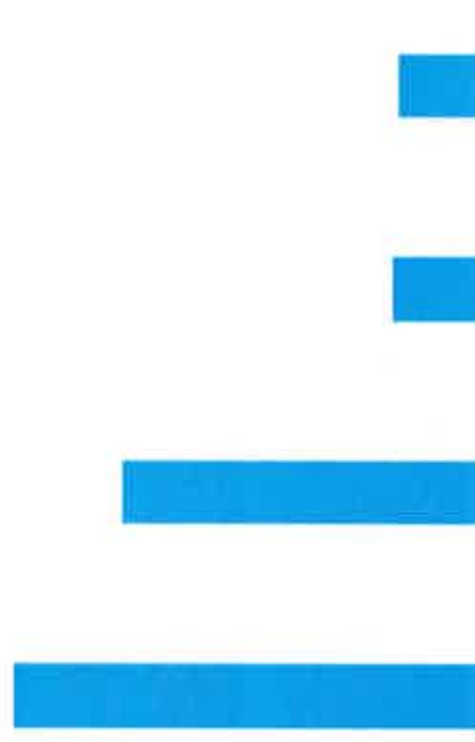




# Overview IEUA Grant Activities (Year 2000-2015)

\* Grants & SRF Loans Secured - \$420 Million

Government/Type	\$ Million
State/Grant	196
Federal/SRF	125
State/SRF	26
Federal/Grant	37
Local/Grant	36
<b>Total</b>	<b>\$ 420</b>



State Grants    SRF Loans    Federal Grants    Local Grants



# Funding Award Used By Agency

Agency (Funding Type)	\$ Million
IEUA (SRF)	\$ 151
IEUA (Grant)	\$ 107
CDA (Grant)	\$ 104
CBWM (Grant)	\$ 30
Member Agency (Grant)	\$ 28
<b>Total</b>	<b>\$ 420</b>

# Grants \$269 Million Detail

Agency	Funding Agency Name	Grant Amount
SWRCB	State Water Resources Control Board	\$ 153,935,562
USBR	U.S. Bureau of Reclamation	\$ 35,632,329
MWD	Metropolitan Water District	\$ 33,296,889
DWR	Department of Water Resources	\$ 27,239,494
CEC	California Energy Commission	\$ 8,098,700
USDA/NRCS	Natural Resources Conservation Service	\$ 4,900,000
	Department of Energy	\$ 2,326,000
FEMA	Federal Emergency Management Agency	\$ 1,429,546
SCE	Southern California Edison	\$ 672,687
WRF	WaterReuse Foundation	\$ 477,912
DPR	Department of Park and Recreation	\$ 246,400
CPUC	California Public Utilities Commission	\$ 75,000
CIWMB	California Integrated Waste Management Board	\$ 75,000
WURD	Western United Resource Development, Inc.	\$ 45,101
DFF	Department of Forestry and Fire Protection	\$ 41,450
SCG	Southern California Gas	\$ 38,000
CSDA	California Special Districts Association	\$ 9,210
<b>Grand Total</b>		<b>\$ 268,539,280</b>

# SRF Loans \$151 Million Detail

No.	Year	Project	Interest	Term	Amount
1	2003	Etiwanda Avenue Recycled Water Pipeline	2.50%	20-Year	\$ 630,689
2	2003	Wineville Avenue Recycled Water Pipeline	2.50%	20-Year	\$ 659,929
3	2003	RP-1/RP-4 Pump Stations	0.00%	20-Year	\$ 5,211,496
4	2004	North Etiwanda Avenue Pipeline Extension	2.40%	20-Year	\$ 1,862,960
5	2004	Philadelphia Street Pipeline	2.60%	20-Year	\$ 1,370,504
6	2005	RP-4 West Recycled Water Pipeline	2.40%	20-Year	\$ 5,406,715
7	2007	RP-1 S. Pump Station, San Antonio A.B.	2.20%	20-Year	\$ 14,752,200
8	2008	RP-4 Reservoir Project	0.00%	20-Year	\$ 3,415,942
9	2008	RP-4 Pump Station	0.00%	20-Year	\$ 6,207,461
10	2008	RP-4 Pipeline Project	0.00%	20-Year	\$ 1,238,794
11	2009	1299E Recycled Water Pipeline	0.11%	20-Year	\$ 3,493,463
12	2009	1630 Pump Station and 1299E Reservoir	0.14%	20-Year	\$ 5,789,720
13	2009	1630E Recycled Water Pipeline	0.21%	20-Year	\$ 5,658,238
14	2009	Church Street Lateral Project	0.07%	20-Year	\$ 1,688,745
15	2009	Victoria Basin Monitoring Wells	1.00%	20-Year	\$ 1,285,987
16	2009	RP-1 Dewatering Facility Expansion	0.46%	20-Year	\$ 27,434,811
17	2011	Southern Area Recycled Water	2.60%	20-Year	\$ 26,608,638
18	2014	New Laboratory SRF Loan	2.10%	30-Year	\$ 16,049,663
19	2014	Central/Wineville Area Recycled Water	1.00%	30-Year	\$ 22,300,000
<b>Grand Total</b>					<b>\$ 151,065,955</b>

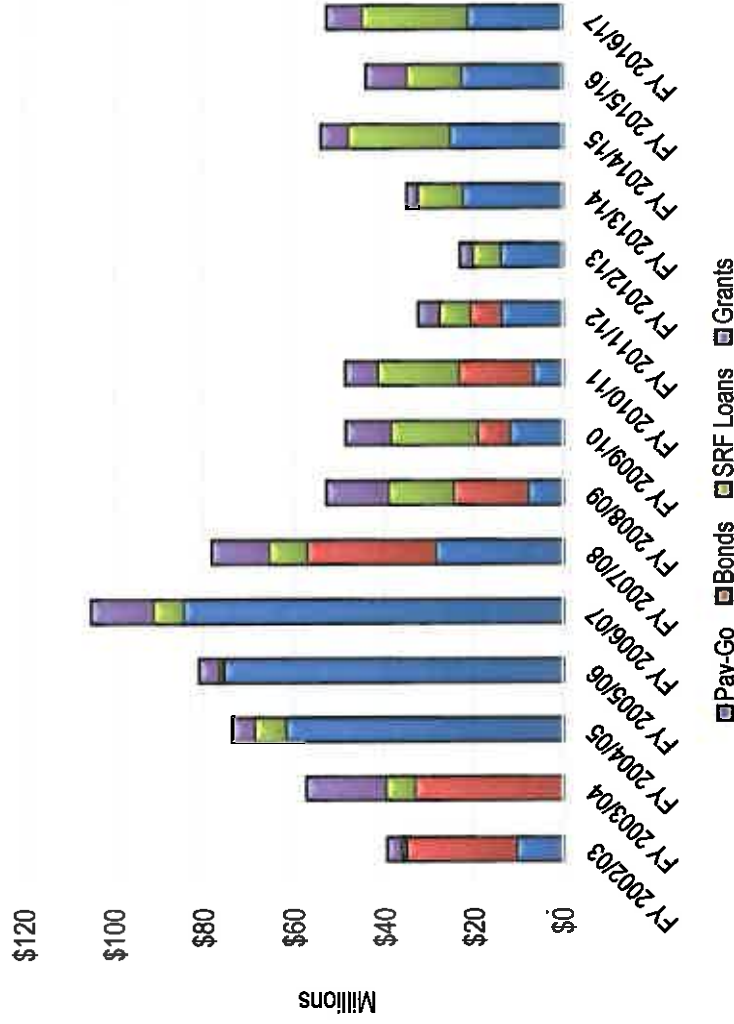


# \$70M Interest Saving, 20-year SRF Loan (\$151M)

\$151 million Bond @ 5%				20	\$151 million SRF Loan @ 1.32%			
Principal	Interest PMT	Principal PMT	Total PMT	Year	Principal	Interest PMT	Principal PMT	Total PMT
\$151,066	\$7,553	\$4,569	\$12,122	1	\$151,066	\$1,994	\$6,650	\$8,644
\$146,497	\$7,325	\$4,797	\$12,122	2	\$144,416	\$1,906	\$6,737	\$8,644
\$141,700	\$7,085	\$5,037	\$12,122	3	\$137,679	\$1,817	\$6,826	\$8,644
\$136,663	\$6,833	\$5,289	\$12,122	4	\$130,853	\$1,727	\$6,916	\$8,644
\$131,375	\$6,569	\$5,553	\$12,122	5	\$123,937	\$1,636	\$7,008	\$8,644
\$125,821	\$6,291	\$5,831	\$12,122	6	\$116,929	\$1,543	\$7,100	\$8,644
\$119,991	\$6,000	\$6,122	\$12,122	7	\$109,829	\$1,450	\$7,194	\$8,644
\$113,868	\$5,693	\$6,429	\$12,122	8	\$102,635	\$1,355	\$7,289	\$8,644
\$107,440	\$5,372	\$6,750	\$12,122	9	\$95,346	\$1,259	\$7,385	\$8,644
\$100,690	\$5,034	\$7,087	\$12,122	10	\$87,961	\$1,161	\$7,483	\$8,644
\$93,602	\$4,680	\$7,442	\$12,122	11	\$80,478	\$1,062	\$7,581	\$8,644
\$86,160	\$4,308	\$7,814	\$12,122	12	\$72,897	\$962	\$7,681	\$8,644
\$78,347	\$3,917	\$8,205	\$12,122	13	\$65,216	\$861	\$7,783	\$8,644
\$70,142	\$3,507	\$8,615	\$12,122	14	\$57,433	\$758	\$7,885	\$8,644
\$61,527	\$3,076	\$9,046	\$12,122	15	\$49,548	\$654	\$7,990	\$8,644
\$52,482	\$2,624	\$9,498	\$12,122	16	\$41,558	\$549	\$8,095	\$8,644
\$42,984	\$2,149	\$9,973	\$12,122	17	\$33,463	\$442	\$8,202	\$8,644
\$33,011	\$1,651	\$10,471	\$12,122	18	\$25,261	\$333	\$8,310	\$8,644
\$22,540	\$1,127	\$10,995	\$12,122	19	\$16,951	\$224	\$8,420	\$8,644
\$11,545	\$577	\$11,545	\$12,122	20	\$8,531	\$113	\$8,531	\$8,644
	\$91,373	\$151,066	\$242,439			\$21,806	\$151,066	\$172,872
Interest Cost Saving in 20-years = \$69,566					PV			
Interest Cost Saving Present Value @ 1.32% = \$53,517					PV			

# Capital Program Funding Sources Years 2002-2017

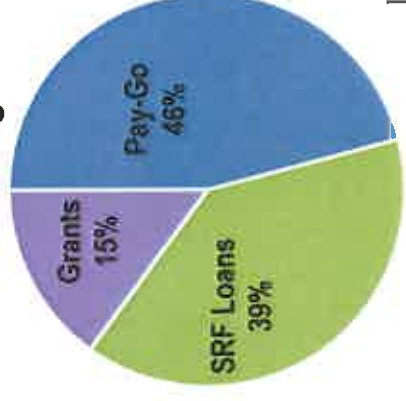
FY 2002-2017 TYCIP Funding Sources



15-Year Average



3-Year Average





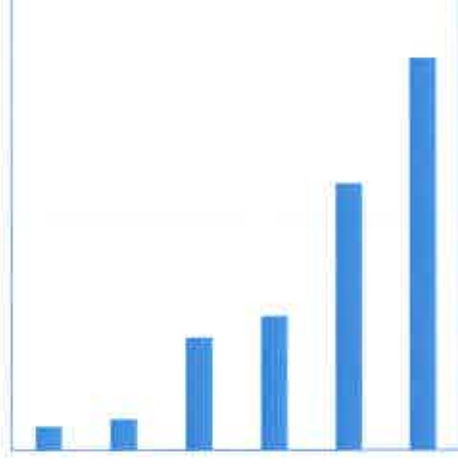
# State Propositions for Water Projects

Year	Proposition	Description	\$ Amount (Million)
2000	Proposition 13	The Safe Drinking, Clean Water, Watershed Protection, Flood Protection Act of 2000	\$ 1,970
2002	Proposition 50	The Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002	\$ 3,440
2006	Proposition 84	The Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006	\$ 5,388
2014	Proposition 1	The Water Quality, Supply, and Infrastructure Improvement Act of 2014	\$ 7,545

# IEUA & Regional Funding

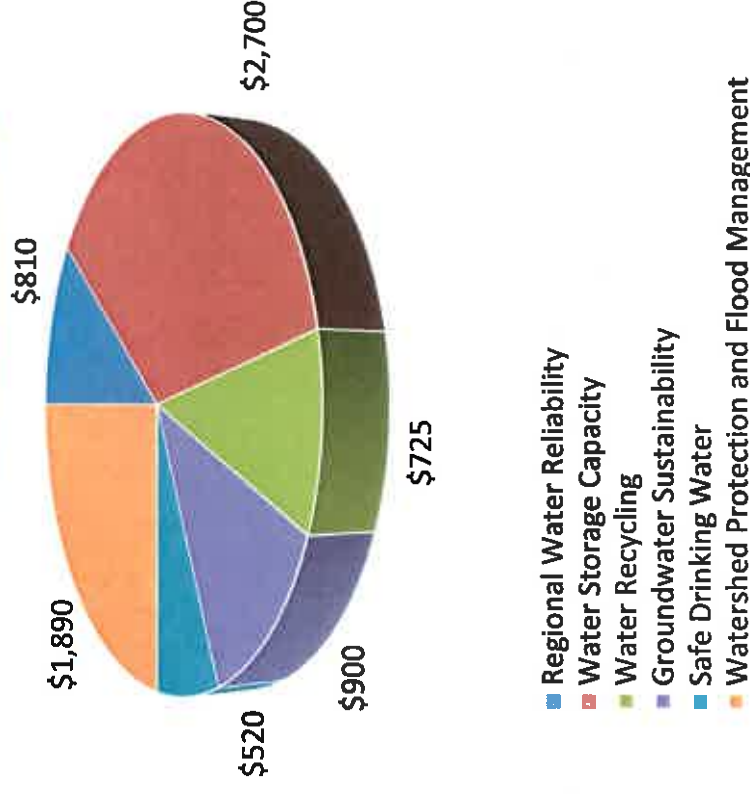
## Key Areas

Key Programs	\$ Million
Renewable Energy	\$10
Conservation	\$14
Wastewater Treatment	\$49
Groundwater Sustainability	\$59
Safe Drinking Water	\$117
Recycled Water	\$171
Total	\$420

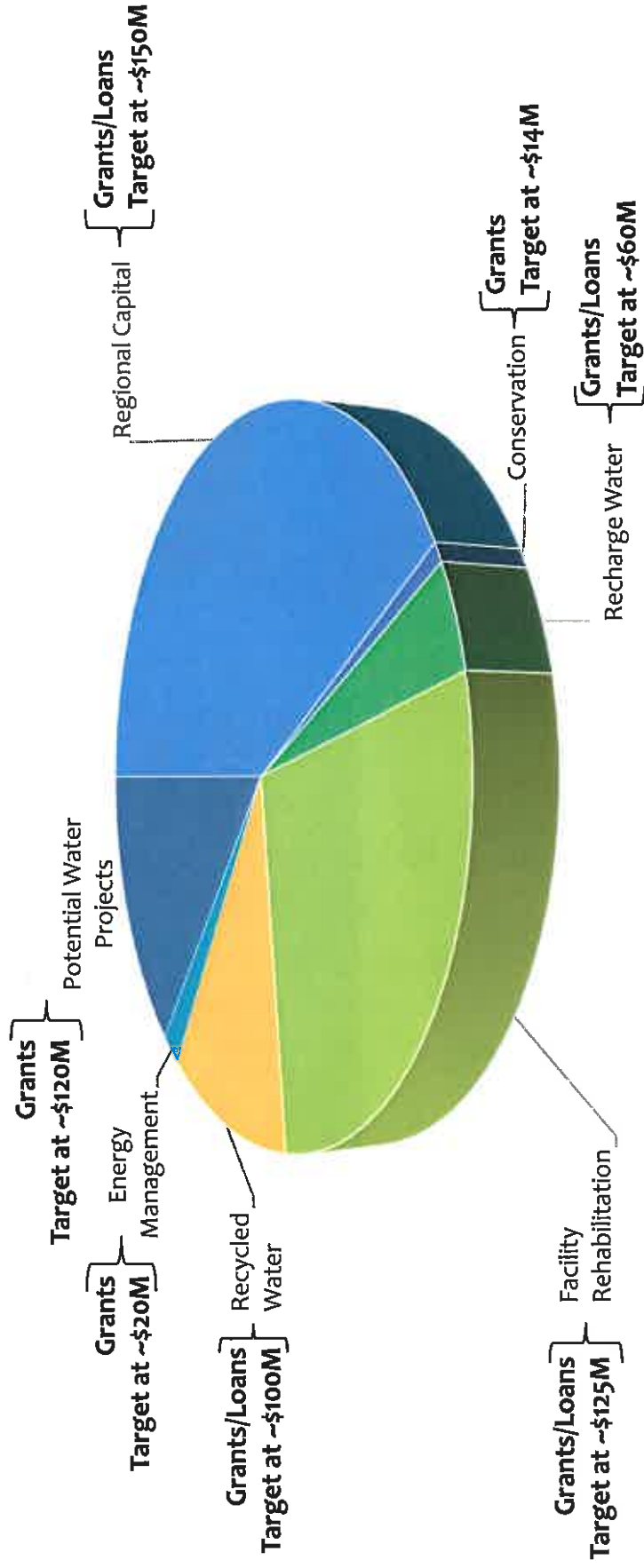


# State Prop 1 Funding Areas

Proposition 1	\$ Amount (Million)
Regional Water Reliability	\$810
Water Storage Capacity	\$2,700
Water Recycling	\$725
Groundwater Sustainability	\$900
Safe Drinking Water	\$520
Watershed Protection and Flood Management	\$1,890
<b>Total</b>	<b>\$7,545</b>



# Strategic Grant Planning (Planning the Next 10 Years)





# Recycled Water Funding Accomplishments

- \* \$250M in Capital Invested to Date
- \* \$162M, or 64% Funded by Grants and SRF Loan
- \* 80 Miles of Pipeline, 4 Pump Stations and 5 Reservoirs





# Recycled Water

## Near Term Funding Strategy

### \* In Progress

Application Submitted	Grant	SRF Loan	Project Cost
2015 Drought Relief IEUA-Ontario Recycled Water Distribution System Optimization Project	\$ 15,000,000	\$ 38,871,500	\$ 53,871,500
Joint IEUA - JCSO Regional Water Recycling Project	\$ 15,000,000	\$ 37,460,000	\$ 52,460,000
Pomona-MVWD-IEUA Recycled Water Inter tie Project	\$ 15,000,000	\$ 36,896,000	\$ 51,896,000
<b>Total</b>	<b>\$ 45,000,000</b>	<b>\$ 113,227,500</b>	<b>\$ 158,227,500</b>

### \* Future Funding Opportunities & Projects

- \* SWRCB Prop 1 Grants and CWSRF Loan
- \* USBR Title XVI Recycled Water Funding for CVWD

# Groundwater Recharge Funding Accomplishments

- \* \$116M in Grant Related Capital Projects Invested to Date
- \* \$58M, or 50% Funded by Prop 13, and Prop 50 Grants
  - \* CBFIP GW Recharge Basin Improvements (\$19M)
  - \* Dry Year Yield Grant from MWD (\$27.5M)
  - \* DWR Chino Basin Groundwater Conjunctive Use (\$10M)



# Groundwater Recharge (RMPU)

## Near Term Funding Strategy

Project	RW (AFY)	SW (AFY)	Agency	Funding Program	Grant	SRF Loan	Total
CSI Storm Water Basin		81	SWRCB	CWSRF Loan		\$ 440,000	\$ 440,000
Wineville PS to Jurupa, Jurupa PS to RP3 Basin and RP3 Improvement	2,905	3,166	SWRCB	Prop 1 Storm Water	\$ 5,000,000		
				CWSRF Loan		\$ 16,010,000	\$ 21,310,000
			USBR	Drought Resilient	\$ 300,000		
East Declez Basin		913	SWRCB	Prop 1 Storm Water	\$ 5,000,000		\$ 23,470,000
				CWSRF Loan		\$ 18,470,000	
Declez Basin		241	SWRCB	Prop 1 Ground Water	\$ 2,035,000		\$ 4,070,000
				CWSRF Loan		\$ 2,035,000	
Victoria Basin	120			CWSRF Loan		\$ 150,000	\$ 150,000
San Sevaine Basin Improvement Project	4,100	642	SWRCB	Prop 1 Water Recycling	\$ 1,868,300		
			DWR	Prop 84 Safe Drinking	\$ 750,000		\$ 6,463,000
			SWRCB	CWSRF Loan		\$ 3,469,700	
			USBR	WaterUse Efficiency	\$ 375,000		
			USBR	WaterUse Efficiency	\$ 375,000		
Lower Day Basin		789	DWR	Prop 84 Safe Drinking	\$ 750,000		\$ 2,480,000
			SWRCB	CWSRF Loan		\$ 1,355,000	
Turner Basin		66	SWRCB	CWSRF Loan		\$ 890,000	\$ 890,000
Ely Basin		221	SWRCB	CWSRF Loan		\$ 3,200,000	\$ 3,200,000
Montclair Basin		248	SWRCB	CWSRF Loan		\$ 1,440,000	\$ 1,440,000
Sub Total	7,125	6,367			\$ 16,453,300	\$47,459,700	\$ 63,913,000



## 2013 RUPU Financing Plan

The flowchart illustrates the timeline and steps for a construction loan package from 2015 to 2017. The timeline is represented by a horizontal bar at the top, with years 2015, 2016, and 2017 marked. The steps are as follows:

- 2015:** Project 1 Loan/IS-SPC Approved (~1.8% w/ 55% grant)
- 2016:** Construction Loan Approved (~1.8% w/ 55% grant)
- 2016:** Construction Loan Package (~1.8% w/ 20% grant for R/W related for 30 yr)
- 2016:** Approval of Clean Water SPC Loan Package
- 2017:** Construction Loan Package (~1.8% w/ 55% grant)
- 2017:** Construction Loan Package (~1.8% w/ 55% grant)

The flowchart also includes a section for '2015-2017 Construction Loan Package' with steps:

- 2015:** Project 1 Loan/IS-SPC Approved (~1.8% w/ 55% grant)
- 2016:** Construction Loan Approved (~1.8% w/ 55% grant)
- 2016:** Construction Loan Package (~1.8% w/ 20% grant for R/W related for 30 yr)
- 2016:** Approval of Clean Water SPC Loan Package
- 2017:** Construction Loan Package (~1.8% w/ 55% grant)
- 2017:** Construction Loan Package (~1.8% w/ 55% grant)

# Drinking Water Program

## Funding Accomplishments

- \* **\$300M in Capital Invested to Date**
- \* **\$117M, or 39%, Managed by IEUA**
  - \* Prop 13 \$39 million CDA I Construction
  - \* Prop 50 \$52 million CDA II Construction
  - \* Prop 84 \$10 million CDA II Construction
  - \* Federal Title XVI \$14 million CDA II Construction





# Drinking Water

## Near Term Funding Strategy

### \* In Progress

Application Submitted	Grant	Project Cost
USBR Title XVI Grant for CDA II Phase 3 Expansion	\$ 12,000,000	\$ 48,000,000
Prop 1 Groundwater Quality TCE Plume Cleanup	\$ 11,000,000	\$ 25,000,000
<b>Total</b>	<b>\$ 23,000,000</b>	<b>\$ 73,000,000</b>

### \* Future Grant Funding Opportunities & Projects

- \* SWRCB Prop 1 DWSRF Loan Program
- \* SWRCB Prop 1 Groundwater Quality Grant
- \* CDA II Expansion Project
- \* CVWD Biological Water Treatment Project
- \* TCE Plume Cleanup



# Water Conservation Funding Accomplishments

- \* \$19 Million invested by IEUA for the Water Use Efficiency Demand Reduction Program (10 years)
- \* \$13.6 Million, or 72%, funded by Federal and State Grants including \$4 Million funding contributed by MWD



# Water Conservation

## Near Term Funding Strategy

Future Applications	Grant application	Total Project
USBR Drought Contingency Planning-IRP Chapter 2	\$ 200,000	\$ 400,000
USBR Drought Resiliency Implementation Grant	\$ 300,000	\$ 600,000
<b>Total</b>	<b>\$ 500,000</b>	<b>\$ 1,000,000</b>

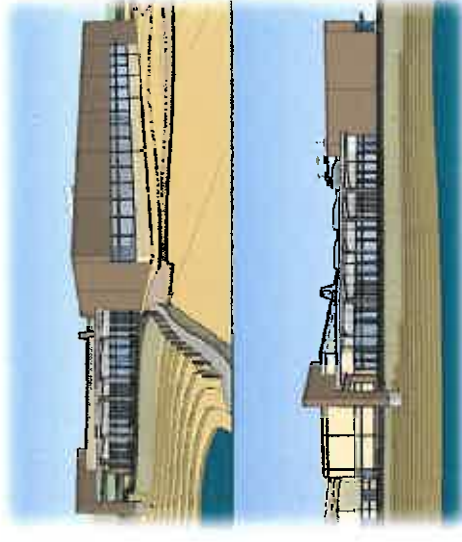
- \* USBR WaterSMART Water Use Efficiency Grant
- \* DWR Prop 1 Regional Water Reliability Grant
- \* MWD Conservation Grant Program
- \* USBR Agricultural Water Use Efficiency Grant



# Wastewater Treatment Facility

## Funding Accomplishments

- \* \$27M ARRA 0% ARRA SRF loan - RP-1 Dewatering Facility
- \* \$17.1M SRF Loan & Grant – Water Quality Laboratory



# Wastewater Treatment

## Funding Strategy

Applications	Grant	SRF Loan	Project Cost
Small Community Wastewater Grant	\$500,000		\$500,000
RP-1/RP-5 Preliminary Design Report	\$0	\$3,000,000	\$3,000,000
RP-5 Solids Treatment Design/Construction	\$8,000,000	\$128,000,000	\$136,000,000
RP-5 Liquids Treatment Design/Construction	\$8,000,000	\$117,000,000	\$125,000,000
RP-1 Liquids & Solids Treatment Design/Construction	\$8,000,000	\$104,000,000	\$112,000,000
<b>Total</b>	<b>\$24,500,000</b>	<b>\$352,000,000</b>	<b>\$376,500,000</b>

**\* SWRCB Prop 1 Grant & Clean Water SRF loan Program**



# Energy & Renewable Energy Funding Accomplishments

- \* \$10M in Energy/Renewable Energy Grant
- \* \$2.7 Renewable Energy Efficiency Program
- \* \$4.9M Food Waste Digesters



Inland Empire Utilities Agency  
A MUNICIPAL WATER DISTRICT



IEUA Board Workshop  
April 2016

# Energy & Renewable Energy Funding Strategy

- \* DOE – Micro-Turbines \$3 Million
- \* EPA - Lighting and HVAC upgrades \$0.5 Million
- \* CEC – Energy Storage \$1.5 Million
- \* EPA – Mitigating Greenhouse Gas Impact
- \* Organic Food Waste Diversion to Wastewater Treatment Plants – Funding Programs TBD

# Post-Grant Award Activities

- \* Post-Grant Award Activities
  - \* Negotiate Grant Agreements
  - \* Manage Grants Compliance & Oversight
  - \* Grant Audit and Close out

## \* Nature of Grant Life Cycle

- \* Routine Deadlines & Compliance
- \* Dealing with “Strings” attached to Grants
- \* Cumulative, Asynchronous, & Non-repetitive



# Grants Department Organizational Chart

Executive Manager of Engineering/Assistant General Manager

Grants Officer

Deputy Grants Officer  
(Vacant)

Administrative  
Assistant II

Intern  
(Vacant)

Grant Acquisition

Grants Administrator

Grants Administrator (LT)

Grants Administrator (LT)

Grant Compliance

Senior Accountant

Accountant I (LT)

Accountant II (LT)

# Grants Compliance

- \* **Grants Compliance & Internal Control**
  - \* Federal Grant Single Audit Requirement
  - \* Buy American Act & Buy American Iron & Steel
  - \* Labor Compliance & Davis-Bacon Act
  - \* Disadvantaged Business Enterprise (DBE)
  - \* Streamline CEQA processes in grant application
  - \* Construction Bid Process, Schedule and Grant Synchronization
- \* **Federal Uniform Grant Guidance**
  - \* Close communication with Contract and Procurement Department
  - \* Improve Grant Reporting and Fully Utilize Grant Funding
  - \* Grant Reimbursement & Match Share Use Oversight



# Grants Department

## *Administration Priorities*

- \* Grant Strategic Plan & Updates
- \* Develop Grant Policies
- \* Enhance Centralized Grant Management
- \* SAP Grant Management Module
- \* Grant Management Database
- \* Enhance Grant Seeking Collaborative Efforts
- \* Staff Development & Succession Plan

# Feedback & Next Steps

## \* **Reaffirm Agency Goals**

- \* IEUA will continue to pursue funding for regional partners
- \* SRF funding shall be primary funding mechanism for debt
- \* IEUA planning/environmental documents developed to strategically set course for future grant funding priorities

## \* **Pursue Immediate Funding Needs**

- \* RMPU Plan Applications - \$63M
- \* Water Recycling Applications - \$158M
- \* TCE Plume Cleanup Applications - \$12M
- \* RP-1/RP-5 Facilities Upgrades - \$250M
- \* Coordination with SAWPA - \$60M

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**3A**



## **Regional Sewerage Program Policy Committee Meeting**

### **AGENDA**

**Thursday, June 2, 2016**

**4:30 p.m.**

#### **Location**

Inland Empire Utilities Agency  
6075 Kimball Avenue  
Chino, CA 91710

---

#### **Call to Order and Roll Call**

#### **Pledge of Allegiance**

#### **Public Comment**

#### **1. Technical Committee Report – Ryan Shaw (Oral)**

#### **2. Action Item**

- A. Approval of the April 7, 2016 Meeting Minutes
- B. Regional Contract Amendment – Sylvie Lee
- C. FY 2016/17 Budget – Christina Valencia

#### **3. Informational Items**

- A. RP-1/RP5 Expansion PDR – Shaun Stone
- B. Strategic Grant Planning – Chris Berch
- C. Regional Audit Response – Ryan Shaw

#### **4. Receive and File**

- A. Building Activity Update
- B. Recycled Water Distribution – Operations Summary
- C. Sewer Fee Evaluation
- D. Recharge Master Plan Update Project Resolutions and Agreements

#### **5. Other Business**

- A. IEUA General Manager's Update
- B. Committee Member Requested Agenda Items for Next Meeting
- C. Committee Member Comments
- D. Next Meeting – July 7, 2016

#### **6. Adjournment**

**DECLARATION OF POSTING**

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I, Laura Mantilla, Executive Assistant 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, CA on Monday, May 30, 2016.

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Laura Mantilla



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**3B**

# Building Activity Report - YTD Fiscal Year 2015/16



## Legend

- Service Area
- Unincorporated

## EDU (YTD)

Residential

0 <=1.0  
1.0 - 10.0  
>10.0

Commercial

0 <=1.0  
1.0 - 10.0  
>10.0

Industrial

0 <=1.0  
1.0 - 10.0  
>10.0

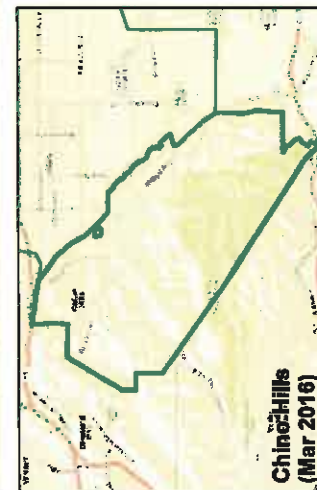
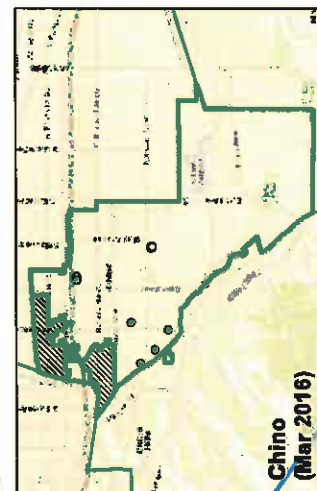
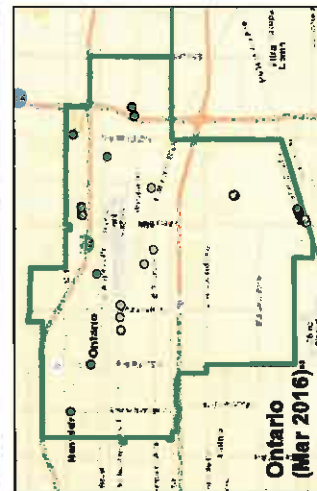
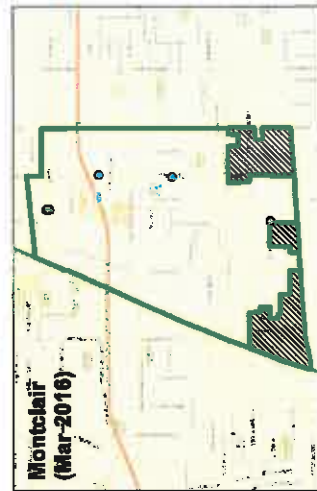
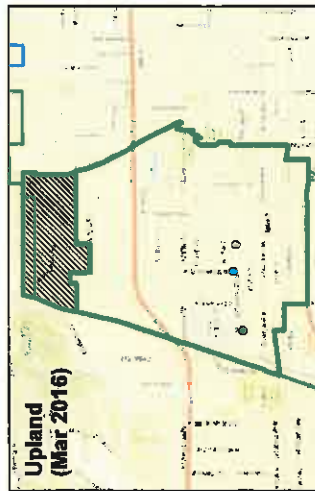
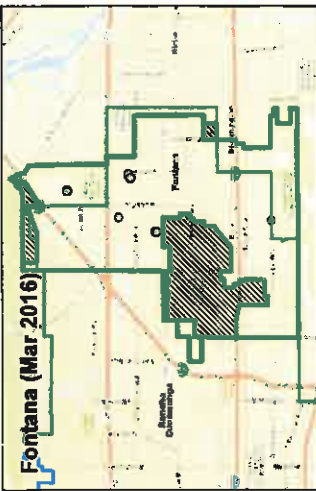
HALF MILE GRID: TOTAL EDU's (YTD)

0 0.5 1 1.5 3.0 4.5 7.5+

## TOTAL EDU BY CONNECTION TYPE (YTD)

Connection Agency	YTD Actual			Total EDU's
	Residential (EDU's)	Commercial (EDU's)	Industrial (EDU's)	
Chino	410	47	0	457
Chino Hills	416	83	0	500
CVWD	346	174	648	1168
Fontana	555	57	15	627
Montclair	42	17	0	59
Ontario	284	95	95	474
Upland	137	36	0	173
Total	2190	508	758	3457

0 2.5 5 10 Miles

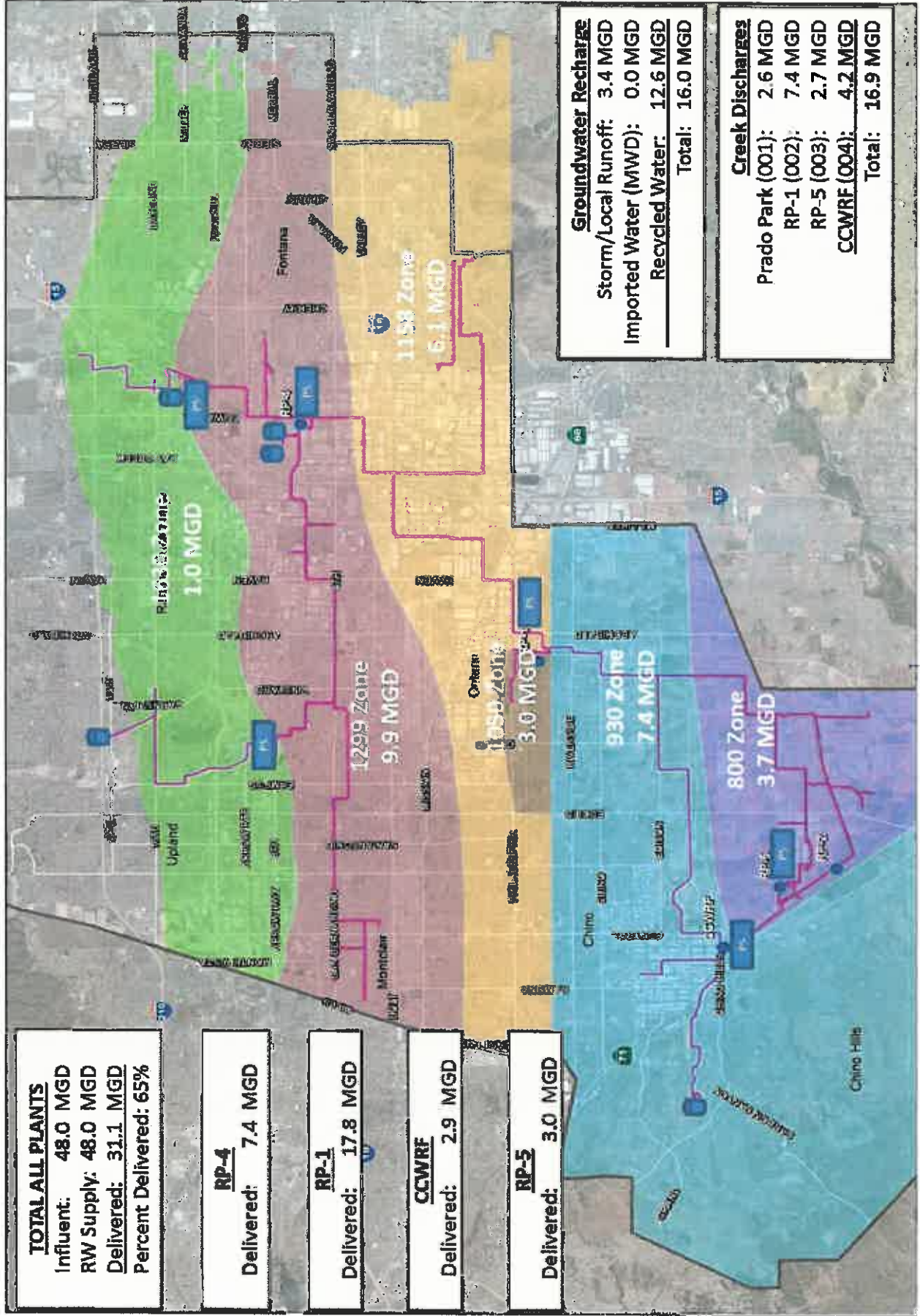


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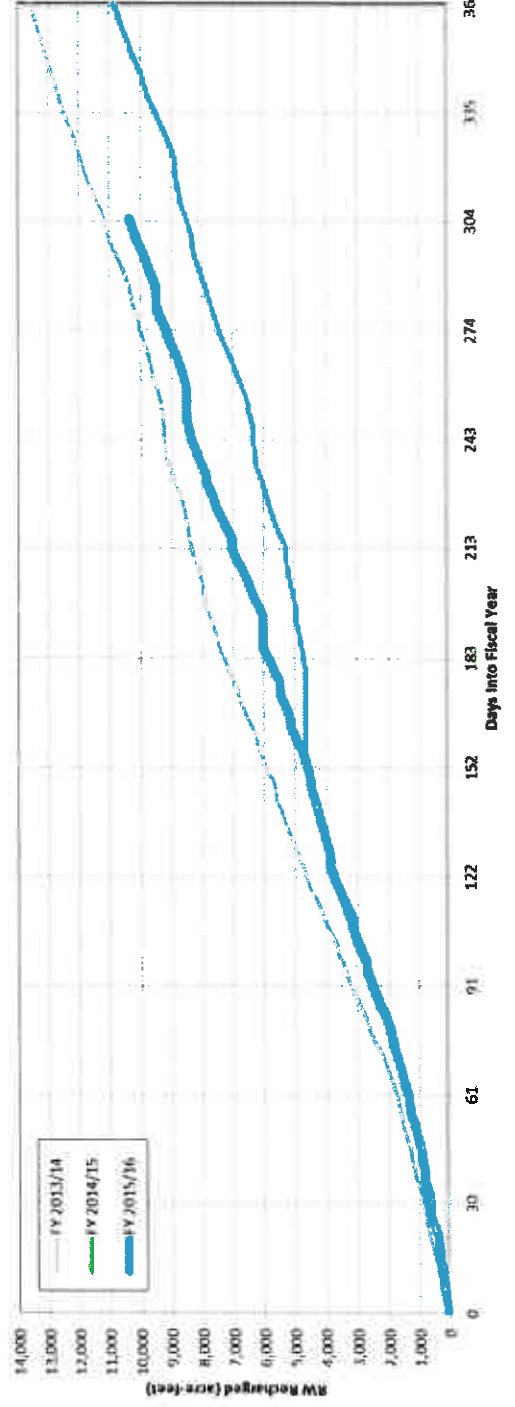
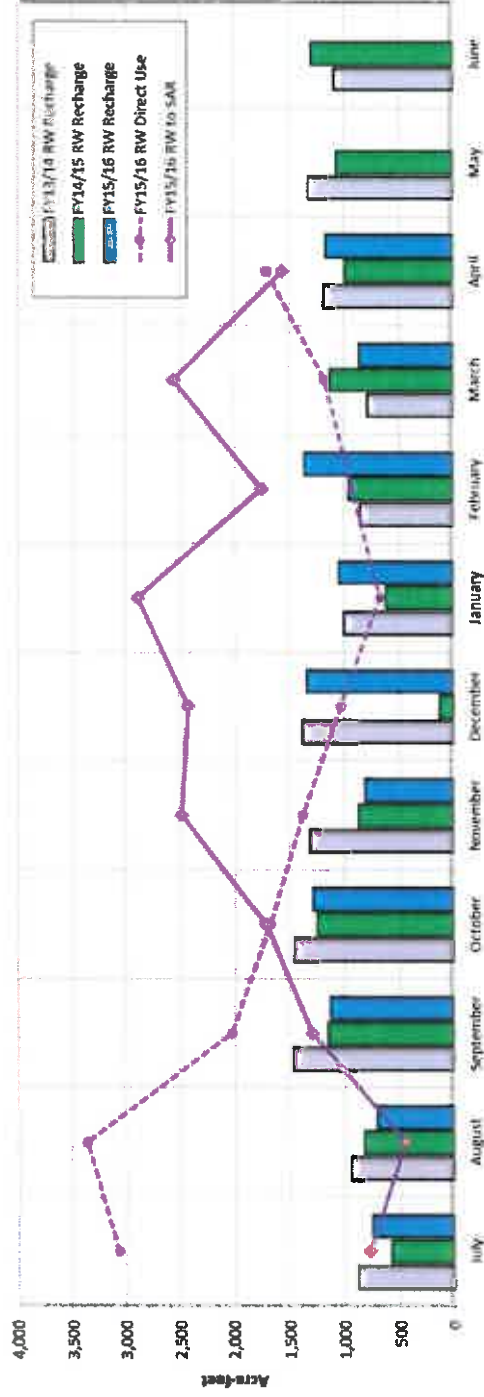
**3C**



# IEUA RECYCLED WATER DISTRIBUTION – APRIL 2016



Basin	4/1-4/6	4/7-4/13	4/14-4/20	4/21-4/27	4/28-4/30	Month Actual	Month Plan	FY To Date Actual
Ely	26.7	2.8	17.2	51.1	28.7	126.6	150	683 On 2 to 8 cfs
Banana	33.9	19.8	15.1	23.1	5.2	97.1	0	1836 On 3 cfs
Hickory	0.0	0.0	15.1	23.1	5.2	43.4	120	505 On asbasin capacity allows
Turner 1 & 2	46.6	2.4	15.3	40.0	24.3	128.5	0	1843 On 5 cfs
Turner 3 & 4	0.0	0.0	0.0	0.0	0.0	0.0	0	Off - no basin capacity, infiltration slow
8th Street	46.7	23.6	51.1	49.8	23.6	194.7	150	970 On 5 cfs
Brooks	35.6	28.0	66.0	43.6	18.9	192.0	150	937 On 5 cfs
RP3	47.1	31.6	77.0	65.2	26.6	247.5	250	2662 On 6 to 10 cfs
Declerz	21.4	11.4	50.5	27.9	21.4	132.5	0	540 On 3 to 6 cfs
Victoria	0.0	0.0	0.0	0.0	0.0	0.0	50	635 RW stopped for maintenance
San Sevaline	0.0	0.0	0.0	0.0	0.0	0.0	30	0 Off for midge fly management
Total	258.0	119.6	307.2	323.5	153.9	1,162.2	900	10,411 AF, Previous FY End of Month Actual





**RECEIVE AND  
FILE**

**3D**

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Date: May 26/June 2, 2016  
To: Regional Committees  
From: Inland Empire Utilities Agency  
Subject: Sewer Fee Evaluation

---



### **RECOMMENDATION**

This is an informational item for the Regional Committees to receive and file regarding the IEUA Sewer Fee Evaluation.

### **BACKGROUND**

The Inland Empire Utilities Agency (IEUA) and the Regional Contracting Agencies (Contracting Agencies) are currently governed by the Regional Sewage Service Contract (the Contract). As part of the Contract, the collection of connection fees is defined in the section referred to as "Exhibit J". Exhibit J was first adopted with the Contract amendment in 1984 with subsequent amendments occurring in 1994, 2005 and 2013, respectively.

During the initial adoption of Exhibit J, the flows for one Equivalent Dwelling Unit (EDU) were set at 270 gallons per day. Over time, with the advent of water conservation efforts and water efficient fixtures, it has been generally accepted that wastewater flows have declined since the EDU was initially defined in Exhibit J and is no longer representative of current water usage. Additionally, the Contracting Agencies and IEUA have found the fixture counting process and classification of the business categories established by Exhibit J to be a labor intensive and subjective process. Although Exhibit J was updated in 2013, the recent IEUA Internal Audit review of the Contracting Agencies EDU fee collection process found there are still inconsistencies and varying interpretation and application of the commercial category types. This has resulted in varying degrees of discrepancies in connection fee assessment.

The Contracting Agencies also assess and collect recurring monthly sewer fees from the residential, commercial and industrial users. The only information provided to IEUA from the Contracting Agencies is total EDUs. The Contracting Agencies currently determine total non-residential EDUs through two different methods. The first method bases the monthly non-residential EDUs on the number of EDUs calculated via Exhibit J. The second method calculates the non-residential EDUs from actual water meter readings. These two methods create inconsistencies in how the monthly sewer fees are assessed.

A Request for Proposal (RFP) was issued in March seeking the professional services of a consultant to complete the sewer fee evaluation for the IEUA service area. Representatives from the Cucamonga Valley Water District, City of Fontana and IEUA participated in the selection of the consultant. The sewer fee evaluation will include an analysis of the following:


- EDU calculation
- Other agency business models
- Public service facilities
- Leasing of capacity
- Fee collection process
- Revenue impacts
- Transition plan

The sewer fee evaluation will begin in June and is expected to be completed by January 2017.

**RECEIVE AND  
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Date: May 26, 2016/June 2, 2016  
To: Regional Committees  
From: Inland Empire Utilities Agency   
Subject: Recharge Master Plan Update Project Resolutions and Agreements

---

**RECOMMENDATION**

This is an informational item for the Regional Committees to review.

**BACKGROUND**

The item was presented to IEUA's Public, Legislative Affairs, and Water Resources Committee and Finance, Legal, and Administration Committee on May 11, 2016, and also at the IEUA Board of Directors/Chino Basin Regional Financing Authority Commission meeting on May 18, 2016.



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: P. Joseph Grindstaff  
General Manager

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

Jason Gu  
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 First Amendment to 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:

<b>Chino Basin Improvements and Groundwater Cleanup Project Funding Plan</b>										
<b>Project</b>	<b>Benefits (AFY)</b>			<b>Cost Share (%)</b>			<b>Total Project Cost</b>	<b>Potential Funding</b>		
	<b>RW</b>	<b>SW</b>	<b>DW</b>	<b>CBWM</b>	<b>IEUA</b>	<b>CDA</b>		<b>Grants</b>	<b>SRF Loan</b>	<b>Planning Loan</b>
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 Seveine 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
<b>Subtotal RMPU Project</b>	<b>7,125</b>	<b>5,497</b>					<b>\$ 40,440,000</b>	<b>\$19,565,000</b>	<b>\$15,583,504</b>	<b>\$ 5,291,496</b>
TCE Cleanup - Wells, Pipeline, Pump Station & De-Carbonators			8,520		40%	60%	\$ 25,230,705	\$12,615,353	\$12,615,353	
<b>Subtotal Cleanup Project</b>			<b>8,520</b>	-	-	-	<b>\$ 25,230,705</b>	<b>\$12,615,353</b>	<b>\$12,615,353</b>	
<b>Total</b>	<b>7,125</b>	<b>5,497</b>	<b>8,520</b>	-	-	-	<b>\$ 65,670,705</b>	<b>\$32,180,353</b>	<b>\$28,198,856</b>	<b>\$ 5,291,496</b>

### **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.

## Recharge Master Plan Update Project Resolutions and Agreements

May 18, 2016

Page 3 of 4

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	COA		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 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

**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 18<sup>th</sup> 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:

ABSENT: Koopman

**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 18<sup>th</sup> 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 )

\* 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 18<sup>th</sup> 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

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: Hall, Elie, Camacho, Catlin

NOES:       None

ABSTAIN: None

ABSENT: Koopman

**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 Recharge Master Plan Update (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 #8223-110. 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 18<sup>th</sup> day of May, 2016.

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

ATTEST:

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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. 2016-5-5 was adopted at a regular meeting  
on May 18, 2016 of said Agency\* by the following vote:

ABSENT: Koopman

**Steven J. Elie, Secretary/Treasurer**

(SEAL)

• A Municipal Water District

**MASTER RECHARGE FACILITIES FINANCING AGREEMENT**

**Dated as of June 1, 2016**

**By and Among**

**CHINO BASIN REGIONAL FINANCING AUTHORITY,**

**INLAND EMPIRE UTILITIES AGENCY**

**and**

**CHINO BASIN WATERMASTER**

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## MASTER RECHARGE FACILITIES FINANCING AGREEMENT

This Agreement, dated as of June 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, Watermaster has been ordered to implement 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 Court's order approving 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 develop and 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, sufficient replenishment capability exists to meet the reasonable projections of desalter replenishment obligations.

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 June 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.

“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 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 Debt, an amount equal to the sum of (i) interest payable during such Agency Fiscal Year on Authority Debt, except to the extent that such interest is to be paid from capitalized interest, (ii) that portion of principal of Authority Debt payable during such Agency Fiscal Year, (iii) amounts necessary to replenish any reserve fund created pursuant to a 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 Debt shall be calculated on the assumption that no Authority 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 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 Debt during the twelve (12) calendar months preceding the date of calculation (or the portion of the then current Agency Fiscal Year that such Authority Debt have borne interest) or (b) the most recent effective interest rate on such Authority Debt prior to the date of calculation; and

provided further that, as to any such Authority Debt or portions thereof bearing no interest but which are sold at a discount and which discount accretes with respect to such Authority 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 Debt for which such debt service reserve fund was established and in each preceding Agency Fiscal Year until such amount is exhausted.

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

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

“Independent Certified Public Accountant” means any firm of certified public accountants appointed by Watermaster, 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.

“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 recharge facilities improvements 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 are the subject of cost sharing under the Master Agreement. The parties acknowledge that portions of 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 Debt Resolution to administer any funds or accounts required by such 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 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, IEUA shall provide to Watermaster, and Watermaster shall utilize, the Projects for recharge purposes in accordance with the Judgement, Section 5.1 of the Peace Agreement and Program Element 2 of Exhibit B thereto, and Section VIII of the Peace II Agreement. Subject to Watermaster's payment obligations hereunder, the Authority agrees to use its best efforts to finance each Project pursuant to this Agreement. 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. 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 each Project, including the payment of operation and maintenance costs with respect to the Project consistent with the Bright Line Agreement and Section VIII of the Peace II Agreement. The Authority shall have no responsibility to operate or maintain or pay any operation and maintenance costs with respect to any Project. Nothing contained in this Agreement shall create any additional obligations of IEUA to operate or maintain or pay any operation and maintenance costs with respect to any Projects.

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

Neither the Authority nor any of its 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 and IEUA shall indemnify and hold harmless the Authority and its 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 in 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 Brownstein Hyatt Farber Schreck, 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 9641 San Bernardino Road Rancho Cucamonga, California 91730 Attention: General Manager
With a copy to:	Brownstein Hyatt Farber Schreck 1020 State Street Santa Barbara, CA 93101
If to IEUA:	Inland Empire Utilities Agency 6075 Kimball Avenue Chino, California 91708 Attention: Chief Executive Officer
With a copy to:	Jean Cihigoyenetché Cihigoyenetché, 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: \_\_\_\_\_  
General Manager

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

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

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: \_\_\_\_\_  
General Manager

## ANNEX A-2

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

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: \_\_\_\_\_  
General Manager

**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 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, 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, 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, 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.

**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.

**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 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 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.

**2.4 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 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

**FIRST AMENDMENT  
to  
MASTER AGREEMENT REGARDING THE  
MANAGEMENT OF COLLABORATIVE RECHARGE PROJECTS  
between  
INLAND EMPIRE UTILITIES AGENCY  
and  
CHINO BASIN WATERMASTER**

This First Amendment to Master Agreement Regarding the Management of Collaborative Recharge Projects between Inland Empire Utilities Agency and Chino Basin Watermaster is made and entered into as of this \_\_\_\_ day of May, 2016 by and between the Inland Empire Utilities Agency (IEUA) and the Chino Basin Watermaster (Watermaster) (each a “Party” and collectively, the “Parties”).

**RECITALS**

A. The Master Agreement Regarding the Management of Collaborative Recharge Projects between Inland Empire Utilities Agency and Chino Basin Watermaster (the “Master Agreement”) was entered into by IEUA and Watermaster, effective July 24, 2014.

B. IEUA and Watermaster, along with Chino Basin Regional Financing Authority, are entering into a Master Recharge Facilities Financing Agreement (“Master Financing Agreement”) to facilitate the financing of recharge projects, including recharge projects that are managed pursuant to the Master Agreement;

C. IEUA and Watermaster wish to amend the Master Agreement to reflect that some of the recharge projects managed pursuant to the Master Agreement will be financed pursuant to the Master Financing Agreement.

**NOW THEREFORE IT IS AGREED TO AMEND THE MASTER AGREEMENT AS FOLLOWS:**

1. Recital H to the Master Agreement shall be amended to read:

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, construction management services, and financing related costs;

2. Recital I to the Master Agreement shall be amended to read:

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");

3. Recital J to the Master Agreement shall be amended to read:

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, leading project management efforts, and securing debt financing under the Recharge Facilities Financing Agreement to support project costs;

4. Recital K to the Master Agreement shall be amended to read:

The Parties seek to develop a Master Agreement for joint management, 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.

5. Article 2.4 of the Master Agreement shall be amended to read:

**2.4 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 Fund (SRF) loans issued by the State Water Resources Control Board. 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.

6. The original Article 2.4 of the Master Agreement titled "No Partnership or Joint Venture" shall be renumbered as Article 2.5.

7. The original Article 2.5 of the Master Agreement titled "Project Litigation" shall be renumbered as Article 2.6.

8. Article 3.1 of the Master Agreement shall be amended to read:

**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.

9. Article 3.3 of the Master Agreement shall be amended to read:

**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.

10. The original Article 3.3 of the Master Agreement titled "Disputed Invoices" shall be renumbered as Article 3.4.

11. The original Article 3.4 of the Master Agreement titled "Reimbursement Limitations" shall be renumbered as Article 3.5.

**ALL OTHER PROVISIONS SHALL REMAIN UNCHANGED.**

IN WITNESS WHEREOF, the parties hereby have caused this Amendment to be entered into as of the day and year written above.

INLAND EMPIRE UTILITIES AGENCY:

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Joseph Grindstaff  
General Manager

CHINO BASIN WATERMASTER:

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Peter Kavounas  
General Manager

# 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

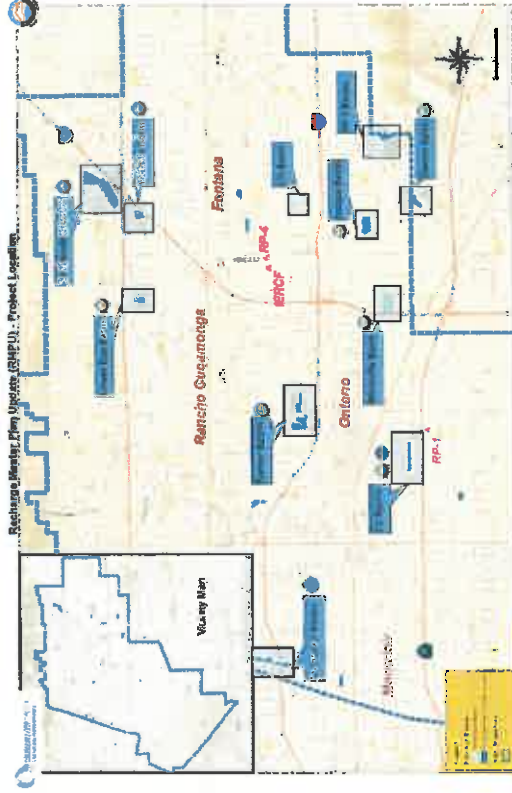
- \* Improve the Groundwater Recharge Basins
- \* Clean-up the South Archibald TCE Plume
- \* Meet Drinking Water Standards
- \* \$66M Combined Project Cost, \$32M grant

## CWSRF Loan for Project Planning and Design

# Recharge Master Plan update TCE Plume Cleanup Project

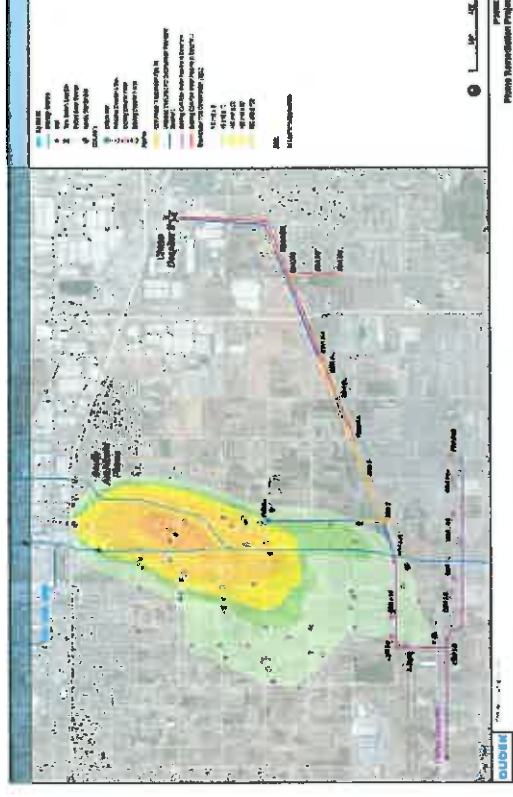
## RMPU Project

**\$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	\$ 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 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	\$ 28,198,856	\$ 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.*