



**AGENDA
REGULAR WORKSHOP OF THE
BOARD OF DIRECTORS**

**WEDNESDAY, AUGUST 5, 2020
10:00 A.M.**

**INLAND EMPIRE UTILITIES AGENCY*
VIEW THE MEETING LIVE ONLINE AT WWW.IEUA.ORG
TELEPHONE ACCESS: (415) 856-9169 / Conf Code: 440 187 404#**

PURSUANT TO THE PROVISIONS OF EXECUTIVE ORDER N-25-20 ISSUED BY GOVERNOR GAVIN NEWSOM ON MARCH 12, 2020, AND EXECUTIVE ORDER N-29-20 ISSUED BY GOVERNOR GAVIN NEWSOM ON MARCH 17, 2020 AND IN AN EFFORT TO PROTECT PUBLIC HEALTH AND PREVENT THE SPREAD OF COVID-19, THERE WILL NO PUBLIC LOCATION FOR ATTENDING IN PERSON.

The public may participate and provide public comment during the meeting by dialing into the number provided above. Alternatively, you may email your public comments to the Interim Board Secretary/Office Manager Laura Mantilla at lmantilla@ieua.org no later than 24 hours prior to the scheduled meeting time. Your comments will then be read into the record during the meeting.

CALL TO ORDER OF THE INLAND EMPIRE UTILITIES AGENCY BOARD OF DIRECTORS 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 email the Board Secretary no later than 24 hours prior to the scheduled meeting time or address the Board during the public comments section of the meeting. 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**
2. **GENERAL MANAGER'S COMMENTS**
3. **BOARD OF DIRECTORS' REQUESTED FUTURE AGENDA ITEMS**
4. **DIRECTORS' COMMENTS**
5. **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 Interim Board Secretary (909) 993-1944, 48 hours prior to the scheduled meeting so that the Agency can make reasonable arrangements.

Declaration of Posting

Proofed by: AR

I, Laura Mantilla, Interim Board Secretary/Office Manager 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, July 30, 2020.



Laura Mantilla

WORKSHOP

1A

Chino Basin Program

August 2020



Agenda

- CBP Update
 - Original Vision
 - Accomplishments
 - Stakeholder Feedback
 - Communications
 - Expenditures to Date
 - Schedule / Milestones
 - Options for Policy Consideration



2016 IEUA Service Area Needs

- Meet Wastewater Treatment Facilities Permit limits for salt (TDS)
 - Build Advanced Water Purification Facility (AWPF) for salinity management to continue use of existing IEUA recycled water
- Acquire external supply sources to augment RW
- 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



2017 IEUA Proposition 1 Application Vision

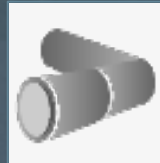
- Acquire outside funding to construct the needed local facilities for basin management objectives
 - Build Advanced Water Purification Facility (AWPF)
 - Secure external supplies
 - Construct up to 20 treatment facilities
 - Build pipeline network (~25 miles) for intra-basin transfer capacity amongst 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

\$600 million capital investment [WSIP application \$385 million] | **\$207 million** Proposition 1 WSIP Funding



CBP Accomplishments To Date

- Aug 2017: Water Storage Investment Program Proposition 1 Application
- Aug 2018: \$206.9 million California Water Commission conditional funding award
- Dec 2018: CBP Workgroup meetings
- Apr 2019: 14 stakeholder MOU executed
PDR Kick off meeting and individual stakeholder meetings
- Jul 2019: Completed Economic analysis of Chino Basin Program
- Sep 2019: Meeting with DWR leadership and stakeholders on local concerns
- Oct-Dec 2019: Individual Executive Management meetings with stakeholders
- Feb/May 2020: Economic Alternative Analysis
- July 2020: Individual Executive Management meetings with stakeholders
USBR Section 4007 WIIN Act Funding Application (\$104 million)
Governor's Water Resilience Portfolio includes Chino Basin Program



Formal Stakeholder Feedback

- **July 11, 2019 – Letter from Regional Contract Agencies**
 - Sources of supply for CBP, identifying quantity and acquisition costs
 - Business Case – do not include it in the 2020 Rate Study; perform separate cost analysis on the capital and O&M expenses for viability of the CBP;
 - Present day value of exporting the water to the State; value of keeping the water in the basin
 - No project alternative(s) that address local requirements when they are needed
- **Aug 22, 2019 – Letter from Appropriative Pool**
 - Storage and recovery program in comparison to other similar programs
 - Demonstration of impact of put and take facilities and operation
 - State involvement in requiring performance for environmental benefit in conflict to local agency needs
 - Address potential PFAS concerns in the groundwater basin



Informal Stakeholder Feedback (Sept-Dec 2019)

Water Sources

- Why are we exporting water from the basin?
- What are the sources of water for the commitment?
- There is interest in the program if the water weren't exported, maximize recycled water, keep the water in-basin

Future water quality regulations

- Is water quality really a concern as projected?
- What are the projections based on?
- There is interest in advanced treated water at the right time.

Life cycle cost analysis and rate impact

- What is the true cost of this program if capital costs are estimated to be \$385 million?
- Isn't the water more valuable than ~\$500/AF?
- How is the program going to be funded? What about the O&M costs?
- Would we move forward with this program if the conditional funding wasn't there?

Storage & Recovery Program

- Impact on the Chino Basin Parties
- Impact on overall storage and recover programs

Framework for State Performance

- Length of commitment is a concern



Economic Alternatives Analysis Definitions

What do we have to meet compliance?

IEUA Master Plan:

Ten Year Forecast

15,000 AFY of AWPf recycled water +
16 AWPf injection wells + 8 miles of pipeline
[water quality] · 2031

What if we keep the water for ourselves?
(no exchange with the State)

Region's Master Plan:

*IEUA Master Plan + IRP +
Member Agency Capital Projects*

IEUA Master Plan + 9 wells capacity of 26,700 AFY +
30 miles of pipeline + new water supply 8,500 AFY
[water quality | water supply] · 2036+

What do we need to build to get the \$207M WSIP funding?

Chino Basin Program:

Region's Master Plan +
MWD interconnection & State exchange for 25 years
[water quality | water supply] · 2026



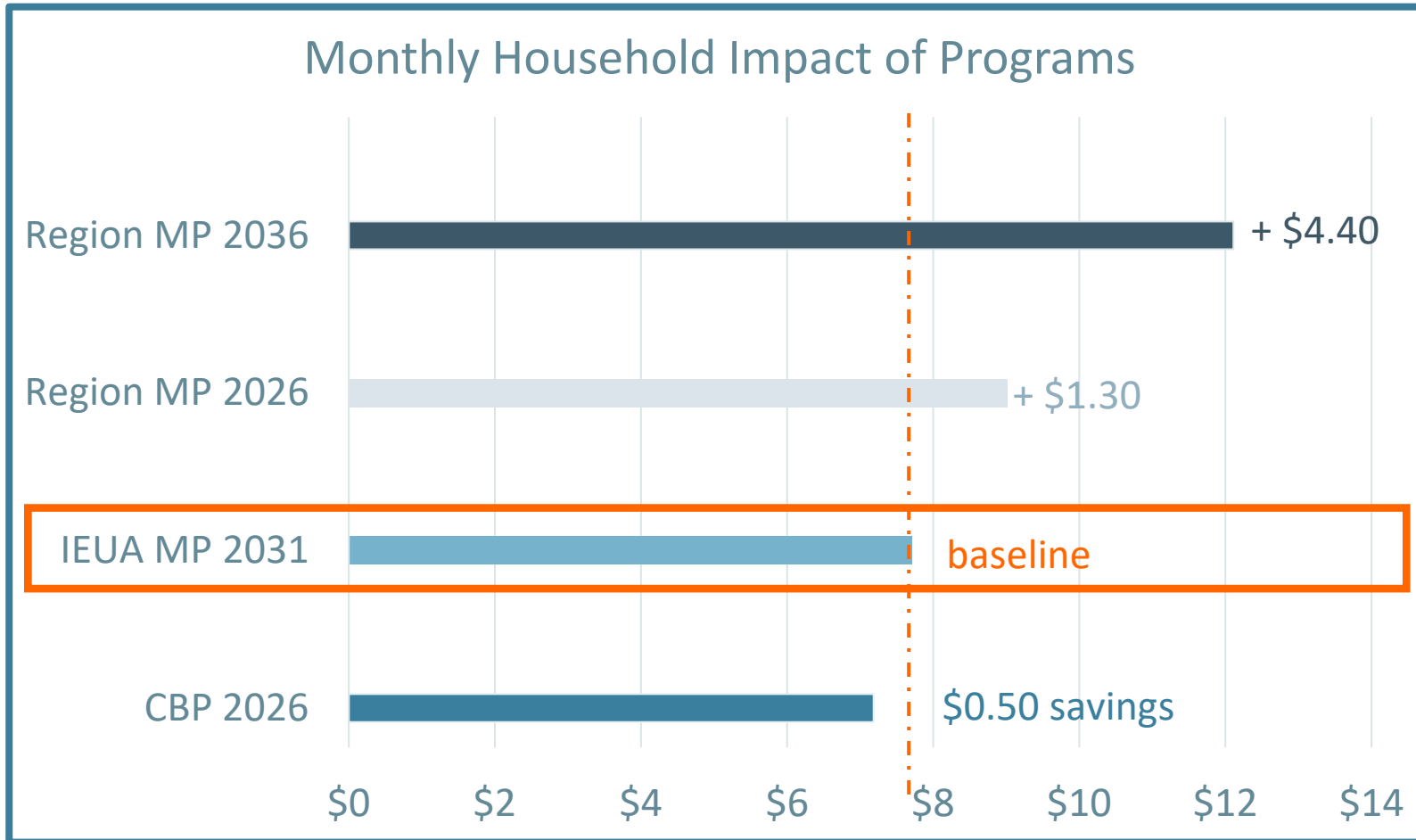
Cost Comparison | Capital + O&M

	IEUA Master Plan 2026	CBP 2026	Region's Master Plan 2036
Capital Cost (2019\$)	\$306 M	\$598 M	\$599 M
Annual Cash Flow (2019\$) [capital + O&M]	\$26.2 M	\$28.6 M	\$48.2 M
Funding Source Assumptions	Wastewater & Water 100% 0%	Wastewater & Water 50% 50%	Wastewater & Water 50% 50%





Relative Household Cost Impact



TAKE AWAY

CBP is the lowest cost per household



Strategic Negotiations

California Water Commission

- ✓ Discussed stakeholder concerns with the Executive Officer
- ✓ Requested consideration for early funding (up to 5% of feasibility study costs)

California Department of Fish & Wildlife

- ✓ Expressed local performance concerns
- ✓ Negotiated performance period for dry to normal years instead of critically dry years

State Water Resources Control Board/Regional Water Quality Control Board

- ✓ Supportive of the CBP and Santa Ana River Habitat Conservation Plan
- ✓ Engaged in discussions for potential NPDES permit extension/Basin Plan Amendment due to the schedule of proposed Advanced Water Purification Facilities as included in CBP



Strategic Negotiations + Accomplishments

Metropolitan Water District of Southern California

- ✓ Staff acknowledgement of “no harm” to MWD by the CBP
- ✓ Participated in development of CBP infrastructure
- ✓ Developing white paper including framework for agreement

Department of Water Resources

- ✓ DWR leadership met with local stakeholders fall 2019
- ✓ Developed operations model for Oroville releases
- ✓ Coordinated with Metropolitan Water District (MWD) on exchange operations
- ✓ Began discussions about operation principles for the State Water Project with DWR and the other WSIP pulse flow projects



Partnerships + Opportunities

Water Sources

- Identified new supply sources from City of Rialto and Western Riverside County Regional Wastewater Authority
- Opportunities to align Regional Contract Agencies' concept of SAR Base Flow Obligation and expanded beneficial use of RW within the Basin
- Developing principles for long-term agreements to meet agencies' needs and meet SAR Base Flow obligations

WIIN Act Application

- Eligible for \$104 M federal funding (submitted request July 2020)
- Qualify for funding based on benefits to rivers and ecosystems
- If awarded, funding compliments WSIP funds (no repayment or funding match)



Expenses To Date

Contract	Description	Contract Amount	Actual Costs 07/2020	% Used	Balance
Brown & Caldwell	PDR	\$3,978,506	\$1,734,483	44%	\$2,244,023
GEI	Program Management	\$2,511,429	\$1,731,472	69%	\$779,957
Michael Baker & Harder	Feasibility	\$249,780	\$75,855	30%	\$173,925
Chino Basin Watermaster (WEI)	Modeling	\$340,518	\$201,772	59%	\$138,746
Means Consulting	Advisory	\$239,514	\$94,291	39%	\$145,223
Tom Dodson & Associates	CEQA	\$25,000	\$18,684	75%	\$6,316
Water Systems Consultants	Communication	\$961,320	\$302,049	31%	\$659,271
Barry Nelson	Media	\$15,000	\$3,202	21%	\$11,798
Woodard & Curran	Project Management	\$73,878	\$46,742	63%	\$27,136
Wildermuth Environmental (WEI)	Modeling	\$149,950	\$18,987	13%	\$130,963
WilScot	Trailer Lease	\$79,271	\$46,358	58%	\$32,913
Total		\$8,624,166	\$4,273,895	49.6%	\$4,350,270

Total CBP Budget \$15 million | 29% expended | 43% unassigned

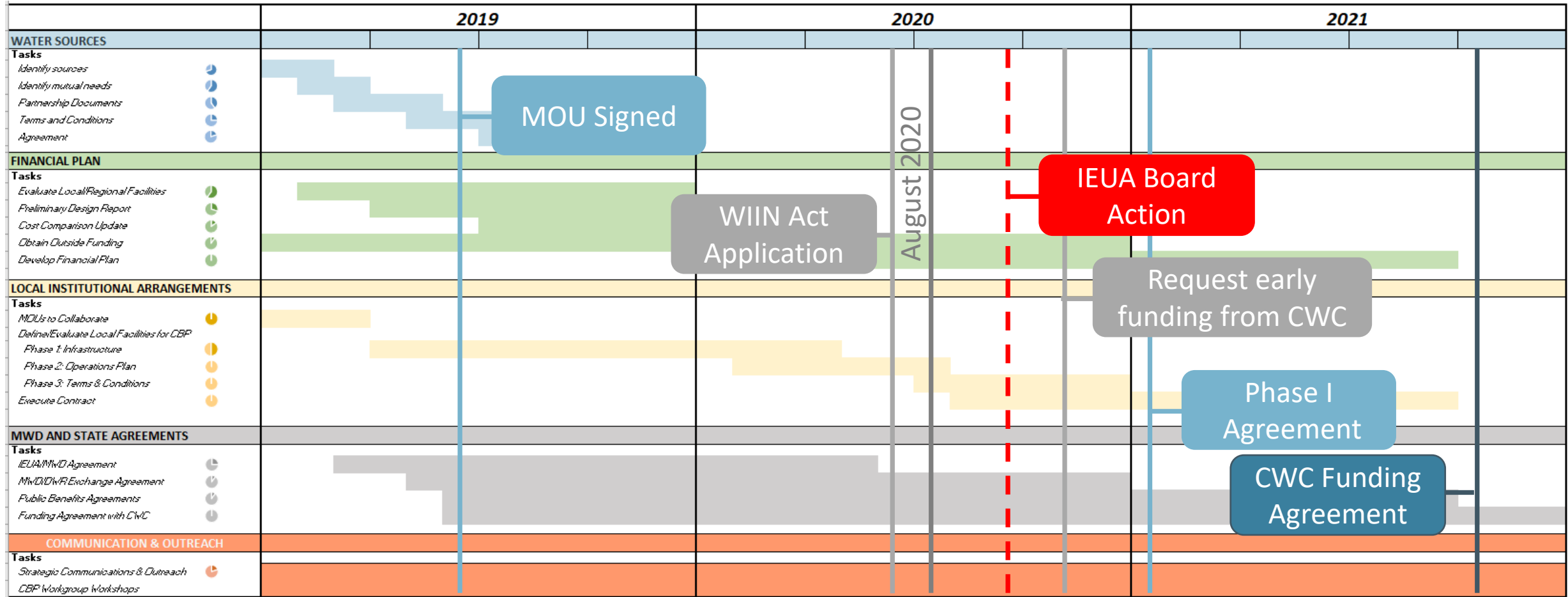


Regional Funding Opportunities Comparison

Program	Total Cost	Funding Opportunities
Chino Basin Program	\$600 Million	\$206.9 million (WSIP Prop 1) USBR WIIN Act SRF SRF Loan
IEUA Master Plan	\$355 Million	SRF Loan
City of San Diego Pure Water Phase 1 (2036)	\$1.4 Billion	\$115 million – MWD LRP \$614 million – Federal Loan (WIFIA) Unsuccessful – WSIP Prop 1
Proposed LA County Sanitation District /MWD	\$3.4 Billion	MWD LACSD, State/federal loans and grants
South Sacramento County Agriculture Program	\$375 Million	\$280.5 Million (WSIP Prop 1)
Orange County Water District Groundwater Replenishment System (2008)	\$481 Million	\$87 Million in grants; MWD LRP Funding



CBP Schedule





~~2016~~ 2020 IEUA Service Area Needs

- Meet Wastewater Treatment Facilities Permit limits for salt (TDS)
 - Build Advanced Water Purification Facility (AWPF) for salinity management to continue use of existing IEUA recycled water
- Acquire external supply sources to augment RW system
- Construct wellhead treatment facilities to meet drinking water requirements (1,2,3-TCP, Nitrates, PFAS, 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
- Acquire outside funding to construct the needed local facilities for basin management objectives



Summary of Analysis

- To meet permit requirements, must construct Advanced Water Purification Facility (AWPF)
- CBP work done to date is transferable to IEUA Master Plan (AWPF)
 - CBP has been shaped by regional (member agency & IEUA) needs and priorities from 2016-present
 - CBP provides a cohesive collaborative mechanism to utilize unprecedented State funding
 - Location of **AWPF + injection wells + external supply sources** enhances existing water supply, reliability and resiliency to the region
- Relationships with partnering agencies are critical for future water management
- Local Agencies have expressed:
 - Interest in securing external local water supplies
 - Concerns over additional treatment costs to continue accessing existing local supplies
 - Interest in pursuing outside funding to reduce local costs
 - Interest in developing a new regional groundwater storage program with “broad mutual benefits”



Stakeholder Concerns

1. Is there a better deal than State's investment?
2. We don't want the State to be in the Chino Basin
3. Parties are not in favor of exporting Chino Basin water
4. If we have enough supplies through 2050, do we need to bring in external supplies?
5. What if projects included in the Region's MP is reduced to lower the cost of the RMP to be same household impact as CBP?



Options for Discussion

1: Pursue WSIP Funding

- Continue CBP feasibility report
AWPF + injection wells + external supply sources
+ groundwater treatment + State exchange
- Develop local and State agreements and pursue WSIP, USBR and other funding opportunities.
- Fall 2021 Board Decision to secure final CWC funding award

2: Decline WSIP Funding

- Regroup with stakeholders to complete Preliminary Design Report based on:
 - Alternatives for IEUA Master Plan
 - AWPf + injection wells + external supply sources
 - AWPf + injection wells
 - AWPf
 - Alternatives for water infrastructure
 - Local Agencies pursue projects independently vs. collaborative program

CLOSING

CBP Workgroup | Stakeholder Questions

Economic Questions

#	From	Question	Response
QUESTIONS FROM 7/7/20 ECONOMIC ANALYSIS MEETING			
1	Justin Scott-Coe (MVWD)	Were project partners who have ratepayers (i.e. water/wastewater retail agencies) consulted as to relative ratepayer impacts associated with the proposed projects?	This was the purpose of the CBP Economic Analysis workgroup meeting on July 7 th , to solicit input from the agencies on the analysis that was performed.
2	Courtney Jones (Ontario)	When extracting water from the Basin under the CBP alternative, what, if any, wellhead treatment is assumed as a part of the economic analysis?	The CBP TAKE alternatives do not include wellhead treatment for the main groundwater extraction wellfield. This wellfield would be located in northern MZ-2 where the current groundwater quality does not require wellhead treatment. Additional land is assumed near the potable water storage tank or at individual well sites to add future treatment, if needed. TAKE alternatives 3, 4a-c, and 6a-b include example In-Lieu Local projects that would provide wellhead treatment for existing wells. TAKE-4c, which was assumed for the CBP PDR alternative for the economic analysis, includes 3.9 TAFY of wellhead treatment for example In-Lieu Local projects.
3	Ron Craig (Chino Hills)	Is the \$1,161 per AF assumption on avoided MWD treated rate the gross amount or the net? (meaning you have netted down for the cost to produce and treat local water to establish a delta)	Response in progress.
4	Courtney Jones (Ontario)	4a) For the Region's Master Plan and CBP alternatives, how is it determined what is on the wastewater rates versus what is on the water rates? 4b) My understanding is that the ratepayer is charged a melded end rate which includes	Water and wastewater rate allocations are based on whether the program benefits wastewater customers (the IEUA MP) or provides benefits to both water and wastewater customers (RMP and CBP options). MEU and EDU rate impacts displayed are comparative impacts based on current financial EDU and MEU projections.

Economic Questions

#	From	Question	Response
		agency retail rates. What would be the impact to the MEU and EDU rates to the Agency as opposed to the impact to the household?	
5	Courtney Jones (Ontario)	Does the water supply include imported water through 2050?	Yes.
6	Eduardo Espinoza (CVWD)	Previous CBP workshops considered pursuing other external supplies to make up for the export (at significant costs). Does the analysis given in these supply charts mean that your analysis concludes that pursuing external supplies is no longer worthwhile or necessary?	This is one of the most appealing aspects of the funding opportunity. The water supply aspects of the project are less about developing additional supply now, and more about improving access to existing supplies for security and investing in long term supplies 25 years from now. Among other benefits, these long-term supplies may help IEUA agencies in meeting potential replenishment obligations and developing local supplies that will be at a lower cost point compared to the alternative MWD supplies.
7	Van Jew (MVWD)	On slides 19 & 20, NPV Costs are in 2019 dollars. Are NPV Benefits on those same two slides in 2019 or 2028 dollars or ..? If not 2019, please explain how we believe that makes sense?	All the NPV costs and benefits are in 2019 dollars.
8	Van Jew (MVWD)	Can you say a couple words on why 2% was identified as the GDP discount rate (slide 9)?	We used a total annual discount rate of 5% for NPV calcs, representing recent trends of 2% per year real GDP growth plus 3% per year general inflation. Different discount rates and the relative effect on project alternatives was explored during the sensitivity analysis. Choice of discount rate impacts overall costs and benefits but has little impact on the relative comparison of alternatives.
9	General Stakeholder Concern	Is there a better deal than the State's investment?	One way of looking at the Prop 1 deal is that \$207 M amounts to about \$550/AF, which does not seem equitable in today's water marketplace. In fact, during the CWC appeal process we went on record and argued that they did undervalue this investment. However, now it's the deal on the table. The economic evaluation shows that using the Prop 1 funding to leverage the investment that IEUA must do anyway for water quality regulatory reasons is worth

Economic Questions

#	From	Question	Response
			much more to IEUA than \$550/AF and self-financing the \$207 M will not pay for itself in increased incremental value under the assumptions we are using. But beyond that, there is no other better deal on the table. If some party wants to put that kind of investment on the table with better terms, it will be considered. But not acting now and hoping for a better deal in the future is very speculative. In addition, IEUA continues to look for additional funding opportunities to supplement the Prop 1 deal through federal and other funding options.
10	General Stakeholder Concern	What if projects included in the Region's MP is reduced to lower the cost of the RMP to be same household impact as CBP?	Yes, Region's Master Plan (RMP) projects can be downsized or postponed, but they constitute a subset of member agencies' own long-term plans. On a programmatic scale, overall RMP TAKE capacity could be reduced, but that decreases an important purpose of the project – to increase access to existing supplies. Additionally, postponement will result in inflated capital costs and ultimately more impact on ratepayers.
11	Ron Craig (Chino Hills)	When comparing IEUA Master Plan online by 2031 to CBP online by 2026, household impacts on the IEUA MP would not be incurred for five years. How is this accounted for in the economic analysis?	For the household impacts illustration in this presentation we are comparing a snapshot of rates under the different project alternatives that are representative of effects over a 50-year life cycle, regardless of differences in the beginning of that life cycle. While a five-year difference in the IEUA MP would save rate payers on the front end, costs would extend to other rate payers on the back end. The Net Present Value analysis completed in this economic evaluation is intended to capture the time value of money and is the metric most applicable to measuring total lifecycle costs.
12	Ron Craig (Chino Hills)	Why would we bring in supplies in 25 years without storage? Value of the water supply is achieved by storage subject to storage losses.	Agree. As demonstrated in the evaluation, the focus for the region is in the next 25 years and the benefits of a program with storage is greater than alternatives without storage/external supplies.
13	Dave Crosley (Chino)	Please provide an attachment with the sources of the values used in the water supply analysis in the economic analysis	The source information and table were uploaded to the CBP member agency portal.

Economic Questions

#	From	Question	Response
14	Justin Scott-Coe (MVWD)	Need project background on the past, current and future	The Economic Analysis Technical Memorandum has been uploaded to the CBP member agency portal which includes the requested information
15	Justin Scott-Coe (MVWD)	The statement of excess supplies to meet demands through 2050 is without basis; Need to reconcile with the requirements of what is needed per UWMP for excess supplies	<p>The information used in the analysis and depicted in the workgroup meetings are based on each agency's UWMP projections. If additional detail is available that can distinguish or further characterize supplies, please provide so that it can be included in the analysis.</p> <p>The conclusion derived from the analysis is to illustrate:</p> <ol style="list-style-type: none"> 1. External supplies that may be acquired by the CBP are not needed for the region to meet daily demands. 2. External supplies and the water infrastructure included in the CBP will address reliability.
16	Justin Scott-Coe (MVWD)	<p>The economic analysis needs to address three primary questions:</p> <ol style="list-style-type: none"> 1. Value of local water 2. Export to the State 3. State coming into the Chino Basin/Storage, etc. 	The Econ Analysis Workgroup meeting on July 7, 2020 included stakeholder questions summarized in five themes/key questions. These three questions were included in the July 7 th discussion with the CBP workgroup and responded to, and further explained in these written responses. The Economic Analysis TM, uploaded to the CBP member agency portal provides additional details.
17	Van Jew (MVWD)	The NPV costs for the 3 options are 685/1202/1292, where the last two options are relatively close in cost and both are nearly double the first. When 685/1202/1292 is expressed in annual terms (the next row), it is not clear why "the last two options are relatively close in cost and both are nearly double the first" is lost.	<p>Reference by MVWD is made to capital cost and annual cash flow in 2019 dollars for the IEUA MP, Region's MP and CBP. The capital cost for the IEUA MP is approximately 50% of the cost of the Region's MP and the CBP, i.e., total capital project cost of the Region's MP and the CBP are similar.</p> <p>The annual cash flow for the same three scenarios include debt payment associated with total project cost net of any grants, and O&M based on the Net Present Value analysis for 50 years and expressed in 2019 dollars. Annual cash flow for the RMP is nearly twice the CBP due to the reduced capital financing of the CBP due to the State investment of \$207 million.</p>

PDR Questions

#	From	Question	Response
QUESTIONS FROM 7/15/20 PDR Analysis Meeting			
1	Courtney Jones (Ontario)	In regards to the IEUA Master Plan: Are the 16 AWPf injection wells and 8 miles of pipeline required for compliance? Alternatively, could existing spreading basins be used instead of injection wells?	<p>The pipeline and injection wells are not needed for regulatory compliance. This was presented as IEUA Master Plan Alternatives 1 (\$181 M) and 2 (\$206M) earlier in March 2020.</p> <p>Injection wells and pipelines will provide more recharge capacity and therefore are included in the IEUA Master Plan and Region's Master Plan alternatives (these were Alternatives 3 and 5 in the March 10, 2020 presentation, and in the economic evaluation).</p> <p>Few things to note if injection wells/pipelines are not constructed:</p> <ol style="list-style-type: none"> 1. AWPf treated water can be distributed through the current regional RW distribution system and would serve the direct use and GWR users. The associated cost for direct use and GWR would be increased to include the AWPf costs for the same use and would require an estimated increase of approximately \$900/AF to the current RW rate structure. 2. In winter months the AWPf would continue to be operated to meet regulatory compliance, however, since the recharge basins are prioritised for stormwater capture and flood management, the potential for losing the blended AWPf from the surface spreading is high due to the need to prioritize stormwater in the recharge basins.
2	Courtney Jones (Ontario)	Are the three sources identified in slide 7 external sources or sources within the Basin?	Yes, they are external to the IEUA service area
3	Eduardo Espinoza (CVWD)	Slide 14: Some of those annual O&M costs over 25 years add up to the similar order of capital costs. For example, "Put-4" is \$309M capital + (\$10.9M * 25	Yes, as a quick estimate, that is correct, with all costs in 2019 dollars and no escalation.

PDR Questions

#	From	Question	Response
		years) \$272M O&M = \$581M. Would this be a correct estimation?	
4	Ron Craig (Chino Hills)	Can you provide us the estimated cost of treatment (cap ex and O&M) for take water if MWDSC/ potable standards were to change over the 25 years?	Depends on what the constituent/quantity that one needs to address in the future. Without any additional information, the costs and O&M would be comparative to any local well head treatment plant costs (capital and O&M),
5	Eduardo Espinoza (CVWD)	A) Slide 20: Same comment as before, multiply annual O&M x 25 years. Also, are TAKE costs additive to the PUT costs? B) For example TAKE-6a over 25 years \$412M. If we take PUT-4, would this be \$581M+412M?	Yes, the program alternatives are the sum of the PUT and TAKE costs. That estimate is based on 2019 dollars without escalation, etc.
6	Eduardo Espinoza (CVWD)	At the recent economic eval workshops, there's been much reference to the "Region's MP" and the CBP could accomplish those projects more cost effectively because of the investment grant. However, what is the minimum project to just perform the CBP and its associated cost? Was this considered? Or are these the minimum project alternatives which happen to include some or all Region's MP projects? Just want to understand the connection between last week's economic workshop and this technical workshop	The minimum facilities that are needed for the CBP are the facilities presented in the various CBP alternatives. As stated in the definition during the economics analysis evaluation, the Region's Master Plan is a scenario created to answer the question posed at previous workgroup meetings: "What if the components of the CBP were done locally without taking the WSIP funding and performing for the State for 25 years?" The projects in the CBP and RMP are essentially the same, a compilation of member agency projects that are included in each of their long-term planning documents (10+ years) that could potentially be done earlier if funding, such as the Prop 1 or other grants, were available. The projects in the CBP are a subset of what the member agencies intend to implement in the long-term.

PDR Questions

#	From	Question	Response
7	Eduardo Espinoza (CVWD)	Do these analyses consider property acquisition?	Yes, the alternatives include property acquisition for injection wells, extraction wells, and the potable water storage tank and pump station. The property size for the potable water storage tank is large enough to accommodate a treatment system in the future (if required). Property acquisition is not required for the AWPf since it will be located at RP-4.
8	Amanda Coker (Chino)	For the 100% in lieu with pre delivery, would there be a 10,000 AFY in lieu commitment for 25 years in addition to the call years?	Yes, the in-lieu amount would be 10.0 TAFY during non-call years and would increase to 26.7 TAFY during call years.
9	Eduardo Espinoza (CVWD)	Slide 34: Please clarify TAKE (call year) cost. Is this average over 25 years? Or each cycle, e.g. x7.5	The annual O&M cost shown for the TAKE portion of the CBP Program Alternatives is for a call year. The TAKE O&M costs are separated into fixed costs (costs that are incurred every year) and variable costs (costs that are incurred only during call years).
10	Noel Castillo (Montclair)	All of these options (project alternatives) have assumptions; will each have a list of off ramps that we should be checking in on to make sure that we do not move forward with certain components if they don't not make economic sense?	The CBP program alternatives were developed to address all of the elements required for the CBP. The team will continue to refine the four CBP program alternatives and determine the most suitable alternative.
11	Eduardo Espinoza (CVWD)	What is MWD's expectation for in-lieu performance in terms of compensation?	The charge for pre-delivery will continue to be discussed with MWD.
12	Dave Crosley (Chino)	Slide 26: "With delivery charge". Is there a cost associated with pre-delivery option?	For the PDR, the TAKE alternatives with pre-delivery include a wheeling charge to pre-deliver the water to MWD to store the water within their system. Based on the 2019 calendar year fees, \$411/AF was assumed.
13	Ron Craig	Were brine disposal costs included in the CBP, Region's MP, and IEUA MP options?	Yes. Brine disposal costs were included for all alternatives. Please refer to the PDR TM2 posted on the member agency portal for more information.
QUESTIONS FROM 7/7/20 ECONOMIC ANALYSIS MEETING			
1	Courtney Jones (City of Ontario)	What would an alternative that looks at only wastewater compliance (AWPF as needed to meet permit requirements) coupled with existing	The capital cost associated with the construction of the AWPf along with brine disposal facilities only is \$205.8M (2019\$).

PDR Questions

#	From	Question	Response
		infrastructure look like? (i.e. no injection wells or additional pipelines)	<p>This scenario would suggest that the AWPf be located at RP-4 with all other improvements to take advantage of the advance purified water at a later date. Few findings to note on this scenario:</p> <ol style="list-style-type: none"> 1. AWPf treated water would be distributed through the current regional RW distribution system and would serve the direct use and GWR users. The associated cost for direct use and GWR would be increased to include the AWPf costs for the same use. 2. Without any new supplies brought in, the total beneficial use within the IEUA service area would be reduced by 2TAFY for brine losses, i.e., if current RW use is 30 TAFY, the new use would be 28 TAFY for the same customers and same recharge basins. <p>The potential for losing the blended AWPf from the surface spreading is high during winter months when the recharge basins are prioritized for stormwater.</p>
2	General	CBP will result in pumping that will exceed any previous historical pumping	<p>The CBP evaluated alternatives with bookend scenarios of 100% pump back to 100% in-lieu with standard delivery (i.e., no pre-delivery, 50 TAFY during call years) and with pre-delivery (26.7 TAFY during call years). TAKE-4c, which was assumed for the CBP PDR alternative for the economic analysis, includes pre-delivery with a maximum extraction capacity of 26.7 TAFY. The current DYY program has extraction performance requirements of up to 33 TAFY. The DYY program will conclude in 2028. Highest pumping in the basin occurred in the early 2000s to a max of 190 TAFY.</p> <p>The CBP extraction pumping scenarios were preliminarily modeled using the Chino Basin GW model, and show no significant impacts. Once the project details are refined, and when the CBP seeks a Storage & Recovery application from Watermaster, detailed impact analysis would be conducted by Watermaster, and will be included as part of the conditions of the S&R program, and be part of the CEQA for the CBP.</p>

PDR Questions

#	From	Question	Response
3	Dave Crosley (Chino)	Provide a matrix of supplies that are considered for the source water for AWPf (external, growth supplies, unused IEUA recycled water)	Additional information about source supplies was presented at the 7/15 workshop by the PDR team, and updated in the draft PDR Tech Memos.
4	Steve Nix (Upland)	Regarding NPDES permit conditions (in particular locating AWPf at RP-4 and not at RP-5), can the effluent discharge TDS be greater than 550 mg/L and still be compliant?	IEUA's NPDES permit for TDS is a "bubble concept" and therefore would be compliant as long as the agency wide average is below 550 mg/L.
5	Steve Nix (Upland)	Need additional line item unit costs on all the various IEUA MP, Region's MP and the CBP alternatives.	The respective technical memorandums have been uploaded to the CBP member agency portal.
6	Steve Nix (Upland)	Why do we need to do anything beyond (spend more money) than the baseline case of the IEUA Master Plan?	<p>From a capital cost perspective, IEUA Master Plan is the lowest cost alternative. However, as a rate impact to the existing rate payers, the CBP is the lowest cost alternative due to the WSIP funding of \$207M which reduces annual debt payment costs.</p> <p>By doing the projects in the CBP, the IEUA agencies would benefit from the WSIP funding to complete water supply reliability projects included in their long-term planning documents, earlier and at a lower cost than by delaying those projects to be implemented in the future.</p>
7	Justin Scott-Coe (MVWD)	Is it realistic to assume in the "No-Action" scenario 35 TAFY of recycled water can be replaced by MWD supplies?	<p>Yes. The "No-Action" scenario was included for comparative purposes to illustrate the need to replace the loss of RW supplies with the region's alternative supply source of MWD water; if 35 TAFY demand was added to imported water supplies, the region as a whole would exceed the MWD Tier 1 allocation for IEUA, and the region would have to pay Tier 2 untreated water rates as well.</p> <p>This alternative is not recommended, because it assumes reliability on the availability of these supplies without consideration of water supply conditions (Water Supply Allocation Plan years WSAP) and is not practical to meet annual demands.</p>
Y8	Justin Scott-Coe (MVWD)	Not all of the 35 TAFY of recycled water should be considered to be replaced with MWD supplies in	If Ag users do not have access to RW, then their other water source would be to increase production of Chino Basin groundwater, which would reduce the availability

PDR Questions

#	From	Question	Response
		the “No Action” scenario; RW use for Ag purposes would not be replaced by MWD supplies.	of their respective allocation in the Chino Basin, and result in increased purchases from MWD.
9	Justin Scott-Coe (MVWD)	Don’t understand the storage components	The potable water storage assumptions for the TAKE alternatives were presented at the 7/15 Workgroup meeting and are documented in the PDR TM2.
10	Van Jew (MVWD)	Consider the possibly that RMP capital costs are overstated – Slide #3 defines RMP projects to also include both IRP projects and member agency capital projects. Some of the projects are in the IRP for the sole purpose of pursuing grant money and will never be built without a grant, in which case leaving all IRP projects in the RMP as though they will be built would overstate RMP costs. Also, some member agency capital agency will be built regardless if IEUA MP, RMP, or CBP will be pursued, in which case those costs should not be attributed to any of those options. More specifically, attributing those costs to RMP would seem to overstate RMP costs.	Noted. The PDR Analysis is flexible enough to accommodate changes in which projects are included in the program. The projects included were based on the information that was available based on meetings with stakeholders through workgroup meetings and one-on-one meetings April-July 2019.

Policy/GM Meeting Discussion Questions

#	From	Question	Response
QUESTIONS FROM 7/7/20 ECONOMIC ANALYSIS MEETING			
1	Justin Scott-Coe (MVWD)	What planning documents have been published and agreed to by parties that comprise the IEUA Master Plan and the Region's Master Plan?	<p>IEUA Master Plan is included in IEUA's Ten-Year Forecast, which go through the approval process at its Regional Committees.</p> <p>As stated in the definition, the Region's Master Plan is a scenario created to answer the question posed at previous workgroup meetings: <i>"What if the components of the CBP were done locally without taking the WSIP funding and performing for the State for 25 years?"</i></p> <p>The projects in the CBP and RMP are essentially the same, a compilation of member agency projects that are included in each of their long-term planning documents (10+ years) that could potentially be done earlier if funding, such as the Prop 1 or other grants, were available.</p>
2	Justin Scott-Coe (MVWD)	Were project partners who use water and produce groundwater (i.e. water retail agencies) consulted as to cost and value of relative water supplies proposed for development in the proposed projects?	This was the purpose of the July 7 CBP Economic Analysis workgroup meeting and the posted economic analysis technical memorandum. IEUA is soliciting input from the agencies on the analysis that was performed.
3	General	We don't want the State to be in the Chino Basin	This concern is difficult to address because it seems to be a matter of trust. However, the funding agreement for Prop 1 funding will come with explicit limitations on performance requirements and will be enforceable by law. Additionally – the expected agreements will not give any new standing to the State in the Chino Basin. It would be counter to the purpose and intent of Proposition 1 WSIP to unilaterally change or extend terms, and any extraordinary attempt to do so would be roundly opposed.

Policy/GM Meeting Discussion Questions

#	From	Question	Response
4	General	Parties are not in favor of exporting Chino Basin water	This formulation of the CBP is designed to minimize the net quantity of water that is exported from the basin. CBP is a storage and recovery program, with the storage quantities derived from the CBP used for the state exchange. CBP includes new imported recycled water, unused/growth related recycled water which will be stored, and in-basin use of one-third of the state exchange commitment through in-lieu use of MWD deliveries.
5	Steve Nix (Upland)	Why do we need external supplies if we have sufficient supplies to meet projected demands through 2050?	External supplies are not needed to meet every day demands through 2050. What is highlighted from the UWMP information is that the entire portfolio of available supplies is provided. However, during drought conditions, the region is vulnerable to local water supply shortages due to water quality challenges or new regulations, and interruption of MWD supplies during planned outages (i.e., Rialto Feeder Reliability Shutdown for 18 months in 2028). Development of local reliable supplies for the long term needs and increasing local reliability (reduced reliance on imported water for daily demands) is a policy principle of the Chino Basin, and as such, acquisition of local supplies when they are available and projects can be implemented cost effectively for the rate payers, it is recommended.
6	Justin Scott-Coe (MVWD)	Need to address the MOU and the recommended process for the WSIP funding decision. Where is the decision making with the member agencies before IEUA Board considers making a decision?	Noted. Based on the feedback received, IEUA adjusted its schedule to include a month extension to allow for the stakeholders to have discussion with their governing bodies and provide a response to the IEUA GM by late August. The input from the stakeholders will be discussed at the IEUA Board Workshop in September followed subsequently by IEUA Board Action. If the program is approved, work on the envisioned Phase I agreement through the MOU would commence with a projected completion date of January 2021.
7	Justin Scott-Coe (MVWD)	The stakeholders weren't included in the economic analysis process	The economic analysis decision support tool was developed to address the various project alternatives that are desired to be evaluated; the model can be fairly quickly modified by changing the alternatives/components to address any additional questions/requests from the member agencies. This is the feedback that IEUA is seeking from the stakeholders to present project benefit comparative

Policy/GM Meeting Discussion Questions

#	From	Question	Response
			analysis to aid in the decision-making process of either accepting the WSIP funding or not.
8	Scott Burton (Ontario)	Are we importing more water to export the water to the State?	<p>Yes and No.</p> <p>Yes, this formulation of the CBP is designed to minimize the net quantity of water that is exported from the basin. As a result, the proposal is for CBP, through a storage and recovery program application, to store water currently not used or imported and used for the state exchange. CBP includes new imported recycled water, unused/growth related recycled water which will be stored, and in-basin use of one-third of the state exchange commitment through in-lieu use of MWD deliveries.</p> <p>No, the purpose of importing supplies is not to merely “export” the water to the State. By investing the State WSIP funding into long term water resources partnership, the intent is to develop local reliable supplies that will be available over a 50-year period at a lower rate than the alternative MWD supplies.</p>
9	Scott Burton (Ontario)	IEUA has been successful in getting grants for the region. Why not turn down the WSIP funding and phase the project and pursue other funding opportunities.	<p>Yes, IEUA has had a successful track record in obtaining grant funding and low interest loans on behalf of the IEUA service area. Over the past 20 years, IEUA has brought in \$279M in grant funding for recycled water, drinking water, groundwater, storm water and water use efficiency projects. The conditional WSIP funding of \$207M is significant and will help set the stage for water resources management for the region for the next 20 years.</p> <p>Because of the unique project components of the CBP (ecosystem benefits at the Delta), opportunities for other funding exists which would not be available as traditional water resource projects.</p> <p>As water quality regulations become more stringent, available funding opportunities have not incrementally increased, and are more competitive than the previous two decades. In addition, the current economic climate makes it</p>

Policy/GM Meeting Discussion Questions

#	From	Question	Response
			<p>highly unlikely that additional funding for grants or water bonds will be available in the near future.</p> <p>It is uncertain if IEUA could obtain equivalent grant funding through the traditional project approach in the past; Postponing projects will increase the existing rate payers' burden by implementing projects at a higher cost . Current federal and State debt levels could constrain future availability of grant programs.</p>
10	Van Jew (MVWD)	Slide #9: Going from IEUA MP to CBP there is a robust shift in both wastewater and water costs. For the few IEUA subagencies that only do water or wastewater, how is equity addressed??	Costs would be split between water and wastewater rates based on where the benefits lie, consistent with IEUA's rate structure.



July 11, 2019

Mr. Shivaji Deshmukh
General Manager
Inland Empire Utilities Agency
6075 Kimball Avenue
Chino, CA 91708

Re: Chino Basin Program

Dear Mr. Deshmukh,

The undersigned Contracting Agencies would like to thank you and the Inland Empire Utilities Agency (IEUA) staff for your efforts associated with the development of the Chino Basin Program (CBP). Addressing the Basin management priorities recognized as a part of the CBP is a commendable and laudable goal. The Contracting Agencies have committed to working collaboratively, and in good faith, to identify issues of common concern as well as goals and solutions which are of common benefit, as stated in the Memorandum of Understanding (MOU) jointly executed earlier this year. The purpose of this letter is to request responses to key questions and concerns identified by Contracting Agencies that need to be clearly evaluated and considered as the next step of the CBP.

Source Water

The Contracting Agencies request clarification regarding the source water to be used over the 25-year term of the program. The CBP relies on exporting advanced treated recycled water. Prior to any substantial engineering work, each source of available water, volume anticipated, and related costs should be identified. This includes the specific IEUA Contracting Agencies whose base entitlement will be utilized, if that source is planned as an integral part of the CBP.

Business Case

Currently, the annual operations and maintenance (O&M) costs for the CBP facilities are incorporated into the IEUA Rate Study and are assumed to be absorbed into future IEUA rates. The Contracting Agencies request that O&M costs related to the CBP be evaluated separately as a part of the CBP and not be incorporated into IEUA rates. The annual operating components and maintenance costs for the CBP must be considered as part of the evaluation of the economic viability of the CBP.

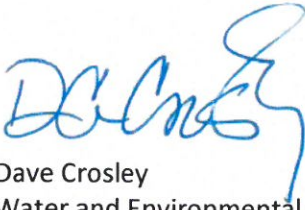
Additionally, the Contract Agencies seek to understand the present day value of the water to be exported to the State for environmental purposes. A large volume of water, generated within the Basin, is planned to be dedicated to the CBP. Growing demands raise the question: What is the value of keeping this water in the Basin?

The Contracting Agencies request a thorough analysis of the “no project” alternative(s) in order to fully evaluate and consider the financial impacts of the CBP grant and compare these to potential alternative approaches that address local requirements when they are needed.

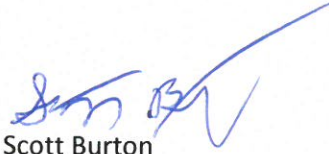
Broad concerns regarding the CBP remain around the risks of long-term operating commitments, impacts on the Basin, and entering into a long-term commitment involving State environmental purposes. In order to continue with a collaborative process to the benefit of the public we serve, as intended in the MOU and as needed to successfully move this project forward, we respectfully request your consideration and response on the aforementioned topics.

Sincerely,

(signatures on following pages)

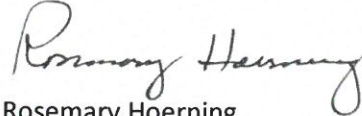


Dave Crosley
Water and Environmental Manager
City of Chino



Scott Burton
Utilities General Manager
City of Ontario

Nadeem Majaj, P.E.
Director of Public Works/City Engineer
City of Chino Hills



Rosemary Hoerning
Acting City Manager
City of Upland



Chuck Hayes
Public Works Director
City of Fontana



John Bosler
General Manager
Cucamonga Valley Water District



Noel Castillo
Public Works Director/City Engineer
City of Montclair

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July 23, 2019

RE: Chino Basin Program

To the Inland Empire Utilities Agency Regional Contracting Agencies:

Thank you for your July 11, 2019 letter requesting additional information on key items of the Chino Basin Program (CBP). We appreciate your continuing participation as we move forward to ensure the process is collaborative and transparent. Inland Empire Utilities Agency (IEUA) is committed to working cooperatively with our stakeholders to address the items raised in the letter regarding the source of supply, the value of water, and the long-term operating financial commitments for the CBP.

It is important to note that we are currently in the preliminary planning efforts with our consultants to determine preferred alternatives that will define the CBP. We are still evaluating the best options for the design and structure of the program. The ongoing workgroup meetings are scheduled to provide a forum to ensure all questions are addressed before asking the Regional Contracting Agencies (RCA) to commit to a final plan.

Your letter had several specific questions and requested clarifications, including:

The Contracting Agencies request clarification regarding the source water to be used over the 25-year term of the program.

The information being gathered by IEUA's consultant, Brown and Caldwell, for the Preliminary Design Report (PDR) will help prioritize the most viable alternatives for source water, taking into account the RCAs preference that additional water be purchased to meet the requirements of the 1969 Judgment without affecting RCA base entitlements. The intent of the PDR, which is expected to be finalized in early 2020, is to identify what facilities are needed, where the facilities could be located, potential available water sources, and expected costs involved.

Jurupa Community Services District (JCSD) was identified in prior workgroup meetings as an initial potential partner for source water. The IEUA-JCSD Recycled Water Interconnection Benefit Analysis is the first detailed discussion on source water that will be presented at the July 25th Regional Technical Committee meeting. As we identify additional water sources that meet the PDR needs, they will be presented at future workgroup meetings to gather feedback and develop consensus. We agree that final CBP design efforts will not commence without a consensus from the RCAs on the water supply sources and local agency agreements.

The Contracting Agencies request that O&M costs related to the CBP be evaluated separately as a part of the CBP and not be incorporated into IEUA rates.

IEUA has designed its current rate study to ensure potential operations and maintenance (O&M) costs for the CBP are separate and not used in the determination of any possible adjustments to the current rates. Once consensus on the most viable design of the program is achieved, potential CBP-specific O&M cost

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Michael Camacho
Director

Steven J. Elie
Director

Shivaji Deshmukh
General Manager

analyses will be presented to the workgroup for input and feedback. Any rate adjustments that result from the 2020 Rate Study will not include any costs associated with the CBP beyond the planning phase.

Additionally, the Contracting Agencies seek to understand the present-day value of water to be exported to the State for environmental purposes... what is the value of keeping this water in the basin... the Contracting Agencies request a thorough analysis of the “no project” alternative(s).

The CBP financial modeling is recognized by our staff as a priority in determining the overall viability and value of the CBP. Based on the input received, along with new information from the PDR process, staff is currently working to update and refine the analysis presented at CBP Workgroup #3 on February 27, 2019. A consideration for the RCAs is to designate a subgroup to work with IEUA staff and economists to refine the baseline “no project alternative”. Upon completion, an additional third-party review can be conducted on the financial analysis by IEUA’s financial consultant (PFM) or others.

We look forward to working together on this Program. IEUA will continue to develop the planning scenarios collaboratively with the CBP workgroup and develop analyses that provide the clarity requested by the RCAs. We value your continued participation, input and partnership in the development of the CBP. If you have additional comments or questions, please contact me at 909.993.1730 or sdeshmukh@ieua.org.

Sincerely,
Inland Empire Utilities Agency

A handwritten signature in blue ink that reads "Shivaji Deshmukh". The signature is fluid and cursive, with the first name "Shivaji" and last name "Deshmukh" clearly distinguishable.

Shivaji Deshmukh, PE
General Manager

Appropriative Pool

Chair: Van Jew

Vice-Chair: John Bosler

Chino Basin Watermaster

9641 San Bernardino Road, Rancho Cucamonga, Ca 91730

Tel: 909.484.3888 Fax: 909.484.3890 www.cbwm.org



August 22, 2019

Mr. Shivaji Deshmukh
General Manager
Inland Empire Utilities Agency
6075 Kimball Avenue
Chino, Ca. 91708

Re: Chino Basin Program

Dear Shivaji,

The Chino Basin Watermaster (Watermaster) Appropriative Pool (AP) parties sincerely appreciate IEUA's efforts regarding the proposed Chino Basin Program (CBP) and are in receipt of the July 11th and July 23rd correspondence exchange between the Contracting Agencies (most of whom are also AP parties) and IEUA. The AP supports the issues raised by the Contracting Agencies, and seeks here to raise additional concerns regarding CBP from the perspective of Chino Basin management objectives.

CBP seeks to provide the State of California with access to 375,000 acre-feet of local supply over 25 years. CBP's requisite groundwater storage capacity in the Chino Basin has yet to be defined and will require approval of a Storage and Recovery Program through the Watermaster process. However, the AP is concerned that the proposed size of the CBP may require an exclusive choice in allocating groundwater storage capacity between the State or other entities, such as the Chino Basin Water Bank or Metropolitan Water District of Southern California, which may provide broader mutual benefit for AP parties. The potential impacts of CBP put-and-take operations on individual AP producers and the basin management activities must also be carefully evaluated.

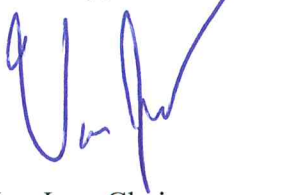
More specifically, the AP requires a better understanding of the broad mutual benefits of the CBP compared to potential Storage and Recovery Program proposals from other potential entities, including but not limited to benefits, costs, operating parameters, water resource impacts and local control aspects. This review is critical as CBP would commit the Chino Basin to assisting the State in meeting environmental and policy objectives which may be prioritized over or even conflict with local basin management objectives, agreements, and practices. Additionally, AP parties are concerned that the State may seek to extend its use of the Chino Basin beyond the 25-year horizon currently envisioned. The term and end conditions should be determined now, during project evaluation and design, to ensure that all parties and stakeholders clearly understand their benefits and responsibilities.

August 22, 2019
Mr. Shivaji Deshmukh
Chino Basin Program

Finally, CBP must address the presence of per- and polyfluoroalkyl substances (PFAS) in the Chino Basin. The presence of PFAS suggests it is prudent to negotiate an extension of time regarding CBP funding until requirements and a strategy to address this emerging water quality issue are known. The challenges surrounding PFAS are a reminder that future water quality regulations present significant uncertainty to the Basin when considering such a great commitment over an extended period of time.

In short, CBP must be aligned with Chino Basin storage management objectives, established in the Judgment and Peace Agreements, which ensure that Storage and Recovery Programs are prioritized to provide the broadest mutual benefit to producing parties. The AP offers its and its members' resources to assist IEUA in evaluating the CBP in light of the considerations above and shaping any potential program to meet these objectives. Please feel free to contact me (909-267-2113, vjew@mvwd.org) for discussion in coordination with the Contracting Agencies and AP members.

Sincerely,



Van Jew, Chair
Chino Basin Watermaster Appropriative Pool

cc: Peter Kavounas, General Manager, Chino Basin Watermaster
Chair, Chino Basin Watermaster Board of Directors
Chair, Chino Basin Watermaster Advisory Committee
Chair, Chino Basin Watermaster Agricultural Pool
Chair, Chino Basin Watermaster Overlying (Non-Agricultural) Pool



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September 11, 2019

Mr. Van Jew, Chair
Chino Basin Watermaster Appropriative Pool
9641 San Bernardino Road
Rancho Cucamonga, CA 91730

RE: Chino Basin Program

Dear Chair Jew and members of the Chino Basin Watermaster Appropriative Pool (AP):

Thank you for your August 22, 2019, letter requesting additional information on key items of the Chino Basin Program (CBP). Inland Empire Utilities Agency (IEUA) is committed to working cooperatively with our stakeholders to address the items raised in the letter, particularly concerns regarding CBP commitments to the California Water Commission.

Your letter contained several concerns and clarifications about the CBP as follows:

The AP requires a better understanding of the broad mutual benefits of the CBP compared to potential Storage and Recovery Programs from other potential entities. Would the CBP be prioritized over or even conflict with local basin management objectives, agreements, and practices?

As envisioned, the CBP will work within the Chino Basin (Basin) management objectives, agreements, and practices to provide broad mutual benefits locally within the Basin. Working with our partnering agencies in the Basin, IEUA is in the process of developing a Preliminary Design Report (PDR) for the CBP, which will include various PUT and TAKE alternatives for the envisioned storage and recovery program. In coordination with the Chino Basin Watermaster (CBWM), the recommended PDR alternatives will be assessed in fall 2019 for material physical injury analysis to identify mitigation measures if conflicts with local Basin objectives are encountered. Following that process, the CBP will submit its Storage and Recovery application to CBWM for consideration of storage capacity and borrowing capacity for the CBP.

The AP parties are concerned that the State may seek to extend its use of the Chino Basin beyond the 25-year horizon currently envisioned. The term and end conditions should be determined now, during project evaluation and design, to ensure that all parties and stakeholders clearly understand their benefits and responsibilities.

As a Water Storage Investment Program, the program commitment was limited to 25 years, with a total CBP volume of water for Delta ecosystem exchanges at 375,000 acre-feet. The volume of water and the years provided for the performance are not subject to extension unless mutually agreed upon by both parties. Stakeholder workshops are planned in the following months to discuss the PDR's alternative analysis and operations; based on these discussions, the terms and conditions for the CBP operation/performance, including triggers and exceptions to performance, will be negotiated with the State.

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Shivaji Deshmukh
General Manager

CBP must address the presence of per- and polyfluoroalkyl substances (PFAS) in the Chino Basin. The presence of PFAS suggests it is prudent to negotiate an extension of time regarding CBP funding until requirements and a strategy to address this emerging water quality issue are known.

IEUA understands that PFAS are a contaminant of emerging concern (CEC) that is appearing in drinking water sources throughout the State. At this time, the extent of the PFAS within the Basin has not been determined; CBWM has made recommendations to develop a monitoring program to understand its occurrence within the groundwater basin. IEUA is committed to collaborating with the Member Agencies and CBWM as the regulations are developed by State agencies. As crafted, the CBP was intended to provide groundwater treatment for contaminants that are prevalent within the Basin, such as nitrates and 1,2,3 Trichloropropane (TCP). The proposed CBP treatment facilities can be leveraged to address future changes in drinking water regulations, including PFAS. Since the prevalence of PFAS within the Basin are unknown at this time, a strategy to address this CEC before the CBP funding elements are finalized can be discussed in the stakeholder workshops.

Since the receipt of the AP letter, IEUA has conducted workshops with the stakeholders to review the economic evaluation of the CBP and provide clarifications and a forum to discuss concerns. We will continue to have workshops that address the continued economic evaluation and infrastructure for the CBP. We value your continued participation, input, and cooperation in the development of the CBP.

As always, feel free to contact me at (909) 993-1730 if you'd like to discuss this further.

Sincerely,
Inland Empire Utilities Agency



Shivaji Deshmukh, P.E.
General Manager

cc: Peter Kavounas, Chino Basin Watermaster