



Special Regional Sewerage Program Technical Committee Meeting

AGENDA

Thursday, March 28, 2019

3:30 p.m.

Location

Inland Empire Regional Composting Facility
Conference Room
12645 6th Street
Rancho Cucamonga, CA 91739

Call to Order and Roll Call

Additions/Changes to the Agenda

1. Action Items

- A. Meeting Minutes for January 31, 2018

2. Informational Items

- A. Mid-Year Building Activity Report
- B. Ten Year Capital Improvement Plan Update
- C. Sewer System Management Plan

3. Receive and File

- A. Draft Regional Policy Committee Agenda
- B. Recycled Water Distribution - Operations Summary
- C. Legislative Update
- D. 2019 Rate Study Workshop #1 Presentation

4. Previous Technical Committee Items Requested

None

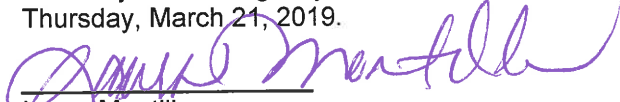
5. Other Business

- A. IEUA General Manager's Update
- B. Committee Member Requested Agenda Items for Next Meeting
- C. Committee Member Comments
- D. Next Regular Meeting – April 26, 2019

6. Adjournment with Optional Tour of RP-4

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 to the IEUA Website at www.ieua.org and posted in the foyer at the Agency's main office at 6075 Kimball Avenue, Building A, Chino, CA, on Thursday, March 21, 2019.



Laura Mantilla

**ACTION
ITEM**

1A



**Special Regional Sewerage Program
 Technical Committee Meeting
 MINUTES OF JANUARY 31, 2019**

CALL TO ORDER

A regular meeting of the IEUA/Regional Sewerage Program – Technical Committee was held on Thursday, January 31, 2019, at the Inland Empire Utilities Agency located at 6075 Kimball Avenue, Chino, California. Committee Chairman Noel Castillo called the meeting to order at 4:03 p.m.

ATTENDANCE

Committee Members:

Dave Crosley	City of Chino
Ron Craig	City of Chino Hills
Eduardo Espinoza (Alternate)	Cucamonga Valley Water District
Chuck Hays	City of Fontana
Noel Castillo	City of Montclair
Courtney Jones (Alternate)	City of Ontario
Rosemary Hoerning	City of Upland
Kirby Brill	Inland Empire Utilities Agency

OTHERS PRESENT

Nicole deMoet	City of Montclair
Chris Berch	Inland Empire Utilities Agency
Kathy Besser	Inland Empire Utilities Agency
Randy Lee	Inland Empire Utilities Agency
Shaun Stone	Inland Empire Utilities Agency
Christina Valencia	Inland Empire Utilities Agency
Ken Monfore	Inland Empire Utilities Agency
Craig Proctor	Inland Empire Utilities Agency
Ken Tam	Inland Empire Utilities Agency
Eddie Lin	Inland Empire Utilities Agency
Laura Mantilla	Inland Empire Utilities Agency

ADDITIONS/CHANGES TO THE AGENDA

There were none.

1. ACTION ITEMS

A. APPROVAL OF THE MEETING MINUTES OF OCTOBER 25, 2018

Motion: By Courtney Jones/City of Ontario and seconded by Chuck Hays/City of Fontana to approve the meeting minutes of October 25, 2018.

Motion carried: Unanimously.

B. CITY OF ONTARIO REGIONAL CONNECTION REQUESTS FOR O-95 AND O-99

Motion: By Eduardo Espinoza/Cucamonga Valley Water District and seconded by Chuck Hays/City of Fontana to approve the request by the City of Ontario for two new connection points to the Regional System (#O-95 and #O-99).

Motion carried: Unanimously.

C. BASELINE RECYCLED WATER PIPELINE EXTENSION CONSTRUCTION CONTRACT AWARD

Shaun Stone/IEUA gave a presentation on the Baseline Recycled Water Pipeline Extension Project. He stated that the project is located north of the Village of Heritage and in the CVWD service area in the City of Fontana. Mr. Stone highlighted that IEUA received a \$2.5 million principal forgiveness grant, which covers more than 50% of the construction cost. The scope includes installation of 8,200 feet of 24-inch recycled water pipeline along Baseline Avenue and South Heritage Circle. This will add an additional 105 AF per year of recycled water to the City of Fontana.

IEUA received seven bids and Trautwein Construction, Inc. was the lowest responsive, responsible bidder at \$4,896,641; below the engineers estimate of \$5.38 million. The total project cost is approximately \$6.7 million. The construction completion date is November 2019. Mr. Stone requested that the Committee recommend the IEUA Board of Directors award the construction contract to Trautwein Construction Inc. in the amount of \$4,896,641. Discussion ensued on the 24-inch recycled water pipeline location and the funding received through Prop 1.

Motion: By Chuck Hays/City of Fontana and seconded by Eduardo Espinoza/Cucamonga Valley Water District to recommend to the IEUA Board of Directors to award the construction contract for the Baseline Recycled Water Pipeline Extension Project to Trautwein Construction Inc., in the amount of \$4,896,641.

Motion carried: Unanimously.

2. INFORMATIONAL ITEMS

A. CHINO BASIN PROGRAM (PROP 1)

Chris Berch/IEUA provided an update on the CBP. Mr. Berch stated that IEUA sent the updated MOU based on the comments received from the workshops along with documents for reference and added that he and Sylvie Lee are happy to assist with the board or council letters. Mr. Berch thanked those who provided help with the predesign report. He stated that IEUA received nine proposals. Interviews with the consultants are scheduled for next week and will be presented to the IEUA Board for consideration in March.

The next workshop is scheduled for February 27. The items to be reviewed are the forecast of the financial model for the program and a source water memo for feedback.

B. RATE STUDY

Christina Valencia/IEUA stated an RFP for the 2019 Rate Study was released in October 2018. Two proposals were received. Rob Burns from the City of Chino and Ray Harton from Monte Vista Water District participated in the evaluation. The evaluation team unanimously selected Carollo Engineers Inc. proposal. The IEUA Board approved the contract award on January 16. The project team kick-off meeting is scheduled on February 4, 2019. The stakeholder workshops are slated to begin in March. Discussion ensued on the term of the rates in the scope.

3. RECEIVE AND FILE

A. DRAFT REGIONAL POLICY COMMITTEE AGENDA

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

B. BUILDING ACTIVITY REPORT

The November 2018 Building Activity Report was received and filed by the Committee.

C. RECYCLED WATER DISTRIBUTION - OPERATIONS SUMMARY

The December 2018 Recycled Water Distribution Operations Summary was received and filed by the Committee.

D. LEGISLATIVE UPDATE

The Fiscal Year 2019/20 Legislative Policy Principles were received and filed.

4. PREVIOUS TECHNICAL COMMITTEE ITEMS REQUESTED

None

5. OTHER BUSINESS

A. IEUA INTERIM GENERAL MANAGER'S UPDATE

Interim General Manager Kirby Brill stated that IEUA is working on the Fiscal Year 2019/20 Biennial Budget and TYCIP which will be presented to the Committee in March and Policy Committee in April for their review and input.

B. COMMITTEE MEMBER REQUESTED AGENDA ITEMS FOR NEXT MEETING

Dave Crosley/City of Chino requested a report from staff describing the status of the activities on recycled water master plan. This information would be helpful with the regional contract negotiations. The sooner the Committee can receive the update the better.

C. COMMITTEE MEMBER COMMENTS

Rosemary Hoerning/City of Upland thanked IEUA, CVWD and Ontario for responding to a sewer spill that Upland had at one of the facilities. She stated that with their help it was controlled in a timely manner.

D. NEXT MEETING – FEBRUARY 28, 2019

6. **ADJOURNMENT** - The meeting adjourned at 4:23 p.m.

Transcribed

by:

Laura Mantilla, Executive Assistant

INFORMATION

ITEM

2A

Mid-Year Building Activity Report

(July – December 2018)



Mid-Year Building Activity Summary

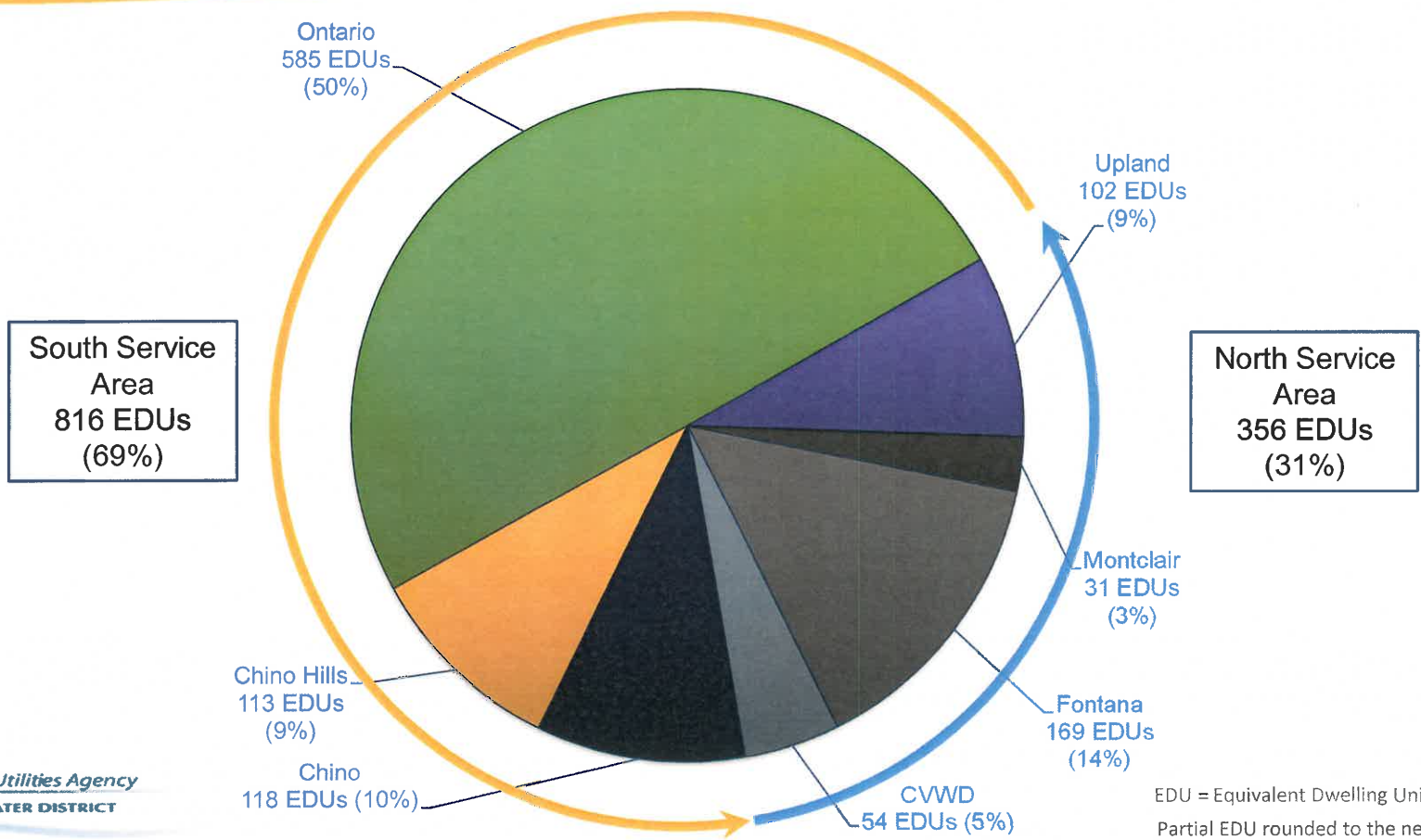
Equivalent Dwelling Unit (EDU)

- Contracting Agency Forecast: 6,149 EDUs
- IEUA Budgeted Forecast: 4,000 EDUs
- Building Activity (to date):
 - 19% of Contracting Agency Forecast
 - 30% of IEUA Budgeted Forecast

Contracting Agency	Residential (EDUs)	Commercial/Industrial (EDUs)	Total (EDUs)
Chino	83	35	118
Chino Hills	59	54	113
CVWD	11	43	54
Fontana	119	50	169
Montclair	9	22	31
Ontario	524	61	585
Upland	94	8	102
Mid-Year Totals	899	273	1,172

Mid-Year 17/18 Building Activity

1,172 EDUs Resulted in \$7.7M Funding



EDU = Equivalent Dwelling Unit
Partial EDU rounded to the nearest whole number

INFORMATION

ITEM

2B



Date: March 28, 2019/April 4, 2019
To: Regional Sewerage Committees
From: Inland Empire Utilities Agency *KB*
Subject: Proposed Ten Year Capital Improvement Plan (TYCIP) Fiscal Years
2019/20 – 2028/29

RECOMMENDATION

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

BACKGROUND

The item was presented as an information item at the IEUA Board of Directors meeting on March 20, 2019.



Date: March 20, 2019

KB

To: The Honorable Board of Directors

From: Kirby Brill, Interim General Manager

Committee: Finance & Administration

03/13/19

Engineering, Operations & Water Resources

03/13/19

Executive Contact: Christina Valencia, Executive Manager of Finance & Administration/AGM

Subject: Proposed Ten Year Capital Improvement Plan (TYCIP) Fiscal Years 2019/20-2028/29

Executive Summary:

Pursuant to the Regional Sewage Service Contract, an annual forecast of capital projects planned over the next ten years, the Ten Year Capital Improvement Plan (TYCIP), is submitted to the Regional Technical and Policy Committees and IEUA Board of Directors for approval. The proposed TYCIP of approximately \$924 million identifies projects planned for fiscal years (FYs) 2019/20 - 2028/29 along with respective budget and projected funding sources. Based on current and conservative assumptions, approximately 46% will be funded on a pay-go basis, 49% with new debt issuance, and the remaining balance with grant proceeds.

As one of the Agency's long-term planning documents, the TYCIP is instrumental in identifying necessary improvements and expansion of existing facilities, major asset replacement and rehabilitation (R&R), and major capital equipment purchases to meet current and future service demands. Capital projects in the Regional Wastewater and Recycled Water programs account for nearly 90% of the \$924 million, with about 70%, or \$635 million, scheduled within the first 5 years (FYs 2020-2024). Major projects in the proposed TYCIP include: Regional Water Recycling Facility No. 5 (RP-5) Expansion, RP-1 Rehabilitation and Improvement, recycled water intertie connections to the City of Pomona and Jurupa Community Services District, and rehabilitation and repair of critical assets including the Philadelphia Lift Station.

Staff's Recommendation:

This is an informational item.

Budget Impact Budgeted (Y/N): N Amendment (Y/N): N Amount for Requested Approval:

Account/Project Name:

Fiscal Impact (explain if not budgeted):

None.

Full account coding (internal AP purposes only):

- - -
- - -

Project No.:

Prior Board Action:

On June 20, 2018, the IEUA Board of Directors adopted the FY 2018/19 Budget Amendment to the FYs 2017/18 - 2026/27 TYCIP.

Environmental Determination:

Not Applicable

Business Goal:

The proposed TYCIP for FYs 2019/20 - 2028/29 is consistent with the IEUA Business Goals of Fiscal Responsibility, Water Reliability, Wastewater Management, Environmental Stewardship, and Business Practices.

Attachments:

- Attachment 1 - Background
- Attachment 2 - List of Projects
- Attachment 3 - Powerpoint

Background

Subject: Proposed Ten Year Capital Improvement Plan (TYCIP) for FYs 2019/20 – 2028/29

Presented is a preliminary overview of the Agency's proposed Ten Year Capital Improvement Plan for fiscal years (FYs) 2019/20 - 2028/29 (2020 TYCIP). The proposed 2020 TYCIP will be presented to the Regional Technical and Regional Policy Committees on March 28, 2019 and April 4, 2019, respectively.

FYs 2020 – 2029 Proposed Ten Year Capital Improvement Plan (2020 TYCIP)

The purpose of the capital improvement plan is to catalog and schedule capital improvement projects over a multi-year period to effectively and efficiently meet the service needs of the region, comply with statutory requirements, and appropriately maintain Agency assets. Each year, pursuant to the Regional Sewage Service Contract (Regional Contract), member agencies provide a ten-year forecast of expected growth in their area. The member agencies forecast, presented to the Board of Directors on October 2018, estimated over 52,000 new connections over the next ten years, with approximately 60% of those new connections anticipated in the southern portion of the Agency's service area. The Agency prepares a ten-year forecast of capacity demands and identifies capital projects needed to meet the service demand from future growth. The TYCIP is updated annually and presented to the Regional Technical and Policy Committees for review and comment.

The rehabilitation, replacement, improvement, and expansion of the Agency's facilities continue to be the key drivers for the proposed FY 2020 TYCIP. These drivers are consistent with the Agency's long-term planning documents approved by the Board of Directors, amongst them:

- 2015 Wastewater Facilities Master Plan
- 2015 Recycled Water Program Strategy Update
- 2015 Energy Management Plan
- 2015 Regional Water Use Efficiency Business Plan
- 2016 Integrated Water Resources Plan

The proposed FY 2020 TYCIP of \$924 million is higher than the current 2019 TYCIP of \$715 million by approximately \$209 million. The primary drivers for the increase are the RP-1 Capacity Recovery project which is slated to begin construction in 2029, and the recycled water interties to the City of Pomona and Jurupa Community Services District (JCSD). Regional Capital projects in the Regional Wastewater and Recycled Water programs account for nearly 90% of the \$924 million, with about 70%, or \$635 million, scheduled within the first 5 years (FYs 2020-2024). The capital improvement plan includes both capital and operational and maintenance projects but only capital are shown by fund in Table 1 below.

Table 1: Proposed TYCIP Projects by Fund

Fund (\$Millions)	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25 through FY 2028/29	TOTAL
Wastewater Capital*	\$25.3	\$102.6	\$125.7	\$66.3	\$36.0	\$158.6	\$514.4
Wastewater Operations**	28.8	22.7	10.9	8.1	3.9	31.8	106.2
Recycled Water	18.7	23.8	16.3	23.3	44.0	78.3	204.4
Non-Reclaimable Wastewater	8.9	14.0	0.6	0.7	0.8	5.7	30.8
Water Resources	3.0	7.8	6.1	3	8	0.0	28.0
Recharge Water	5.0	13.2	0.3	0.5	0.8	6.8	26.5
Admin Services	2.3	1.2	0.6	0.7	1.0	7.7	13.6
Total	\$91.8	\$185.5	\$160.5	\$102.6	\$94.5	\$289.0	\$923.9

*Regional Wastewater Capital Improvement Fund

**Regional Wastewater Operations & Maintenance Fund

+/- Total may not add due to rounding

The RP-1 Capacity Recovery project and improvements to the regional recycled water system are expected to increase the capital improvement plan to \$211 million by 2030. As summarized in Table 2, eight major capital projects account for nearly 68%, or \$896 million, of the \$1.3 billion million planned over the next 15 years.

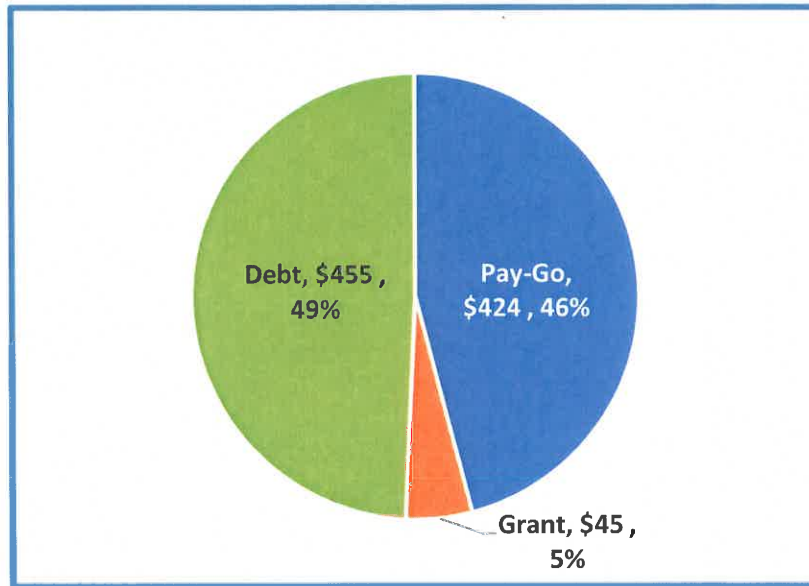
Table 2: Major Capital Projects

Description	FYs 2020-2029				TOTAL COST \$ Millions
	16/20	21/25	26/30	31/35	
RP-5 Solids Treatment Facility					\$ 162
RP-5 Expansion to 30 mgd					\$ 157
RP-4 Expansion					\$ 14
RP-1 Capacity Recovery					\$ 347
RP-1 Advanced Water Treatment					\$ 80
RP-4 Improvement					\$ 5
Intertie - Pomona & JCSD					\$ 112
Philadelphia Lift Station					\$ 19
Total					\$ 896

These major projects are needed to meet the anticipated growth in the Agency's service area, replacement and rehabilitation (R&R) of aging facilities and infrastructure, and sustainment of water quality in the region. Funding for these major projects is shared by the Regional Wastewater Capital Improvement (Wastewater Capital), the Regional Wastewater Operations & Maintenance (Wastewater Operations), Recycled Water (WC), and Non-Reclaimable Wastewater (NC) funds.

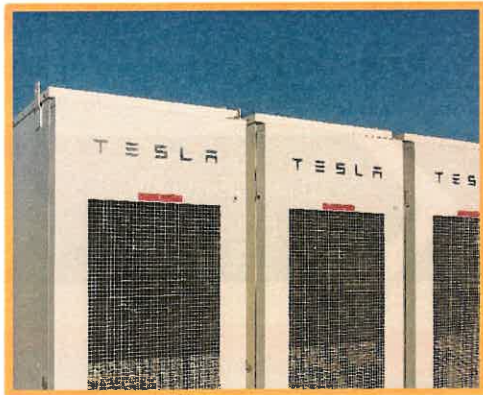
Based on current and conservative assumptions, the proposed TYCIP is funded on a pay-go basis, new debt, and grants as shown in Figure 1.

**Figure 1: Estimated Funding Sources
(\$ Million)**



2019/20 TYCIP List of Projects												
Project No.	Name	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	10 Years
LB20001	ICPIInstrument	200,000	-	-	-	-	-	-	-	-	-	200,000
EN20045	RP-1 TP-1 Level Sensor Replacement	200,000	-	-	-	-	-	-	-	-	-	200,000
IS21006	Replace RP-1 Trailer	-	200,000	-	-	-	-	-	-	-	-	200,000
FM20004	HQ Door System Upgrades	180,000	-	-	-	-	-	-	-	-	-	180,000
EN20055	CCWRF Tertiary Panel Rebuild	170,000	-	-	-	-	-	-	-	-	-	170,000
EN20042	RP-1 Headworks Sump Pump Redundancy	75,000	75,000	-	-	-	-	-	-	-	-	150,000
IS20010	Control System Replacement Projects	150,000	-	-	-	-	-	-	-	-	-	150,000
EN17080	System Cathodic Protection Improvements	130,000	-	-	-	-	-	-	-	-	-	130,000
IS20005	WW Infrastructure Replacement Project	122,000	8,000	-	-	-	-	-	-	-	-	130,000
IS20004	WW Cybersecurity Projects	30,000	80,000	-	-	-	-	-	-	-	-	110,000
IS20007	Control System Enterprise Historian Enhancem	65,000	45,000	-	-	-	-	-	-	-	-	110,000
EN20022	1299 Reservoir Paint/Coating Repairs and	-	100,000	-	-	-	-	-	-	-	-	100,000
EP20006	Fleet OBDM System	85,000	-	-	-	-	-	-	-	-	-	85,000
EN24005	1630 West Reservoir Paint/Coating Repair	-	-	-	75,000	-	-	-	-	-	-	75,000
EN24006	930 Reservoir Paint/Coating Repairs and	-	-	-	-	75,000	-	-	-	-	-	75,000
IS20001	BIZ Microwave Upgrade Phase 1	70,000	-	-	-	-	-	-	-	-	-	70,000
IS21001	BIZ Microwave Upgrade Phase II	-	70,000	-	-	-	-	-	-	-	-	70,000
EN20048	RP-4 1158 RW Wet Well Level Sensors	65,000	-	-	-	-	-	-	-	-	-	65,000
LB20004	TurboVap Replacements	60,000	-	-	-	-	-	-	-	-	-	60,000
EN15008	Water Quality Laboratory	50,000	-	-	-	-	-	-	-	-	-	50,000
EN17044	RP-1 12 kv Switchgear and Generator Cont	50,000	-	-	-	-	-	-	-	-	-	50,000
LB20003	Titration	50,000	-	-	-	-	-	-	-	-	-	50,000
IS20006	BIZ New Workstations	20,000	20,000	-	-	-	-	-	-	-	-	40,000
IS20002	BIZ Cybersecurity Project (Hardware)	30,000	-	-	-	-	-	-	-	-	-	30,000
IS20009	Control System Enhancement Projects	30,000	-	-	-	-	-	-	-	-	-	30,000
IS21003	Wireless Manager Software Replacement	-	30,000	-	-	-	-	-	-	-	-	30,000
IS21008	GWR Infrastructure Replacement Project	-	30,000	-	-	-	-	-	-	-	-	30,000
IS20012	BIZ Backup System SAN	20,000	-	-	-	-	-	-	-	-	-	20,000
IS21004	Secure Access for RP-2	-	20,000	-	-	-	-	-	-	-	-	20,000
EN14019	RP-1 Headworks Primary and Secondary Upg	15,000	-	-	-	-	-	-	-	-	-	15,000
EN18055	Headquarters Roofing	15,000	-	-	-	-	-	-	-	-	-	15,000
EN16049	Conference Rooms Audio Visual Upgrades	10,000	-	-	-	-	-	-	-	-	-	10,000
IS20013	RW Remote Station RACO Alarm	10,000	-	-	-	-	-	-	-	-	-	10,000
Total		91,848,724	185,473,584	160,493,677	102,608,575	94,527,382	41,114,083	38,735,706	42,518,278	49,701,826	116,896,365	923,918,200

FY 2019/20 – 2028/29 Ten Year Capital Improvement Plan (TYCIP) Review



Projects Are Needed to Support

Expansion &
Improvement

Replacement &
Rehabilitation

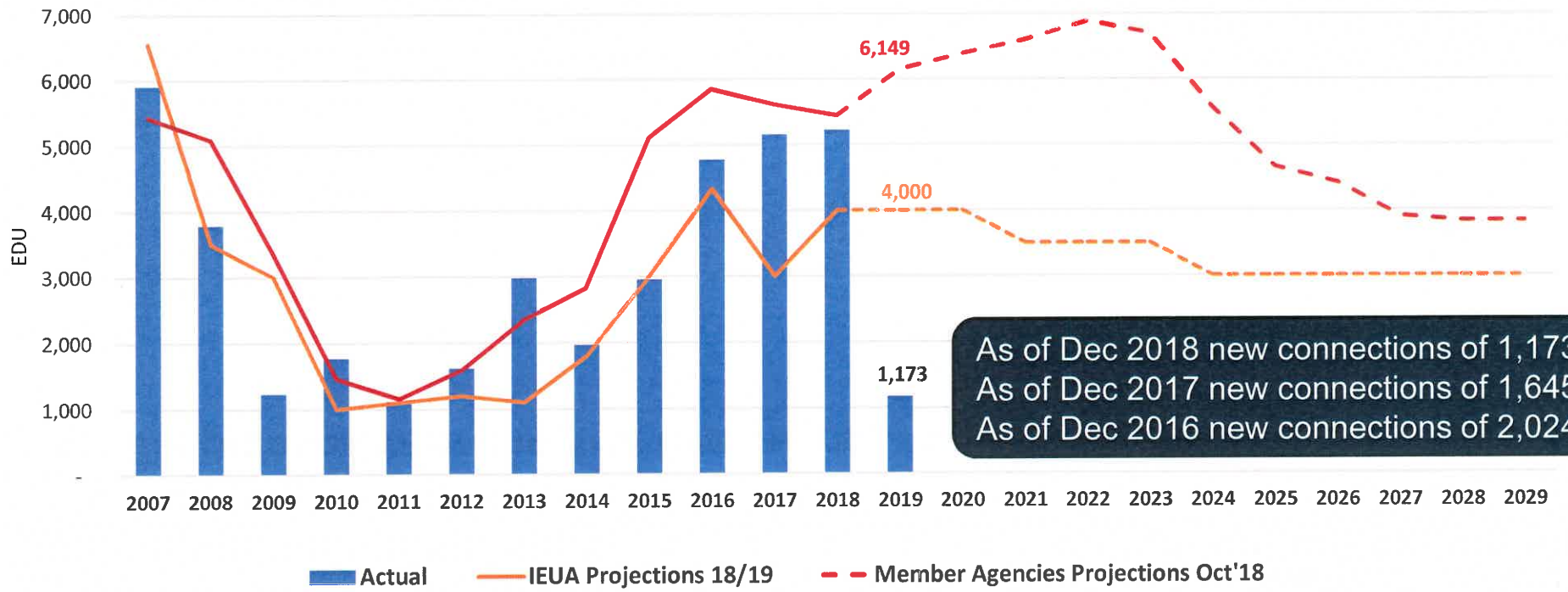
Regulatory
Compliance

Efficiency

- Member Agency growth projections
- 2015 Wastewater Facilities Master Plan
- 2015 Recycled Water Program Strategy Update
- 2015 Regional Use Efficiency Business Plan
- 2015 Energy Management Plan
- 2016 Integrated Water Resources Plan

New Wastewater Connections

Member Agencies Projections 52,975 new EDUs

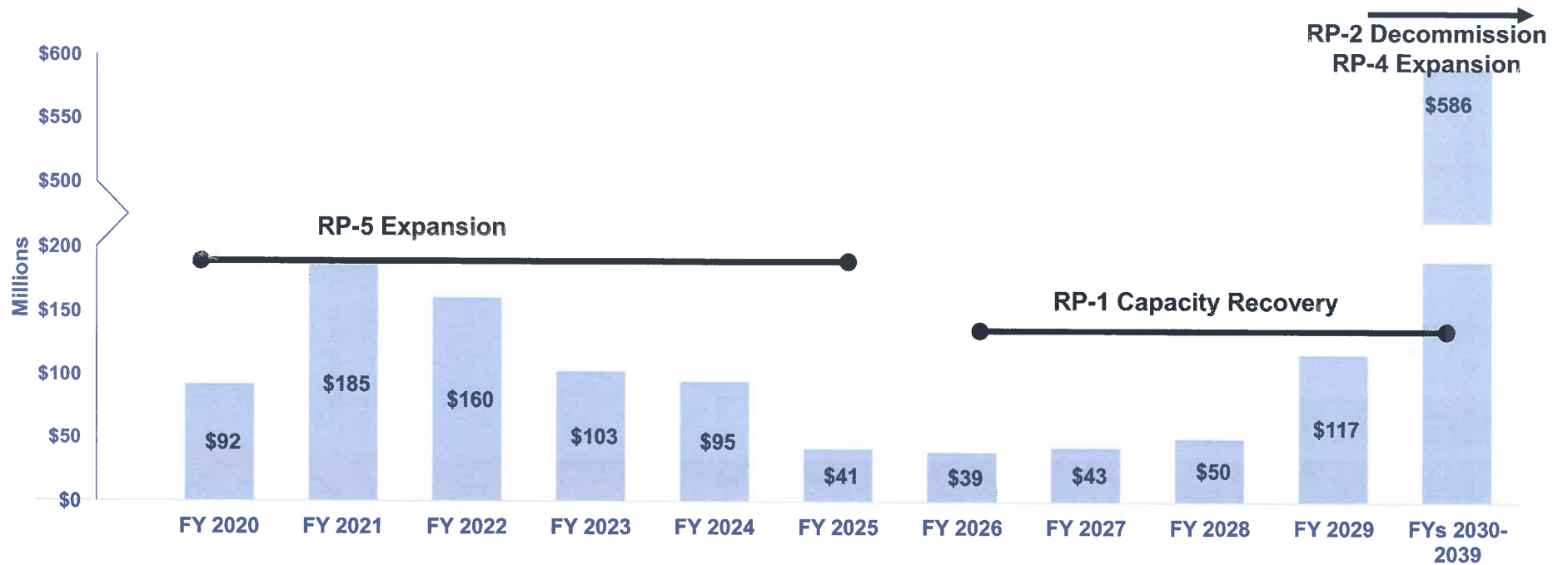


As of Dec 2018 new connections of 1,173
 As of Dec 2017 new connections of 1,645
 As of Dec 2016 new connections of 2,024



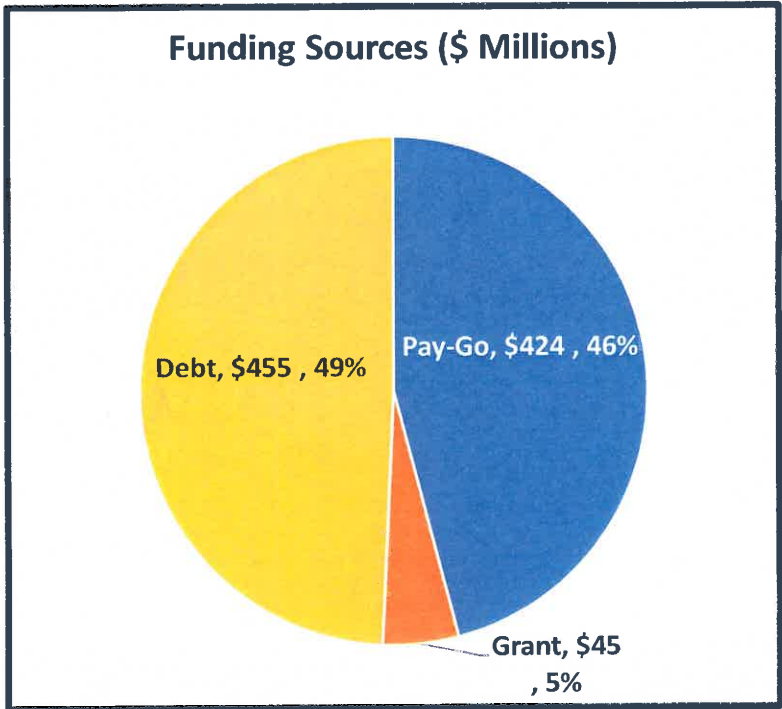
Proposed TYCIP \$923.9M

Nearly 70% planned over the first five years



TYCIP Proposed Capital Projects by Program and Funding Sources

Fund (\$ Millions)	FYs 2020 – 2029 Proposed TYCIP
Regional Wastewater Capital	\$514.4
Recycled Water	\$204.4
Regional Wastewater Operations & Maintenance	\$106.2
Non-Reclaimable Wastewater	\$30.8
Water Resources	\$28.0
Recharge Water	\$26.5
Administrative Services	\$13.6
Total	\$923.9



+/- Totals may not add due to rounding

Other Considerations

- Asset Management
 - Carbon Canyon Wastewater Recycling Facility
 - RP-4 improvements
- Repair and Replacement (R&R)
- Chino Basin Program

CBP Impact to Future TYCIP

Project Component	TYCIP Cost \$ (Millions)	CBP Cost \$ (Millions)
Recycled Water Connections	\$100	\$80
Advanced Wastewater Treatment Plant	\$101	\$100
Groundwater Production Facilities (well, treatment facilities, pump stations)	-	\$100
Water Distribution System Interconnections (pipelines, interconnections to State Water Contractor)	-	\$105
Total Cost	\$201	\$385

Review and Approval Timeline

Month	IEUA Committee	IEUA Board	Regional Technical Committee	Regional Policy Committee
March	03/13	03/20	03/28	
April	04/10	04/03 04/17	04/25	04/04
May	05/08	05/15	05/30	05/02
June	06/12	06/19		06/06

**INFORMATION
ITEM**

2C

Sewer System Management Plan (SSMP)

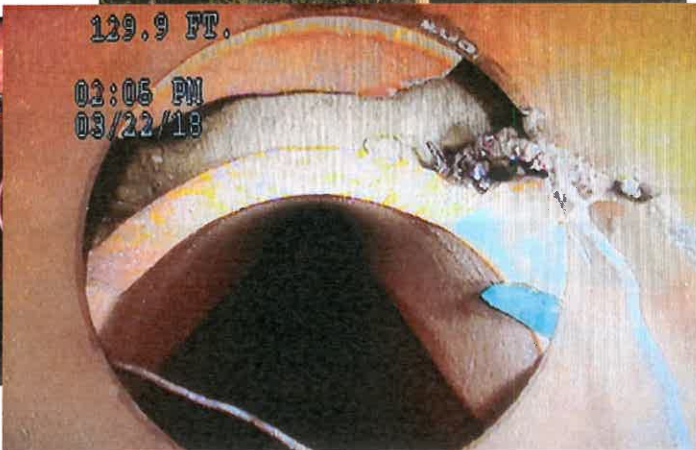
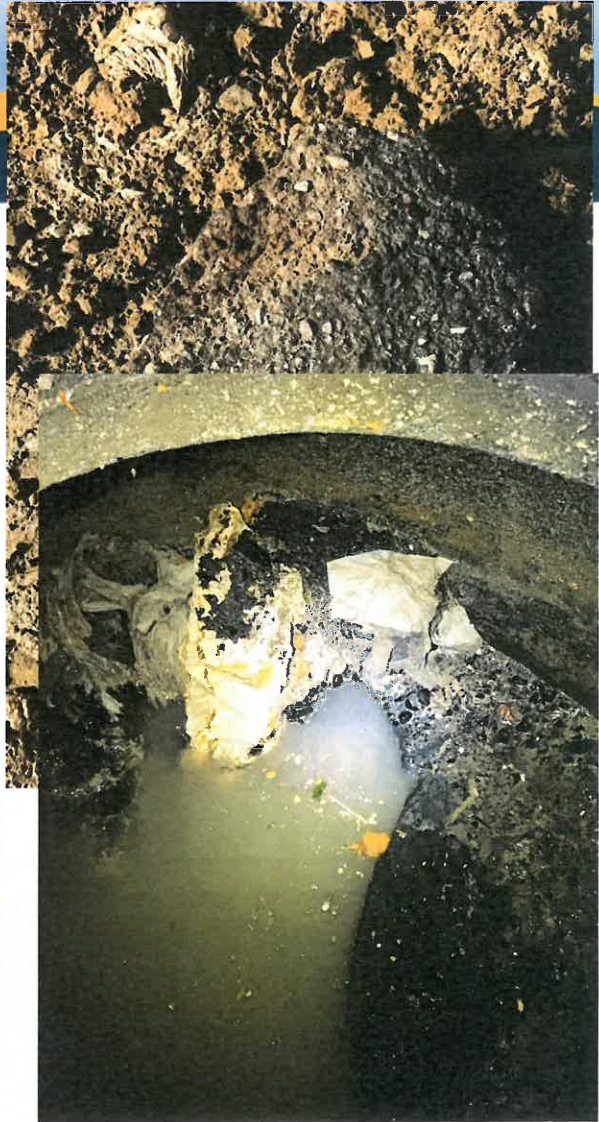


What Our Sewer Collections Teams Do



Sewer Collection Video

Why They Do It



Before

State Requirements

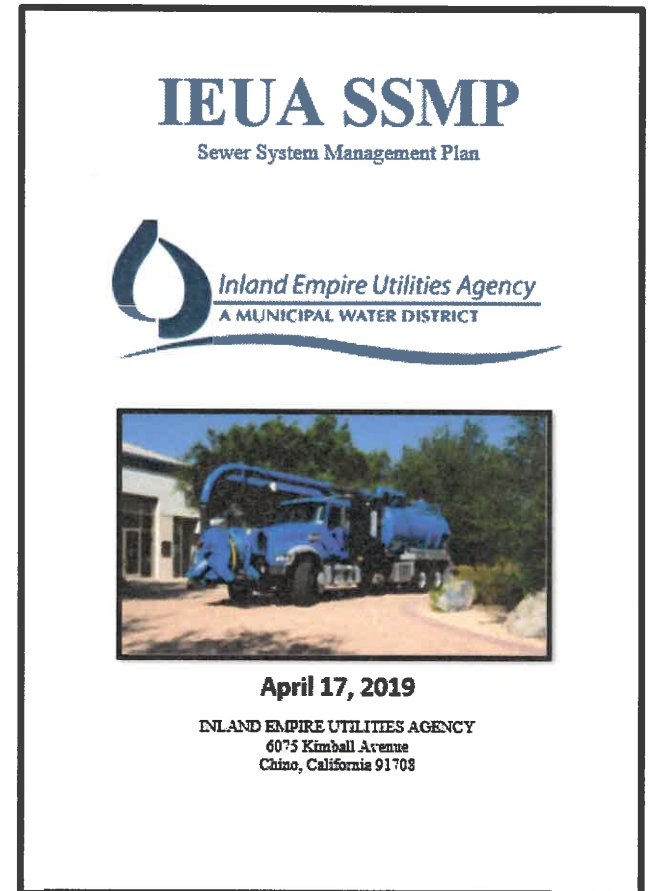
Owners of wastewater collections systems, with more than **one mile** of pipeline must have a **Sewer System Management Plan (SSMP)**.

Requirements:

- Internal Audit every 2 years
- Revise plan every 5 years (Board Approved)

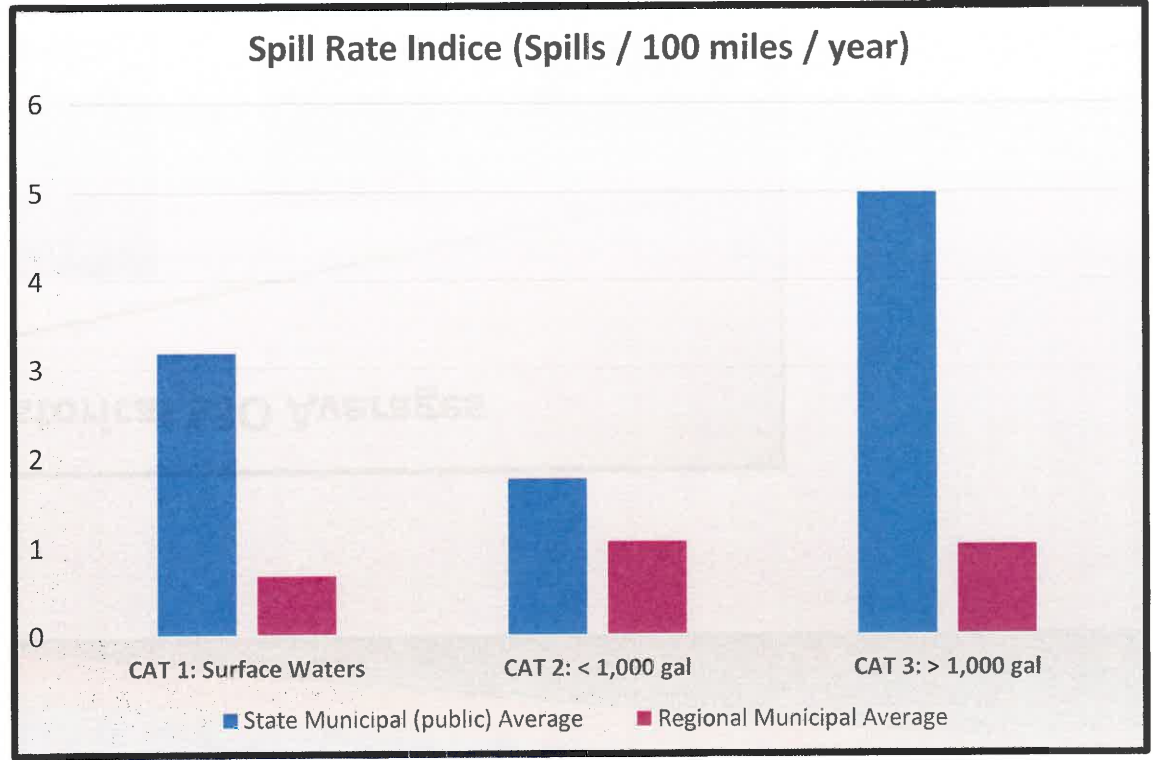
Goal:

To reduce the number of sanitary sewer overflows (SSOs) and their impact, should they occur.

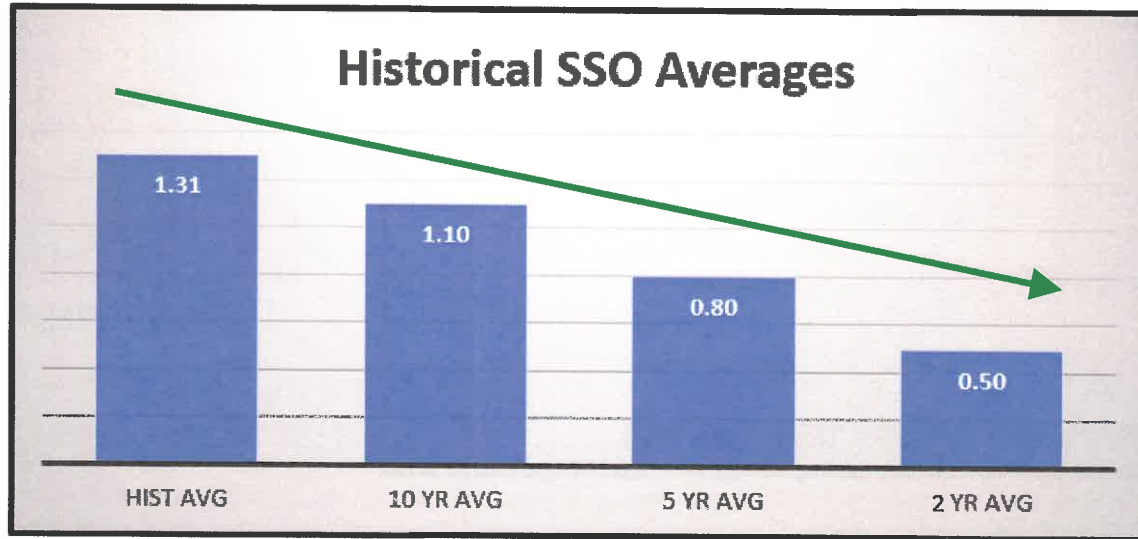


State & Region (Last 5 years)

Region 8: Santa Ana River Basin



Fewer Spills

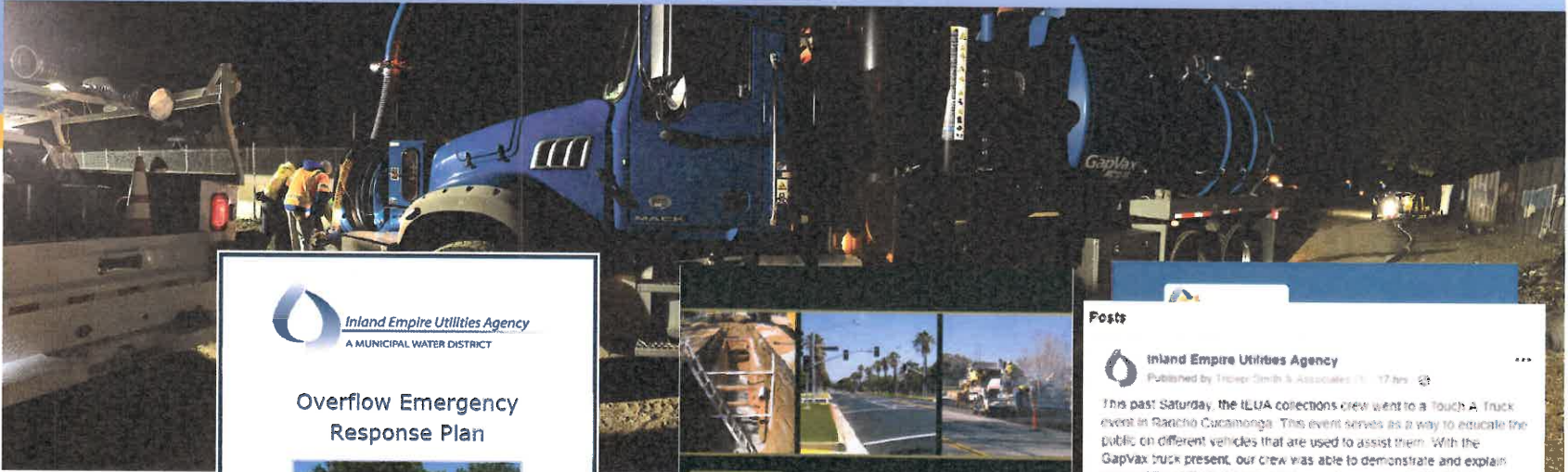


Action Log

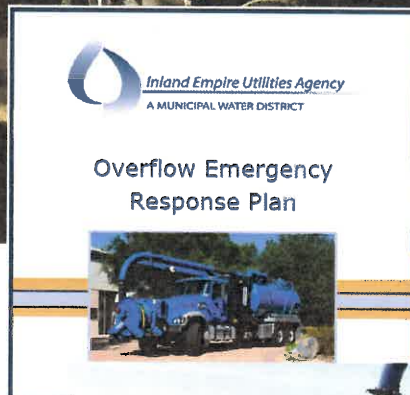
IEUA Corrective Actions
Add Storm Drain Maps
Create Water Quality Monitoring Plan
Redesign Agency Website
Update Mutual Aid Agreement
Collection Strategic Asset Management Plan

Keys to Success

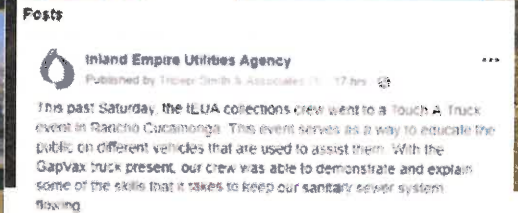
Collaboration



Procedures / Standards



Training



Questions?



**RECEIVE AND
FILE**

3A



Special Regional Sewerage Program Policy Committee Meeting

AGENDA

**Thursday, April 4, 2019
4:00 p.m.**

Location

Inland Empire Regional Composting Facility
Conference Room
12645 6th Street
Rancho Cucamonga, CA 91739

Call to Order and Roll Call

Pledge of Allegiance

Public Comment

Changes/Additions/Deletions to the Agenda

- 1. Technical Committee Report (*Oral*)**
- 2. Action Item**
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- 3. Informational Items**
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 - B. Committee Member Requested Agenda Items for Next Meeting
 - C. Committee Member Comments
 - D. Next Meeting – May 2, 2019
- 6. Adjournment**

DECLARATION OF POSTING

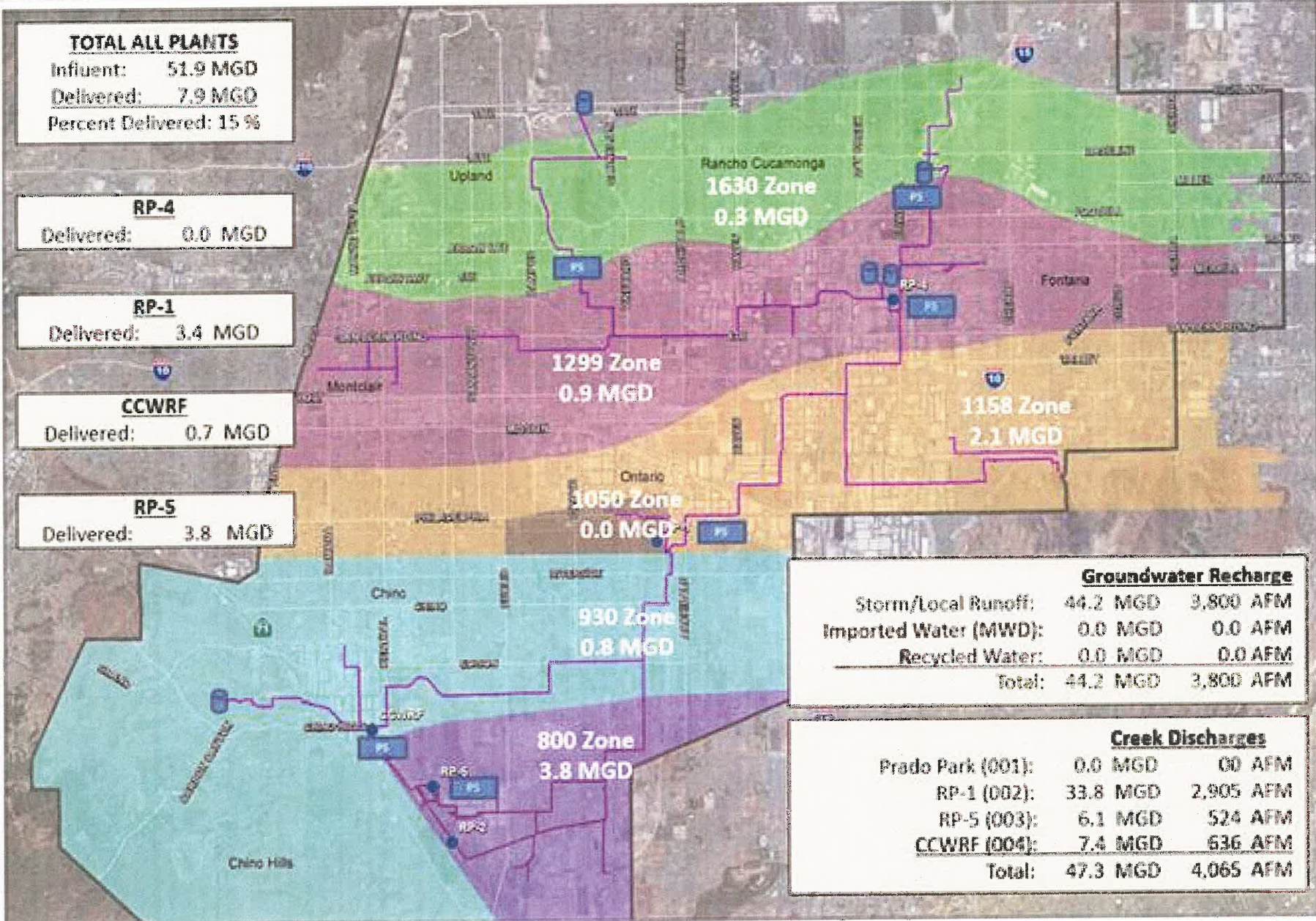
I, Laura Mantilla, Executive Assistant of the Inland Empire Utilities Agency, A Municipal Water District, hereby certify that a copy of this agenda has been posted to the IEUA Website at www.ieua.org and posted in the foyer at the Agency's main office at 6075 Kimball Avenue, Building A, Chino, CA, on Thursday, March 28, 2019.

Laura Mantilla

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IEUA RECYCLED WATER DISTRIBUTION – FEBRUARY 2019



TOTAL ALL PLANTS
 Influent: 51.9 MGD
 Delivered: 7.9 MGD
 Percent Delivered: 15 %

RP-4
 Delivered: 0.0 MGD

RP-1
 Delivered: 3.4 MGD

CCWRF
 Delivered: 0.7 MGD

RP-5
 Delivered: 3.8 MGD

Rancho Cucamonga
1630 Zone
 0.3 MGD

1299 Zone
 0.9 MGD

1158 Zone
 2.1 MGD

1050 Zone
 0.0 MGD

930 Zone
 0.8 MGD

800 Zone
 3.8 MGD

Groundwater Recharge

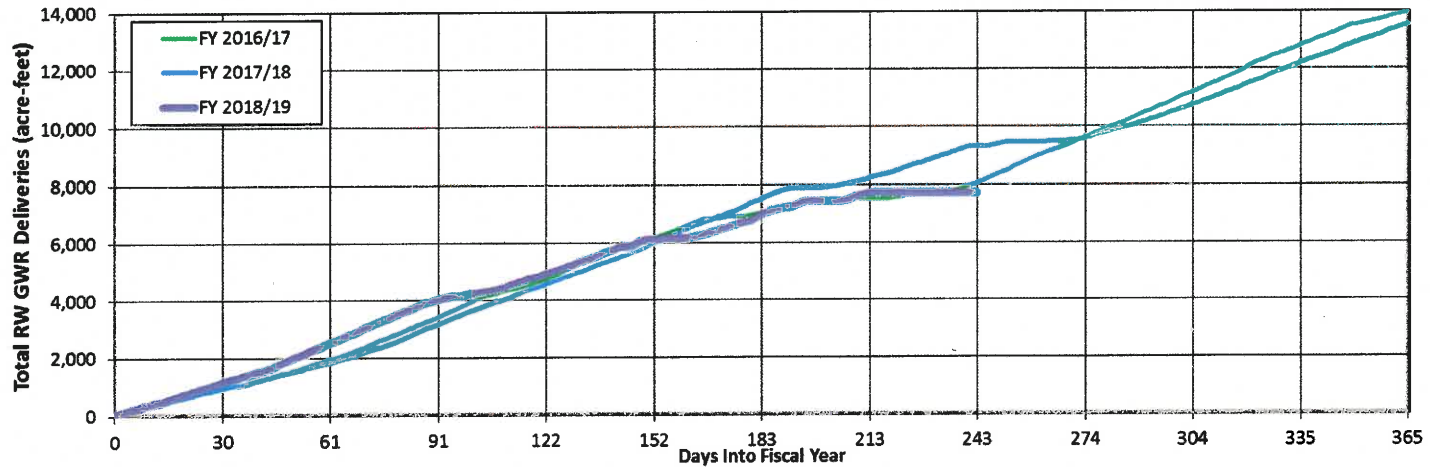
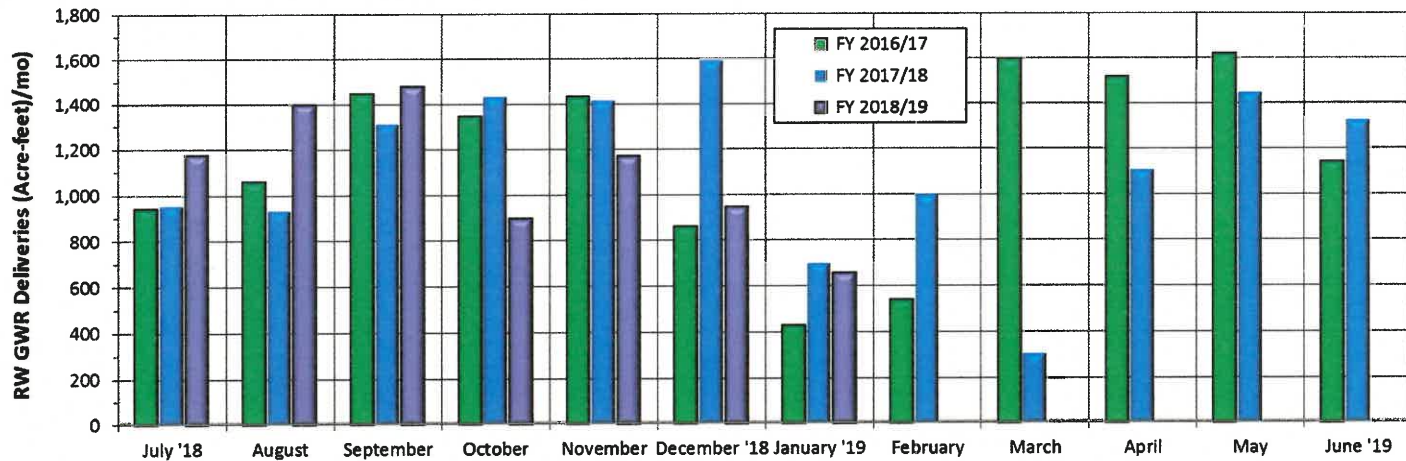
Storm/Local Runoff:	44.2 MGD	3,800 AFM
Imported Water (MWD):	0.0 MGD	0.0 AFM
Recycled Water:	0.0 MGD	0.0 AFM
Total:	44.2 MGD	3,800 AFM

Creek Discharges

Prado Park (001):	0.0 MGD	00 AFM
RP-1 (002):	33.8 MGD	2,905 AFM
RP-5 (003):	6.1 MGD	524 AFM
CCWRF (004):	7.4 MGD	636 AFM
Total:	47.3 MGD	4,065 AFM

Recycled Water Recharge Deliveries / Plan - February 2019 (Acre-Feet)

Basin	2/1-2/9	2/10-2/16	2/17-2/23	2/24-2/28	Month Actual	FY To Date Actual	Deliveries are draft until reported as final.
Ely	0.0	0.0	0.0	0.0	0.0	1392	
Banana	0.0	0.0	0.0	0.0	0.0	309	
Hickory	0.0	0.0	0.0	0.0	0.0	188	
Turner 1 & 2	0.0	0.0	0.0	0.0	0.0	547	
Turner 3 & 4	0.0	0.0	0.0	0.0	0.0		
8th Street	0.0	0.0	0.0	0.0	0.0	1497	
Brooks	0.0	0.0	0.0	0.0	0.0	580	
RP3	0.0	0.0	0.0	0.0	0.0	1130	
Declez	0.0	0.0	0.0	0.0	0.0	1219	
Victoria	0.0	0.0	0.0	0.0	0.0	856	
San Sevaine	0.0	0.0	0.0	0.0	0.0	0	
Total	0.0	0.0	0.0	0.0	0.0	7,717	998 AF previous FY to day actual



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IEUA Bill Matrix

Year	IEUA Action	Bill No.	Author	Bill Name	IEUA Action
201	<u>Oppose Unless Amended</u>	SB 204	Dodd (D-Napa)	Delta Conveyance	Signed MWD Coalition Letter - Oppose Unless Amended
2018	<u>Support</u>	AB 533	Holden (D-Pasadena)	Income Tax Exemption for Water Rebates	Signed MWD Coalition Letter - Support
2018	<u>Support</u>	SB 414	Caballero (D-Salinas)	Small System Water Authority Act of 2019	Watch
2018	Support	SB 332	Hertzberg (D-Van Nuys)	Wastewater Treatment: recycled water	Watch
2018	Oppose	SB 669	Caballero (D-Salinas)	Safe Drinking Water Fund	Watch

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Connection Fee and Rate Study Workshop #1

March 7, 2019



WATER
OUR FOCUS
OUR BUSINESS
OUR PASSION



carollo
Engineers...Working Wonders With Water®

Meeting Objectives:

- Introduce the study and project team
- Provide overview of study purpose and objective
- Describe project scope
- Discuss member agency questions

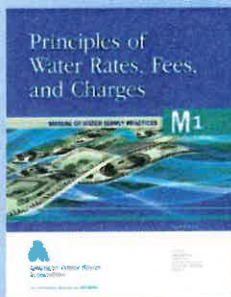


Who we are...



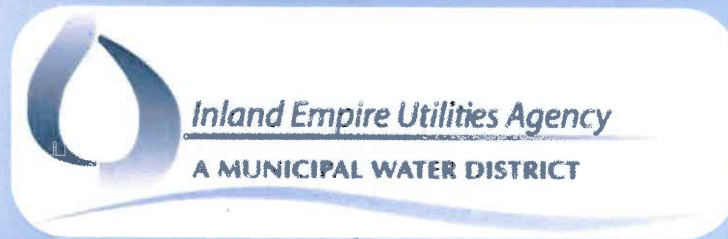
Industry leader in water and wastewater with over 20,000 successful projects

Carollo's Financial Management Group (FMG) specifically focuses on financial, management, and economic consulting



Recognized industry experts on rate setting and design

This team has provided financial and rate consulting for 300+ clients



 **Graham Juby, PhD, PE**
PRINCIPAL IN CHARGE

 **Alex Bugbee, EIT**
PROJECT MANAGER

 **Jennifer Ivey, PE**
FINANCIAL ADVISOR,
QA/QC

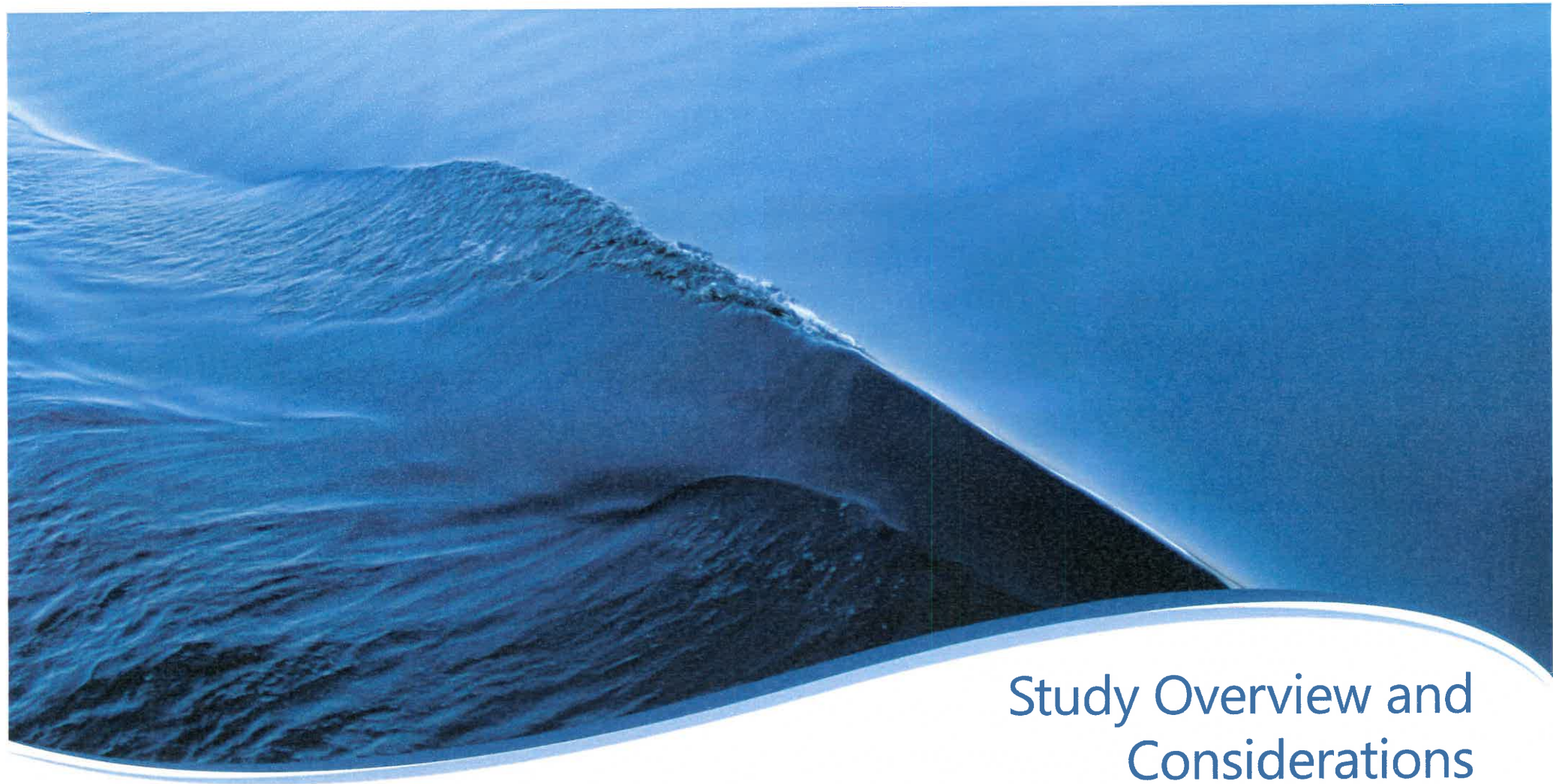
ANALYSTS

 **Mark Panny**
LEAD ANALYST

 **Maddie Atkins**
SUPPORT ANALYST

 **Kim Lightner**
SUPPORT ANALYST





Study Overview and Considerations

Study Components: Comprehensive update of fees and rates.

Wastewater
Connection Fees

One Water
Connection Fees

Recycled Water
Rates

Assess Potential
Impact of CBP

Wastewater EDU
Rates

Water MEU Rates

Recharge Water
Rates

Assess Alternative
Rate Collection
Methods

Agencies within IEUA Service Area

Water Agencies

City of Chino
City of Chino Hills
Cucamonga Valley Water District
Fontana Water Company
Golden State Water Company
Monte Vista Water District
City of Ontario
San Antonio Water Company
City of Upland
Water Facilities Authority

Wastewater Agencies

City of Chino
City of Chino Hills
Cucamonga Valley Water District
City of Fontana
City of Montclair
City of Ontario
City of Upland

Guiding Principles: Will be considered for each of the study elements.

Project Elements

Wastewater Connection Fees	One Water Connection Fees	Recycled Water Rates	Assess Impacts of CBP
Wastewater EDU Rates	Water MEU Rates	Recharge Water Rates	Assess Alternative Rate Collection Methods

Guiding Principles

Financial Resilience

Water Resources Stewardship

Open & Transparent Public Process

Publically and Member Agency Accepted Rates and Fees

Compliance with California Law

Updating of rates and connection fees must account for four disciplines

Prop 26 & CGC §66013 requires that IEUA defines a nexus between the charges and system costs

Rate and fee updates must account for the current value of system assets and proposed capital improvements

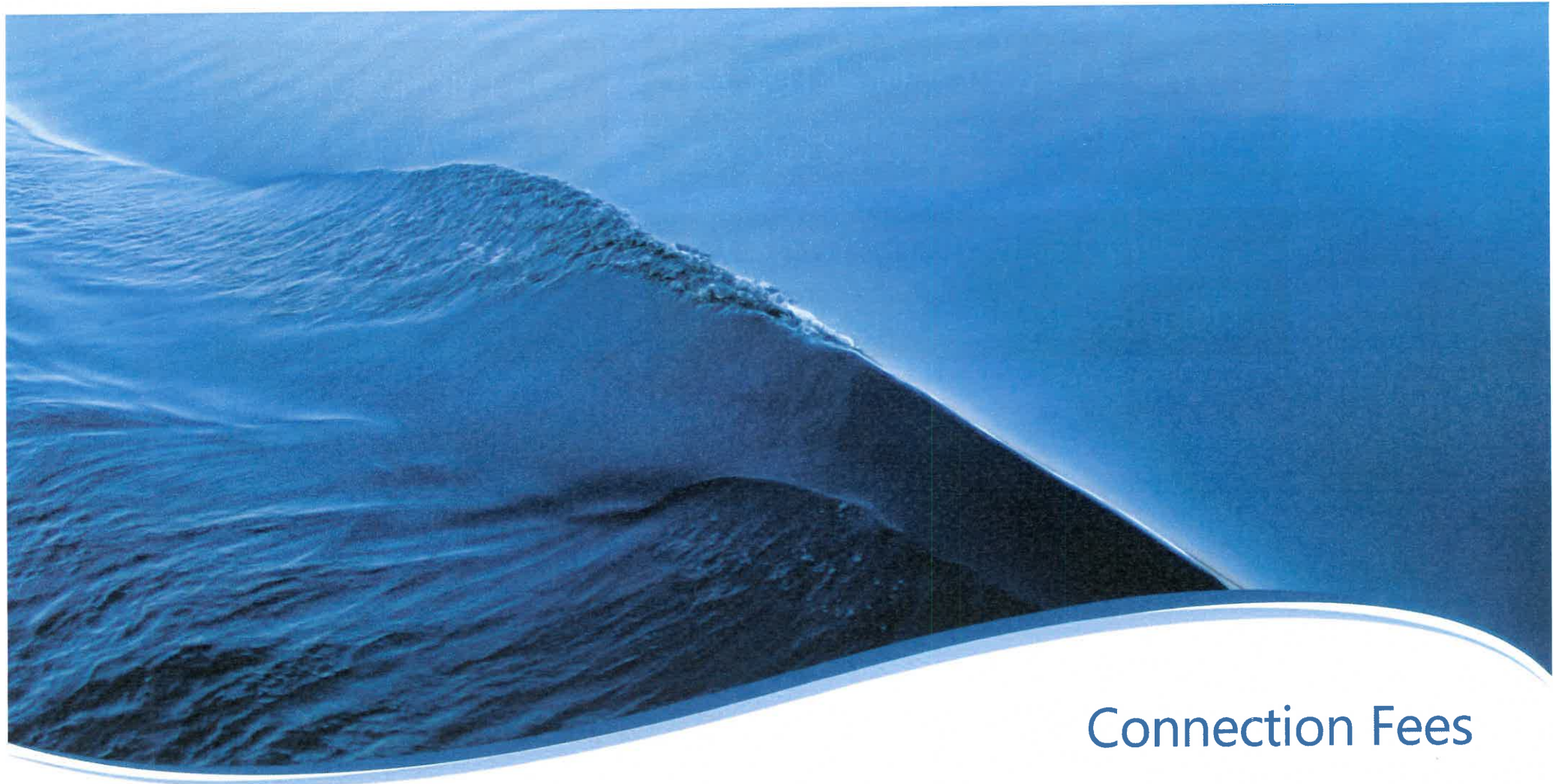
The connection fee analysis must equitably allocate system costs to users based on usage/capacity requirements and benefits

Implementation of updated rates and fees requires clear communication and transparency

Study Approach: Rate and fee analyses will be completed in parallel.



Outreach will be completed throughout the process to provide transparency and collaboration.



Connection Fees

What is a connection fee? One-time charge imposed on new or upsized meters or connections to compensate for the cost of providing system capacity

- Assessed per unit of capacity required:
 - Wastewater per Equivalent Dwelling Unit (EDU)
 - Water per Meter Equivalent Unit (MEU)

Wastewater
Connection Fees

FY 2018/19: \$6,624 per EDU
FY 2019/20: \$6,955 per EDU

One Water
Connection Fees

FY 2018/19: \$1,604 per MEU
FY 2019/20: \$1,684 per MEU

Regulatory Requirements: Connection fees are subject to California Government Code §66013

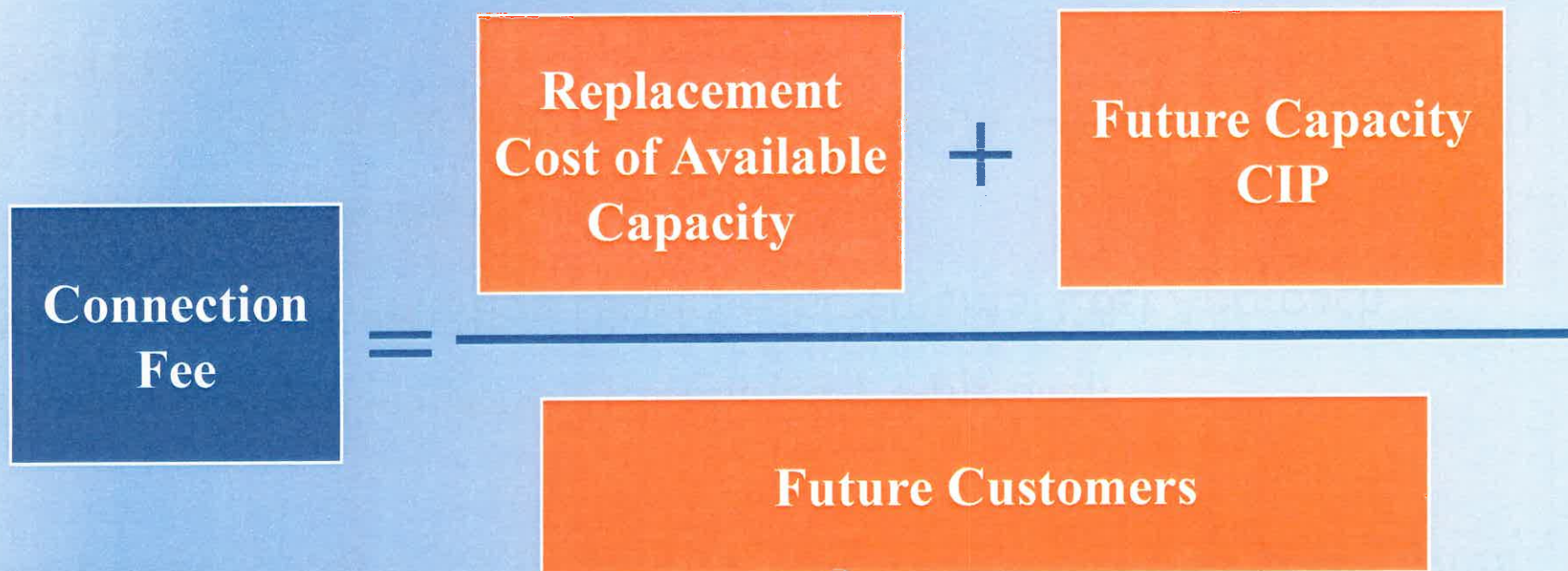
- Requires a reasonable nexus between the amount of the charge and the cost of capacity to serve the new development
- Defines maximum fee that may be imposed
- Legally permissible to include components for water resources, production, storage, distribution, and financial reserves
- Expansion fee revenues may only fund expansion related projects
- Not subject to Proposition 218

Connection Fee Methodologies: There are three basic types of connection fees.

- System Buy-In Approach
 - Recovers equitable share of available capacity within the existing system
- Incremental Cost Approach
 - Recovers equitable share of future capacity related capital projects
- Hybrid/Combined Approach
 - Recovers equitable share of capacity within the existing system and planned capital system

Hybrid Connection Fee Methodology:

Recovers proportionate share of capacity for existing system and planned future improvements



Comparable Agency Capacity Fee Methodology Examples

- City of Las Vegas – Hybrid (“Combined”) Approach
- Orange County Sanitation District – Incremental Cost Approach
- Portland Water Bureau – Buy-In Approach
- Sacramento Regional County Sanitation District– Hybrid (“Combined”) Approach
- San Francisco Public Utilities Commission – Buy-In Approach
- Seattle Public Utilities – Hybrid (“Combined”) Approach



Service Rates

Key Rate Setting Issues:



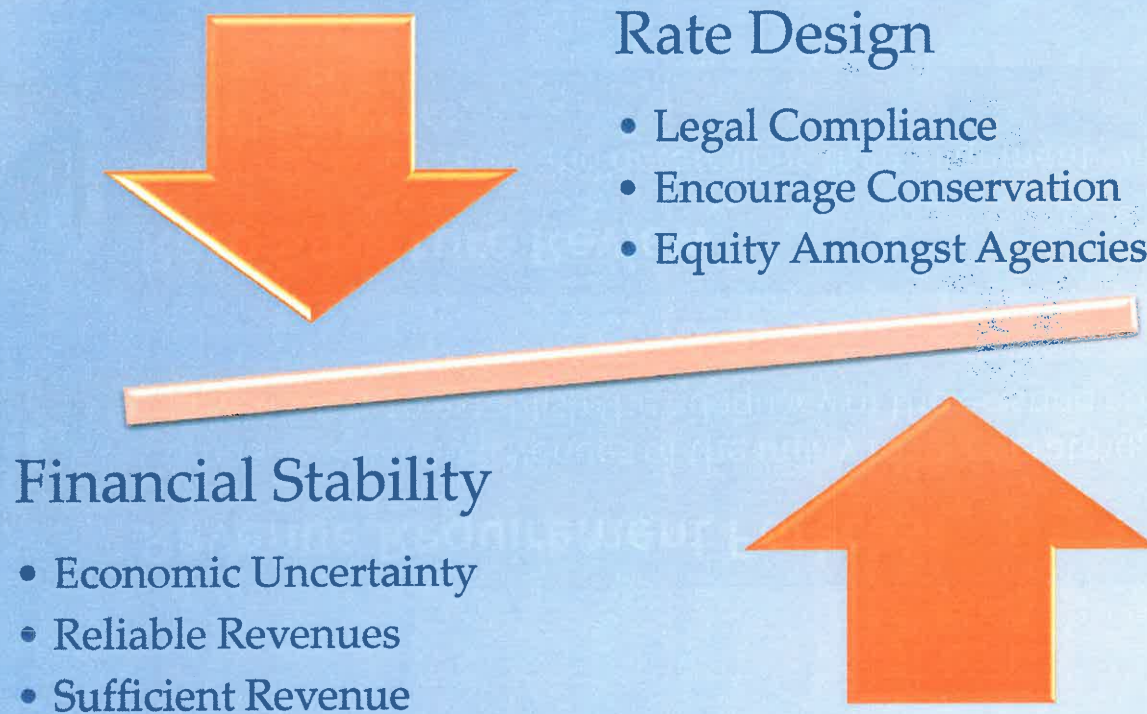
Legal Basis: All rates must comply with legal requirements and illustrate proportionality

Engineering Basis: Rates and cost of service parameters must be tied to IEUA's unique system



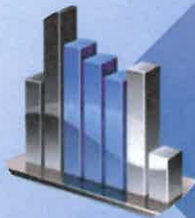
Financial Analysis: The rate plan must be financially achievable and account for future infrastructure needs and water demand changes

Rate Structure Considerations: Must balance competing objectives



Key Study Components:

Step 1



Revenue Requirement Forecast

Compares existing revenues of the utility to its operating, capital, and policy driven costs to establish the adequacy of the existing cost recovery levels.

Step 2



Rate Structure Review

Reviews existing rates and determines their alignment with IEUA's needs and policy objectives.

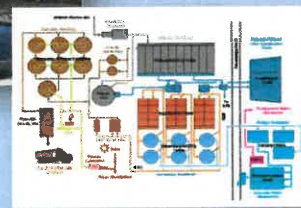
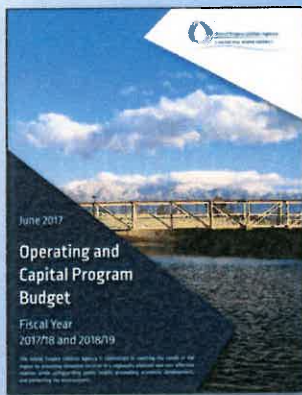
Step 3



Rate Structure Development

Allocates revenue requirements by function and considers structure of the rate design to collect the revenue requirements from each class of service.

Step 1 Revenue Requirements Forecast: Provides a road map for funding operational and water supply needs



1. System infrastructure and operational needs
2. Capital funding strategy
3. Rate strategy
4. Water Supply Needs

Financial
Planning and
Budgeting

Capital and
Water Supply
Needs

Step 1: Revenue Requirements Forecast



- Projections developed for each service fund
 - Potable Water, Recycled Water, Recharge Water, Wastewater Operations and Capital
- Review operating and capital cost drivers
- Evaluate a capital funding strategy that balances near and long-term rate impacts
- Develop a financial forecast that achieves immediate and long-term needs

Step 2: Rate Structure Review

- Evaluate the existing rate structures based on the following considerations:
 - Do they meet regional policy objectives?
 - Do they achieve desired equity and perceived fairness?
 - Do they reflect changes in water demand patterns?
 - Is the rate structure adaptable to drought conditions?
 - Do they fully fund regional operations and capital needs?

Potable Water Rates: Cover MWD Pass-through and IEUA Costs

- **Pass-throughs** to cover MWD costs
- **IEUA Rate** to cover program costs

MWD Volumetric Rate

Untreated Tier 1 (1/1/2019): \$731 per AF

Untreated Tier 2 (1/1/2019): \$813 per AF

MWD Capacity Charge

(1/1/2019): \$8,600 per cfs capacity

MWD Readiness-to-Serve Charge

(7/1/2019): 60% of MWD RTS Charge,
phasing to 100% by 7/1/2022

IEUA Monthly Retail Water MEU Charge

(7/1/2019): \$1.04 per MEU per month

Recycled Water and Recharge: Volumetric rates per AF used or delivered

- Direct Sales Rate

- Covers O&M, capital, and debt service costs of the recycled water system

(7/1/2019): \$490 per AF

- Recharge Rates

- Covers recycled water costs as well as recharge basin maintenance costs not covered by the Chino Basin Watermaster

(7/1/2019): \$550 per AF

Wastewater Service Rate: Fixed monthly rate per EDU

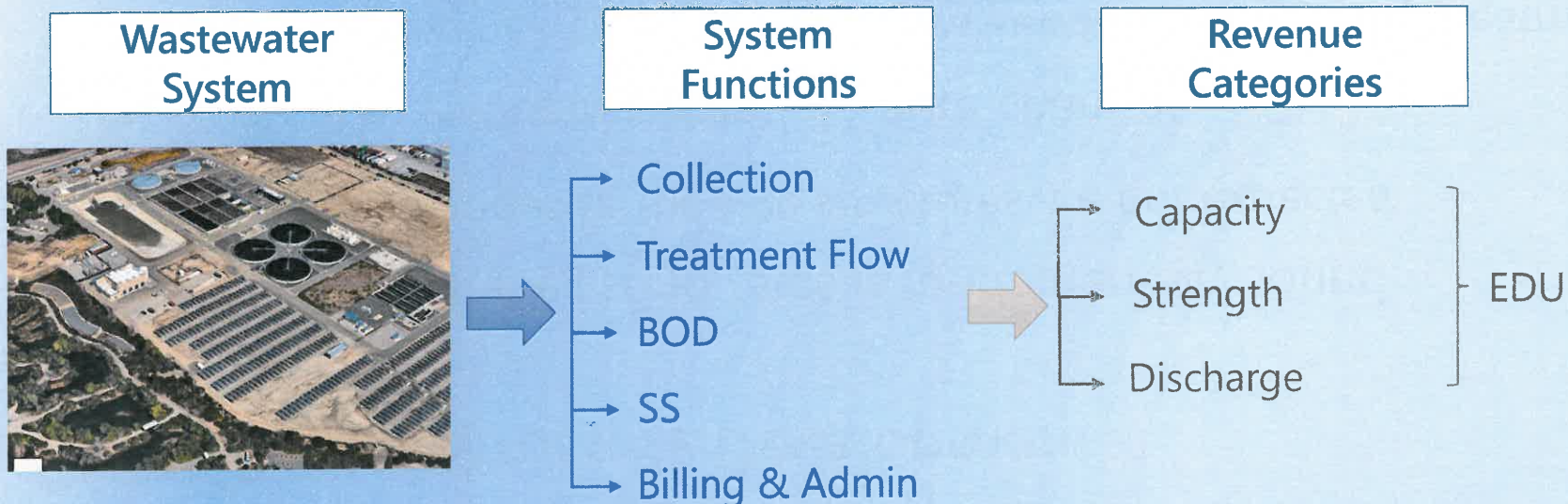
- Monthly EDU Rate
 - Covers O&M, R&R capital, and debt service costs of the regional wastewater system
 - Costs tracked primarily Regional Operations Fund
- Contracting Agency EDU's
 - Calculated based factors in Regional Contract
 - Account for Flow, BOD, and SS

(7/1/2019): \$20.00 per EDU per month

Step 3: Rate Structure Development

- Develop a cost allocation assigning system expenditures to functional categories
- Allocate costs based on system demands and capacity requirements

Wastewater Example



Step 3: Rate Structure Development

- The structure of the existing rates is fundamentally sound
 - Substantial changes to the rate structures are not expected
- The study may evaluate potential future changes
 - Additional loadings constituents for wastewater as driven by treatment needs and constraints
 - nitrogen, TDS, phosphorous
 - Other considerations



Alternative Rate Collection Methods

Alternative Collection of Rates:

- Evaluate alternative methods of collecting wastewater and water monthly rates
 - Property Tax Roll, Direct Billing
- Identify the steps needed to transition to alternative billing methods



Impact of Chino Basin Program

Chino Basin Program Impacts: Assess the potential long-term impact of the CBP on financial projections and rates.



CIP Projects

New O&M Needs

Supply Enhancements

Cost Savings

Ownership Shares

- Key analysis elements:
 - Defining costs and benefits
 - Determining how costs are allocated
 - By Fund and By Agency
 - Determining impact on rates and fees (water, wastewater, recycled and recharge, other?)



Public Outreach

Guiding principles for effective outreach

- Align process, policies, and recommendations with communities values
- Engage stakeholders and community advocates
- Translate complex technical and financial concepts into simple language and clear illustrations
- Pay close attention to perceived equity and affordability



Public Outreach: Five meetings are anticipated

Outreach Meeting #2

Late April

Connection Fees & MEU Rates

Outreach Meeting #3

Late May

EDU, Recycled, and Recharge Rates

Outreach Meeting #4

Late June

Proposed fees and rates

Outreach Meeting #5

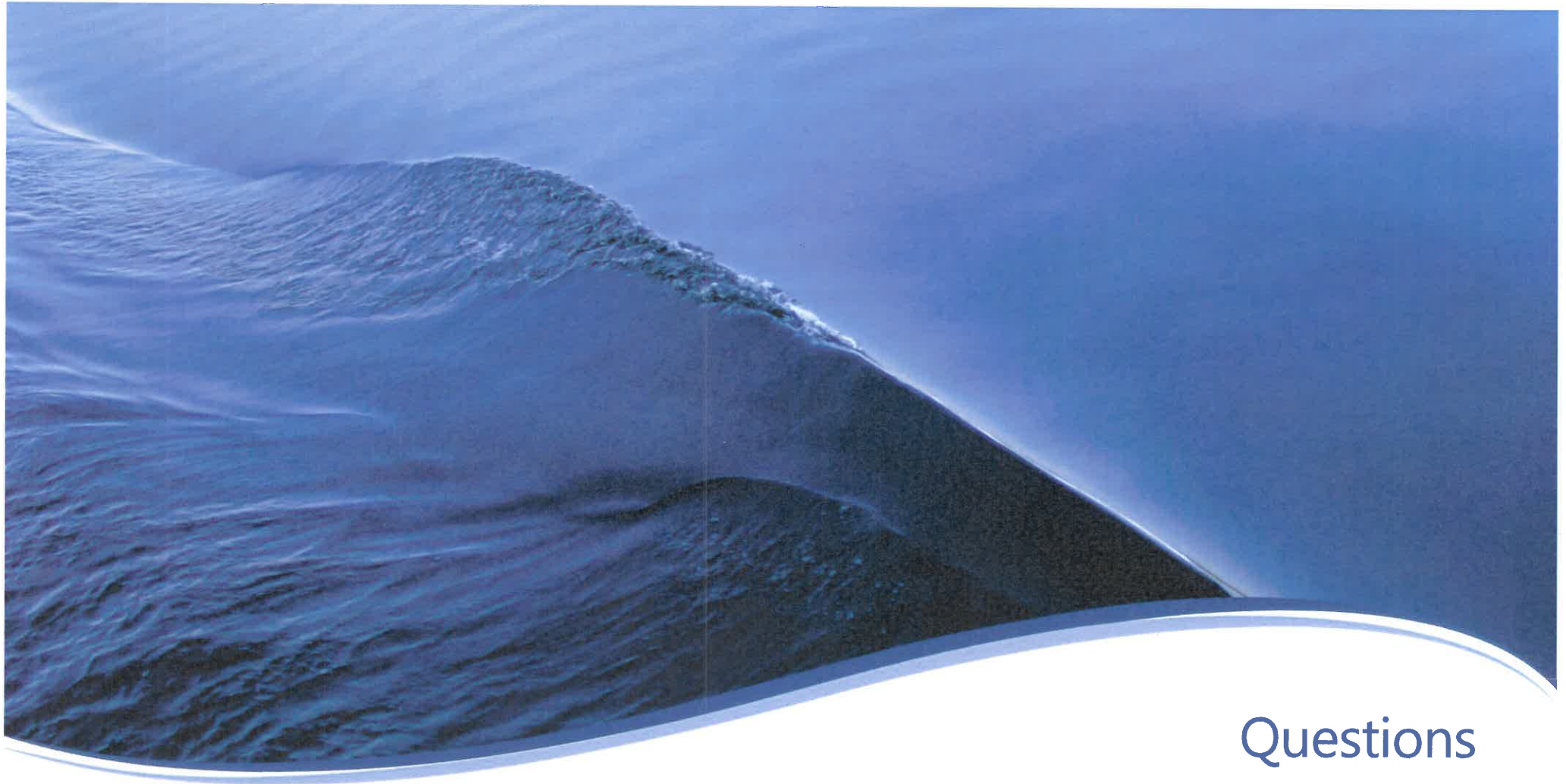
Late July

Long-term Impact of CBP

Initial Outreach Meeting

3/7/2019

Project Kickoff



Questions