AGENDA
SPECIAL JOINT WORKSHOP OF THE INLAND EMPIRE UTILITIES AGENCY* BOARD OF DIRECTORS AND THE REGIONAL SEWERAGE PROGRAM POLICY COMMITTEE

WEDNESDAY, SEPTEMBER 29, 2021
8:30 A.M.

TELEPHONE ACCESS: (415) 856-9169 / Conf Code: 949 377 106#

PURSUANT TO THE PROVISIONS OF EXECUTIVE ORDERS N-29-20 AND N-08-01 ISSUED BY GOVERNOR GAVIN NEWSOM AND IN AN EFFORT TO PROTECT PUBLIC HEALTH AND PREVENT THE SPREAD OF COVID-19, THERE WILL BE NO PUBLIC LOCATION AVAILABLE TO ATTEND THE MEETING.

The public may participate and provide public comment during the meeting by dialing into the number provided above. Alternatively, the public may email public comments to the Board Secretary/Office Manager Denise Garzaro at dgarzaro@ieua.org no later than 24 hours prior to the scheduled meeting time. Comments will be read into the record during the meeting.

CALL TO ORDER OF THE SPECIAL JOINT WORKSHOP OF THE INLAND EMPIRE UTILITIES AGENCY BOARD OF DIRECTORS AND REGIONAL SEWERAGE PROGRAM POLICY COMMITTEE

FLAG SALUTE

PUBLIC COMMENT

Members of the public may address the Board on any item that is within the jurisdiction of the Board/Policy Committee; 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/Policy Committee 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/Policy Committee 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.

*A Municipal Water District
1. WORKSHOP

    A. CHINO BASIN PROGRAM (PROPOSITION 1 WATER STORAGE INVESTMENT PROGRAM)

ADJOURN

Declaration of Posting

I, Denise Garzaro, CMC, Board Secretary/Office Manager of the Inland Empire Utilities Agency*, a Municipal Water District, hereby certify that, per Government Code Sections 54954.2 and 54956, a copy of this agenda has been posted at the Agency’s main office, 6075 Kimball Avenue, Building A, Chino, CA and at Cucamonga Valley Water District’s headquarters, 10440 Ashford Street, Rancho Cucamonga, CA and on the Agency’s website at www.ieua.org at least twenty-four (24) hours prior to the special meeting date and time above.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Board Secretary at (909) 993-1736 or dgarzaro@ieua.org, 48 hours prior to the scheduled meeting so that IEUA can make reasonable arrangements to ensure accessibility.
Chino Basin Program
Water Storage Investment Program
IEUA Joint Board & Policy Workshop

September 2021
Workshop Overview

- Purpose
- Background
- CBP Program Overview
- Schedule
- Discussion
Meeting Purpose

- Foster open communication between policy makers & the IEUA Board about the CBP
- Share perspectives about the 2021 Refined CBP Configuration
- Address policy questions and concerns about program performance, commitments, and current status of CBP discussions with in-basin stakeholders and other partners
• Make sound investments that address the needs of the region today, tomorrow, and into the future
• Maintain and meet wastewater permit requirements
• Identify solutions through partnerships and collaboration
• Seek outside funding from State and Federal grants to support local programs
• Develop resilient water supplies and make every drop of water count
Background | Local Challenges

Imported water from Metropolitan is 30% of water supplies
- State Water Project constrained area
- 2022 forecast: 0% allocation
- Subject to environmental flow restrictions

Local need for Advance Water Purification Facilities (AWPF)
- Wastewater permit compliance by 2030
- Meet Basin Plan commitments
- Opportunity to build infrastructure for future Direct Potable Reuse
Background | Project Evolution

2014: Supplement regional recycled water program with external supplies
2015: Drought conditions | Salinity increased in imported water and recycled water
2016: IEUA begins salinity evaluation for its permit and Basin Plan commitments
2017: New drinking water regulations | Prop 1 Water Storage Investment Program (WSIP)
2018: CBP awarded WSIP conditional funding
2019 - 2021: CBP | WSIP Program Refinement
2021: Extreme Drought conditions on State Water Project & Colorado River
$212 Million WSIP funding for the CBP is based on providing pulse flows from the State Water Project to the Bay Delta to support habitat.

- Program Components:
  - 375,000 AF over 25 years
  - Maximum 50,000 AF per call year

- IEUA’s State Water Project Contract Partner: Metropolitan Water District of Southern California (Metropolitan)

Supports local resource development and provides water to native ecosystems.

CBP provides 375,000 over 25 years.
To provide pulse flows from the Chino Basin Program, IEUA, Metropolitan, the Department of Water Resources (DWR), and the California Department of Fish and Wildlife (CDFW) must work together.
CBP | WSIP Overview - South of Delta Facilities

1. Water Purification
   - 15,000 AF/year

2. Groundwater Storage
   - 150,000 AF storage

3. New Wells
   - Constructs new production and injection wells

4. Pipeline Interconnection
   - Interconnection to Metropolitan

$650 million (2019$) capital investment | $212.1 million WSIP Conditional Funding
<table>
<thead>
<tr>
<th>Facility</th>
<th>Baseline Compliance</th>
<th>Recycled Water Program Expansion</th>
<th>CBP</th>
<th>WSIP</th>
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<tbody>
<tr>
<td>Advanced Water Purification Facility [AWPF]</td>
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<tr>
<td>Injection Wells</td>
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<td>External Supplies</td>
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<td>Potable Water Pipelines</td>
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<tr>
<td>Extraction Wells</td>
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<tr>
<td>MWD Interconnection</td>
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</table>
Baseline Compliance

Facilities:
- 9,000 AF/year AWPF at RP-4 located in City of Rancho Cucamonga

Recycled Water Program Expansion
AWPF + Injection Wells + External Supplies

Facilities:
- 15,000 AF/year AWPF at RP-4
- Advanced treated recycled water pipeline
- 15,000 AF/year Injection wells
- 6,000 AF/year external water supply sources

Capital Cost: $386M (2019$)
Facilities:
- 15,000 AF/year AWPF at RP-4
- Advanced treated recycled water pipeline
- 15,000 AF/year Injection wells
- 6,000 AF/year external water supply sources
- 40,000 AF/year Extraction wells
- Potable water pipelines & Reservoir
- Interconnection to Metropolitan’s Rialto Pipeline

Now is the Time to Make Every Drop Count

AWPF needed to meet IEUA’s wastewater permit compliance and Basin Plan commitment for reuse

Baseline Compliance

Recycled Water Program Expansion

Water Supply Reliability

AWPF needed to maximize use of recycled water

Wells and pipeline distribution network to provide water supply reliability and CBP performance
CBP | WSIP Components - Baseline Compliance

- AWPF for regulatory compliance for IEUA’s wastewater permit and Basin Plan commitments paid for by existing wastewater rate payers [EDU]
- Baseline Facilities: 9,000 AF/year AWPF with target treatment level for IEUA RW at 500 mg/L [IEUA Permit limit 550 mg/L]

IMPACT: Funded by monthly sewer fees [EDU rates]
Now is the Time to Make Every Drop Count

CBP | WSIP Components - Regional Recycled Water Program Expansion

- Includes an additional 6,000 AF/year of AWPF, acquisition of 6,000 AF/year of external water supply and 15,000 AF/year of injection wells
- Currently, all IEUA Regional Contract Agencies pay for the Regional Recycled Water Program, regardless of individual benefits
- Considerations:
  - Should costs continue to be shared, or based on individual benefits?
  - How should the region balance interest in access to recycled water and available unused supplies?

IMPACT: Paid by participating agencies only | No cost impact to non-participating agencies
CBP | WSIP Components - Water Supply Reliability

- Includes 40,000 AF/year extraction wells, pipeline distribution network, pump stations and interconnection to Metropolitan’s Rialto Pipeline
- Participating agencies pay for the capital and operating costs
- Participating agencies will enter into final agreement with IEUA

IMPACT: Paid by Participating Agencies only | No cost impact to non-participating agencies
Now is the Time to Make Every Drop Count

Recycled Water Program Expansion $226 M

Baseline $160 M

Water Supply Reliability $264 M

Recycled Water Program Expansion $226 M

Wastewater Customers

CBP Participating Agencies

Investments in recycled water program and water reliability include $212M WSIP funding. Actual cost to participating agencies is $278 M
## Rate Impacts | *Net Present Value (2021$)*

<table>
<thead>
<tr>
<th>Take Capacity (AF/year)</th>
<th>Water Supply (AF/year)</th>
<th>Full Costs Start Year</th>
<th>Baseline FYE 2031</th>
<th>CBP FYE 2029</th>
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<tbody>
<tr>
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<tr>
<td><strong>Wastewater Rate</strong></td>
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<td><strong>$4.75/EDU</strong></td>
<td><strong>$4.70/EDU</strong></td>
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<td><strong>Participating Agency Cost</strong></td>
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<td><strong>Capacity Purchase Cost [30 Years]</strong></td>
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<td><strong>$470/AF</strong></td>
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<tr>
<td><strong>Water Supply Cost</strong></td>
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<td><strong>-</strong></td>
<td><strong>$1,300/AF</strong></td>
</tr>
</tbody>
</table>

- **Wastewater Customers**
- **Participating Agencies Only**
**2017 Initial Concept**

- Accelerate AWPF by 8 years

- CBP performance and costs shared by all IEUA agencies

- Water sources for CBP from growth and outside sources

**2021 Refined Configuration**

- Accelerate AWPF by 2 years
  - By implementing 2 years earlier construction costs are reduced by 4%/year
  - CBP funding offsets capital infrastructure costs

- CBP performance and costs shared only by participating agencies

- Water sources from participating agencies’ recycled water and external sources paid for by participants
2017 Initial Concept

- 100% of CBP supplies exported from local basin for State performance [375,000 AF over 25 years]

2021 Refined Configuration

- 80% of CBP water for use within the Chino Basin [300,000 AF over 25 years]
  - 300,000 AF of CBP water for local use to offset imported water purchases from Metropolitan
  - No imported water associated costs [Tier 1, Capacity, Readiness To Serve RTS charges]
- 20% or 75,000 AF of CBP water planned for pump back to MWD
1. **Q.** What is the proposed cost breakdown/rate impact of the CBP on participating vs non-participating agencies?

   **A.** All existing wastewater customers will pay for Baseline Compliance-related costs. Anything beyond Baseline is currently proposed to be paid for by participating agencies.

2. **Q.** If all wastewater agencies pay for the Baseline AWPF, how do their rate payers get the benefit of that investment?

   **A.** Baseline AWPF is required to meet IEUA’s wastewater compliance; Recycled water operations and use will continue as is.
3. Q. Will water be exported from the Basin or used locally?
   A. 80%, or 300,000 AF of the CBP water will be available for local, in-basin use by participating agencies. 20%, or 75,000 AF of CBP water planned for pump back to MWD.

4. Q. Are there other funding opportunities?
   A. Yes. IEUA will continue to explore other potential funding opportunities including other State and Federal grants/loans and partnership opportunities.
5. Q. Will relationships and agreements tied to the CBP prevent other agreements or investments, such as the Water Bank from moving forward?
   A. No, they will not. Infrastructure constructed through the CBP may help facilitate other agreements, partnerships, and programs.

6. Q. Considerations: Are there opportunities to join in the future?
   A. Yes, there will be additional opportunities to join.
Proposed IEUA Board Consideration for October 20, 2021:

• Direction to IEUA General Manager to provide a letter of commitment for local cost share for the CBP capital infrastructure by setting future rates and through participating agency agreements
  • Assumption:
    • Wastewater permit compliance and Basin Plan commitment paid by future EDU rates
    • Water supply reliability costs paid by Participating Agencies

IEUA commitment is needed for the project to remain eligible for funding
IEUA’s October 2021 CBP Board Consideration

• Maintain eligibility for WSIP Funding:
  o Request California Water Commission for feasibility determination in Nov/Dec 2021
  o Continue to use $8.9 M Early Funding ($5.5 M used to date)
  o Continue pursuit of additional State and Federal funding for the CBP
  o Continue to work with Participating Agencies, Partners and Resource Agencies to develop agreements

• The WSIP funding will not be pursued:
  o Continue AWPF design for baseline compliance by 2030
  o Release the WSIP conditional award of $212 million
  o Pause discussions on external supplies until new funding sources are identified
Fall/Winter 2021 Schedule

Sep 2021
Joint IEUA Board & Policy Workshop
Notice of Preparation of CEQA

Oct 2021
IEUA Board Consideration
Circulation of CBP Draft EIR

Dec 2021
Deadline to submit Final Feasibility Report to secure WSIP funding by Jan 1, 2022
Now is the Time to Make Every Drop Count

Draft CBP Working Schedule

- Draft EIR Scoping Meeting | EIR Circulated
- CWC Feasibility Determination
- Receive comments on draft EIR
- Local Participating Agency Agreement Phase I
- Metropolitan Agreement Phase I
- Storage & Recovery Application
- Draft Agreement Terms – Resource Agencies:
  - CDFW
  - DWR
  - Metropolitan
- Finalize Participating Agency Agreements
- Finalize Resource Agency Agreements
- Pre-Design for facilities to 30%
- CWC Final Funding Award

Oct 2021
Nov-Dec 2021
Spring 2022
Winter 2022
Summer 2023
Fall 2023
Stakeholder Discussion
1. **Q:** What happens to Metropolitan’s SWP allocation when there is a call year?

   **A:** DWR considers the SWP contractors as a whole and evaluates the overall water supply balance when they set an allocation. Metropolitan’s portion of the total SWP allocation will not be reduced during a call year; pulse flows would be subtracted from Metropolitan’s allocation, and they would be made whole by local CBP performance.

2. **Q:** Please clarify which recycled water sources will provide what quantity of influent flows to produce the 15TAF of product water for the AWPF facilities.

   **A:** A total of 17,000 AF of recycled water (or 15MGD) will be needed to produce 15,000 AF AWPF water, with ~2,000 AF lost as brine discharge. Recycled water sources will vary due to seasonal variability and existing demand constraints as follows:
   - Summer: 3 MGD un-used, discharged recycled water + 12 MGD from external supplies
   - Winter: 15 MGD un-used, discharged recycled water

3. **Q:** Is Metropolitan willing to consider pre-delivery that is locally produced/used for performance?

   **A:** Pre-delivery is not currently included in the CBP performance scenarios; scenarios are still under development.

4. **Q:** Would the CBP overlap with the Dry Year Yield Program?

   **A:** No, they will not overlap. The Dry Year Yield Program expires on July 1, 2028; the CBP is anticipated to be operational by 2028.

5. **Q:** Does a program like the CBP increase or decrease Metropolitan’s interest in other programs like the Chino Basin Water Bank?

   **A:** Programs like the CBP that build new infrastructure and create a more interconnected system increases the amount of interest from Metropolitan. Metropolitan is interested in exploring programs like the CBP and the Chino Basin Water bank.

6. **Q:** How will the CBP provide benefit to the local agencies since all of the water is dedicated to the CBP performance?

   **A:** The program has changed significantly from the original concept. Currently, the program will provide 300,000 AF for local, in-basin use over the term of the program with no payment to the State or MWD. After 25 years, the program provides 15,000 acre-feet every year for local use. In addition, this program constructs facilities that would need to be built for compliance purposes. For additional details, please review the 2021-07-13 CBP WSIP Whitepaper, p.3.
7. Q: Please describe the facilities that are included in the CBP.

A: For additional details, please review the 2021-07-13 CBP WSIP Whitepaper. In summary, facilities include:

- Advanced Wastewater Purification Facility with a treatment capacity of 17 TAF/year (15 MGD)
- Groundwater injection facilities to store 15TAF/year advanced treated recycled water in the Chino Basin
- Construction of new production wells and wellhead treatment facilities to extract up to 50 TAF/year of stored groundwater and treat it to appropriate water quality standards
- Pipeline infrastructure to connect the new production wells and treatment facilities to a pipeline distribution network to deliver water to agencies within the Chino Basin.
- Secure an additional 6 TAF/year of external supplies local supplies to augment the IEUA recycled water supplies
- Construction of an interconnection to Metropolitan’s raw water distribution system to provide for direct pump-in to Metropolitan as a backup for local use (also known as “in lieu” use) of the exchanged CBP water supplies.

8. Q: Would agencies participating in the CBP also pay MWD fixed charges?

A: No, CBP water is considered local water so there is no payment for CBP supplies to MWD.

9. Q: What are the differences between the “Regional Recycled Water” alternative and the “Recycled Water Expansion” alternatives?

A: The “Regional Recycled Water Program” alternative includes AWPF capacity and facilities to inject advance treated water into the groundwater basin. While this alternative maximizes the use of IEUA recycled water supplies that is currently discharged as effluent, the AWPF facilities are oversized (17 TAF/year) in comparison to the “Baseline Compliance” alternative to capture the unused recycled water supplies (11 TAF/year) resulting in 9 TAF of advance treated product water that will be recharged into the Chino Basin.

The “Regional Recycled Water Expansion” alternative includes the Regional Recycled Water Program alternative facilities with the addition of constant flow from external recycled water supplies during the summer months. This alternative optimizes the use of unused IEUA recycled water supplies of 11 TAF/year, and external supplies of 6 TAF/year to store 15 TAF/year of advance treated water into the groundwater basin.

10. Q: Do the $2,290/AF of CBP water include grant funding and wellhead treatment costs?

A: Yes, costs include the savings from the grant funding. Wells are currently proposed in locations that do not need additional treatment, so no treatment costs are included.

11. Q: Which alternatives include extraction facilities?

A: Extraction facilities are only included in the CBP. To produce water from the other alternatives local agencies would need to rely on their existing extraction capacity and/or storage.
12. Q: What does IEUA’s Board “commitments for local cost share” means at this stage?

A: The nature of commitment at this stage is relatively informal but needs to be clear enough to retain funding eligibility. IEUA’s Board decision will take place in October 2021 and will be based on member agency interest in the Chino Basin Program. This action will not set future rates. The commitment is needed for the project to remain eligible for funding, including the $8.9M in early funding. Prior to entering into final funding agreement with the California Water Commission (estimated timeframe of 2022-2023), IEUA will enter into required agreements with participating agencies and work with all its member agencies to levy rates and charges to recover local cost shares.

Reference Materials:
..\..\Reference Docs\For Stetson Review\Regulatory Challenges TM - 2020-04-23.pdf
CBP Whitepaper
1. Q: What impact do Federal storage levels on Lake Mead have on Metropolitan’s access to stored water?
   A. In August 2021, Metropolitan has stored over 1M acre-feet in Lake Mead which contribute to levels of Federal storage level that prevent the storage dropping below to meet any contributions that the State would have to make. A Federally declared Level 1 shortage would impact Arizona/Nevada, but not California or Metropolitan.

2. Q: Would pumping from the proposed 17 new CBP production wells be aggressive for performance in a call year?
   A. The water levels increase and decrease over the term of the program, but groundwater modeling did not show any detrimental impacts to the Chino Basin or to existing pumping.

3. Q: The CBP proposes using 11 TAF of unused recycled water that is currently discharged to the SAR. Whose entitlement does that 11 TAFY come from?
   A. The recycled water for the CBP supply would be pledged/dedicated by participating agencies.

4. Q: Demand and usage of recycled water has fluctuated quite a bit in the last few years. How is IEUA accounting for it in the program design/assumptions about usage and flow?
   A. The most recent data and projections are reflected on slide 7 (below). The forecast used conservative assumptions for the availability of supplies for the CBP. Assumptions included maintaining direct use and maximizing groundwater recharge. The most important factors for the analysis were the seasonality of discharged water and how it corresponded with influent flows to treatment plants.

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**CBP | WSIP Overview - Source Water**

CBP uses 11,000 AFY of unused IEUA recycled water and secures 6,000 AFY of external supplies from partner agencies in the Upper Santa Ana River watershed.
5. Q: **Is the State helping to fast-track other funding opportunities? Is IEUA exploring other funding opportunities?**
   
   A. Yes. The WIIN Act has funding set aside for WSIP projects. IEUA will continue to explore other potential funding opportunities such as the Federal funding, State Revolving Fund program, the Water Infrastructure Finance and Innovation Act (WIFIA) program, Infrastructure funding, Metropolitan funding and other State funding opportunities.

6. Q: **What is intent of the extraction wells and conveyance facilities during the non-call years? What happens after the 25-year term? Is it 50 TAF every year?**
   
   A. During call years, 50 TAF will be produced from the CBP. Call years are anticipated to take place approximately 7.5 times over the course of the term. During non-call years, the facilities may be available for local use for participating agencies. The program is still in the exploratory phase and could use operational optimization input and interest from all agencies. After the CBP 25-year term concludes, the extraction and conveyance facilities may become part of the participating agencies facilities.

7. Q: **Are the extraction wells designed around a particular agency?**
   
   A. No, the extraction facilities were not designed around a particular agency. The location of extraction facilities has been selected because the groundwater management zone 2 is generally outside of known areas of contamination and will maintain spatial symmetry (water stored/extracted within the same groundwater management zone). The wells are also located geographically in an optimal location for pump back into the Metropolitan distribution system.

8. Q: **Is there an opportunity to utilize these facilities locally in a critically dry year?**
   
   A. Yes. The priority for the facilities is for CBP performance; however, in a non-call year they may be available for local use.

9. Q: **Could the pump back to Metropolitan be used as an opportunity to pump water to WFA?**
   
   A. The CBP facilities will pump into the Metropolitan Rialto Pipeline, which supplies WFA. Once water is in Metropolitan’s system, it is considered Metropolitan supply and their rates and charges would apply.

10. Q: **Is the EDU rate inclusive of O&M costs?**
    
    A. Yes.

11. Q: **Would there be an agreement defining terms, and cost shares between all the IEUA Agencies and agencies including non-IEUA agencies such as Jurupa/Pomona?**
    
    A. Yes. Agreements will include IEUA and non-IEUA agencies participating in the program, to define all terms regarding ownership and operation of the facilities, cost allocations, performance, and other requirements.
12. **Q:** Would regional benefit costs be assigned to rates, or other fees?
   
   **A:** The regional benefit cost assignment has not been defined yet. The economic analysis is still evaluating the options.

13. **Q:** Would the agreements be the basis for rates or a contribution to this program?
   
   **A:** We anticipate that a combination of resolutions and agreements may be needed to address the terms for participating and non-participating agencies.

14. **Q:** Agreements with Rialto/WRCWRA - are they locked in to deliver at a set rate or do they change? Is there an out for them?
   
   **A:** There is no official agreement yet. IEUA’s proposal is a 50-year agreement where the cost savings will be seen after the 30-year debt service is completed. The rate is fixed with annual built-in cost escalation.

15. **Q:** Is the WRCWRA recycled water entering our existing system and going to RP-1? Does it need Advanced Treatment/impact our salt balance?
   
   **A:** Due to rising salinity in the IEUA recycled water, advanced treatment will be needed in the near future. The WRCWRA recycled water supply on its own does not require advanced treatment. The WRCWRA recycled water will be blended directly into IEUA’s existing recycled water distribution system and supplies. Since the WRCWRA recycled water supply is slightly higher in salinity, the IEUA’s recycled water advanced treatment facility will compensate for the added salts to meet the permit limit as a flow weighted average of all recycled water supplies.

16. **Q:** For the project start and completion, why are the years different from the Baseline Compliance?
A. Baseline Compliance would require AWPF online by 2030. The CBP accelerates the timeline by two years to 2028 to receive the funding.

17. Q: Could costs be borne by all wastewater agencies, even though it’s 2 years earlier than would be necessary for compliance?
   A. Yes. However, implementing the CBP two years earlier reduces the project’s construction cost escalation by an estimated 4% per year.

18. Q: Advanced water treatment doesn’t address PFAS/123-TCP. Does the regional board have an objection to putting water with those constituents into the groundwater?
   A. The current layout of the advanced water purification facility does not include PFAS or 1,2,3-TCP treatment, such as granular activated carbon or ion-exchange. Siting for future treatment has been considered as part of the PDR work and preliminary locations have been evaluated. If additional treatment is required in the future, it would be coordinated with the Regional Board at that time.

19. Q: Are the SAR HCP implementation costs included in the CBP projections?
   A. No. SAR HCP implementation is not tied to the CBP. Implementation costs are already included in IEUA’s future recycled water and water rate projections. Additional re-use and diversion of the effluent recycled water is something the region may want to pursue regardless of the CBP.
August 13, 2021 Questions from MVWD

1. Q: Can IEUA confirm that no portion of a non-participating regional contracting agency’s recycled water entitlement under the Regional Sewerage Contract will be used by CBP without the agency’s written consent?
   A. The recycled water for the CBP supply would be pledged/dedicated by participating agencies.

2. Q: Has IEUA estimated the size (AF of storage) of CBP’s proposed Chino Basin Storage and Recovery Program?
   A. The groundwater storage is currently anticipated to be 150 TAF.

3. Q: Has IEUA estimated the mitigation costs of CBP’s proposed Chino Basin Storage and Recovery Program under Peace Agreement Section 5.3(c)(xiii), and are such costs included in the $650M total project cost?
   A. IEUA has not yet estimated the mitigation costs of the proposed Storage and Recovery Program (S&R). However, as stated in the Peace Agreement 5.2(b)(xiii), "Any potential or threatened Material Physical Injury to any party to the Judgment or the Basin caused by storage and recovery of water, whether Local Storage and recovery or pursuant to a Storage and Recovery Program, shall be reasonably and fully mitigated as a condition of approval." According to the 2018 Storage Investigation Framework, storage up to 1MAF in the Chino Groundwater Basin is not expected to result in Material Physical Injury. In the future CBP Storage & Recovery application, required mitigation measures will be identified and will be addressed by the CBP.

4. Q: Has IEUA estimated the cost for providing equitable “broad mutual benefits” and “compensation” to non-participating Appropriative Pool and Non-Agricultural Pool parties as prerequisite for approval of CBP’s proposed Chino Basin Storage and Recovery Program under Peace Agreement Sections 5.3(c)(iv)(b), 5.3(c)(v), and 5.3(c)(vi), and are such costs included in the $650M total project cost?
   A. The CBP directly benefits the Chino Basin and provides a broad mutual benefit, as well as local benefits to participating agencies. The CBP improves water quality, recharges water and keeps the region in compliance with existing permits for continued access to recycled water supplies. Additional compensation to non-participating agencies is not being considered at this time. Program benefits to the basin will be detailed in future documents, including the storage and recovery application for consideration.

5. Q: Has IEUA estimated the potential “leave behind” that may be applied to CBP’s proposed Chino Basin Storage and Recovery Program under Peace II Agreement Sections 6.2(a)(iv), 7.4(a), and 7.5 to help offset the Appropriative Pool’s desalter replenishment obligation or otherwise made available to the Appropriative Pool?
   A. As reflected in the Peace II Agreement Sections 6.2(a)(iv), 7.4(a), and 7.5, there are provisions that account for losses and allow for parties to consider a leave behind for implementation of programs to benefit the basin and its Parties. In the future CBP Storage & Recovery application, the appropriate storage losses will be addressed and included. At this time, considering the substantial benefits that CBP is expected to contribute to the basin, including water quality...
improvements, groundwater recharge, sustainable water supplies, and facilities for reliability, additional "leave behind" water is not being considered.

6. Q: Does the estimated $18M/Y O&M cost include projected annual Watermaster production assessments?
   A. The applicable production assessment costs are not currently included in the $18M annual O&M cost, as they will depend on the final program configuration, participants and associated agreements. At this time, these costs are anticipated to be borne by the participating agencies.

7. Q: Has IEUA received written confirmation from DWR and MWD to decrease CBP’s maximum annual performance obligation from 50,000 AFY to 40,000 AFY and to reduce the total quantity of water for performance from 375,000 AF to 300,000 AF over 25 years?
   IEUA recently received written confirmation from the California Department of Fish and Wildlife (CDFW) that it is agreeable to reduce the maximum performance to 40,000 AF, in a call year.

8. Q: Is the proposed “pipeline distribution network to deliver water to agencies within the Chino Basin” for delivery only to CBP-participating agencies or also to non-CBP-participating agencies? If the latter, what would be the cost of this water to non-CBP-participating agencies?
   A. At this time, the CBP pipeline network is anticipated to primarily support participating agencies to perform for the CBP. Provisions for future participants and facilities are not currently included. Stakeholder interest at this time is critical to insight infrastructure backbone design and future program flexibility. CBP-participating agencies will have first priority to CBP-water supplies; non-participating agencies have not been considered in the CBP-water supplies and thus have not considered a potential cost for non-participating agencies.

9. Q: Has IEUA received written confirmation from DWR that call years would be limited to average and below normal water years and would not be made during “dry” or “drought” years?
   A. At this time, IEUA and CDFW are developing the terms of the agreement, where potential agreement points currently include limited call year performance in extremely dry conditions, including most critically dry years. IEUA is continuing to coordinate with CDFW to define the performance details that will be included in the agreement.

10. Q: Has IEUA received written confirmation from MWD that CBP-participating agencies may extract 300,000 AF from the CBP groundwater storage account and used locally in lieu of purchasing water from MWD, with no payment to MWD for the 300,000 AF of CBP water?
    A. At this time, IEUA has not received written confirmation, although Metropolitan staff have verbally confirmed this including during the July 17, 2021 CBP Workgroup meeting. IEUA is continuing to coordinate with MWD to define the performance details that will be included in the future agreement.

11. Q: Is the estimated $315M value of the 300,000 AF of CBP water that the agencies can use locally in lieu of purchasing water from MWD during the 25 years net of CBP capital and O&M costs? Does it include projected Watermaster production assessment costs? Does it include GW and IW treatment costs, including for potential new MCLs?
A. The estimated $315M value is based on 300,000 acre-feet multiplied by MWD’s Tier 1 rate and associated costs (calculation: 300,000 af x $1050/af = $315M). The calculated value of the water does not include watermaster production assessment costs as discussed in the question above. At this time, groundwater and imported water treatment is not anticipated, and therefore, not included in the O&M costs.

12. Q: Will MVWD ratepayers be required to pay $1.6M/Y as a non-CBP-participating agency? If so, how does IEUA propose to recover this annual revenue from MVWD?
A. Currently, the preliminary rate study analysis is estimating the cost of non-participating agencies to be approximately $4.75/EDU per month for the Baseline Compliance and will be recovered through EDU charges for wastewater treatment. As proposed, non-participating agencies do not pay for CBP beyond the baseline compliance.
Questions & Comments from Ontario

1. Q: The CBP is based on an exchange of local CBP water for imported water and a corresponding reduction in imported water availability during performance years. Please confirm that Non-Participating Agencies will not have any CBP related restrictions on access to imported water?
   A. CBP performance does not reduce imported water availability to IEUA agencies. CBP Participating Agencies will take stored CBP water and use it locally in-lieu of purchasing water from Metropolitan.

2. Q: What water is being pledged for this project? During the August 16th CBP Workshop it was mentioned that Participating Agencies would pledge their recycled water for the CBP. Please confirm.
   A. Yes. AWPF recycled water for the CBP will be from Participating Agencies.

3. Q: Ontario will pay its EDU % for advanced treatment of the wastewater. We intend to use our base entitlement for our own purposes separate and apart from the CBP Program. Please confirm this is agreeable and acceptable.
   A. Baseline compliance funding for the AWPF does not by itself create new supplies and or recharge. Investment in facilities beyond AWPF [such as injection wells and pipelines] are needed before an agency can purchase this water.

4. Q: External supplies: How is this funded? If through rates, what rates will cover the associated costs [purchase, conveyance, treatment, injection]? Will a Regional Contract Amendment be pursued?
   A. External supplies are proposed to be funded by Participating Agencies.

5. Q: Why is it assumed that EDU rates will pay for all RO treatment? (CBP requires additional treatment and earlier implementation and operating costs). Is any CBP funding offsetting these costs?
   A. RO treatment (aka AWPF) for Baseline Compliance will be paid for by wastewater rates, monthly EDU rates. Additional AWPF and operating costs beyond the 9 TAF for Baseline Compliance are proposed to be funded by Participating Agencies. By implementing the CBP 2 years ahead of Baseline Compliance, the project’s construction cost escalation is reduced by ~4% per year. WSIP funding will offset capital infrastructure costs and cannot be used for operating costs.

6. Q: Will the shifting of property tax revenue to fund CBP impact existing rates?
   A. Property tax is currently not proposed as a revenue source for the CBP.

7. Q: Are there any plans to place CBP costs on the MEU water rate?
   A. No, At this stage of the CBP development, the focus is on allocating regional benefit costs and Participating Agency costs.
8. Q: What assumptions are being made on the payment of Watermaster Assessments to produce water under the CBP?
   A. Watermaster production and assessment costs will depend on the final program configuration, participants and associated agreements. At this time, these costs are anticipated to be borne by the participating agencies.

9. Q: Why not structure the CBP similar to the DYY Program where agencies participate to varying degrees (or not at all) and receive funding for facilities and the corresponding performance obligations?
   A. CBP has evolved to a similar concept based on CBP funding for CBP performance.

10. Q: Who will own and operate the CBP facilities?
    A. At this stage, the assumption is that facilities would be owned and operated by IEUA unless there are facilities dedicated by Participating Agencies for the CBP Performance. AWPF, injection wells and associated facilities will be operated by IEUA. Extraction wells and associated facilities will be either directly operated by IEUA or through agreement with Participating Agencies.

11. Q: Who is on the hook for unanticipated facility needs and/or operating costs over the life of the program?
    A. Costs related to Baseline compliance will be paid for by IEUA’s monthly wastewater rates, EDU. Costs related to the CBP will be paid for by Participating Agencies.

12. Q: Ontario encourages IEUA to define terms for participating and non-participating agencies. The City believes that there is a baseline project that addresses wastewater compliance and there is an effort to evaluate the baseline (aka the Stetson Study) by nine retail agencies.
    A. IEUA is working with potential Participating Agencies to develop the Partnership Agreement and Letter of Interest. To date, the Stetson Study’s results have not been shared with IEUA. IEUA is open to consider recommendations from the RCAs.