



Regional Sewerage Program Policy Committee Meeting

AGENDA
Thursday, May 5, 2022
3:30 p.m.
Teleconference Call

In an effort to prevent the spread of COVID-19, the Regional Sewerage Program Policy Committee Meeting will be held remotely by teleconference.

Teams Conference Link: https://teams.microsoft.com/l/meetup-join/19%3ameeting_NWU1NzA2NDktM2VjMC00NDU1LTkxMmUtMjYyMjA2YWM3YWU4%40thread.v2/0?context=%7b%22Tid%22%3a%224c0c1e57-30f3-4048-9bd2-cd58917dcf07%22%2c%22Oid%22%3a%22329ec40e-eb94-4218-9621-6bfa0baa9697%22%7d

Teleconference: 1-415-856-9169/Conference ID: 552 973 583#

This meeting is being conducted virtually by video and audio conferencing. There will be no public location available to attend the meeting; however, the public may participate and provide public comment during the meeting by calling the number provided above. Alternatively, you may email your public comments to the Recording Secretary Sally Lee at shlee@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/Flag Salute

Roll Call

Public Comment

Members of the public may address the Committee on any item that is within the jurisdiction of the 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.
Comments will be limited to three minutes per speaker.

(Continued)

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. Technical Committee Report *(Oral)*

2. Action Item

- A. Approval of April 5, 2022 Policy Committee Special Meeting Minutes
- B. FY 2022/23 Proposed Budget Amendment for the Regional Wastewater and Recycled Water Programs and Proposed Rates/Fees

3. Informational Items

- A. Regional Contract Negotiation Update *(Oral)*
- B. Review of the Proposed Budget Amendment for FY 2022/23 for the Regional Wastewater and Recycled Water Programs

4. Receive and File

- A. IEUA-MWD Term Sheet for the Chino Basin Program Water Storage Investment Program Environmental Water Exchange
- B. Engineering and Construction Management Fee Ordinance Review
- C. Operations and Maintenance Department Quarterly Update
- D. Building Activity Report
- E. Recycled Water Distribution – Operations Summary

5. Other Business

- A. IEUA General Manager's Update
- B. Committee Member Requested Agenda Items for Next Meeting
- C. Committee Member Comments
- D. Next Meeting – June 2, 2022

Adjourn

DECLARATION OF POSTING

I, Sally Lee, Executive Assistant of the Inland Empire Utilities Agency*, a Municipal Water District, hereby certify that, per Government Code Section 54954.2, a copy of this agenda has been posted at the Agency's main office, 6075 Kimball Avenue, Building A, Chino, CA and on the Agency's website at www.ieua.org at least seventy-two (72) hours prior to the 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 Sally Lee at (909) 993-1926 or shlee@ieua.org 48 hours prior to the scheduled meeting so that IEUA can make reasonable arrangements to ensure accessibility.

ACTION ITEM

2A



Special Regional Sewerage Program Policy Committee Meeting

MINUTES OF APRIL 5, 2022 SPECIAL MEETING

CALL TO ORDER

A special meeting of the Inland Empire Utilities Agency (IEUA)/Regional Sewerage Program Policy Committee was held via teleconference on Tuesday, April 5, 2022. Chair Bill Velto/City of Upland, called the meeting to order at 4:00 p.m.

PLEDGE OF ALLEGIANCE

Phillip Cothran/City of Fontana led the Pledge of Allegiance. Recording Secretary Sally Lee took roll call and established a quorum was present.

ATTENDANCE via Teleconference

Committee Members:

Phillip Cothran	City of Fontana
John Dutrey	City of Montclair
Randall Reed	Cucamonga Valley Water District (CVWD)
Peter Rogers	City of Chino Hills
Eunice Ulloa	City of Chino
Debra Dorst-Porada	City of Ontario
Bill Velto	City of Upland
Marco Tule	IEUA

Others Present:

Mark Wiley	City of Chino Hills
Nicole deMoet	City of Upland
Eduardo Espinoza	CVWD
Luis Cetina	CVWD
Terra Alpaugh	Kearns & West
Michael Harty	Kearns & West
Scott Thompson	Unknown
Shivaji Deshmukh	IEUA
Christiana Daisy	IEUA
Randy Lee	IEUA

Others Present (continued)

Pietro Cambiaso	IEUA
Javier Chagoyen-Lazaro	IEUA
Robert Delgado	IEUA
Lucia Diaz	IEUA
Denise Garzaro	IEUA
Elizabeth Hurst	IEUA
Sally Lee	IEUA
Eddie Lin	IEUA
Alex Lopez	IEUA
Jason Marseilles	IEUA
William McDonnell	IEUA
Liza Munoz	IEUA
Jesse Pompa	IEUA
Sushmitha Reddy	IEUA
Jeanina Romero	IEUA
Ken Tam	IEUA
Jeff Ziegenbein	IERCA

PUBLIC COMMENTS

There were no public comments.

ADDITIONS/CHANGES TO THE AGENDA

There were no additions or changes to the agenda.

1. TECHNICAL COMMITTEE REPORT

Nicole deMoet/City of Upland stated that there were two action items presented at the March 31, 2022 Technical Committee meeting: 1. the approval of the February 24, 2022 Technical Committee meeting minutes and 2. the RP-1 Disinfection Pump Improvements Construction Contract Award, which the Committee unanimously approved. IEUA presented seven information items: Recycled Water Groundwater Recharge Update, RP-5 Expansion Project Update, Grants Semi-Annual Update, FY 2022/23 – FY 2031/32 Ten-Year Capital Improvement Plan and Ten-Year Forecast, Recycled Water Cost of Service Study, Return to Sewer Study Update, and the Operations and Compliance Update. Ms. DeMoet stated that Michael Harty/Kearns & West will present an update on the Regional Contract negotiations under Information Item 3A.

2. ACTION ITEM**A. APPROVAL OF THE MARCH 3, 2022 POLICY COMMITTEE MEETING MINUTES**

Motion: By Phillip Cothran/City of Fontana and seconded by Randall Reed/CVWD to approve the meeting minutes of the March 3, 2022 Regional Policy Committee meeting by the following vote:

Ayes: Cothran, Reed, Dutrey, Rogers, Ulloa, Dorst-Porada, Velto
Noes: None
Absent: None
Abstain: None

The motion passed by a vote of 7 ayes, 0 noes, 0 abstain, and 0 absent.

B. RP-1 DISINFECTION PUMP IMPROVEMENTS CONSTRUCTION CONTRACT AWARD

Jason Marseilles/IEUA gave an overview of the RP-1 Disinfection Pump Improvement Construction Contract Award. Chair Velto/City of Upland asked for an explanation of the budget increase of \$4 million. Mr. Marseilles stated that the project was placed on hold in FY 2018/19 and the initial budget estimate of \$8.5 million was determined at that time. Increased material costs and supply disruptions due to the pandemic contributed to the budget increase. Discussion ensued on the project budget.

Motion: By John Dutrey/City of Montclair and seconded by Peter Rogers/City of Chino Hills recommended the Inland Empire Utilities Agency Board of Directors award the construction contract for the Regional Water Recycled Plant No. 1 Disinfection Improvements, Project No. EN11039, to the lowest, responsive, and responsible bidder in the amount of \$8,575,000 by the following vote:

Ayes: Dutrey, Rogers, Cothran, Reed, Dorst-Porada, Velto
Noes: None
Absent: Ulloa (due to technical difficulties)
Abstain: None

The motion passed by a vote of 6 ayes, 0 noes, 0 abstain, and 1 absent.

3. INFORMATIONAL ITEMS

A. REGIONAL CONTRACT NEGOTIATION UPDATE

Michael Harty/Kearns & West reported that the contract agencies and IEUA have continued to work through issues identified consistent with the schedule shared at previous meetings. IEUA has delivered its first red-lined response to the draft provided by contract agencies. The goal is to have all red-line documents delivered early to mid-May. The schedule was revised to meet once a week, holding either a plenary meeting with contracting agencies only or combined with IEUA. Mr. Harty shared that the topic of governance will be discussed at the next meeting. Mr. Harty stated that all parties are working toward a final contract and having direct conversations to move the process forward. Discussion ensued regarding the schedule and the possibility of an Ad-Hoc Committee with some Policy Committee meeting members and IEUA Board of Directors. Marco Tule/IEUA stated that he is supportive of the suggestion to create an Ad-Hoc Committee if necessary. Mr. Harty stated that the deadline for the second red-lined document is at the end of April. The Committee agreed to wait until mid-May, when all red-lined documents from IEUA are expected to be submitted and decide at the June Policy Committee meeting how to move forward. John Dutrey/City of Montclair asked that the possibility of an Ad-Hoc Committee be communicated to the IEUA Board President.

B. RP-5 EXPANSION PROJECT UPDATE

Mr. Marseilles provided a staff report on the Engineering Quarterly Project update.

C. GRANTS SEMI-ANNUAL UPDATE

Jesse Pompa/IEUA provided a Semi-Annual Update from the Grants department.

D. FY 2022/23 – FY 2031/32 TEN-YEAR CAPITAL IMPROVEMENT PLAN AND TEN-YEAR FORECAST

William McDonnell/IEUA provided a presentation on the fiscal year (FY) Ten-Year Capital Improvement Plan (TYCIP) and Ten-Year Forecast (TYF).

Debra Dorst-Porada/City of Ontario stated her support for keeping the TYF and TYCIP included as part of the Regional Contract. She asked if IEUA is developing a separate recycled water rate for the Recycled Water Program Expansion. General Manager Shivaji Deshmukh stated that the recycled water rate will be discussed further in the next information item, which will be focused more on the existing program. He shared as the Agency plans on incorporating Advanced Water Treatment and determines where that water goes, it will provide the opportunity to look at how the Agency will restructure the recycled water program. As new supplies are developed and the Agency discovers new uses, staff will continue to update the Committee. Regardless of how the Chino Basin Program (CBP) moves forward, the Advanced Water Treatment Facility (AWTF) is still anticipated to be part of the TYF. Committee Member Randall Reed/CVWD requested a chart showing the debt burden for the next two decades. General Manager Deshmukh stated that information will be included in an upcoming presentation.

Committee Member Dutrey left the meeting at 5:00 p.m.

Committee Member Ulloa left the meeting at 5:03 p.m.

E. RECYCLED WATER COST OF SERVICE STUDY

Eddie Lin/IEUA provided the staff report on the Recycled Water Cost of Service Study. Discussion ensued regarding the source of funding for recycled water and the phased approach of rate increases. Co-Chair Reed stated that CVWD would like to keep the rates volumetric until CVWD can take their entitlement water once the AWTF is built.

4. RECEIVE AND FILE**A. RECYCLED GROUNDWATER RECHARGE UPDATE****B. BUILDING ACTIVITY REPORT****C. RECYCLED WATER DISTRIBUTION – OPERATIONS SUMMARY FOR FEBRUARY 2022**

Item 4A through item 4C were received and filed by the Committee.

5. OTHER BUSINESS**A. IEUA GENERAL MANAGER'S UPDATE**

General Manager Deshmukh thanked the Policy Committee members for their input and comments.

B. COMMITTEE MEMBER REQUESTED AGENDA ITEMS FOR NEXT MEETING

Debra Dorst-Porada/City of Ontario requested an item to explain what is being proposed for the AWTF project, Recycled Water Program, and the CBP and the impacts of those projects on the member agencies.

C. COMMITTEE MEMBER COMMENTS

There were none.

D. NEXT MEETING – MAY 5, 2022**6. ADJOURNMENT**

Co-Chair Reed adjourned the meeting at 5:15 p.m.

Prepared by:

Sally Lee, Recording Secretary

ACTION ITEM

2B

Date: April 28/May 5

To: Regional Committees

From: Inland Empire Utilities Agency

Subject: Fiscal Year (FY) 2022/23 Proposed Budget Amendment for the Regional Wastewater and Recycled Water Programs and Proposed Rates/Fees

RECOMMENDATION

It is recommended that the Regional Technical and Policy Committees (Regional Committees) review and make a recommendation to the IEUA Board of Directors (Board) to approve the proposed:

1. Rates and Fees for FY 2022/23 for the Agency's Regional Wastewater Capital Improvement (RC) fund and Regional Wastewater Operations and Maintenance (RO) funds.

BACKGROUND

A review of the proposed FY 2022/23 budget amendment for the Regional Wastewater and Recycled Water programs was presented as an information item at the IEUA Board of Directors meeting on April 20, 2022.

Fiscal Year 2022/2023 Proposed Budget Amendments

On June 16, 2021, the Board of Directors approved the Agency's Biennial Budget for fiscal years (FYs) 2021/22 and 2022/23, and Ten-Year Capital Improvement Plan (TYCIP) for FYs 2022-2031. As part of the biennial budget cycle, a review of the second budget year is done at the end of the first year to determine whether any adjustments are needed to meet changes in certain assumptions or conditions. Summarized below are the proposed amendments recommended for FY 2022/23 total Sources and Uses of funds.

Table 1: FY 2022/23 Proposed Budget Amendments (\$Millions)
Regional Wastewater and Recycled Water Programs

Consolidated FY 2022/23	Adopted	Proposed	Amendment Amount
Sources of funds	\$240.9	\$317.9	\$77.0
Uses of funds	(\$297.1)	(\$306.1)	\$9.0
Increase (Decrease) in Net Position	(\$56.2)	\$11.8	\$68.0

TOTAL SOURCES OF FUNDS

The \$77.0 million increase to Sources of Funds is due to changes in the assumptions reflecting an increase in proceeds from federal and state loans, grants, user charges, property tax, cost reimbursements, and interest earnings. The distribution by major category of the proposed Sources of Funds is shown below in Table 2.

**Table 2: FY 2022/23 Proposed Amendment to Sources of Funds (\$Millions)
Regional Wastewater and Recycled Water Programs**

Sources of Funds	Adopted	Proposed	Amendment Amount
User Charges	\$76.2	\$77.4	\$1.2
Federal and State Loans	44.7	98.5	53.8
Property Tax	53.8	68.1	14.3
Connection Fees	39.0	39.0	0.0
Recycled Water Sales	17.6	17.6	0.0
Grants	0.3	6.6	6.3
Cost Reimbursements	4.7	4.8	0.1
*Other Sources	4.6	5.9	1.3
Total	\$240.9	\$317.9	\$77.0

**Other Sources includes inter-fund loan receipts, capital contract cost reimbursements, interest income, and miscellaneous revenue.*

User Charges: The increase in \$1.2 million in user charges is due to higher projected monthly EDUs and a proposed escalation of the monthly EDU rate of 3% for FY 2022/23. All the proposed FY 2022/23 rates and fees are represented in table 5.

Property Tax: Projected property tax increases by \$14.2 million, as a result of updated growth assumptions and the revised method applied by San Bernardino County to allocate the property taxes associated with the dissolution of Redevelopment Agencies. The allocation criteria for property taxes received by the Agency remains the same as the adopted in the biennial budget for FY 2021/22-2022/23, as reflected in table 3 below.

Table 3: Proposed Property Tax Allocation

Fund	FY 2022/23
Regional Wastewater Capital	65%
Regional Wastewater Operations	23%
Recycled Water	4%
Administrative Services	4.5%
Water Resources	3.5%

State Loans and Grants: The increase of \$60 million is the result of securing additional funding from the U.S. Environmental Protection Agency (EPA) and the State Water Resources Control Board (SWRCB). The Agency has secured through EPA a second Water Infrastructure Finance

Innovation Act (WIFIA) loan to support the RP-5 Expansion and Solids Handling Facility and other projects in the Regional Wastewater program. Additional State Revolving Fund Loans for SWRCB will complete the funding for the RP-5 Expansion and Solids Handling Facility, Carbon Canyon Asset Management and Improvements, various recycled water projects, and RP-1 Thickening Building projects.

TOTAL USES OF FUNDS

The \$9.0 million change in total Uses of Funds is primarily due to an increase in projected capital and non-capital project expenditures, as reflection of the current inflationary trends. The table below provides a summary by category.

**Table 4: FY 2022/23 Proposed Amendments to Uses of Funds (\$Millions)
Regional Wastewater and Recycled Water Programs**

Uses of Funds	Adopted	Proposed	Amendment Amount
Capital Projects	\$170.4	\$171.3	\$0.9
Operations & Administration	96.9	103.1	6.2
Debt Service	22.7	22.6	(0.1)
Inter-Fund Transfers	7.1	9.1	2.0
Total	\$297.1	\$306.1	\$9.0

Operations & Administration: An increase of expenditures for operations & administration is primarily due to non-capital project cost increases and inflationary increases for chemicals. The non-capital project increase can be attributed to continuing work on the TCE Plume Cleanup projects, basin and reservoir maintenance, and lift station improvement projects. Amendments to non-capital project costs are reflected at the latest Ten-Year Forecast (TYF) report.

Capital Projects: Increase is primarily due to changes in project scope and project execution timelines. Amendments to capital project costs are reflected at the latest Ten-Year Forecast (TYF) report.

Inter-fund Transfers: The increase is due to additional capital support required in the Administrative Services fund.

Fiscal Year 2022/2023 Proposed Rates and Fees for Regional Capital EDU connection fee and the monthly EDU charge.**Key Objectives**

The Agency's goal is to propose rates to cover the next fiscal year to provide time to complete a flow and load sample study to update the assumptions that define an EDU, revise Exhibit J of the Regional Contract, and reevaluate in unison monthly EDU rates and wastewater connection fees.

The proposed rates for FY 2022/23 represent an increase of three percent to support the costs in the Regional Wastewater Capital and Operations & Maintenance funds.

Regional Wastewater Program Rates

The Regional Wastewater Program is comprised of the Regional Wastewater Capital Improvement (RC) fund and the Regional Wastewater Operations & Maintenance (RO) fund. The RC fund records the capital, debt and administration activities related to the acquisition, construction, expansion, improvement and financing of the Agency's regional water recycling plants, large sewer interceptors, energy generation, and solids handling facilities. Key revenue and funding sources for the RC fund includes the EDU connection fees, property taxes (65% allocation of total tax receipts), grant and loan proceeds.

The key revenue and funding sources for the RO fund includes EDU Monthly charges, property taxes, and reimbursement from the Inland Empire Regional Composting Authority (IERCA) for labor and operating costs. Major expenses include operating costs for the collection, treatment, and disposal of wastewater, maintenance and capital replacement and rehabilitation (R&R) costs of regional facilities and infrastructure, organic management activities, including the Agency's 50 percent share of the IERCA composter, and debt service costs.

The Agency held five rate workshops facilitated by Carollo, from February to October 2019. During this period, as a result of further review and discussion on the Wastewater Connection Fee and Monthly Sewer Rate, staff recommended to pursue more in-depth flow and load study for updating the EDU assumptions. At that time, staff recommended a two-year rate adjustment until the required study was complete.

The flow and load study is still on going and IEUA staff is recommending a one year 3% rate adjustment for the Wastewater Connection Fee and the Monthly Sewer Rate for FY 2022/23, effective July 1, 2022.

EDU Connection Fee

EDU connection fee is a one-time charge imposed on new or upsized meters or connections to compensate for the cost of providing system capacity. This source of revenue supports capacity expansion and improvement of the regional wastewater system to meet future growth.

EDU Monthly Rate

EDU rate is a monthly charge imposed on all regional wastewater system connections. This service charge supports operational, maintenance and administrative costs related to the collection, treatment, and disposal of wastewater throughout the Agency's service area and unincorporated areas that receive service. It also covers R&R cost of regional wastewater facilities and infrastructure, and debt service costs.

If approved, the proposed rates as shown below in Table 1 will be effective on July 1, 2022:

Table 1: Proposed Regional Wastewater Connection Fee and EDU Volumetric Rates

Program	Rate Description	FY 2021/22 Current	FY 2022/23 Proposed	FY 2023/24 Proposed
Regional Wastewater Capital	Wastewater Connection Fee	\$7,379	\$7,600	To be reviewed based on the sewer use evaluation results
Regional Wastewater Operations & Maintenance	Monthly EDU Volumetric	\$21.22	\$21.86	

Conclusion

The proposed FY 2022/23 connection fee and monthly EDU rate are consistent with the IEUA Business Goals of *Fiscal Responsibility, Water Reliability, Wastewater Management, Environmental Stewardship, and Business Practices*



FY 2022/23 Proposed Rates Regional Wastewater

Javier Chagoyen-Lazaro

May 5 Regional Policy Committee

Wastewater Rates and Fees

- 2019: IEUA held five rate workshops for wastewater rates and fees.
IEUA staff recommended to pursue an in-depth flow and load study to update EDU assumptions.
IEUA adopted two years rate adjustments for FY 2020/21 and FY 2021/22 until study is complete.
- 2022: Flow and load study is still underway
IEUA is recommending one year 3% rate adjustment for monthly sewer rate and Regional Wastewater Connection fees FY 2022/23.

Regional Wastewater FY 2022/23 Proposed Fees and Rates

Fund	Wastewater Operations	Wastewater Capital
As of July, 1	Monthly Sewer (EDU)	Wastewater Connection Fee (EDU)
FY 2019/20	\$20.00	\$6,955
FY 2020/21*	\$20.00	\$6,955
FY 2021/22	\$21.22	\$7,379
FY 2022/23	\$21.86	\$7,600
FY 2023/24	To be reviewed based on the sewer use evaluation results	
FY 2024/25		

**On May 6, 2020, the Board approved to defer rate increases and maintain the rates unchanged for FY 2020/21.*

Recommendation

- It is requested that the Regional Committees recommend the IEUA Board of Directors to adopt the proposed rates and fees for the Regional Wastewater Program, effectively July 1, 2022:
 - Regional Wastewater Connection fee for FY 2022/23
 - Monthly sewer rate for FY 2022/23

The proposed FY 2022/23 connection fee and monthly EDU rate are consistent with the IEUA Business Goals of *Fiscal Responsibility, Water Reliability, Wastewater Management, Environmental Stewardship, and Business Practices*

**INFORMATION
ITEM**

3B



Date: April 28, 2022/May 5, 2022

To: Regional Committees

From: Inland Empire Utilities Agency

Subject: Review of the Proposed Budget Amendment for FY 2022/23 for the
Regional Wastewater and Recycled Water Programs

RECOMMENDATION

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

BACKGROUND

This item was presented as an information item at the IEUA Board of Directors meeting on April 20, 2022.

Date: April 20, 2022

To: The Honorable Board of Directors

From: Shivaji Deshmukh, General Manager

Committee: Finance & Administration

04/13/22



Staff Contact: Javier Chagoyen-Lazaro, Acting Assistant General Manager

Subject: FY 2022/23 Proposed Budget Amendment for Regional Wastewater and Recycled Water Programs

Executive Summary:

On June 16, 2021 the Board of Directors approved the Agency's Biennial Budget for fiscal years (FYs) 2021/22 and 2022/23 and Ten Year Forecast (formerly called Ten Year Capital Improvement Plan) for FYs 2022-2031. As part of the biennial budget cycle, a review of the second budget year is done prior to the end of the first year to determine whether any adjustments are needed to meet changes in certain assumptions or conditions.

For the Regional Wastewater and Recycled Water programs, the Agency is projecting to spend an additional \$9.0 million over the FY 2022/23 adopted budget. The increase is primarily due to changes in non-capital projects in the Ten Year Capital Improvement Plan and additional chemical cost reflecting current inflationary trends. Offsetting the additional expense, is an increase in sources of funds of \$77.0 million primarily due to federal and state loans secured after the adoption of the biennial budget, and property tax receipts growth. If revenues and expenses occur as planned in the FY 2022/23 amended budget it is estimated that combined fund reserves for these funds will increase by \$11.8 million.

The proposed amended budget will be presented to the Regional Committees in April/May.

Staff's Recommendation:

This is an informational item.

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

Account/Project Name:

Fiscal Impact (explain if not budgeted):

If revenues and expenses occur as planned, total fund reserves for the Regional Wastewater and Recycled Water programs are estimated to be \$264.6 million at the end of FY 2022/23; an increase of approximately \$11.8 million from total projected fund reserves of \$252.8 million.

Prior Board Action:

On June 16, 2021, the Board of Directors approved the Agency's biennial budget for FYs 2021/22 and 2022/23.

Environmental Determination:

Not Applicable

Business Goal:

The information item about the proposed amendment to the FY 2022/23 Adopted Budget for the Agency's programs is consistent with the IEUA Business Goals of Fiscal Responsibility, Water Reliability, Wastewater Management, Environmental Stewardship, and Business Practices to optimize investment earnings.

Attachments:

Attachment 1 - Background
Attachment 2 - PowerPoint

Background

Subject: Fiscal Year 2022/23 Proposed Budget Amendment for the Regional Wastewater and Recycled Water Programs

Fiscal Year 2022/2023 Proposed Budget Amendments

On June 16, 2021 the Board of Directors approved the Agency's Biennial Budget for fiscal years (FYs) 2021/22 and 2022/23, and Ten-Year Capital Improvement Plan (TYCIP) for FYs 2022-2031. As part of the biennial budget cycle, a review of the second budget year is done at the end of the first year to determine whether any adjustments are needed to meet changes in certain assumptions or conditions. Summarized below are the proposed amendments recommended for FY 2022/23 total Sources and Uses of funds.

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Table 2: FY 2022/23 Proposed Amendment to Sources of Funds (\$Millions)
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**Other Sources includes inter-fund loan receipts, capital contract cost reimbursements, interest income, and miscellaneous revenue.*

User Charges: The increase in \$1.2 million in user charges is due to higher projected monthly EDUs and a proposed escalation of the monthly EDU rate of 3% for FY 2022/23. All the proposed FY 2022/23 rates and fees are represented in table 5.

Property Tax: Projected property tax increases by \$14.2 million, as a result of updated growth assumptions and the revised method applied by San Bernardino County to allocate the property taxes associated with the dissolution of Redevelopment Agencies. The allocation criteria for property taxes received by the Agency remains the same as the adopted in the biennial budget for FY 2021/22-2022/23, as reflected in table 3 below.

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TOTAL USES OF FUNDS

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Capital Projects: Increase is primarily due to changes in project scope and project execution timelines. Amendments to capital project costs are reflected at the latest Ten-Year Forecast (TYF) report.

Inter-fund Transfers: The increase is due to additional capital support required in the Administrative Services fund.

Proposed FY 2022/23 Rates

The Regional Wastewater *connection fee rate* is proposed to increase three percent for FY 2022/23. The proposed one-year rate will allow the Agency to complete pilot studies to develop an updated EDU methodology, the basis for the wastewater sewer rates and connection fees.

The proposed *EDU monthly sewer* rate for FY 2022/23 represents an increase of three percent to support the costs on the Regional Wastewater Operations & Maintenance fund.

A modified rate structure is proposed for the Recycled Water program that includes a fixed and variable component. The fixed component will be based on each member agency's three-year rolling average of direct and recharge water use. To help member agencies facilitate the rate structure transition, the fixed component will be phased in over a three-year period.

The proposed rates and fees are subject to Board approval on June 15, 2022.

Table 5: Adopted and Proposed Fees and Rates

	Proposed					Adopted*
Fund	Wastewater Operations	Wastewater Capital	Recycled Water			
As of July, 1	Monthly Sewer (EDU)	Wastewater Connection Fee (EDU)	Fixed Cost Recovery ***	Recycled Water Direct Use (AF)	Recycled Water Recharge (AF)	One Water Connection Fee (MEU)
FY 2019/20	\$20.00	\$6,955	-	\$490	\$550	\$1,684
FY 2020/21**	\$20.00	\$6,955	-	\$490	\$550	\$1,684
FY 2021/22	\$21.22	\$7,379	-	\$520	\$580	\$1,787
FY 2022/23	\$21.86	\$7,600	\$1.11M	\$516	\$616	\$1,841
FY 2023/24	To be reviewed based on the sewer use evaluation results		\$2.36M	\$510	\$660	\$1,896
FY 2024/25			\$4.96M	\$465	\$665	\$1,953

*One Water Connection Fee rates for FYs 2020/21 through 2024/25 adopted in July 2020.

**On May 6, 2020, the Board approved to defer rate increases and maintain the rates unchanged for FY 2020/21.

*** Fixed cost recovery phased in over 3 years.

Conclusion

The proposed FY 2022/23 amendments will increase the net position of the Regional Wastewater and Recycled Water programs by \$11.8 million compared to FY 2022/23 Adopted Budget decrease in net position of (\$56.2) million. The increase in net position is primarily due to higher Federal and State loans secured to support capital projects in the Regional Wastewater and Recycled Water programs.

The proposed amendment to the FY 2022/23 Adopted Budget for the Agency's programs is consistent with the IEUA Business Goals of *Fiscal Responsibility, Water Reliability, Wastewater Management, Environmental Stewardship, and Business Practices* to optimize investment earnings.

INLAND EMPIRE UTILITIES AGENCY
FISCAL YEAR 2022/23 MID-YEAR BUDGET
REGIONAL WASTEWATER CAPITAL IMPROVEMENT FUND - SOURCES AND USES OF FUNDS (In Thousands)

	2020/2021	2021/2022	2021/2022	2022/2023	2022/2023
	ACTUAL	ADOPTED BUDGET	AMENDED BUDGET	ADOPTED BUDGET	AMENDED MID YEAR
REVENUES					
Interest Revenue	\$1,405	\$592	\$862	\$700	\$1,226
TOTAL REVENUES	\$1,405	\$592	\$862	\$700	\$1,226
OTHER FINANCING SOURCES					
Property Tax - Debt and Capital	\$43,638	\$37,366	\$37,366	\$37,991	\$48,111
Regional System Connection Fees	36,732	29,514	29,514	30,400	30,400
Debt Proceeds	0	761	0	13,807	32,000
State Loans	0	0	0	30,906	51,500
Other Revenues	57	1	1	1	1
Inter Fund Loan	0	0	0	2,000	2,000
TOTAL OTHER FINANCING SOURCES	\$80,427	\$67,643	\$66,881	\$115,105	\$164,012
EXPENSES					
Employment Expenses	\$3,944	\$4,016	\$4,016	\$4,183	\$4,183
Contract Work/Special Projects	350	0	0	0	0
Operating Fees	270	281	281	289	289
Professional Fees and Services	300	654	675	546	549
Other Expenses	926	1,869	1,869	1,889	1,889
TOTAL EXPENSES	\$5,790	\$6,820	\$6,841	\$6,907	\$6,909
CAPITAL PROGRAM					
Work In Progress	\$70,210	\$201,296	\$201,954	\$153,927	\$134,179
IERCA investment	250	1,000	1,000	750	750
TOTAL CAPITAL PROGRAM	\$70,460	\$202,296	\$202,954	\$154,677	\$134,929
DEBT SERVICE					
Financial Expenses	\$1,323	\$9	\$9	\$8	\$10
Interest	9,756	2,669	2,669	2,350	2,350
Principal	9,007	4,540	4,540	4,672	4,672
TOTAL DEBT SERVICE	\$20,086	\$7,219	\$7,219	\$7,030	\$7,032
TRANSFERS IN (OUT)					
Capital Contribution	\$7,211	\$7,601	\$6,088	\$8,385	\$2,831
Debt Service	(3,118)	(3,138)	(3,138)	(3,136)	(3,148)
Capital - Connection Fees Allocation	(7,909)	(8,679)	(8,679)	(4,295)	(5,006)
TOTAL INTERFUND TRANSFERS IN (OUT)	(\$3,817)	(\$4,217)	(\$5,729)	\$954	(\$5,323)
FUND BALANCE					
Net Income (Loss)	(\$18,321)	(\$152,318)	(\$155,001)	(\$51,856)	\$11,045
Beginning Fund Balance July 01	310,512	275,709	292,191	123,392	137,190
ENDING FUND BALANCE AT JUNE 30*	\$292,191	\$123,392	\$137,190	\$71,536	\$148,235
RESERVE BALANCE SUMMARY					
Operating Contingency	\$1,455	\$2,273	\$2,280	\$2,302	\$2,303
Capital Construction	\$13,434	\$1,449	\$25,326	\$1	\$86,735
CCRA Capital Construction	91,465	33,067	35,979	32,567	35,479
Debt Service & Redemption	185,837	86,603	73,604	36,666	23,718
ENDING BALANCE AT JUNE 30	\$292,191	\$123,392	\$137,190	\$71,536	\$148,235

*Numbers may not tie due to rounding

INLAND EMPIRE UTILITIES AGENCY
FISCAL YEAR 2022/23 MID-YEAR BUDGET
REGIONAL WASTEWATER OPERATIONS & MAINTENANCE FUND - SOURCES AND USES OF FUNDS (In Thousands)

	2020/2021	2021/2022	2021/2022	2022/2023	2022/2023
		ADOPTED	AMENDED	ADOPTED	AMENDED
	ACTUAL	BUDGET	BUDGET	BUDGET	MID YEAR
REVENUES					
User Charges	\$71,362	\$72,924	\$74,726	\$76,203	\$77,349
Cost Reimbursement JPA	4,175	4,461	4,461	4,595	4,595
Contract Cost Reimbursement	101	75	75	75	206
Interest Revenue	851	1,200	1,200	1,200	1,000
TOTAL REVENUES	\$76,489	\$78,660	\$80,463	\$82,073	\$83,150
OTHER FINANCING SOURCES					
Property Tax Revenues - Debt/Capital	\$9,549	\$13,222	\$13,222	\$13,443	\$17,024
Grants	(823)	5,793	5,793	283	6,109
Other Revenues	65	80	80	80	80
TOTAL OTHER FINANCING SOURCES	\$8,791	\$19,095	\$19,095	\$13,806	\$23,213
EXPENSES					
Employment Expenses	\$34,664	\$35,662	\$35,662	\$37,142	\$37,142
Contract Work/Special Projects	7,668	6,942	10,861	4,220	7,567
Utilities	6,762	8,283	8,283	9,288	8,744
Operating Fees	1,193	2,404	2,404	2,497	2,541
Chemicals	5,402	6,004	6,450	6,184	8,274
Professional Fees and Services	2,881	4,233	5,015	4,463	5,131
Office and Administrative expenses	0	3	3	3	3
Biosolids Recycling	4,611	4,733	4,941	4,875	4,902
Materials & Supplies	1,840	2,010	2,212	2,048	2,058
Other Expenses	2,589	5,170	5,170	5,233	5,179
TOTAL EXPENSES	\$67,612	\$75,446	\$81,003	\$75,954	\$81,541
CAPITAL PROGRAM					
Work in Progress	\$27,212	\$16,292	\$18,504	\$10,210	\$22,669
TOTAL CAPITAL PROGRAM	\$27,212	\$16,292	\$18,504	\$10,210	\$22,669
DEBT SERVICE					
Financial Expenses	\$4	\$1	\$1	\$0	\$0
Interest	674	614	614	591	591
Principal	761	784	784	806	806
TOTAL DEBT SERVICE	\$1,440	\$1,398	\$1,398	\$1,398	\$1,398
TRANSFERS IN (OUT)					
Capital Contribution	(\$8,511)	(\$9,056)	(\$9,056)	(\$9,056)	(\$6,000)
Debt Service	124	114	114	114	114
Operation support	(52)	(1,092)	(1,452)	(744)	(209)
Capital - Connection Fees Allocation	6,448	4,769	4,769	2,291	3,059
TOTAL INTERFUND TRANSFERS IN (OUT)	(\$1,991)	(\$5,264)	(\$5,624)	(\$7,394)	(\$3,035)
FUND BALANCE					
Net Increase (Decrease)	(\$12,974)	(\$645)	(\$6,971)	\$922	(\$2,280)
Beginning Fund Balance July 01	89,725	71,989	76,750	71,344	69,779
ENDING FUND BALANCE AT JUNE 30	\$76,750	\$71,344	\$69,779	\$72,267	\$67,499
RESERVE BALANCE SUMMARY					
Operating Contingies	\$21,145	\$23,662	\$25,514	\$23,786	\$25,649
Rehabilitation/Replacement	17,792	34,035	6,812	34,035	4,378
Debt Service	1,398	1,398	1,398	1,417	1,417
Sinking Fund	36,415	12,250	36,056	13,028	36,056
ENDING BALANCE AT JUNE 30	\$76,750	\$71,344	\$69,779	\$72,267	\$67,499

* Numbers may not tie due to rounding

INLAND EMPIRE UTILITIES AGENCY
FISCAL YEAR 2022/23 MID-YEAR BUDGET
RECYCLED WATER FUND - SOURCES AND USES OF FUNDS (In Thousands)

	2020/2021	2021/2022	2021/2022	2022/2023	2022/2023
	ACTUAL	ADOPTED BUDGET	AMENDED BUDGET	ADOPTED BUDGET	AMENDED MID YEAR
REVENUES					
Interest Revenue	\$222	\$533	\$533	\$540	\$564
Water Sales	18,095	17,290	17,290	17,610	17,610
TOTAL REVENUES	\$18,316	\$17,823	\$17,823	\$18,150	\$18,174
OTHER FINANCING SOURCES					
Property Tax - Debt/Capital	\$2,170	\$2,299	\$2,299	\$2,338	\$2,961
Connection Fees	5,700	8,399	8,399	8,653	8,653
Grants	10,692	0	0	0	520
Capital Contract Reimbursement	0	92	92	93	93
Other Revenues	97	0	0	0	0
TOTAL OTHER FINANCING SOURCES	\$ 18,660	\$ 10,790	\$ 10,790	\$ 11,084	\$ 28,160
EXPENSES					
Employment Expenses	\$5,022	\$6,034	\$6,034	\$6,284	\$6,284
Contract Work/Special Projects	544	1,215	1,215	710	1,335
Utilities	2,474	3,554	3,554	4,086	4,046
Operating Fees	5	10	10	10	10
Professional Fees and Services	464	1,322	1,389	1,348	1,323
Office and Administrative expenses	1	38	38	39	39
Materials & Supplies	107	109	138	113	170
Other Expenses	731	1,382	1,382	1,404	1,415
TOTAL EXPENSES	\$9,348	\$13,664	\$13,760	\$13,993	\$14,621
CAPITAL PROGRAM					
Work In Progress	\$3,626	\$2,480	\$2,532	\$5,550	\$13,750
TOTAL CAPITAL PROGRAM	\$3,626	\$2,480	\$2,532	\$5,550	\$13,750
DEBT SERVICE					
Financial Expenses	\$1	\$5	\$5	\$5	\$5
Interest	2,897	3,236	3,236	3,016	2,961
Principal	5,773	6,031	6,031	6,288	6,214
Short Term Inter-Fund Loan	4,933	3,000	3,000	5,000	5,000
TOTAL DEBT SERVICE	\$13,604	\$12,273	\$12,273	\$14,309	\$14,180
TRANSFERS IN (OUT)					
Capital Contribution	(\$47)	(\$291)	(\$346)	(\$362)	(\$568)
Debt Service	2,539	2,546	2,546	2,546	2,546
Operation support	(413)	(1,213)	(1,226)	(1,137)	(1,018)
Water Connection Allocation	(789)	(1,802)	(1,802)	(1,655)	(1,717)
TOTAL INTERFUND TRANSFERS IN (OUT)	\$1,290	(\$760)	(\$829)	(\$608)	(\$756)
FUND BALANCE					
Net Income (Loss)	\$11,688	(\$564)	(\$780)	(\$5,226)	\$3,026
Beginning Fund Balance July 01	34,974	43,416	46,662	42,851	45,882
ENDING BALANCE AT JUNE 30	\$46,662	\$42,851	\$45,882	\$37,625	\$48,908
RESERVE BALANCE SUMMARY					
Operating Contingency	\$3,116	\$4,555	\$4,587	\$4,664	\$4,874
Capital Construction	13,265	5,634	8,632	146	12,172
Water Connection	19,472	21,854	21,854	22,137	21,184
Rehabilitation/Replacement (R&R)	1,500	1,500	1,500	1,500	1,500
Debt Service	9,309	9,309	9,309	9,178	9,178
ENDING BALANCE AT JUNE 30	\$46,662	\$42,851	\$45,882	\$37,625	\$48,908

* Numbers may not total due to rounding



FY 2022/23 Proposed Budget Amendments

Regional Wastewater and Recycled Water Programs

Javier Chagoyen-Lazaro

May 5 Policy Regional Committee

FY2022/23 Regional Wastewater and Recycled Water Mid-Cycle Budget Amendment Assumptions



Sources of funds:

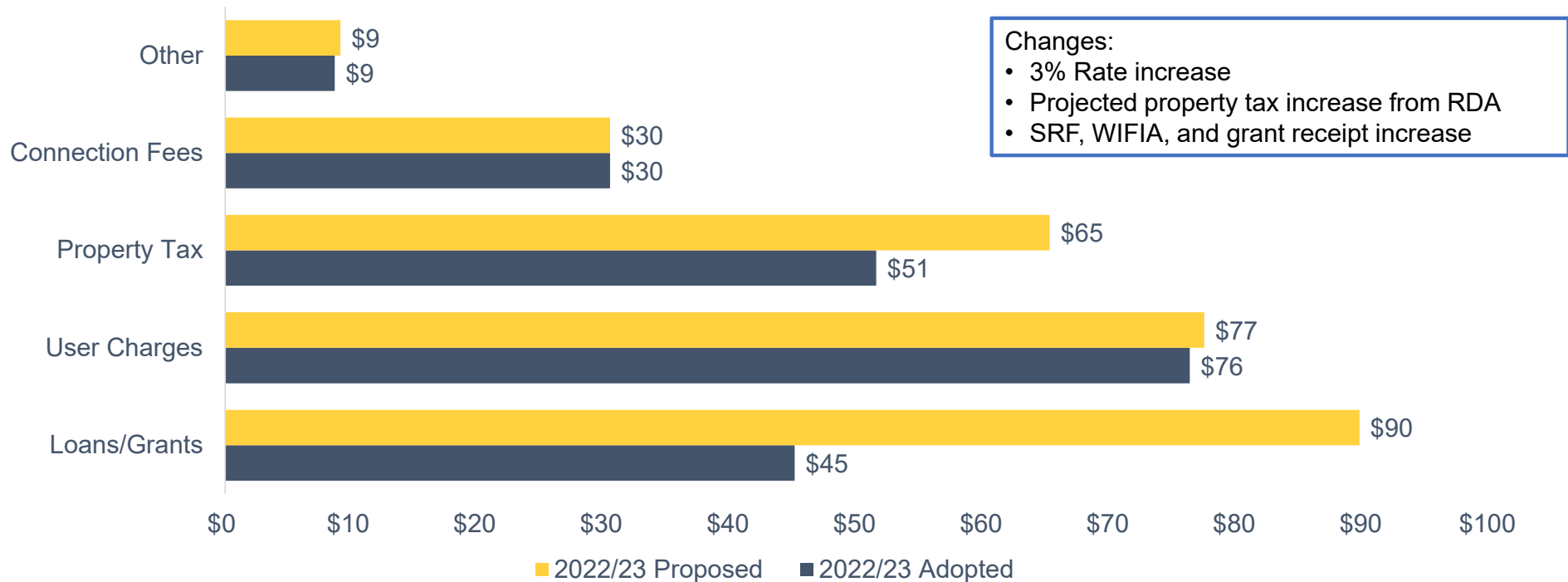
- Rate and fees adjustment of 3%
- Recycled water rate: Fixed and Variable components
- Upward adjustment of property tax receipts
- Additional loan proceeds consistent with proposed Ten-Year Forecast

Uses of funds:

- Proposed Ten Year Capital Improvement Plan (TYCIP) for FYs 2022/23 – 2031/32
 - *Facility expansion based on projected growth*
 - *Asset Management: Replacement, Repair, and Improvement*
- Inflationary chemical cost increase

Regional Wastewater SOURCES OF FUNDS

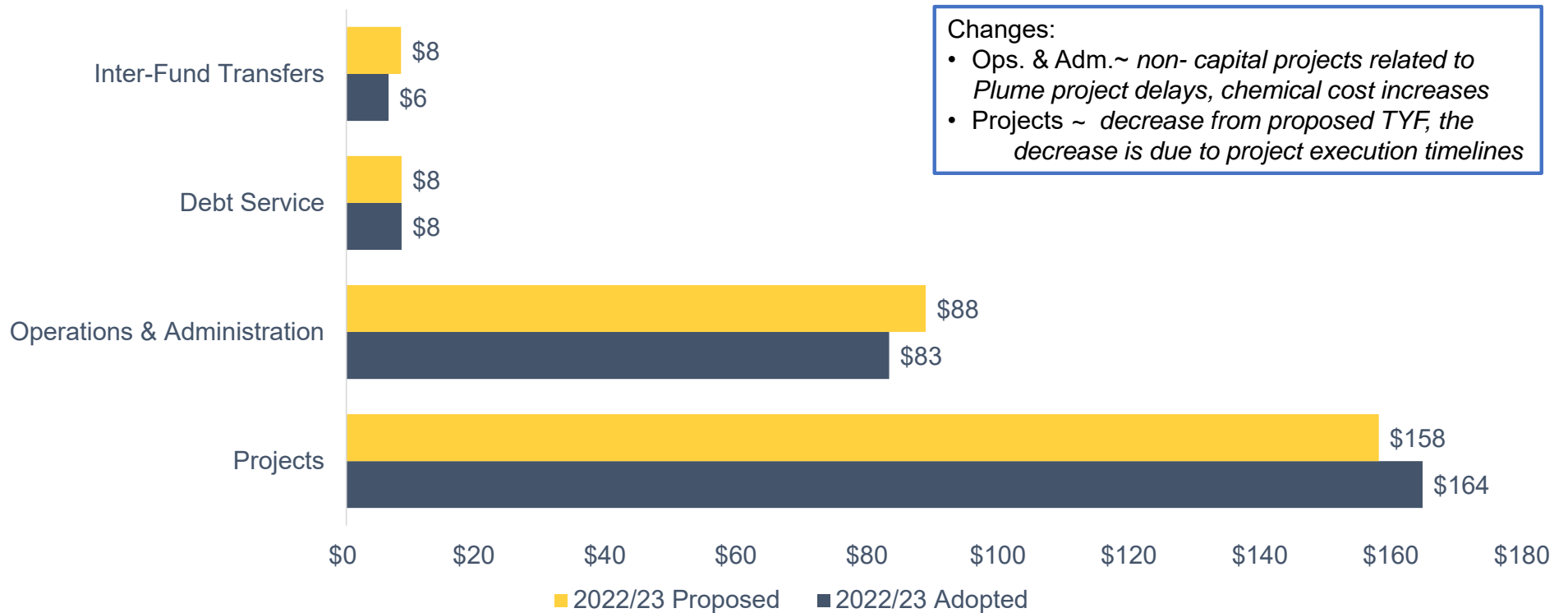
\$ Millions	FY 2022/23 Adopted	FY 2022/23 Proposed	Amendments
Total Sources of Funds	\$211.7	\$271.6	\$59.9



*Other Revenues include cost reimbursements, interest, Inter-Fund loan proceeds, misc. other

Regional Wastewater USES OF FUNDS

\$ Millions	FY 2022/23 Adopted	FY 2022/23 Proposed	Amendments
Total Uses of Funds	\$262.0	\$262.8	\$0.8

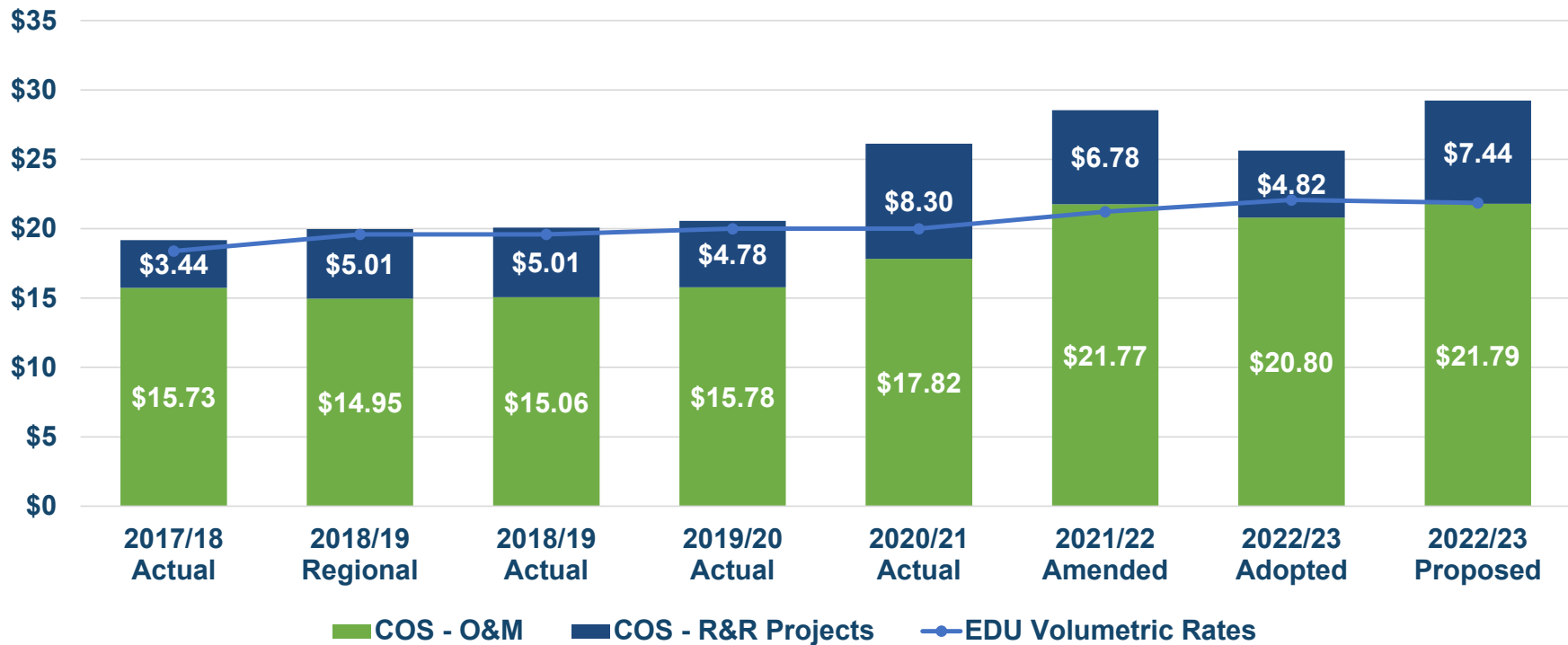


Summary Regional Wastewater

\$ Millions	FY 2022/23 Adopted	FY 2022/23 Proposed	Amendments
Total Sources of Funds	\$211.7	\$271.6	\$59.9
Total Uses of Funds	\$262.0	\$262.8	\$0.8
Increase (decrease) net position	(\$50.3)	\$9.5	\$59.1

Regional Wastewater O&M Cost of Service

	FY 2021/22 Adopted	FY 2022/23 Proposed
Monthly EDU Rate	\$21.22	\$21.86



Recycled Water

FY 2022/23 Adopted and Proposed Rates and Fees

	Proposed			Adopted*
Fund	Recycled Water			
As of July, 1	Fixed Cost Recovery ***	Recycled Water Direct Use (AF)	Recycled Water Recharge (AF)	One Water Connection Fee (MEU)
FY 2019/20	-	\$490	\$550	\$1,684
FY 2020/21**	-	\$490	\$550	\$1,684
FY 2021/22	-	\$520	\$580	\$1,787
FY 2022/23	\$1.11M	\$516	\$616	\$1,841
FY 2023/24	\$2.36M	\$510	\$660	\$1,896
FY 2024/25	\$4.96M	\$465	\$665	\$1,953

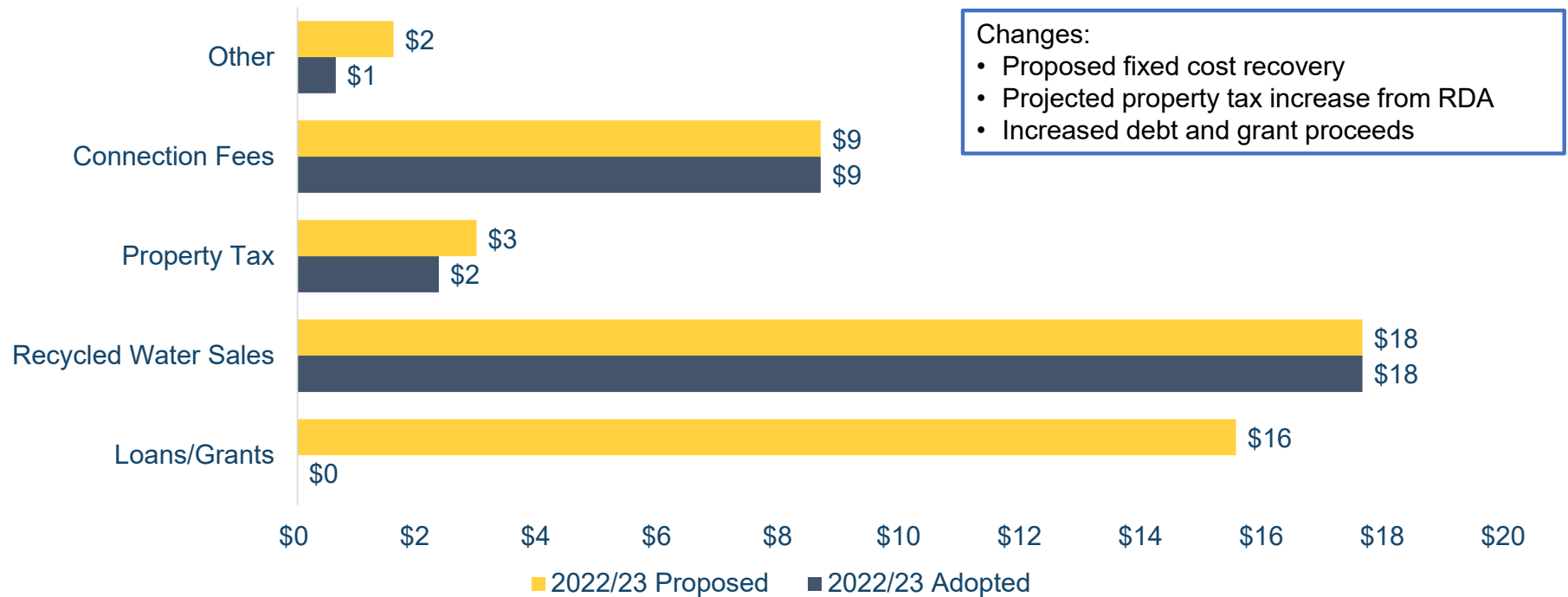
*One Water Connection Fee rates for FYs 2020/21 through 2024/25 adopted in July 2020.

**On May 6, 2020, the Board approved to defer rate increases and maintain the rates unchanged for FY 2020/21.

*** Fixed cost recovery phased in over 3 years.

Recycled Water SOURCES OF FUNDS

\$ Millions	FY 2022/23 Adopted	FY 2022/23 Proposed	Amendments
Total Sources of Funds	\$29.2	\$46.3	\$17.1

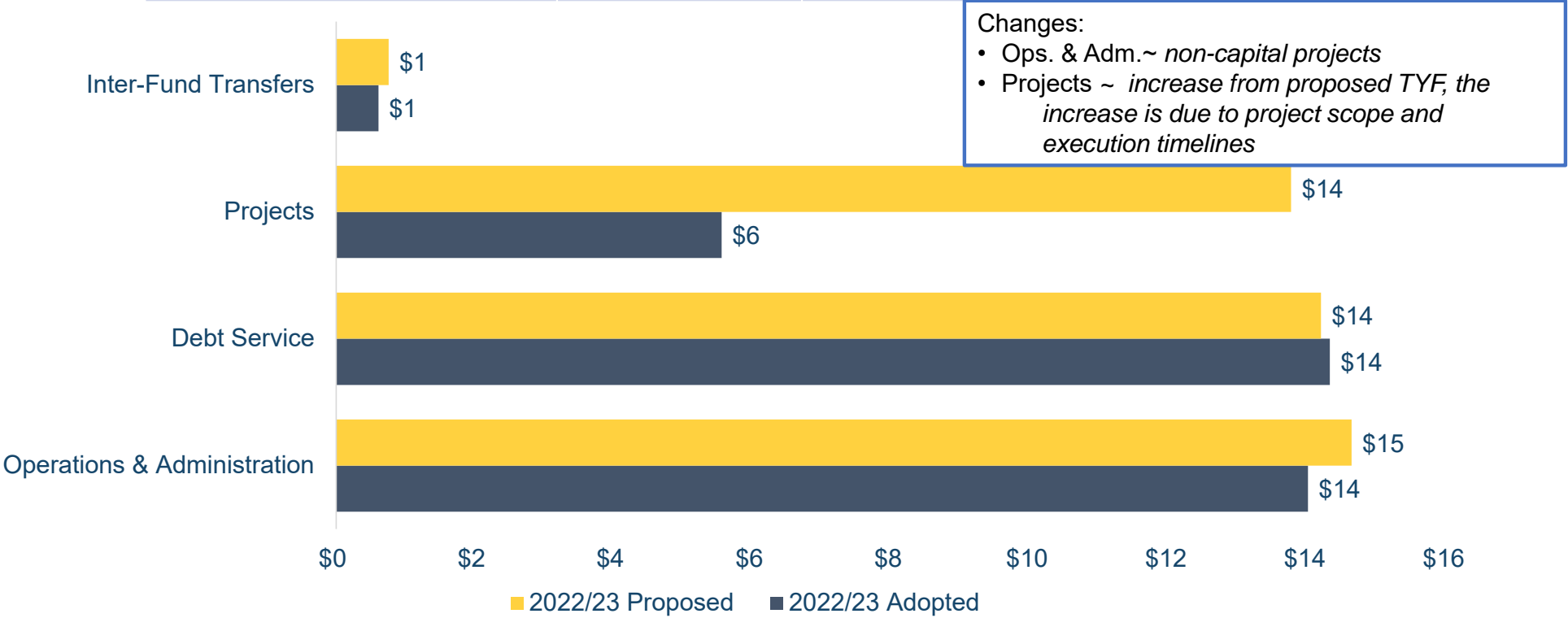


*Other Revenues include cost reimbursements, interest, Inter-Fund loan proceeds

Recycled Water USES OF FUNDS



\$ Millions	FY 2022/23 Adopted	FY 2022/23 Proposed	Amendments
Total Uses of Funds	\$34.4	\$43.3	\$8.9

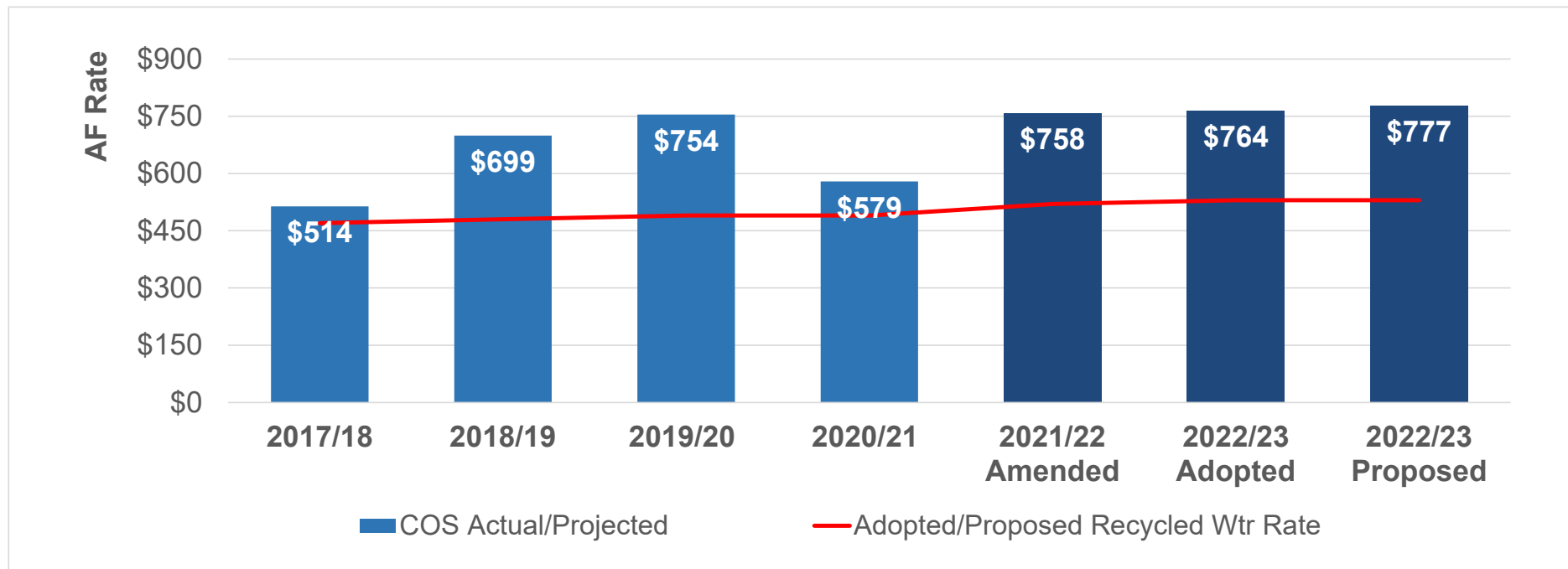


Summary Recycled Water

\$ Millions	FY 2022/23 Adopted	FY 2022/23 Proposed	Amendments
Total Sources of Funds	\$29.2	\$46.3	\$17.1
Total Uses of Funds	\$34.4	\$43.3	\$8.9
Increase (decrease) net position	(\$5.2)	\$3.0	\$8.2

Recycled Water Cost of Service

	FY 2021/22 Adopted	FY 2022/23 Proposed
Fixed Cost Recovery	-	\$1.11M
Recycled Water Direct Rate	\$520.00	\$516.00
Recycled Groundwater Recharge Rate	\$580.00	\$616.00



Questions



The proposed amendments to the FY 2022/23 Adopted Budget are consistent with the IEUA Business Goals of *Fiscal Responsibility, Water Reliability, Wastewater Management, Environmental Stewardship, and Business Practices*.

**RECEIVE AND
FILE**

4A



Date: May 5, 2022

To: Regional Policy Committee

From: Inland Empire Utilities Agency

Subject: IEUA – Metropolitan Water District of Southern California Term Sheet for the Chino Basin Program Water Storage Investment Program Environmental Water Exchange

RECOMMENDATION

This is an information item.

BACKGROUND

The Chino Basin Program was deemed feasible by the California Water Commission (CWC) in November 2021 through the Water Storage Investment Program (WSIP) funding by Proposition 1 which comprises of a water exchange of 375,000 acre-feet over a 25-year term. Inland Empire Utilities Agency (IEUA) is seeking the cooperation and partnership of Metropolitan Water District of Southern California (Metropolitan) to implement this exchange with the California Department of Water Resources (DWR) and the California Department of Fish and Wildlife (CDFW). Metropolitan will coordinate with DWR and CDFW to develop operating terms that will facilitate this exchange.

A term sheet was developed by IEUA and Metropolitan to define the terms of the WSIP water exchange requirements for call years during the 25-year period. Metropolitan will receive an exchange of water from IEUA from water stored in the Chino Basin. During a call year, IEUA's performance requirements will consist of the local production of 40,000 acre-feet of which 10,000 acre-feet will be pumped back to Metropolitan's Rialto Pipeline and 30,000 acre-feet will be distributed to local participating agencies. The coordination and implementation of the water exchange will be managed by a CBP operating committee made up of IEUA and Metropolitan staff.

Metropolitan presented the term sheet to their Board of Directors, and it was approved on April 12, 2022. IEUA staff provided it to the Regional Technical Committee as an information item on April 28, 2022. IEUA will present the term sheet to its Board of Directors as an action item on May 18, 2022.

Attachment 2
Term Sheet for Water Storage and Investment Program (WSIP) Environmental Water Exchange
between Metropolitan Water District of Southern California (Metropolitan) and Inland Empire
Utilities Agency (IEUA)

Exchange Quantities

1. WSIP is a water storage investment program funded by the California Water Commission (CWC) through Proposition 1 and Inland Empire Utilities Agency (IEUA).
2. The water exchange will total 375,000 acre-feet (AF) of water in increments (40,000 AF per call year maximum) over a 25-year agreement term.
3. IEUA will facilitate the production and storage of 375,000 AF of advanced treated recycled water supply in the Chino Groundwater Basin.
4. IEUA will deliver stored groundwater into the Metropolitan service area during call years. In exchange, Metropolitan will provide the water to facilitate the release of water from Oroville for ecosystem-improvement purposes (pulse flows).
5. When water is released from Lake Oroville for pulse flows, Metropolitan will receive an exchange of water from IEUA from water stored in the Chino Basin.
6. IEUA shall coordinate up to 40,000 AF of local production through a combination of in-lieu means (30,000 AF of capacity) and direct pumping into Metropolitan's Rialto Pipeline (10,000 AF of capacity).
7. This IEUA production fulfills IEUA's obligation under the exchange agreement.

Operations

8. The Environmental Water Exchange shall not negatively impact the water supply or system operations of the State Water Project (SWP), Metropolitan, or its member agencies.
9. Metropolitan will work in good faith to develop the operating terms and conditions and agreement with the State to facilitate the exchange.
10. California Department of Water Resources (DWR) will identify the annual capacity available for pulse flows. California Department of Fish and Wildlife (CDFW) will limit calls to below normal and dry years. DWR will preapprove the potential volume of pulse flows in any potential call year. If called by CDFW, the pulse flow release from Lake Oroville will occur in the Spring, with the water exchange between Metropolitan and IEUA taking place as agreed upon in the CBP Operating Committee.
11. Metropolitan has the ability to decline any annual call when IEUA is unable to show availability of exchange water, when Metropolitan operations limit the ability to receive exchange supplies from IEUA or when the exchange will negatively impact Metropolitan or its member agencies. Such actions shall be brought to the CBP Operating Committee for discussion.
12. A schedule for local performance and completing water exchanges will be established in the operating plan and administered by the CBP Operating Committee.
13. Pump-in/in-lieu deliveries shall be metered to account for all deliveries.
14. Pump-in water will need to comply with Metropolitan's present and future pump-in water quality and system protection requirements.

15. A “CBP Operating Committee” will be established to coordinate IEUA and Metropolitan activities. The CBP Operating Committee will generate an annual operating plan in anticipation of a call year. The operating plan will consider the amount of call water, a performance schedule, the in lieu/pump-in split, operations and maintenance requirements, water quality monitoring, accounting, reporting, and performance certification/reconciliation.
16. Metropolitan shall have the right to withhold subsequent call year ‘go’ decisions should IEUA be unable to perform in a given year until such required performance is achieved.
17. Metropolitan will support future efforts by IEUA to obtain federal funding to offset program costs.
18. Metropolitan will work collaboratively and in a timely fashion with IEUA to explore additional benefits including opportunities for long term storage programs in the Chino Basin.

Cost

19. Metropolitan has no obligation to invest in the facilities required for the exchange.
20. IEUA will enter into a take or pay contract committing to pay the supply rate for the potential in-lieu delivery from the CBP (30 TAF). In non-call years, IEUA would get credited that amount toward their Metropolitan water purchases. In call years, Metropolitan would refund the supply rate charges to IEUA for the certified amount of in-lieu delivery from the CBP as part of the annual reconciliation process.
21. Pulse flow releases from Lake Oroville and subsequent reduction in Table A deliveries to Metropolitan from SWP facilities will affect schedules and quantities of SWP hydropower generation and pump load requirements. IEUA and Metropolitan will work with DWR to implement equitable accounting and reimbursement procedures to the satisfaction of all parties to account for any resulting changes in the variable operation and maintenance, power and replacement (OMP&R) component of Transportation Charges as designated in SWP water supply contracts. This accounting will include consideration of real time energy market considerations and be based on application of best practices for management of the SWP energy portfolio by DWR. Net costs or credits will be exchanged between IEUA and DWR by separate agreement and are not a responsibility of Metropolitan.

Additional Benefits

22. Metropolitan can borrow up to 40,000 AF of stored water from WSIP consistent with the IEUA/CWC agreement. This benefit is intended to provide flexibility to Metropolitan. IEUA will be made whole for direct costs resulting from such borrowing. Execution and payback of the borrowed water shall occur by the end of the agreement and be coordinated through the CBP Operating Committee.
23. Predelivery of water against future performance requirements will be allowed by mutual agreement and coordinated/administered by the CBP Operating Committee. In-lieu vs pump in strategies will be determined by CBP Operating Committee.

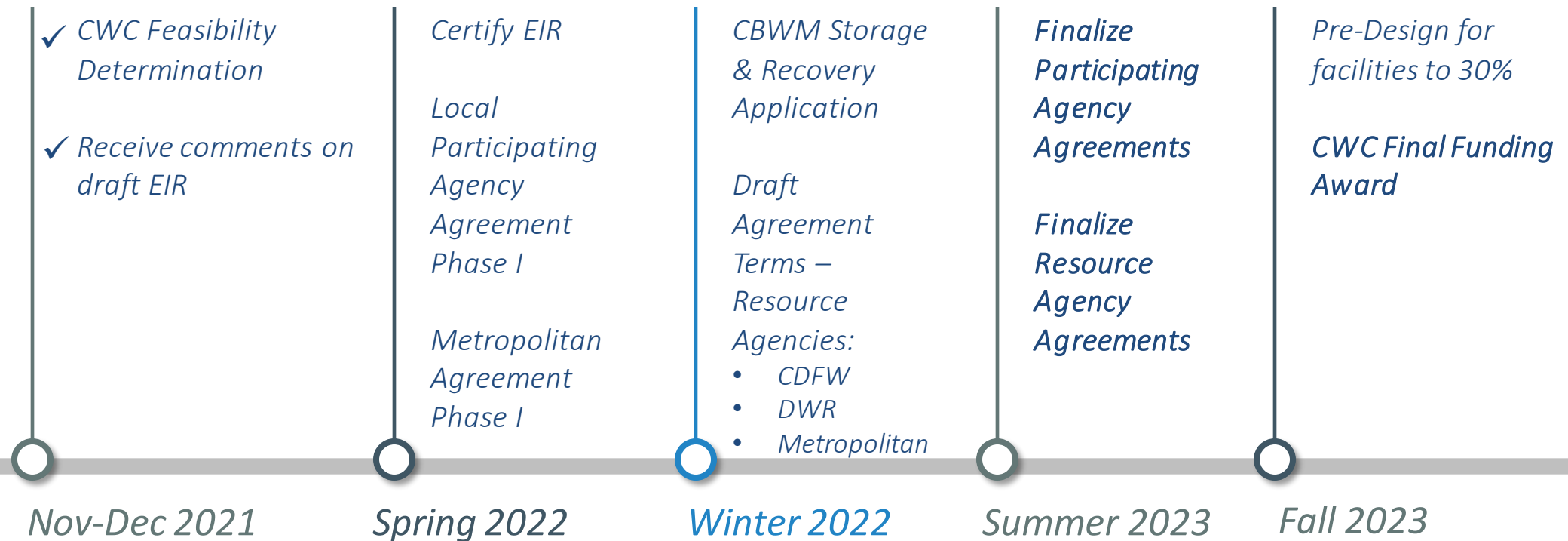
IEUA-Metropolitan Water District Term Sheet for the Chino Basin Program

Elizabeth Hurst

Chino Basin Program Manager

May 5, 2022

Chino Basin Program Update



Background

- The California Water Commission (CWC) deemed the Chino Basin Program (CBP) feasible for the Water Storage Investment Program (WSIP) funded by Proposition 1.
- The CBP will provide an environmental water exchange of 375,000 acre-feet for 25 years with the California Department of Water Resources (DWR) for pulse flows as called by the California Department of Fish and Wildlife.
- To facilitate the exchange, IEUA is seeking to partner with Metropolitan Water District of Southern California (Metropolitan) for the 25-year term.
- A term sheet between IEUA and Metropolitan will aide in the implementation of the water exchange.

Term Sheet Highlights

- Metropolitan will work in good faith to develop operating terms and conditions with the state agencies to facilitate the exchange.
- Metropolitan will facilitate the release of water from Lake Oroville to ecosystem improvements during a call year.
- IEUA will coordinate up to 40,000 AF of local production during a call year which consist of 30,000 AF of in-lieu deliveries and 10,000 AF of direct pumping into Metropolitan's Rialto Pipeline.
- A "CBP Operating Committee" will be established to coordinate and administer an operating plan for local performance and water exchanges. The committee will consist of IEUA and Metropolitan staff from various departments.

Schedule

- ✓ April 1, 2022 – Metropolitan Water District Member Agency Managers presentation
- ✓ April 12, 2022 – Metropolitan Water District Board of Directors approval of the Term sheet
- ✓ April 28, 2022 – Provided to Regional Technical Committee
- ✓ May 5, 2022 – Provide to Regional Policy Committee
- May 18, 2022 – IEUA Board of Directors approval of the Term Sheet

The IEUA-Metropolitan Water District Term Sheet for the Chino Basin Program supports IEUA's business goal of Water Reliability by implementing an integrated water resources management plan that provides the region with reliable and cost-effective water supply and promotes sustainable water use.

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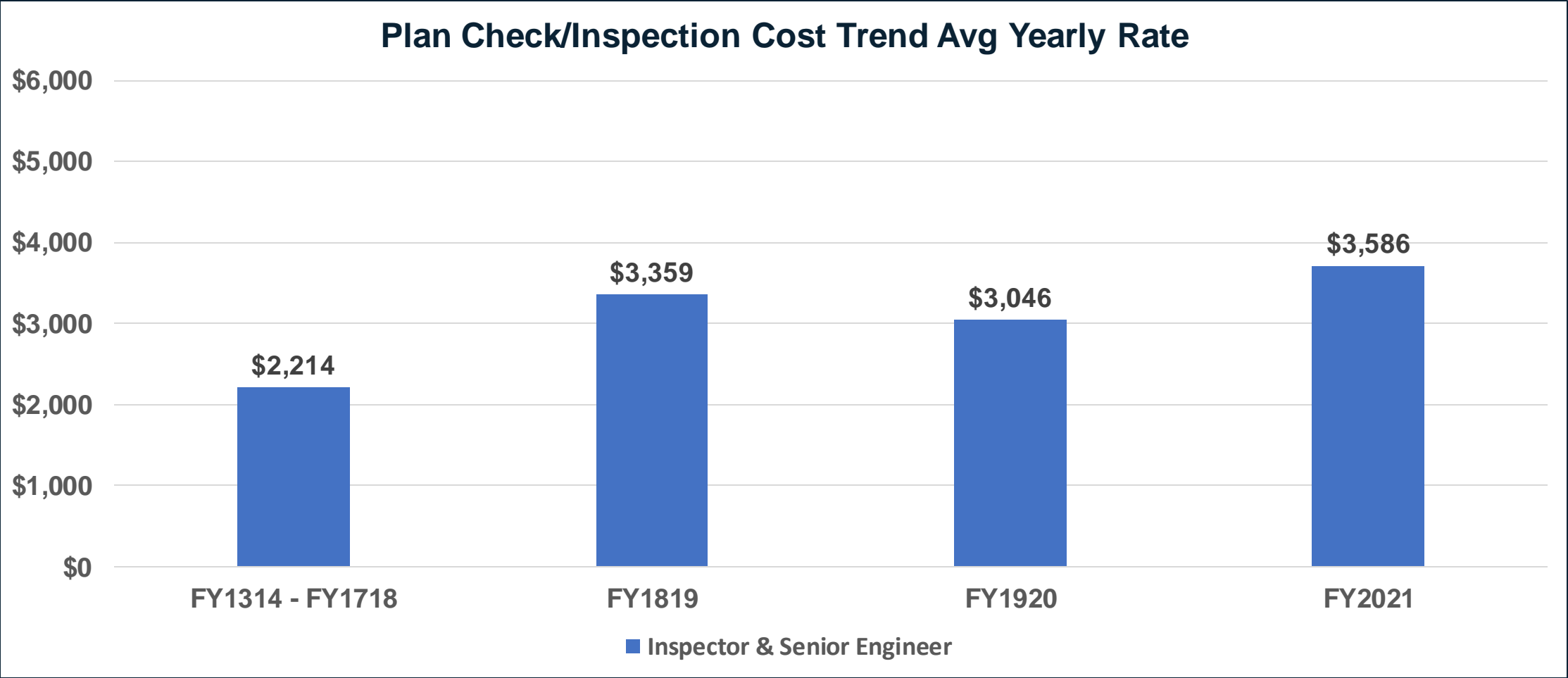
Engineering and Construction Management Fee Ordinance Review

Adham Almasri, P.E.

Principal Engineer, Engineering & CM

May 5, 2022

Current Fee Structure



Proposed Fee Breakdown for 5 Sheets

FY22/23 Plan Check and Inspection Costs					
Staff	(a)	(b)	(c)	(d)	(e)
	# of projects	Hours	Avg Hours Per Project	Fully Burdened Rate (FY22/23)	Avg \$ per project
			(b/a)		(c*d)
Inspector	10	157	15.70	\$111	\$1,743
Senior Engineer	19	200	10.53	\$155	\$1,632
Plan Check and Inspection Costs					\$3,375
Administrative and Accounting Staff Costs @ 10%					\$340
Total Costs					\$3,715

- If the Plan Check requires more than 3 reviews, the Plan Check will require additional fees of \$2,500
- For plan checks above 5 sheets, prorate the costs accordingly.

Findings

- Current plan check and inspection flat fee at \$2,214 was established in August 2018 with Resolution No. 2018-8-1 is below the estimated fee of approximately \$3,715 for up to 5 sheets of drawings per location
- Proration is needed for plan checks above 5 sheets
- Addition to Resolution No. 2018-8-1 are needed:
 - Plan Checks that require more than 3 reviews, will require additional costs of \$2,500.
 - For jobs that require more extensive work, the Agency will enter into reimbursement agreements to cover additional labor and other unforeseen Agency costs.

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Operations & Maintenance Department Quarterly Update

Robert Delgado
Manager of Maintenance
April 2022

Safety Statistics



Actions Taken:

- Safety Standdowns
- Review of Lagging Indicator
 - What can we learn and how can we improve?
- Stretch and Flex Program Implementation
- Renewed Commitment to our Values

Dec 15, 2021 at 11:49:30 AM
Chino



Dec 15, 2021 at 12:28:43 PM
Chino

Awards and Recognition



- Community Engagement and Outreach – Project of the Year



SARBS Innovation Award



- Spare Motor Automatic Rotator
 - First place at the local level & second place at state level
 - Increases equipment reliability
 - Reduces O&M cost



Factory Acceptance Testing



- Requirement per project specifications
- Agency staff witnesses and validates performance of equipment
- Opportunity for IEUA to build relationships with suppliers



Technology, Training, and Volunteers



- Technology:
 - Remote Equipment Monitoring
- Training:
 - Variable Frequency Drives
 - Certified Reliability Leader
 - Machinery Lubrication
 - Planning & Scheduling
- Volunteers:
 - SARBS of CWEA
 - Career Fairs and Outreach Programs



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Building Activity Report - YTD Fiscal Year 2021/22



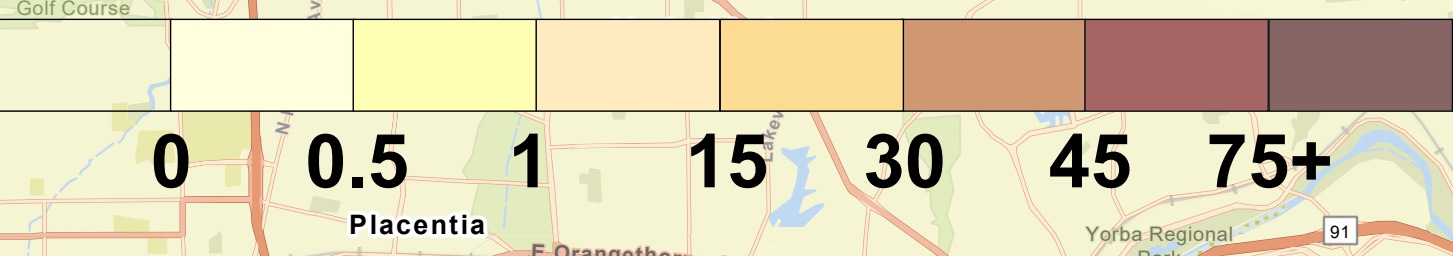
Legend

Service Area

Unincorporated

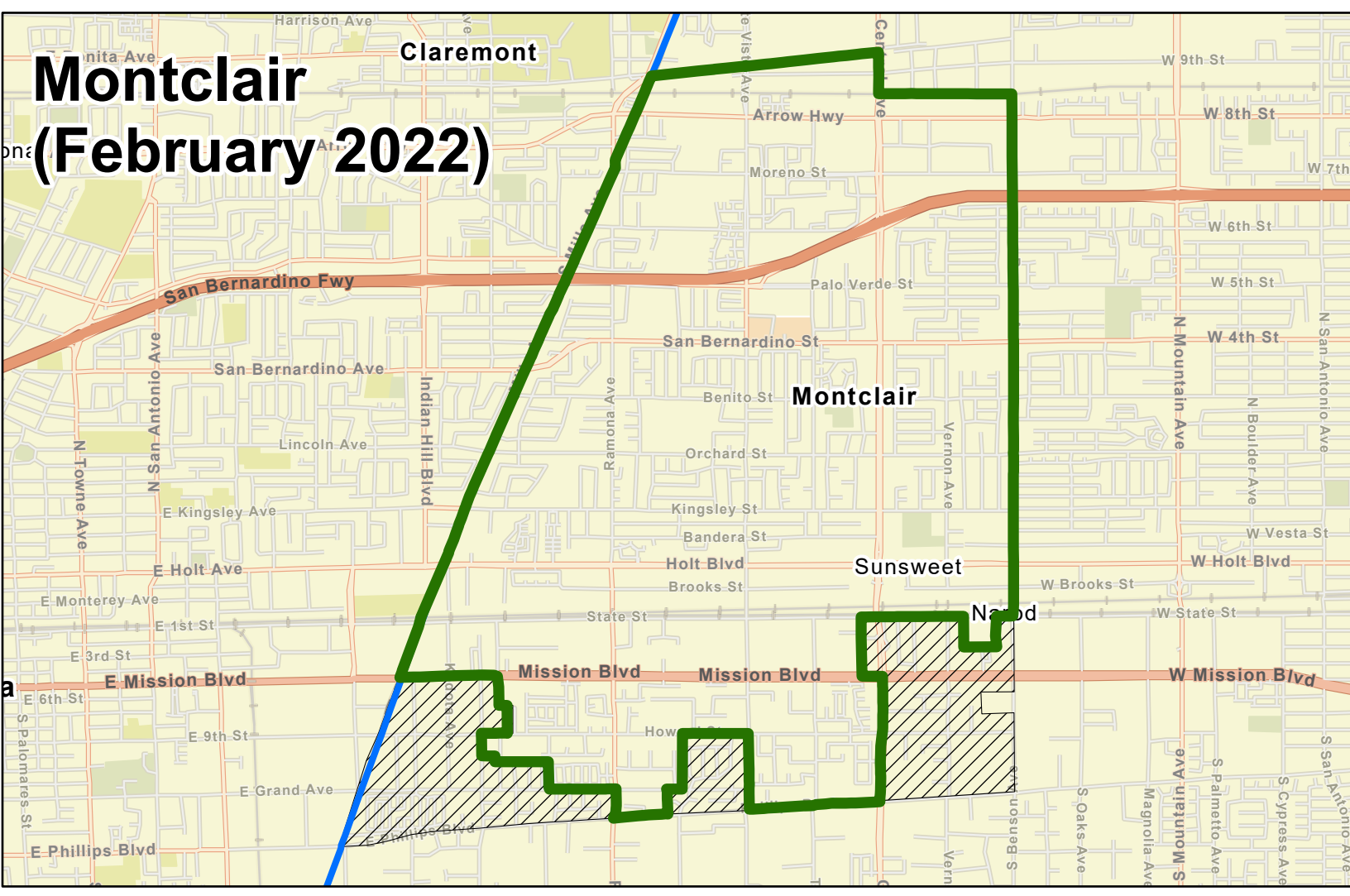
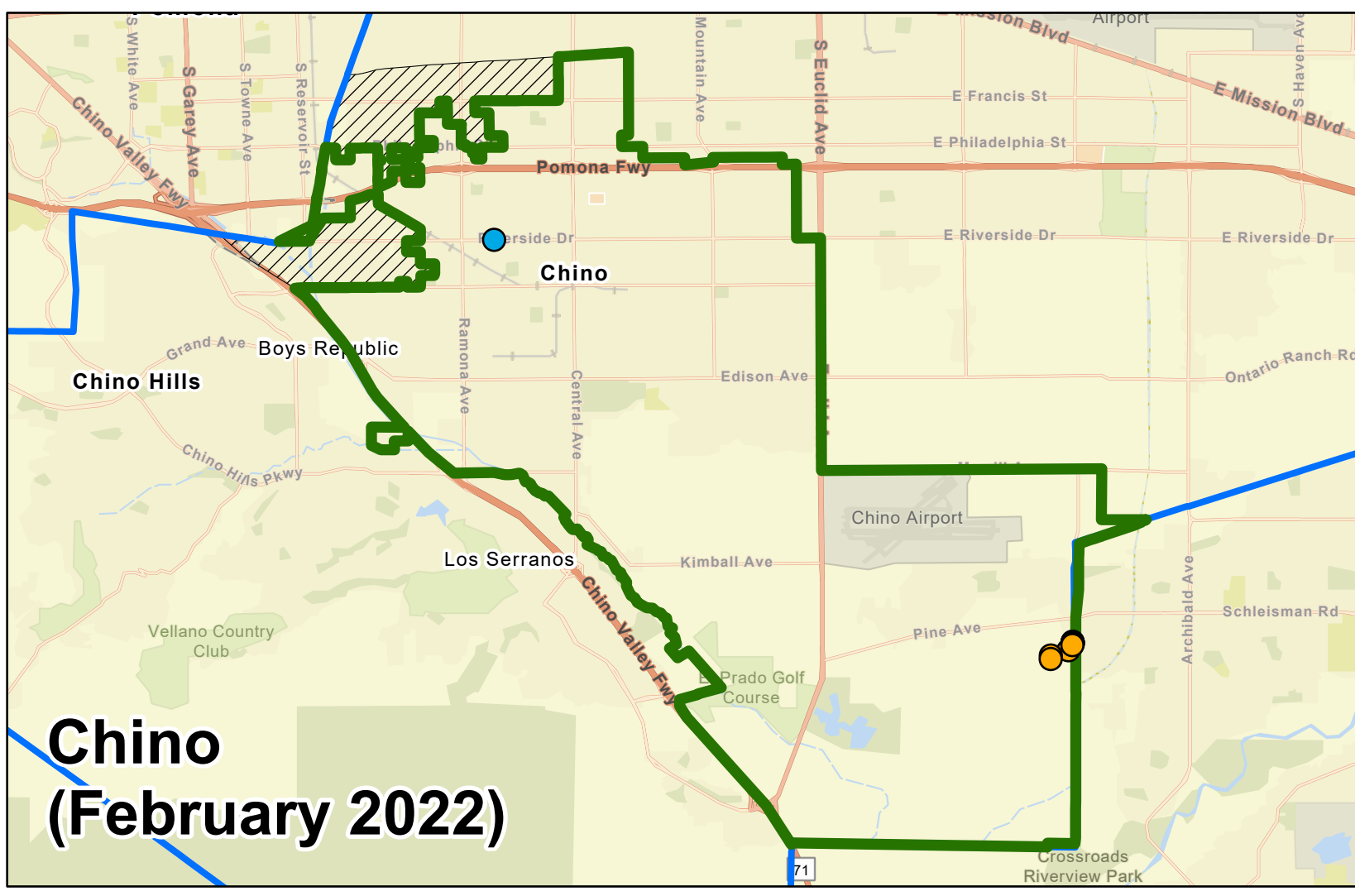
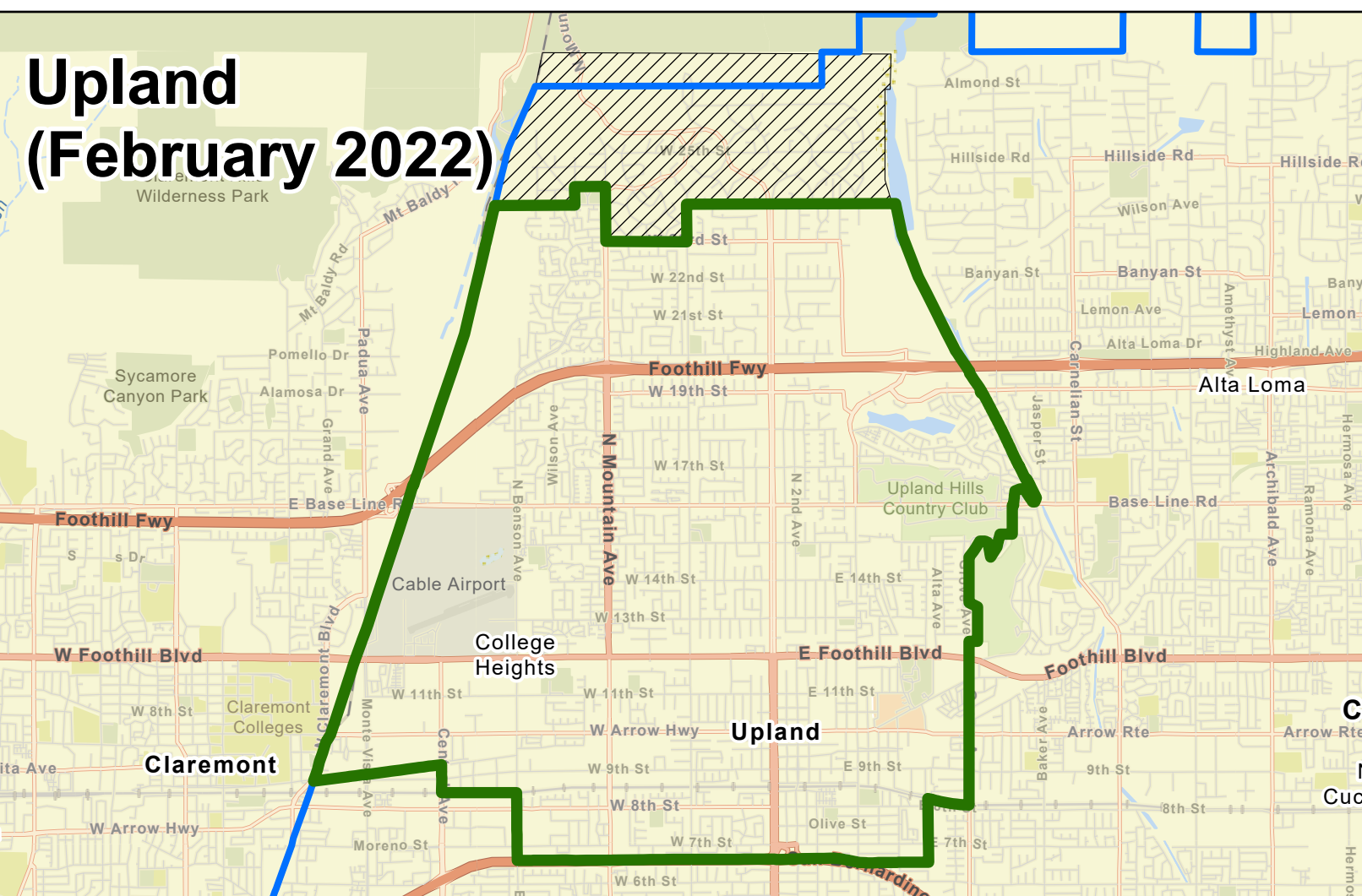
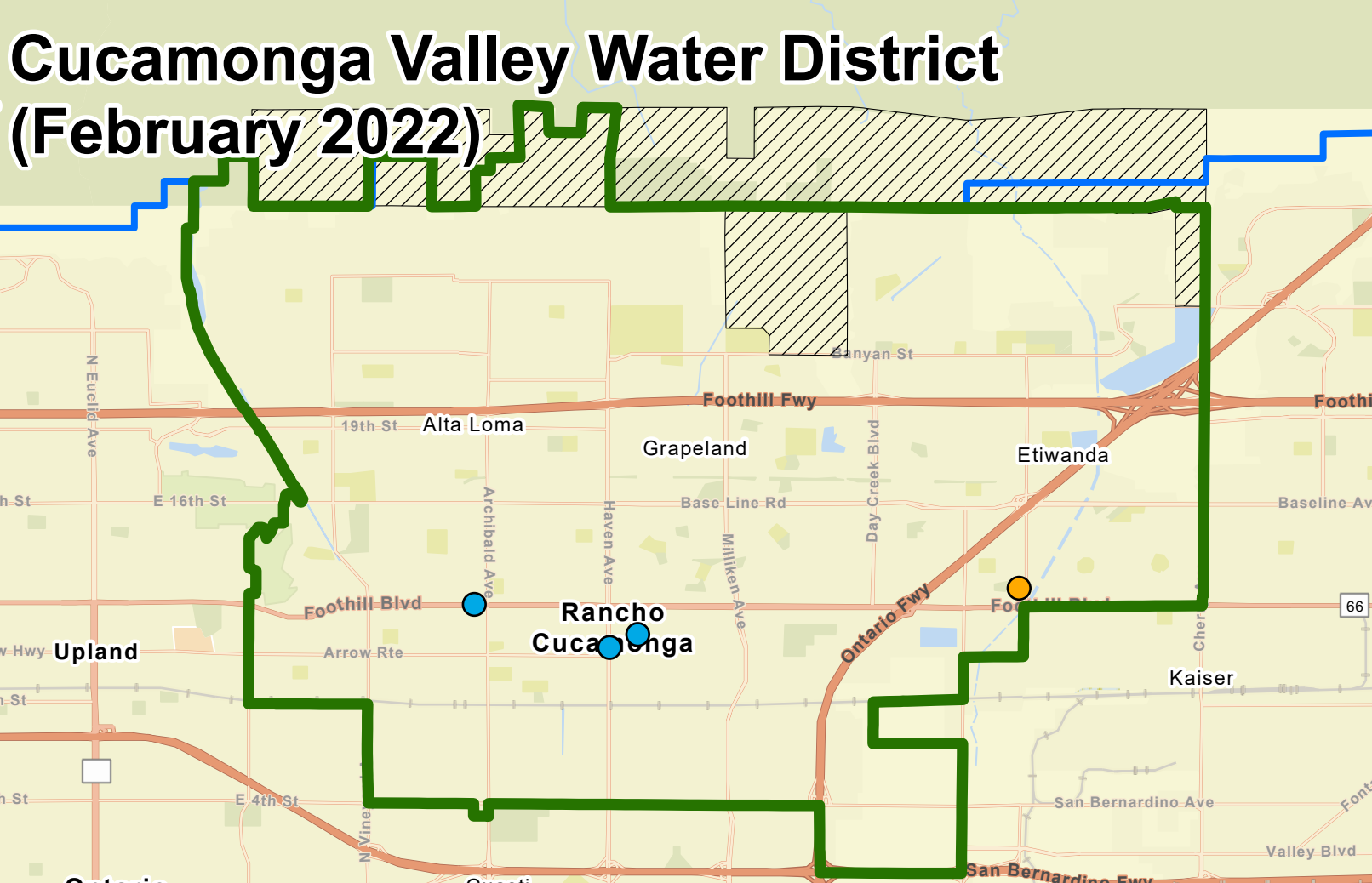
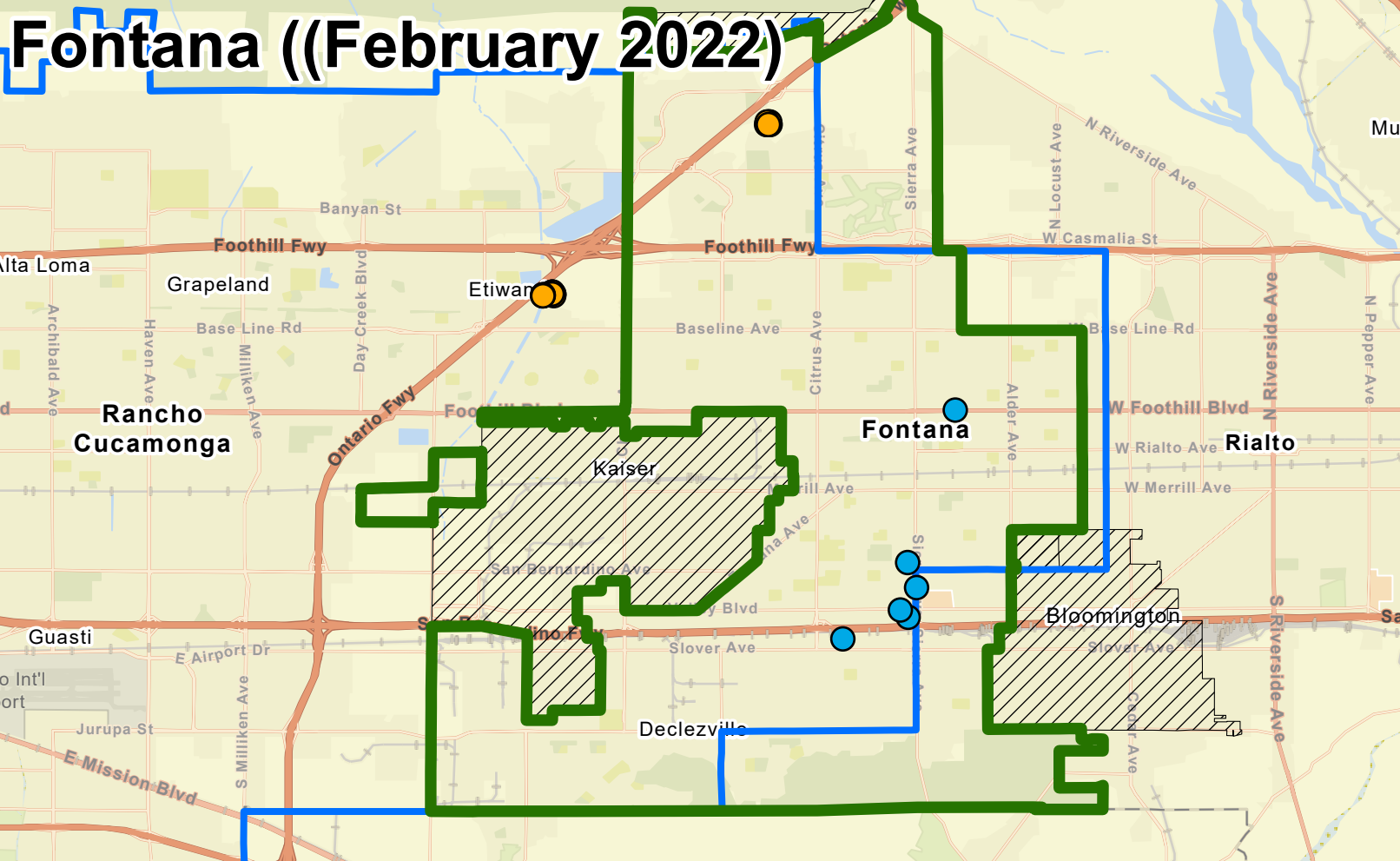
- Residential**
- <=1.0
 - 1.0 - 10.0
 - >10.0
- Commercial**
- <=1.0
 - 1.0 - 10.0
 - >10.0
- Industrial**
- <=1.0
 - 1.0 - 10.0
 - >10.0

HALF MILE GRID: TOTAL EDU's (YTD)



TOTAL EDU BY WASTEWATER CONNECTION TYPE (YTD)

Contracting Agency	YTD Actual				Projected
	Commercial (EDUs)	Industrial (EDUs)	Residential (EDUs)	Total (EDUs)	
Chino	63	0	345	409	434
Chino Hills	45	0	19	64	276
CVWD	93	306	326	725	2050
Fontana	82	3	395	480	1792
Montclair	10	0	0	10	474
Ontario	195	12	738	946	7560
Upland	11	0	28	39	952
Total	499	321	1851	2672	13538



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IEUA RECYCLED WATER DISTRIBUTION – MARCH 2022

TOTAL ALL PLANTS

Influent: 50.1 MGD

Delivered: 29.6 MGD

Percent Delivered: 59%

Preliminary Deliveries

RW GWR: 12.9 MGD

RW Direct Use: 16.7 MGD

RP-4

Delivered: 8.0 MGD

RP-1

Delivered: 12.1 MGD

CCWRF

Delivered: 4.8 MGD

RP-5

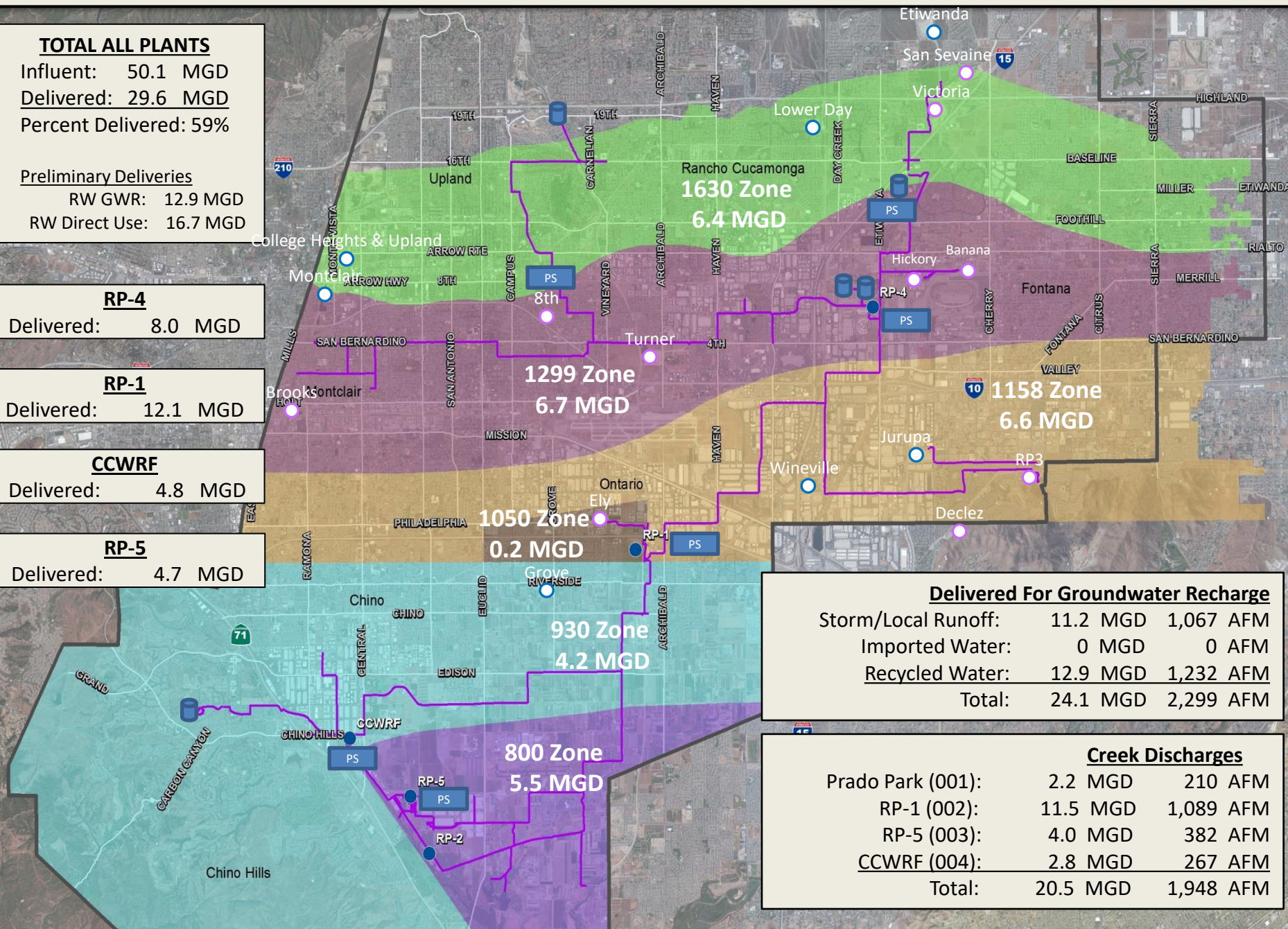
Delivered: 4.7 MGD

Delivered For Groundwater Recharge

Storm/Local Runoff:	11.2 MGD	1,067 AFM
Imported Water:	0 MGD	0 AFM
Recycled Water:	12.9 MGD	1,232 AFM
Total:	24.1 MGD	2,299 AFM

Creek Discharges

Prado Park (001):	2.2 MGD	210 AFM
RP-1 (002):	11.5 MGD	1,089 AFM
RP-5 (003):	4.0 MGD	382 AFM
CCWRF (004):	2.8 MGD	267 AFM
Total:	20.5 MGD	1,948 AFM



Recycled Water Recharge Deliveries - March 2022 (Acre-Feet)

Basin	3/1-3/5	3/6-3/12	3/13-3/19	3/20-3/26	3/27-3/31	Month Actual	FY To Date Actual	Deliveries are draft until reported as final and do not included evaporative losses.	
Ely	16.4	0.0	0.0	0.0	0.0	16.4	513		
Banana	0.0	36.1	24.0	24.9	1.4	86.4	522		
Hickory	8.4	15.4	24.0	24.9	1.4	74.1	788		
Turner 1 & 2	0.0	0.0	0.0	0.0	0.0	0.0	542		
Turner 3 & 4	0.0	0.0	0.0	33.1	3.7	36.8			
8th Street	0.0	72.8	65.3	20.1	0.0	158.2	1812		
Brooks	0.0	0.0	0.0	0.0	0.0	0.0	550		
RP3	22.4	51.1	72.2	50.8	58.7	255.2	3899		
Declez	4.9	24.6	31.3	22.5	0.3	83.6	629		
Victoria	17.2	40.0	55.1	92.5	31.0	235.8	1147		
San Sevaine	36.5	50.4	67.0	94.0	31.1	279.0	2475		
Total	105.8	290.4	338.8	362.8	127.7	1,225.5	12,875	11,470	AF previous FY to day actual

