



**AGENDA**

**WORKSHOP/MEETING  
OF THE  
BOARD OF DIRECTORS**

**WEDNESDAY, OCTOBER 2, 2019  
10:00 A.M.**

**INLAND EMPIRE UTILITIES AGENCY\*  
AGENCY HEADQUARTERS  
BOARD ROOM  
6075 KIMBALL AVENUE  
CHINO, CALIFORNIA 91708**

**CALL TO ORDER  
OF THE INLAND EMPIRE UTILITIES AGENCY BOARD OF DIRECTORS  
WORKSHOP/MEETING**

**FLAG SALUTE**

**PUBLIC COMMENT**

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

**ADDITIONS TO THE AGENDA**

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

**1. WORKSHOP**

**A. CHINO BASIN PROGRAM UPDATE (POWERPOINT)**

**B. RP-5 EXPANSION PROJECT UPDATE & FINANCIAL PLANNING (POWERPOINT)**

2. **CLOSED SESSION**

A. **PURSUANT TO GOVERNMENT CODE SECTION 54954.5 – PUBLIC EMPLOYMENT**

1. Manager of Internal Audit
2. Board Secretary/Office Manager
3. General Manager

3. **ADJOURN**

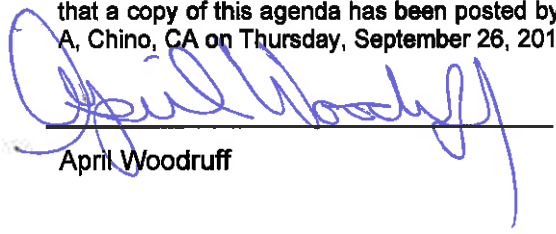
\*A Municipal Water District

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

Proofed by: 

**Declaration of Posting**

I, April Woodruff, Board Secretary of the Inland Empire Utilities Agency\*, A Municipal Water District, hereby certify that a copy of this agenda has been posted by 5:30 p.m. at the Agency's main office, 6075 Kimball Avenue, Building A, Chino, CA on Thursday, September 26, 2019.

  
\_\_\_\_\_  
April Woodruff

# WORKSHOP

## 1A



# Chino Basin Program

## IEUA Board Workshop

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October 2, 2019





## 2016 IEUA Member Agencies' Need ...

- **Meet Wastewater Treatment Facilities Permit limits for salt (TDS)**
  - Build Advanced Water Purification Facility (AWPF) for salinity management and allow for continued use of IEUA recycled water
- **Construct wellhead treatment facilities to meet drinking water requirements (1,2,3-TCP, Nitrates, etc.)**
- **Build pipeline network for intra-basin transfer capacity amongst stakeholders**
- **Pump back to the Metropolitan Rialto Feeder, providing a new mechanism for future storage programs**
- **Develop plan for Metropolitan's Rialto feeder shutdown**



## The 2017 IEUA Proposition 1 Vision ...

- Acquire outside funding to construct \$385M of the needed local facilities for basin management objectives
  - Build Advanced Water Purification Facility (AWPF)
  - Construct up to 20 treatment facilities
  - Build pipeline network (~25 miles) for intra-basin transfer capacity amongst stakeholders
  - Booster station to pump back to the Metropolitan Rialto Feeder

# CBP Components

1

## Water Interties



Pipelines &  
Water Source

2

## Advanced Water Treatment



15 TAFY to meet  
NPDES Permit Limits

3

## Pipeline Interconnection



Pipelines within  
Chino Basin & pump  
back to MWD

4

## Wellhead Improvements



Treats new or  
existing/stranded  
wells

**\$385 million** capital investment | **\$206.9 million** Proposition 1 WSIP Funding



# April 2019 CBP Memorandum of Understanding

1. Chino
2. CBWCD
3. Chino Hills
4. CVWD
5. Fontana
6. Fontana Water Company
7. JCSD
8. Montclair
9. MVWD
10. Ontario
11. Pomona
12. Three Valley MWD
13. Upland
14. Western MWD

**NOW, THEREFORE, the Parties hereby make the following mutual commitments:**

- 1. Work together in good faith to cooperatively plan and evaluate a strategy for the successful development of the CBP and receipt of the \$207 million funding.**
  - 2. Collaborate to refine the CBP components, including, but not limited to, water supply sources, infrastructure requirements operations, performance obligations, program costs and Basin impacts to optimize the benefits for the Chino Basin and the individual Stakeholders.**
  - 3. Develop a CBP Agreement.**
  - 4. Support securing additional grants and other funding sources for the CBP.**
  - 5. All Parties will work together in good faith to ensure that the CBP Agreement is negotiated and ready for potential execution by Summer 2019, recognizing the urgency of completing the institutional agreements by 2020.**
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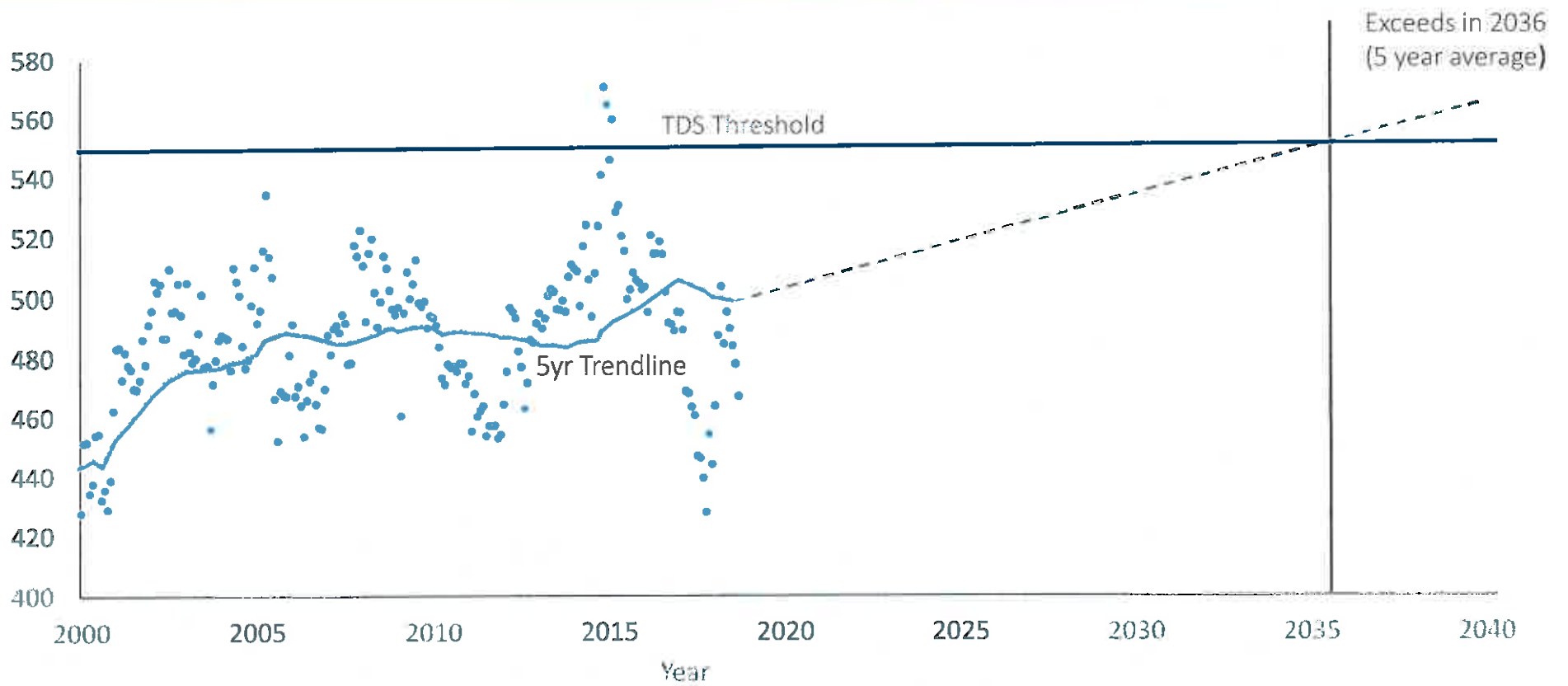


## Comment Letters

- **Regional Contracting Agencies (July 2019)**
  - Clarify source supplies
  - Rate evaluation of CBP O&M costs
  - No project alternative financial modeling
- **Appropriative Pool (August 2019)**
  - Size of CBP Storage & Recovery application
  - Can the State extend the CBP beyond 25 years?
  - How could CBP address emerging water quality requirements (PFAS)?



# CBP Benefits – Water Quality





# CBP Water Supply Sources

- Identify potential water supply sources for Advanced Water Purification
  - Need 17 TAFY to produce 15 TAFY of advanced treated water
  - Additional sources: 9 – 18 TAFY
  - Sources are evaluated based on Difficulty, Risk, and Priority

Note: TAFY – Thousand Acre Feet per Year





## Water Resource Partnerships

- **Secure cost effective & long term supplies vs. spot market purchases**
- **Locally controlled costs vs. Metropolitan rates**
- **Long term reliability with local firm supplies**
- **Attain long term partnerships based on mutual benefits in water resources planning**





# Preliminary Design Report Update

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## Preliminary Design Report (PDR) Critical Success Factors

- Continue to protect and enhance the Chino Basin
- Align CBP operations and facilities with Optimum Basin Management Plan Update and Implementation Plan
- Meet conditional funding requirements
  - Complete PDR by Spring 2020
  - Adopt PEIR by June 2021
- Collaborate with Stakeholders and identify planned projects
- Identify and secure source supplies
- Collaborate with MWD to define pump back requirements



# PDR Workplan and Schedule

PHASE 1 // ✓  
Apr – Jun 2019

PHASE 2 //  
Jun – Oct 2019

PHASE 3 //  
Oct – Dec 2019

PHASE 4 //  
Dec 2019 – Feb 2020

PHASE 1 //  
Feb – Apr 2020

## Alternatives Development and Evaluation



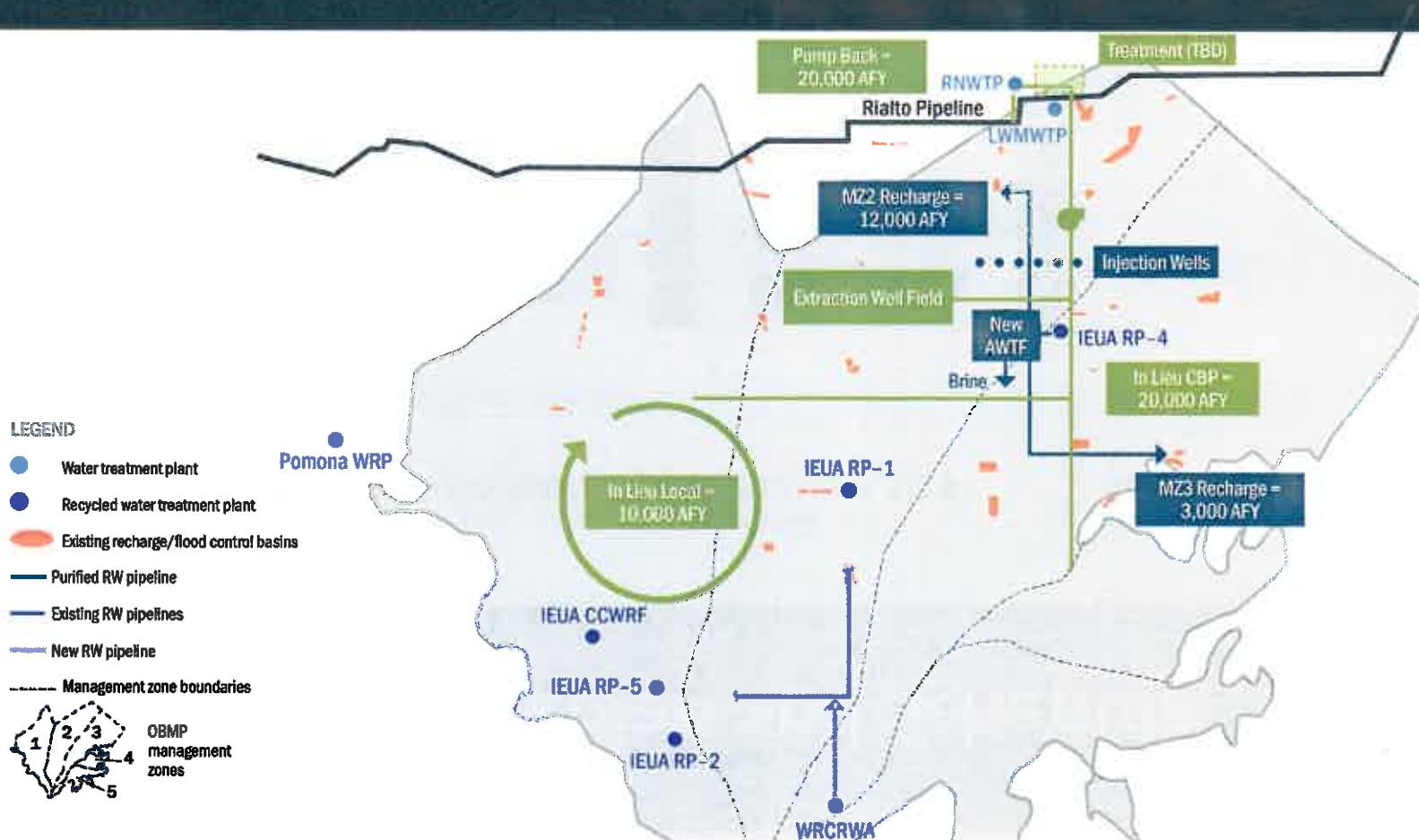
## PDR Development





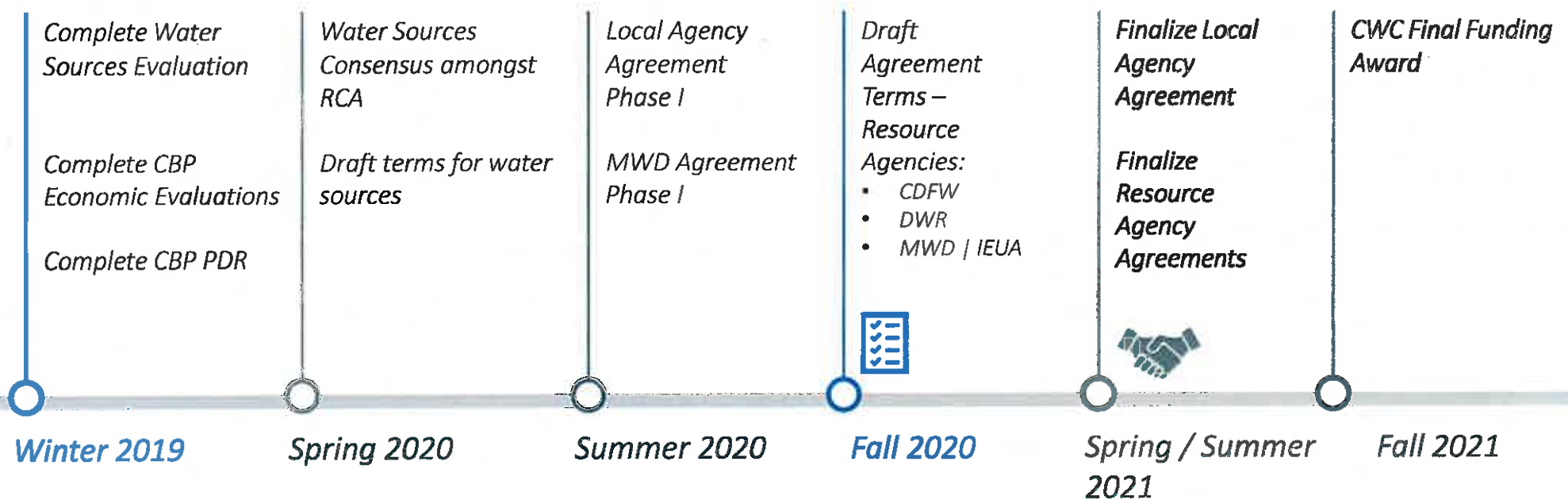


# Example Program Alternative





# CBP Working Draft Schedule



An aerial photograph of a wide valley with a river winding through it. The landscape is semi-arid with some green vegetation. A semi-transparent blue rectangular overlay covers the central part of the image. The word "CLOSING" is written in white, uppercase letters in the center of the overlay. Below the text, a solid red horizontal line spans across the width of the overlay.

CLOSING

# WORKSHOP

## 1B

# RP-5 Expansion Project Update & Financial Planning

Project Nos. EN19001/EN19006



Shaun J. Stone, P.E.  
Javier Chagoyen-Lazaro  
October 2019

# The Project



**Construction Cost: \$281.8M**

## **Liquids Treatment Expansion (\$97.3M)**

- Headworks with Fine Screens
- Primary Clarifiers
- Aeration Basin Modifications
- 22.5 MGD Membrane Bioreactor

## **Solids Treatment Facility (\$98.6M)**

- Thickening
- Digestion
- Dewatering

## **Common to Both (\$85.9M)**

- Odor Control
- Electrical and SCADA
- Gas Conditioning and REEP
- Offsite Facilities

# Budget and Schedule

| Description                                   | Estimated Cost       |
|---|----------------------|
| <b>Design Services</b>                        | <b>\$26,063,680</b>  |
| Consultant Design Contract                    | \$19,068,704         |
| Other Design Services (3%)                    | \$6,994,976          |
| <b>Construction Services</b>                  | <b>\$24,210,000</b>  |
| Engineering Services During Construction (3%) | \$8,070,000          |
| Other Construction Services (6%)              | \$16,140,000         |
| <b>Construction</b>                           | <b>\$309,845,000</b> |
| Construction (estimate)                       | \$281,845,000        |
| Contingency (~10%)                            | \$28,000,000         |
| <b>Total Project Cost:</b>                    | <b>\$360,118,680</b> |
| <b>Total Project Budget:</b>                  | <b>\$340,000,000</b> |

| Project Milestone  | Date          |
|--|---------------|
| <b>Design</b>  |               |
|  Consultant Design Contract Award | May 2017      |
|  30% Design Completion            | December 2017 |
|  50% Design Completion            | July 2018     |
|  90% Design Completion            | June 2019     |
| Final Design Completion  | October 2019  |
| <b>Construction</b>  |               |
| Construction Bid Phase   | October 2019  |
| Construction Contract Award  | March 2020    |
| Solids Facility Completion   | March 2023    |
| Liquids Construction Completion  | December 2024 |

# Transitioning to Construction

## Upcoming Items

- October 15: 100% Design Completion
- October 16: Construction Trailer Contract Award
- October 31: RP-5 Expansion Bid Release
- November 18: Construction Pre-bid Workshop
- November 20: Contract Awards
  - Construction Management Services
  - Engineering Services During Design (Parsons)
- January 23: Contractor Bids Due
- March 18: Construction Contract Award





# The Construction Team



## 4 Prequalified Firms



**PARSONS**

## 4 Prequalified Contractors



## Prequalified Electrical Subs

- Helix
- Mass
- Morrow Meadows
- Southern

## Prequalified System Integrators

- Prime Controls
- Rovisys
- TSI
- Wunderlich-Malec

## Preselected Manufacturers

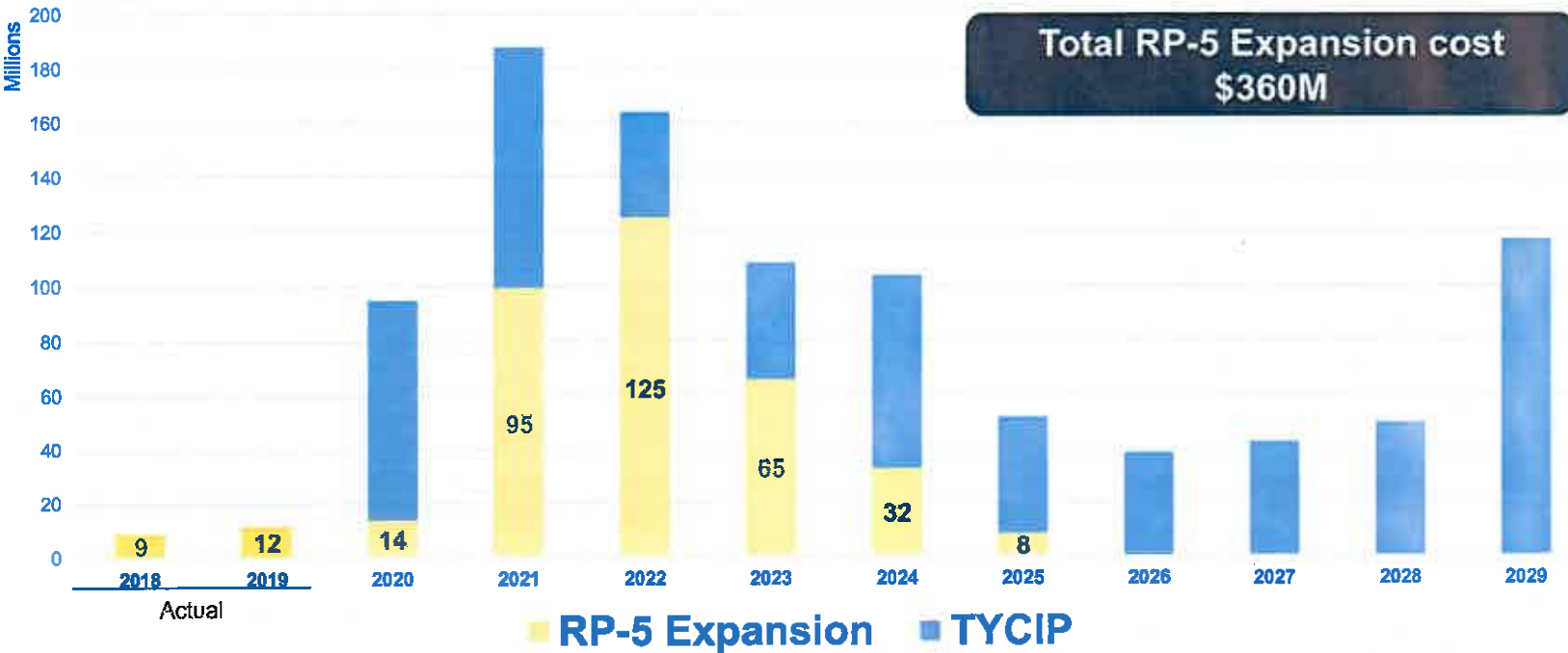
- Centrisys (Centrifuges)
- Duperon (Coarse Screens)
- EnviroCare (Fine Screens)
- FKC (RDT's)
- Neuros (Aeration Blowers)
- SSI (Aeration Diffusers)
- Suez (MBR)



# The Financial Model



# Ten Year Capital Improvement Plan RP-5 Expansion



# RP-5 Expansion Financing

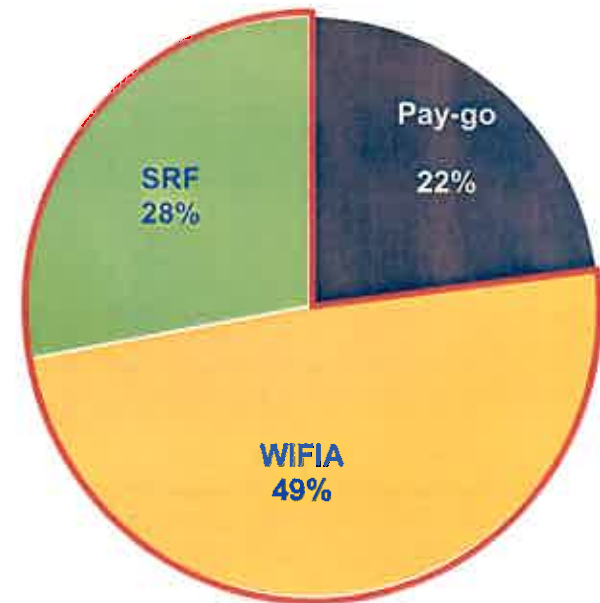
| Funding Source               | \$Millions     | Share |
|------------------------------|----------------|-------|
| Pay Go                       | \$80.0         | 22%   |
| WIFIA <sup>1</sup> Loan      | 178.0          | 49%   |
| SRF <sup>2</sup> Loans       | 101.5          | 28%   |
| Grants                       | <u>0.5</u>     | -     |
| <b>Total Project Funding</b> | <b>\$360.0</b> |       |

<sup>1</sup>Water Infrastructure Finance & Innovation Act

<sup>2</sup>State Revolving Fund

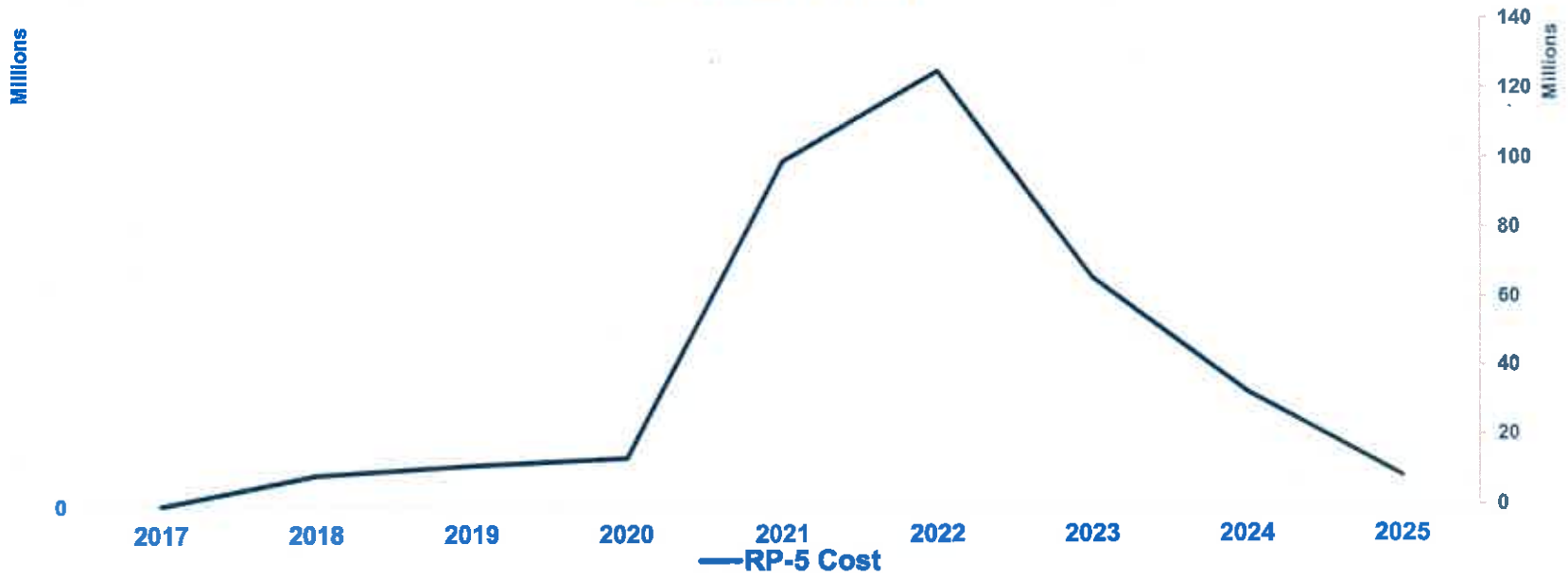
Higher connection fee revenue will increase pay-go and reduce loan amounts

RP5 Expansion Financing



# RP-5 Expansion Cash Flow

RP-5 Cash Flow

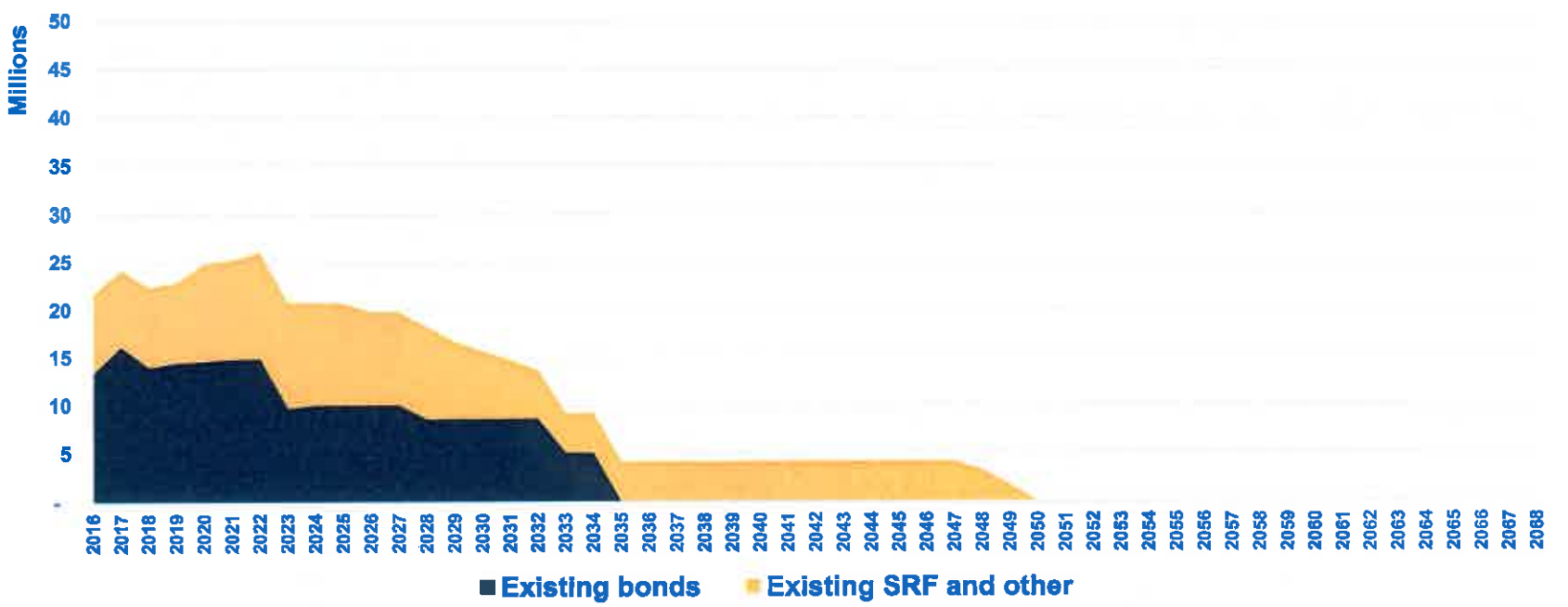


# RP-5 Expansion Cash Flow and Funding Sources

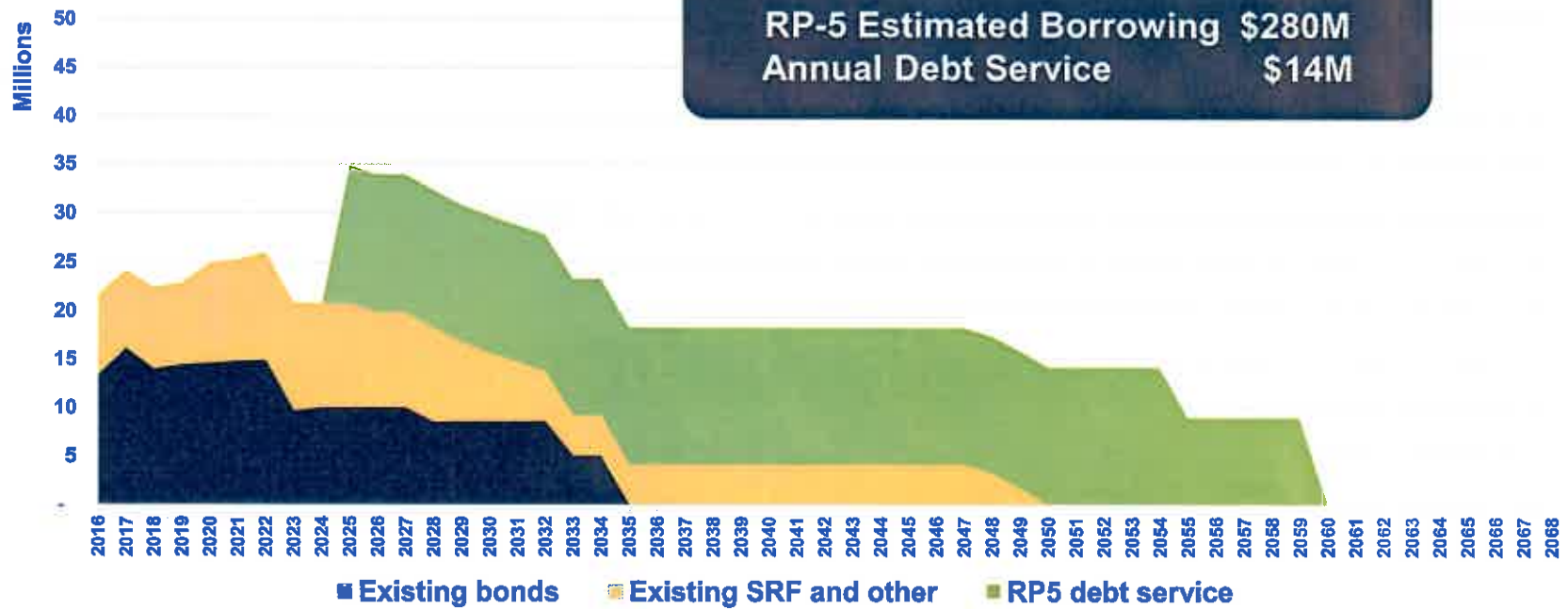
## RP-5 Cash Flow



# Existing Annual Debt Service

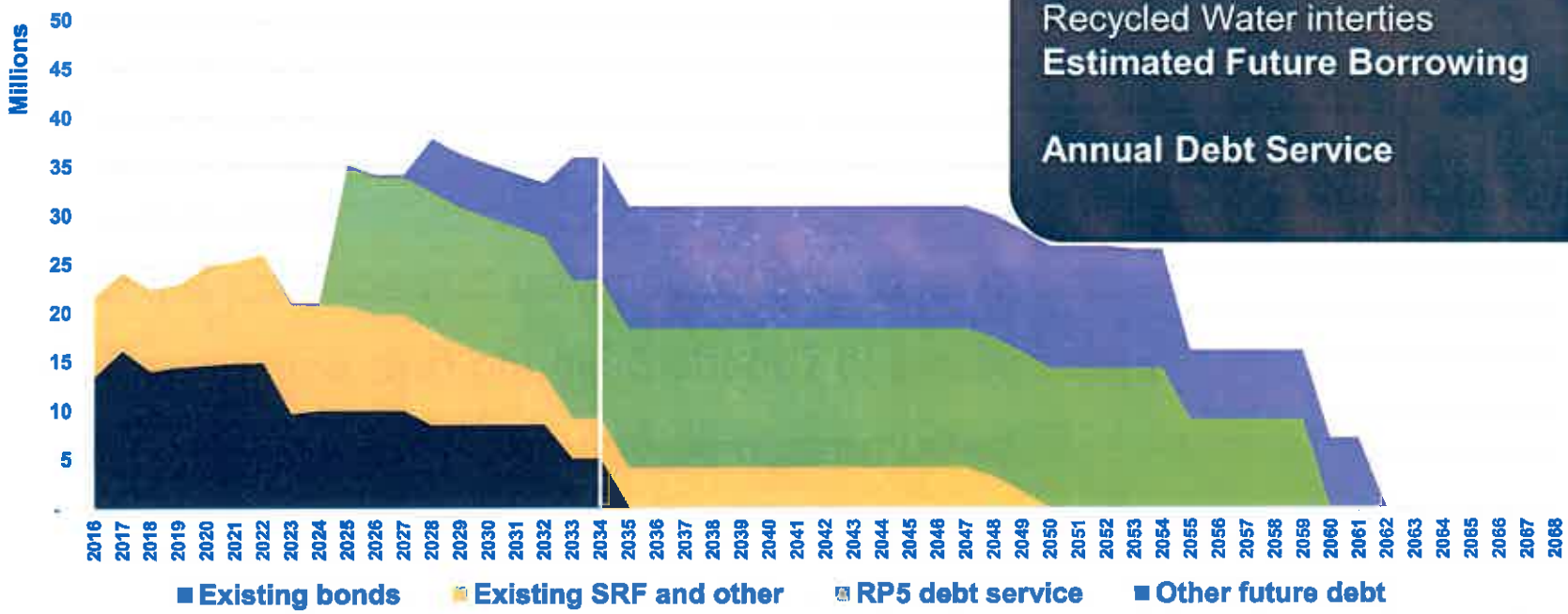


# RP-5 Expansion financing and annual debt service





# Future financing and annual debt service

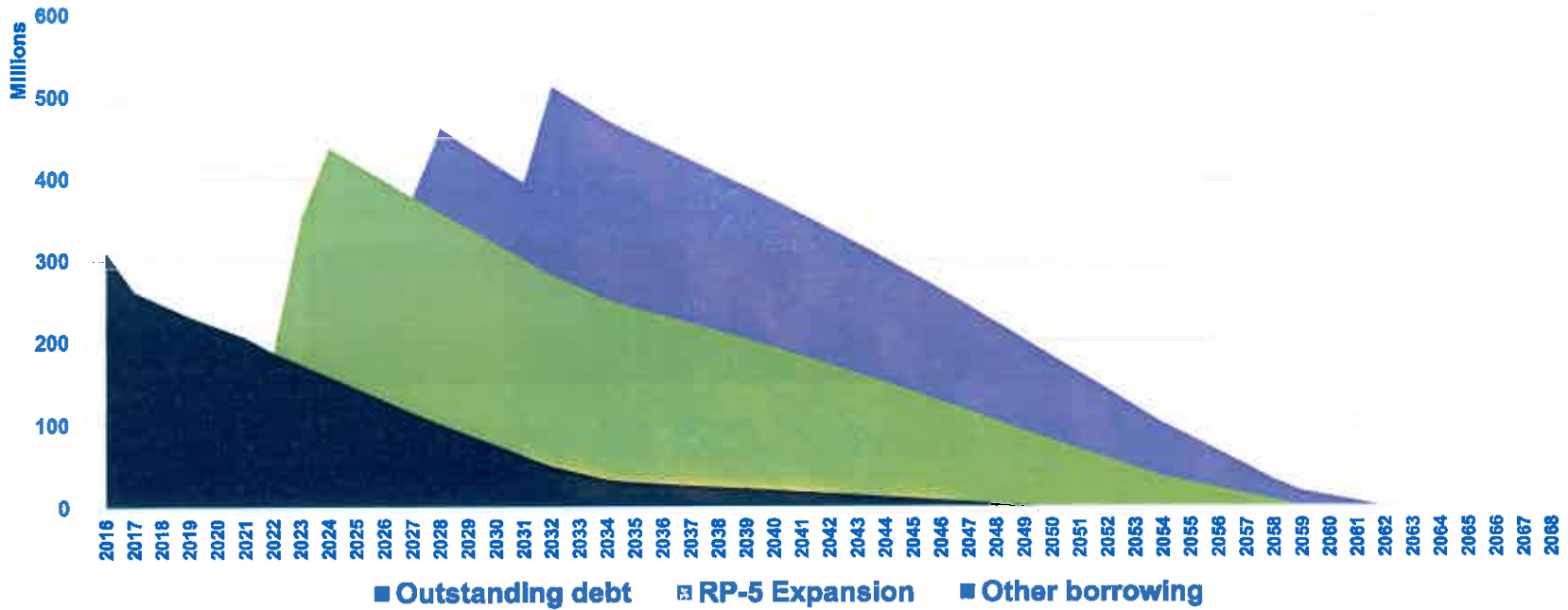


|                                   |               |
|-----------------------------------|---------------|
| RP-1 Capacity Recovery            | \$140M        |
| Recycled Water interties          | \$103M        |
| <b>Estimated Future Borrowing</b> | <b>\$243M</b> |
| <br>                              |               |
| <b>Annual Debt Service</b>        | <b>\$13M</b>  |

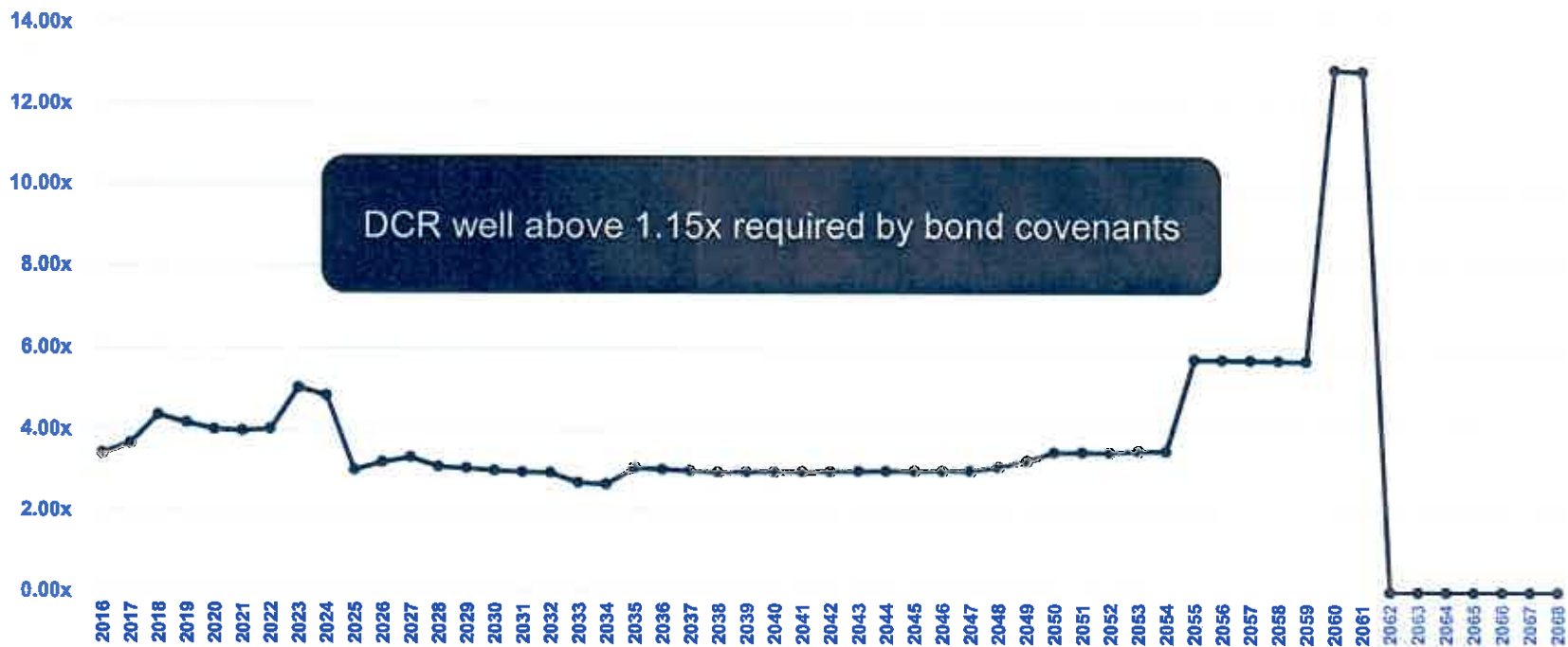
## Considerations to Mitigate Debt Service Cost Increase

- Continue to pursue grant funding opportunities
- Evaluate refinancing/bundling options of existing debt
- Consider back loading new borrowings to level debt service costs

# Outstanding Principal Debt



# Debt Coverage Ratio (DCR)



# Financing Timeline

## SRF<sup>1</sup> loan

- June 2019: Funded list for FY 2020
- August-September 2020: estimated final contract

## WIFIA<sup>2</sup> loan

- August 2019: Application submitted
- Evaluation and review with EPA
- April 2020: estimated final contract