



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

**WEDNESDAY, SEPTEMBER 6, 2023
10:00 A.M.**

**AGENCY HEADQUARTERS
BOARD ROOM
6075 KIMBALL AVENUE, BUILDING A
CHINO, CALIFORNIA 91708
VIEW THE MEETING LIVE ONLINE AT IEUA.ORG
TELEPHONE ACCESS: (415) 856-9169 / Conf Code: 169 113 791#**

The public may participate and provide public comment during the meeting by joining in-person or by calling the number provided above. Comments may also be submitted by email to the Board Secretary/Office Manager Denise Garzaro at dgarzaro@ieua.org prior to the completion of the Public Comment section of the meeting. Comments will be distributed to the Board of Directors.

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

FLAG SALUTE

PUBLIC COMMENT

Members of the public may address the Board on any item that is within the jurisdiction of the Board; however, no action may be taken on any item not appearing on the agenda unless the action is otherwise authorized by Subdivision (b) of Section 54954.2 of the Government Code. Those persons wishing to address the Board on any matter, whether or not it appears on the agenda, are requested to email the Board Secretary/Office Manager prior to the public comment section or request to address the Board during the public comments section of the meeting. Comments will be limited to three minutes per speaker. Thank you.

ADDITIONS TO THE AGENDA

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

*A Municipal Water District

1. ACTION ITEM

A. AGREEMENT FOR THE PROVISION OF SEWER SERVICE TO SPEEDWAY SBC DEVELOPMENT, LLC

Staff recommends that the Board:

1. Approve the Agreement for the Provision of Sewer Service between Speedway SBC Development, LLC, City of Fontana, San Bernardino County, and IEUA; and
2. Authorize the General Manager to execute the agreement, subject to non-substantive changes.

2. WORKSHOP ITEMS

A. REGIONAL WASTEWATER FEE COLLECTION (POWERPOINT)

B. TOOLS FOR EFFECTIVE MANAGEMENT OF ASSETS (POWERPOINT)

C. REGULATORY COMPLIANCE EVOLUTION AND FUTURE (POWERPOINT)

3. GENERAL MANAGER'S COMMENTS

4. BOARD OF DIRECTORS' REQUESTED FUTURE AGENDA ITEMS

5. DIRECTORS' COMMENTS

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 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 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.

**ACTION
ITEM**

1A

Date: September 6, 2023

To: The Honorable Board of Directors

ADD
From: Shivaji Deshmukh, General Manager

Committee:

Staff Contact: Christiana Daisy, Deputy General Manager

Subject: Agreement for the Provision of Sewer Service to Speedway SBC Development, LLC

Executive Summary:

On April 14, 2022, the Inland Empire Utilities Agency (IEUA) received a request from the City of Fontana for the approval of a new connection to the San Bernardino Interceptor, a component of the IEUA regional sewer system, to serve the Speedway SBC Development, LLC. The project site is approximately 433 acres of land located in the unincorporated area of the County of San Bernardino, within the sphere of influence of the City of Fontana, and would consist of new industrial and commercial buildings.

The County of San Bernardino Special District will own, operate, and maintain the sewer system that will be installed by the developer; therefore, the City of Fontana new connection point request is pending the formation of the County of San Bernardino Special District or similar entity, and the approval and execution of the Agreement for the Provision of Sewer Service. The Agreement for the Provision of Sewer Service defines roles, terms, and conditions of Speedway SBC Development LLC, City of Fontana, San Bernardino County, and IEUA.

IEUA staff presented the connection request to the Regional Technical Committee.

Staff's Recommendation:

1. Approve the Agreement for the Provision of Sewer Service between Speedway SBC Development, LLC, City of Fontana, San Bernardino County, and IEUA; and
2. Authorize the General Manager to execute the agreement, subject to non-substantive changes.

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

Account/Project Name:

Not Applicable

Fiscal Impact (explain if not budgeted):

Not Applicable

Prior Board Action:

On August 19, 2015, the Board of Directors authorized the General Manager, subject to non-substantial change, to execute agreements with California Steel Industries, Auto Club Speedway, Prologis, City of Fontana and Fontana Water Company to provide wastewater and recycled water services to a portion of the unincorporated area of San Bernardino County.

Environmental Determination:

Not Applicable

Business Goal:

The Agreement for the Provision of Sewer Service to the Speedway SBC Development, LLC is consistent with IEUA's Business Goal of Environmental Stewardship, specifically the Good Neighbor Policy objective that IEUA will foster positive relationships within the region, and develop and implement projects that minimize impacts to the community and environment.

Attachments:

Attachment 1 - PowerPoint

Attachment 2 - Agreement for the Provision of Sewer Service

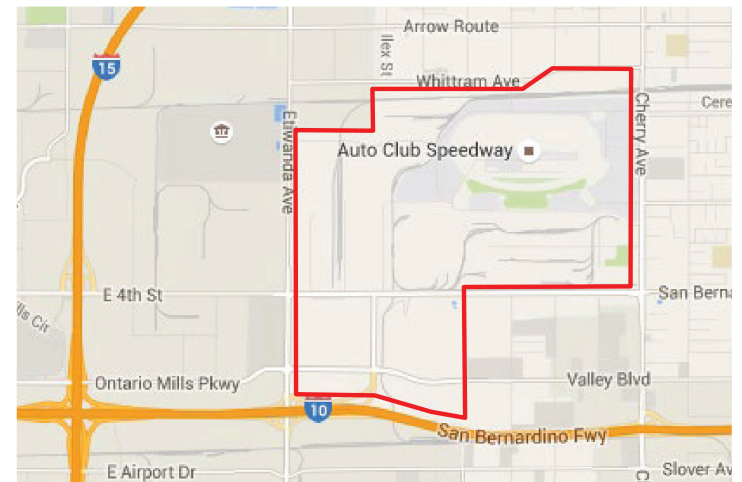
Agreement for the Provision of Sewer Service to Speedway SBC Development, LLC

Pietro Cambiaso
Manager of Compliance and Sustainability
September 6, 2023

IEUA Currently Provides Service to This Portion of the County

IEUA provides wastewater services to a portion of the unincorporated area of San Bernardino County consistent with the agreements executed in 2015 with:

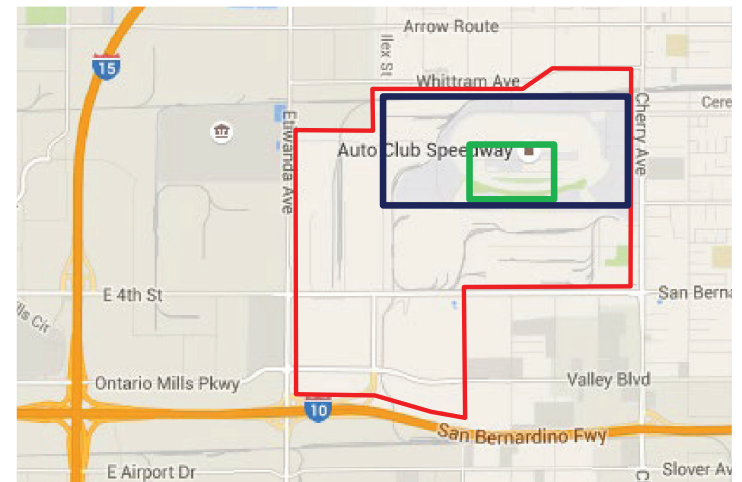
- California Steel Industries
- Auto Club Speedway
- Prologis
- City of Fontana



Proposed Service Would Address Changes to Existing Speedway Development

- Speedway Commerce Center II (433 acres of mixed-use development)
- Next Gen motorsport facility (90 acres of the existing Speedway site)

A new County of San Bernardino Special District will be created to maintain certain facilities within the project area, including the sewer system



Agreement is for Provision of Sewer Service to New Owner

Parties	Responsibilities
Speedway SBC Development, LLC	<ul style="list-style-type: none">• Construct the “Development Sewer System” up to the point of connection to the Regional Sewer System• Pay connection and monthly wastewater user fees
City of Fontana	<ul style="list-style-type: none">• Collect connection and monthly wastewater user fees from Speedway SBC Development, LLC• Remit connection and monthly wastewater user fees to IEUA
County of San Bernardino Special District	<ul style="list-style-type: none">• Own, operate, maintain the “Development Sewer System”<ul style="list-style-type: none">• Report Sanitary Sewer Overflows• Provide growth forecast information• Enforce pretreatment and source control regulations
IEUA	<ul style="list-style-type: none">• Provide sewer and wastewater treatment service

Proposed Timeline

- Regional Technical Committee Meeting (July 2023)
- IEUA Board of Directors (September 2023)
- County of San Bernardino Special District Formation (November 2023)
- Agreement for the Provision of Sewer Service Execution (December 2023)

Staff's Recommendation:

1. Approve the Agreement for the Provision of Sewer Service between Speedway SBC Development, LLC, City of Fontana, San Bernardino County, and IEUA; and
2. Authorize the General Manager to execute the agreement, subject to non-substantive changes.

The Agreement for the Provision of Sewer Service to Speedway SBC Development, LLC is consistent with **IEUA's Business Goal of Environmental Stewardship**, specifically the Good Neighbor Policy objective that IEUA will foster positive relationships within the region and develop and implement projects that minimize impacts to the community and environment.

AGREEMENT FOR THE PROVISION OF SEWER SERVICE

THIS AGREEMENT FOR THE PROVISION OF SEWER SERVICE ("**Agreement**") is entered into this ____ day of _____, 202__ ("**Effective Date**"), by and between INLAND EMPIRE UTILITIES AGENCY, a municipal water district ("**IEUA**"), SPEEDWAY SBC DEVELOPMENT, LLC, a Delaware limited liability company ("**Hillwood**"), CITY OF FONTANA ("**City**"), and SAN BERNARDINO COUNTY ("**County**").

RECITALS

A. IEUA is a municipal water district organized and existing pursuant to Sections 71000 *et seq.* of the California Water Code and is authorized to provide wastewater treatment and recycled water services to properties in the IEUA service area.

B. The City of Fontana is a general law city located within the San Bernardino County, State of California.

C. Fontana Water Company, a division of San Gabriel Valley Water Company, a California corporation, is a public utility water company subject to regulatory jurisdiction of the California Public Utilities Commission doing business in the San Bernardino County, with its principal place of business being 15966 Arrow Route, Fontana, California, and is authorized to provide public utility water service, including service of recycled water, to its customers, which are located within its service area as authorized and approved by the California Public Utilities Commission.

D. San Bernardino County Department of Public Works – Special Districts, is a Department of San Bernardino County that provides municipal-type services to unincorporated areas of San Bernardino County including, but not limited to, sewer services.

E. California Speedway, LLC, a Delaware limited liability company, successor-in-interest by conversion from California Speedway Corporation, a Delaware corporation, formerly known as The California Speedway Corporation, a Delaware corporation, successor-by-merger to Speedway Development Corporation, a California corporation ("**Speedway**"), IEUA, the City of Fontana, and the Fontana Water Company are parties to that certain Agreement for the Provision of Sewer and Recycled Water Service dated November 24, 2015 (the "**Speedway Agreement**"), pursuant to which, IEUA agreed to provide certain sewer and recycled water services to property owned by Speedway, commonly known as the Auto Club Speedway of Southern California, more particularly described in the Speedway Agreement (the "**Speedway Property**").

F. Hillwood and Speedway are parties to that certain Purchase and Sale Agreement and Joint Escrow Instructions dated June 15, 2021 ("**Purchase Agreement**"), pursuant to which, Speedway has agreed to sell, and Hillwood has agreed to purchase, that certain portion of the Speedway Property more particularly described in Schedule "1" attached hereto (the "**Hillwood Property**").

G. Hillwood desires that, after Hillwood acquires the Hillwood Property, IEUA, through City, continues to provide wastewater services to existing and future systems located on

the Hillwood Property, and IEUA is willing to do the same, all upon the terms and conditions set forth in this Agreement and IEUA's Ordinance No. 111, as amended from time to time.

NOW, THEREFORE, in consideration of the foregoing Recitals, which Recitals are incorporated herein by this reference, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and for the mutual covenants contained herein, the Parties hereby agree as follows:

I. DEFINITIONS

1.1 "**City**" shall mean the City of Fontana.

1.2 "**Community Facilities District**" shall mean a community facilities district formed pursuant to the Mello-Roos Act of 1982, as amended, with boundaries coterminous with the Speedway Property and which is authorized to finance the operation and maintenance of the Hillwood Sewer System and Permanent System.

1.3 "**CSI**" shall mean California Steel Industries.

1.4 "**Hillwood**" shall mean Speedway SBC Development, LLC.

1.5 "**Hillwood Sewer System**" shall mean the sewer system that Hillwood shall construct on the Hillwood Property that shall receive and transmit wastewater to the Permanent System.

1.6 "**IEUA**" shall mean the Inland Empire Utilities Agency, a Municipal Water District.

1.7 "**IEUA Lift Station**" shall mean that lift station facility owned by IEUA located on San Bernardino Avenue and depicted on Exhibit "A" of this Agreement.

1.8 "**NAPA Properties**" shall mean those four properties which are identified by the following San Bernardino County Assessor's Parcel Numbers: 0229-291-39-0-000; 0229-291-34-0-000; 0229-291-40-0000; and 0229-291-31-0000; which are understood to be currently owned by Almeria Holdings, LLC, a California limited liability company ("**Almeria**") (as to the first two parcels), McLeod Properties, Fontana LLC, a California limited liability company ("**McLeod**") (as to the third parcel), and West Valley MRF, LLC, a California limited liability company ("**Burrtec**").

1.9 "**Party**" or "**Parties**" shall mean an entity, individually, or the entities, collectively, that are bound by and have executed this Agreement.

1.10 "**Permanent System**" shall mean that certain gravity sewer pipe for the transmission of wastewater designed, constructed, owned and operated by IEUA as depicted on Exhibit "B" of this Agreement.

1.11 "**Prologis**" shall mean PAC Operating Limited Partnership, a Delaware limited partnership, and CCG Ontario Operations, LLC collectively.

1.12 “**Ordinance No. 111**” shall mean the regulations governing the collection, treatment, and disposal of sewage to the IEUA Regional Sewerage System, as amended from time to time.

1.13 “**Related Contracts**” shall mean the following contracts: (a) this Agreement, (b) the Speedway Agreement, (c) the Agreement for the Provision of Sewer and Recycled Water Service between IEUA, the City, the Water Company (defined below) and CSI dated November 24, 2015, (d) the Agreement for the Provision of Sewer Service between IEUA, the City, and Prologis (defined above) dated November 24, 2015, and (e) the Memorandum of Understanding between the City and IEUA dated November 24, 2015, all of which are for the provision of wastewater services.

1.14 “**Special Districts**” shall mean the San Bernardino County Department of Public Works – Special Districts, a Department of San Bernardino County that provides municipal-type services to unincorporated areas of the County including but not limited to sewer services.

1.15 “**Speedway**” shall mean California Speedway, LLC, a Delaware limited liability company, successor-in-interest by conversion from California Speedway Corporation, a Delaware corporation, formerly known as The California Speedway Corporation, a Delaware corporation, successor-by-merger to Speedway Development Corporation, a California corporation.

1.16 “**Water Company**” shall mean the Fontana Water Company.

1.17 “**Watermaster**” shall mean the Chino Basin Watermaster.

II. WASTEWATER SERVICES

2.1 **Permanent System.** IEUA designed and caused to be constructed the Permanent System as depicted in Exhibit “B” attached hereto. Portions of this Permanent System shall be used by the Hillwood Property as an interim sewer system while the Hillwood Sewer System is being constructed.

2.2 **Hillwood Sewer System.**

- (a) **Construction** - Hillwood shall construct the Hillwood Sewer System located on the Hillwood Property up to the point of connection to the Permanent System depicted on Exhibit “B”.
- (b) **Ownership** - Hillwood and County shall cooperate in the formation of the **Community Facilities District**, or similar district or entity. Once formed, the County or the applicable special district or entity, shall own, operate, and maintain the Hillwood Sewer System, once it is dedicated to and accepted by Special Districts. Dedication and acceptance of the Hillwood Sewer System by Special Districts shall be a condition precedent to connection of the Hillwood Sewer System to the Permanent System.
- (c) **Operations and Maintenance** - From and after dedication of the Hillwood Sewer System by Hillwood to and acceptance by Special Districts, Special

Districts shall operate and maintain the Hillwood Sewer System. The operation and maintenance of the Hillwood Sewer System shall include, but is not limited to the following:

- (i) Ongoing collection system cleaning, inspection, monitoring, compliance, and reporting to ensure proper maintenance, of the Hillwood Sewer System to minimize sanitary sewer overflows. Special Districts shall be fully responsible for managing any sanitary sewer overflows and shall report any sanitary sewer overflows directly to the pertinent regulatory agencies.
 - (ii) In the event of planned expansion of the Hillwood Sewer System, provide City and IEUA with notice and reasonable information for growth forecasting purposes.
- (d) **Pretreatment and Source Control** - Pretreatment and source control equipment and measures to ensure that wastewater discharged to the Permanent System meets the requirements of IEUA's Regional Wastewater Ordinance and the requirements of IEUA's Regional Pretreatment and Source Control program shall be the responsibility of the property owners/business owners within the Hillwood Commerce Center Development. City of Fontana shall not be responsible for assisting Special Districts with enforcement of the local and federal pretreatment and source control regulations. The Special Districts shall have pretreatment and source control program authority for inspections and monitoring over users discharging to the Permanent System. Individual property owners and/or tenants will be subject to all applicable rules and regulations, including those of Special Districts and IEUA for sewer service and must supply information on Special Districts wastewater survey.
- (e) **Waste Regulation** - The Permanent System is to be used for domestic waste water only and Special Districts operating and maintaining the Hillwood Sewer System shall ensure that the wastewater from the Hillwood Sewer System discharging into the Permanent System shall be in compliance with all applicable local, state, and federal laws, ordinances, and regulations, including those contained in the Ordinance No. 111 as set forth in Exhibit "C" attached hereto. IEUA may request additional information from Special Districts at any time to ensure compliance is being met.

2.3 Connection Fees. Hillwood shall be required to pay sewer connection fees ("IEUA Connection Fee(s)") per the requirements set forth by IEUA's ordinances, and any other applicable IEUA governing documents. IEUA Connection Fees shall be collected and remitted to IEUA by City per the procedures set forth in IEUA's ordinances, and any other governing documents. Special Districts shall coordinate and submit any data necessary in order for City to complete fee collection procedures and direct applicants to City for connection fee collection. Hillwood will not request a certificates of occupancy for any building until -confirmation that full IEUA Connection

Fees has been received related to such building by the City. City and IEUA shall be copied on all correspondence regarding IEUA Connection Fees.

Any changes in use or tenant improvement at Hillwood and Speedway that change the quantity and/or quality of wastewater discharged to the Hillwood Sewer System and Permanent System shall require an evaluation by the City and Special Districts to ensure the IEUA Connection Fees and ongoing monthly fees are properly assessed. IEUA may choose to conduct an audit of the IEUA Connection Fee collection procedures from time to time as authorized through IEUA's Ordinance No. 111, as amended from time to time.

2.4 User Fees. Hillwood shall pay monthly wastewater user fees as billed by City in accordance with the rate structure established by City for such services for similarly situated outside of City users. Hillwood shall provide all requested data to City as required to complete the monthly wastewater billing. The current rates are subject to change by action of the City's City Council.

III. TERM

3.1 Term of Agreement. This Agreement shall begin on the date that Hillwood acquires any portion of the Hillwood Property and shall continue for a term of sixty (60) years.

3.2 Termination. This Agreement may be terminated as follows: (a) by Hillwood as related to the services which are the subject of Article II, upon a material breach by IEUA or the County; (b) by IEUA as related to the services which are the subject of Article II, upon a material breach by Hillwood or County; and (c) by the County as related to the services which are the subject of Article II, upon a material breach by IEUA or Hillwood.

A breach of this Agreement shall only be considered a material breach after a Party has delivered to the other Party a Notice of Intent to Declare a Material Breach, and the breaching Party has received a reasonable opportunity to cure the breach (not to exceed sixty (60) days) but has failed or refused to do so within that time.

IV. INSURANCE

4.1 Insurance. Hillwood, City, and IEUA shall each provide insurance so as to provide protection as described in this Agreement. The Parties shall furnish to each other certificates issued by insurance companies reasonably acceptable to one another showing policies carried and the limits of coverage as follows:

- (a) Hillwood, City, and IEUA shall maintain Commercial General Liability Insurance, including but not limited to Products and Completed Operations and Contractual Liability, as applicable to their obligations under this Agreement with limits not less than:
 - (i) Personal Injury - \$1,000,000 per occurrence with an aggregate of \$2,000,000; and

- (ii) Property Damage - \$1,000,000 per occurrence with an aggregate of \$2,000,000.
- (b) Each Party shall maintain Automobile Liability Insurance with limits not less than:
 - (i) Bodily Injury - \$1,000,000 each accident; and
 - (ii) Property Damage - \$1,000,000 each accident.
- (c) Hillwood, City, and IEUA shall maintain Workers' Compensation Insurance for their respective employees to the extent of statutory limits and Occupational Disease and Employer's Liability Insurance for not less than \$1,000,000.

4.2 Certificates of Insurance. Each Party shall provide certificates of insurance to the other during the term of this Agreement certifying that such coverages shall remain in effect for the duration of this Agreement; provided, however, that IEUA shall deliver certificates of insurance to Hillwood during the term of this Agreement with a satisfactory loss payable endorsement naming Hillwood as a loss payee, or in the case of any real property, an additional insured, such endorsements to contain a waiver of warranties. All certificates of insurance shall state that prior to cancellation, non-renewal or any material change, thirty (30) calendar days written notice shall be given to IEUA. Failure of IEUA or Hillwood to enforce the minimum insurance requirements listed above shall not relieve Hillwood or IEUA of responsibility for maintaining these coverages.

4.3 Occurrence Policy. All insurance required hereunder shall provide insurance for occurrences from the Effective Date hereof throughout the later of the expiration or termination hereof.

V. INDEMNITY

5.1 Indemnification by Hillwood. Hillwood shall fully indemnify, save harmless, and defend IEUA, County, the Community Facilities District and any of their officers, directors, employees, contractors, and agents or assignees from and against any and all costs, claims, and expenses incurred by such parties in connection with or arising from any claim by a third-party for physical damage to or physical destruction of property, or death of or bodily injury to any person, but only to the extent caused by the negligence, gross negligence, or willful misconduct of Hillwood or its agents or employees or others under the control of Hillwood in performing any of the conditions and covenants of this Agreement.

VI. GENERAL PROVISIONS

6.1 Amendments. This Agreement may only be amended, modified, changed, or rescinded in a writing signed by each of the Parties hereto.

6.2 Interpretation. The language of this Agreement shall not be construed for or against any Party, as each Party has participated in the drafting of this Agreement and had the opportunity

to have its counsel review it. Whenever the context and construction so requires, all words used in the singular shall be deemed to be used in the plural, all masculine shall include the feminine and neuter, and vice-versa. Unless the context otherwise requires, references herein: (i) to Sections and Exhibits mean the Sections of and the Exhibits attached to this Agreement; and (ii) to an agreement, instrument, or other document means such agreement, instrument, or other document as amended, supplemented, and modified in writing from time to time to the extent permitted by the provisions thereof and by this Agreement.

6.3 Headings. The headings of the Sections hereof are inserted for convenience only and shall not be deemed a part of this Agreement.

6.4 Partial Invalidity. If any one or more of the covenants or agreements provided in this Agreement to be performed should be determined to be invalid or contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

6.5 Counterparts; Electronic Signatures. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument. Furthermore, this Agreement may be executed and delivered by facsimile, DocuSign, AdobeSign or other electronic transmission. The Parties intend that faxed or electronic (e.g., .pdf format) signatures constitute original signatures and that a faxed or electronic copy or counterparts of this Agreement containing the signature (original, faxed or electronic) of a party is binding upon that Party. The Parties intend to be bound by such electronic signatures and waive any defenses to the enforcement of the terms of this Agreement based upon the use of such electronic signatures

6.6 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

6.7 Venue. The Parties agree that the venue of any action or claim brought by any party to this Agreement will be the Superior Court of California, San Bernardino County, San Bernardino District.

6.8 Notices. Any notices required or permitted to be given hereunder shall be given in writing and shall be delivered: (a) in person; or (b) by Federal Express or another reputable commercial overnight courier that guarantees next day delivery and provides a receipt; and (c) such notices shall be addressed as follows:

If to IEUA:

Inland Empire Utilities Agency
Attn: General Manager
6075 Kimball Avenue
Chino, CA 91708

If to Hillwood:

Speedway SBC Development, LLC
Attn: Scott Morse
901 Via Piemonte, Suite 175
Ontario, CA 91764

With a copy to:

Speedway SBC Development, LLC
Attn: Scott Norman
3000 Turtle Creek Boulevard
Dallas, TX 75219

If to City:

City of Fontana
Attention: City Manager
8353 Sierra Ave.
Fontana, CA 92335

If to County:

San Bernardino County Department of Public Works – Special Districts
Attention: Director
222 West Hospitality Lane, Second Floor
San Bernardino, CA 92415

6.9 Merger of Prior Agreements. This Agreement and the Exhibits hereto constitute the entire agreement between the Parties and supersede all prior agreements and understandings between the Parties relating to the subject matter hereof.

6.10 Attorney's Fees. If any legal action is instituted to enforce any Party's rights hereunder, each party shall bear its own costs and attorney fees, regardless of who is the prevailing Party. This paragraph shall not apply to those costs and attorney fees directly arising from a third-Party legal action against a party hereto and payable under Indemnification and Insurance Requirements, set forth in Section IV and V above.

6.11 Cooperation. The Parties acknowledge that they are entering into a long-term arrangement in which the cooperation of all of them shall be required, including the execution of necessary documents. The Parties agree to cooperate in good faith with each other in the development, construction, ownership, operation, and maintenance of the facilities that are described in this Agreement. Provided, however, that this Section 6.11 is not intended to impose

any substantive obligations or cost on either Party beyond those expressly included in this Agreement.

6.12 Independent Contractors. The Parties agree that they are independent contractors and shall be at all times solely responsible for themselves, as well as their respective officers, directors, members, partners, employees, agents, and contractors as to workmanship, accidents, injuries, wages, supervision, and control. This Agreement may not be altered in any manner, such as course of conduct or practice, so as to change the relationship or responsibilities of the Parties as independent contractors.

6.13 Third-Party Beneficiaries. This Agreement is for the sole benefit of the Parties hereto, and nothing in this Agreement or any action taken hereunder shall be construed to create any duty, liability, or standard of care to any person not a Party to this Agreement. Except as specifically otherwise provided herein, no person shall have any rights or interest, direct or indirect, in this Agreement.

6.14 Recitals. The recitals set forth above are true and correct and incorporated herein by this reference.

6.15 Savings Clause. Each term and condition of this Agreement is deemed to have independent effect and the invalidity of any partial or whole paragraph shall not invalidate the remaining paragraphs. The obligation to perform all of the terms and conditions of this Agreement shall remain in effect regardless of the performance of any invalid term by the other Party.

The effective date of this Agreement is the date of execution by the last Party to sign (the “**Effective Date**”), which shall be entered into the preamble above.

“IEUA”

INLAND EMPIRE UTILITIES AGENCY,
a California Municipal Water District

By: _____
Name: _____
Its: Chief Executive Officer

“Approved as to Form”

Jean Cihigoyenette, Esq.
General Counsel

“Hillwood”

SPEEDWAY SBC DEVELOPMENT, LLC,
a Delaware limited liability company

By: _____
Name: Scott Morse
Its: Vice President

“City”

CITY OF FONTANA

By: _____
Name: _____
Its: _____

“Approved as to Form”

Print Name: _____
Attorney for City of Fontana

“County”

San Bernardino County

By: _____
Name: _____
Its: _____

“Approved as to Form”

Print Name: _____
County Counsel

**WORKSHOP
ITEM**

2A

Date: September 6, 2023

To: The Honorable Board of Directors

ADD
From: Shivaji Deshmukh, General Manager

Committee:

Staff Contact: Kristine Day, Assistant General Manager

Subject: Regional Wastewater Fee Collection

Executive Summary:

The Board requested staff evaluate shifting the regional sewerage system fee collection from the sewage collections agencies to IEUA. The specific fees, described in Ordinance 111, include the capital capacity reimbursement account (CCRA) fees and monthly sewer service fees. The analysis looked at direct invoicing of customers, as well as using the San Bernardino County tax roll for fee collection. Considerations included additional staff and technology resources needed, the current fee structure, legal and regulatory requirements, as well as billing practices of other wastewater agencies.

Staff's Recommendation:

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

Account/Project Name:

Fiscal Impact (explain if not budgeted):

Cost of increase in staffing in Planning and Finance departments, as well as new or upgraded technical resources. Costs may be partially offset by interest earned on the fees. Increase of approximately \$75,000 in fees to the County office for placement of sewer usage charges on the property tax roll. Costs associated with public notice requirements estimated at \$170,000.

Full account coding (internal AP purposes only): - - - Project No.:

Prior Board Action:

None

Environmental Determination:

Not Applicable

Business Goal:

Collection of regional wastewater sewerage system fee collection is consistent with the Agency's Business Goal of Fiscal Responsibility and Best Practices by providing for a more consistent method of fee collection throughout the service area, and regaining control over the funds collected.

Attachments:

Attachment 1 - Background

Attachment 2 - PowerPoint

Background

Subject: Regional Wastewater Fee Collection

The IEUA Board requested staff evaluate and consider the collection of regional sewerage system fees in lieu of the sewage collections agencies (SCAs). The specific fees, as described in Ordinance 111, include the capital capacity reimbursement account (CCRA) fees and monthly sewer service fees. Currently, CCRA fees are collected by SCAs as part of the local building permitting process and funds are held by SCAs until a capital call for funds is executed by the Agency. Monthly sewer service fees are also collected by SCAs, as part of their monthly billing processes. The SCAs report the number of equivalent dwelling units (EDU) within their jurisdiction, and the Agency uses this data to invoice the SCA for sewer user service fees monthly. This evaluation considers the Agency collecting both CCRA fees as well as monthly sewer service fees directly from the customer. This analysis looked at directly invoicing customers as well as collection through the County of San Bernardino property tax roll.

CCRA FEES

CCRA fees are requests for new connections to the regional wastewater system and are based on Exhibit J of the now expired Chino Basin Regional Sewerage Service Contract, as incorporated into Ordinance 111. Currently, it is the responsibility of the cities issuing the building permit to evaluate the building plans and determine the fees due by the customers.

Below is a list of considerations regarding the connection fee collection process:

- The collection process has historically been inconsistent as documented in a study by the Internal Audit Department, “Regional Contract Review,” dated October 7, 2015. This report outlined inconsistencies in the application of Exhibit J by the member agencies.
- SCAs currently hold these fees collected from customers and collect interest on the funds depending on market conditions. SCAs can keep these funds in short-term liquid investments until called by the Agency during a capital project call.
- If the Agency collects the CCRA fees directly, a customer will need to prove they have paid IEUA’s fees before the city issues the building permit. The Agency will need to secure this arrangement with the SCAs to ensure customers pay their fair share of the IEUA fees for expansion and maintenance. This arrangement would require the customer to contact the Agency, prompting the need for the Agency to provide additional staff for customer service needs both in person as well as over the phone. Currently, the Agency does not have a staffed utility service counter to manage the processing of customer fees; however, if the Agency elects to collect the fees directly, a staffed customer service counter would be required.
- The evaluation of building plans to determine the amount of fees due from customers would transfer from SCA staff to IEUA personnel, requiring additional technical

staff. For residential and commercial customers, the evaluation would be straight forward based on pre-established rates. However, for industrial customers the evaluation would require follow-up by IEUA staff to monitor the volume and strength of discharge. Additional technical staff would be needed to perform these evaluations.

- Customers would expect options to make payments online, via mail, or in person as they are able to do now at the SCAs. The Agency will need to obtain utility billing software which includes an online payment portal. This system should have the ability to allow payment by credit card. The Agency will need to evaluate the purchase of accounts receivable software enhancements to manage the increased volume and complexity of direct billing. Direct billing would require additional staff in the Finance Department to manage the increase in customer invoices, answer public inquiries, and process payments. Currently, the Planning and Resources Department maintains a database, created in-house, where new system connection data is stored. This database would need to be upgraded or replaced with an information system that could manage the increased volume of tracking and follow-up on customers.
- Direct billing and invoicing of customers for CCRA fees has advantages over placing the fees onto the property tax roll. CCRA fees are intermittent and one-time fees that are time sensitive. With property taxes as the way of collection, there would be a delay in collection of the fee compared to the installation of the connection. Further, the CCRA fees are typically paid by developers not the eventual property owners. In both the current and direct billing methods developers are incentivized to pay IEUA's fees to finalize the building permit process; placing a connection fee on a tax roll eliminates this incentive.

MONTHLY SEWER SERVICE CHARGES

Monthly sewer service fees are ongoing system charges, driven by the number of existing system users, or equivalent dwelling units (EDUs). The Agency's service area includes approximately 3.5 million EDUs, representing an estimated 237,883 parcels.

Below is a list of considerations regarding the collection process of the monthly sewer service fee.

- For residential service, the Agency would need to determine if fees would be collected directly by the Agency and the frequency of the collection such as monthly or bi-monthly. Direct billing of customers for sewer user charges would result in a significant increase in invoicing activity and Agency resources.
- Alternatively for residential service, the Agency could place the sewer user charges onto the San Bernardino County tax roll. Instead of paying monthly, the customer would pay these fees as part of their annual property tax bill. Receipts from the County would be received by the Agency in accordance with the County appropriation schedule of monthly payments from November through July.
- For commercial and industrial service, the Agency's current billing formula per Ordinance 111 accounts for differences in flow and strength of non-residential customers. The calculation is performed by the SCAs using water metering data. To continue to account

for differences in flow and strength, the agency would need to partner with the SCAs to obtain water metering data for non-residential customers.

- Alternatively, for commercial and industrial service, the Agency could transition to a flat-rate method of determining fees that does not rely on metering data. This would be a notable change to our current method of calculation.
- Lastly, the Agency may wish to implement a hybrid billing model in which the residential customers are assumed to be one EDU and can easily be placed on the property tax roll, and the non-residential customers are invoiced directly using water metering data obtained from the SCAs.

LEGAL REQUIREMENTS

Shifting to direct fee collection from customers will introduce public notification requirements as prescribed in the California constitution, known as Proposition 218 compliance. Below is an overview of this process:

1. **Fee Schedule Limitations:** The schedule of fees or charges for a property-related service may not exceed five years.
2. **Notice to Property Owners:** Not less than 45 days calendar days prior to the hearing, the Agency must provide written notice to all affected property owners regarding the proposed sewer fee. The notice should include details such as the amount of the fee, how the fee will be calculated, the purpose for which it will be used, and information about the public hearing where the fee will be discussed.
3. **Public Hearing:** A public hearing must be held to allow property owners and the public to provide input on the proposed fee.
4. **Majority Protest Process:** Once notified of the potential fee, property owners can formally object to the fee, and if a majority of the property owners object the fee cannot be imposed.
5. **Mail Ballot Election:** Alternatively, the Agency may choose to conduct a mail ballot election to obtain approval from the affected property owners. A simple majority of the returned ballots is required for the sewer fee measure to pass.

Compliance with Prop 218 will require additional staffing and monetary resources associated with mailing the hearing notice and responding to citizen inquiries. The estimated additional expense is \$170,000.

In San Bernardino County, a special district can place a fee on the property tax roll by following the established procedures outlined by California law, including Proposition 218. Here is a general overview of the process:

1. Agreement with County: Before special assessments may be placed on the County tax roll, a contract must be executed between IEUA and the County, and a processing fee of \$187 must be paid.
2. Prepare Parcel Listing: The Agency will need to purchase a parcel listing and prepare the listing for the County office.
3. Submit Parcel Listing: The parcel listing in the prescribed format, along with the resolution or ordinance approving the fee, and a cover letter, are submitted to the County for processing between July 1 – Aug 10 (for 2023 tax roll.)

Staff resources would be required for preparing the annual parcel listing for County submission. The County charges \$.30 - \$1.20 per assessment, depending on the format of the submission, for an estimated annual County fee of \$75,000. These charges are deducted from the first apportionment payment. Additionally, the Agency will incur costs associated with obtaining parcel data.

CONCLUSION

Collecting fees directly from customers for the regional sewer system will require additional staffing and technical resources, as well as introducing new regulatory requirements. Additionally, the Agency will need to partner with SCAs and the County Office on collection of the fees. Finally, consideration of the monthly sewer fee structure is necessary if the Agency wishes to use the County property tax roll for collection of non-residential customers.

Regional Wastewater Fee Collection

Deborah Berry

Controller

September 6, 2023

Regional Wastewater Systems Fees


- **Capital Capacity Reimbursement Account (CCRA) Fees** - New connections to the regional wastewater system
- **Monthly Sewer Service Charges** – Ongoing fees for existing system users based on equivalent dwelling unit (EDU) calculation

CCRA Fees – Current Process

- Customer requests a building permit from a local sewer collection agency (SCA)
- Staff at SCA review building plans to determine fees due
- Fees based on Exhibit J, as incorporated into Ordinance 111
- SCAs collect IEUA fee, then hold the funds in capital capacity reimbursement accounts until called

CCRA Fees – Direct Billing: Potential Process

Customer would be directed by SCA to pay CCRA fee directly to IEUA before a building permit may be issued



IEUA staff review building plans to determine connection fees due



IEUA invoices the customer and collect the fees directly from the customer

CCRA Fees - Direct Billing: Resources

Personnel Resources

- Customer service – utility billing counter; staff to answer public phone line and email
- Technical – evaluate building plans; increase in compliance activities
- Finance – increase in volume of invoices to process

Technical Resources

- Obtain a web-based utility billing software to allow for online / credit card payments
- Evaluate need to upgrade accounts receivable software
- Creation of a customer database

CCRA Fees - Direct Billing: Partnerships

SCA Partnerships

- Establishment of agreements with SCAs that building and right-of-way permits would not be issued until IEUA fees are paid
- Transfer of existing funds (\$107 million) held in SCA's capital capacity reimbursement accounts to IEUA

Monthly Sewer Service Charges – Current Process

- SCAs determine fees due from customers based on EDU equivalent formula in Exhibit J
- SCAs collect monthly sewer user charges as part of monthly billing
- SCAs provide monthly EDU data to IEUA
- IEUA staff invoice SCAs to collect fees

Sewer User Charges - Direct Billing

Direct Invoicing

- Estimated 250,000 customers
- Significant increase in IEUA staff to process invoices and provide customer service
- Uncollectable accounts placed on tax roll

Collection Through Tax Roll

- Based on parcel listing and County apportionment schedule
- Method used at many wastewater agencies, such as OCSAN and LACSD
- County administrative fees estimated at \$75K (\$0.30 per assessment)

Sewer User Charges - Considerations

Residential

- EDU = 1 parcel
- EDU rate does not consider volume and strength

Non-Residential

- Current formula adjusts rates for volume and strength for commercial and industrial
- Need to obtain metering data from SCAs
- Restructuring of rate would be required to place on County tax roll

Legal Requirements – Prop 218

- Must provide written notice to all affected property owners regarding the proposed sewer fee.
- The schedule of fees or charges for a property-related service may not exceed five years.
- A public hearing must be held to allow property owners and the public to provide input.
- If a majority of the property owners object, the fee cannot be imposed.
- Estimated cost of compliance of \$170,000.

San Bernardino County Property Tax Roll Process



Conclusion

Direct billing of regional wastewater fees can be done, but will require additional staffing, technological, and monetary resources, as well as require new legal requirements.

- CCRA fee collection can be accomplished through direct invoicing with additional staff and technical resources
- Monthly sewer user fees collection can be accomplished through the County tax roll, direct invoicing, or a hybrid

Questions

**WORKSHOP
ITEM**

2B

Tools for Effective Management of Assets

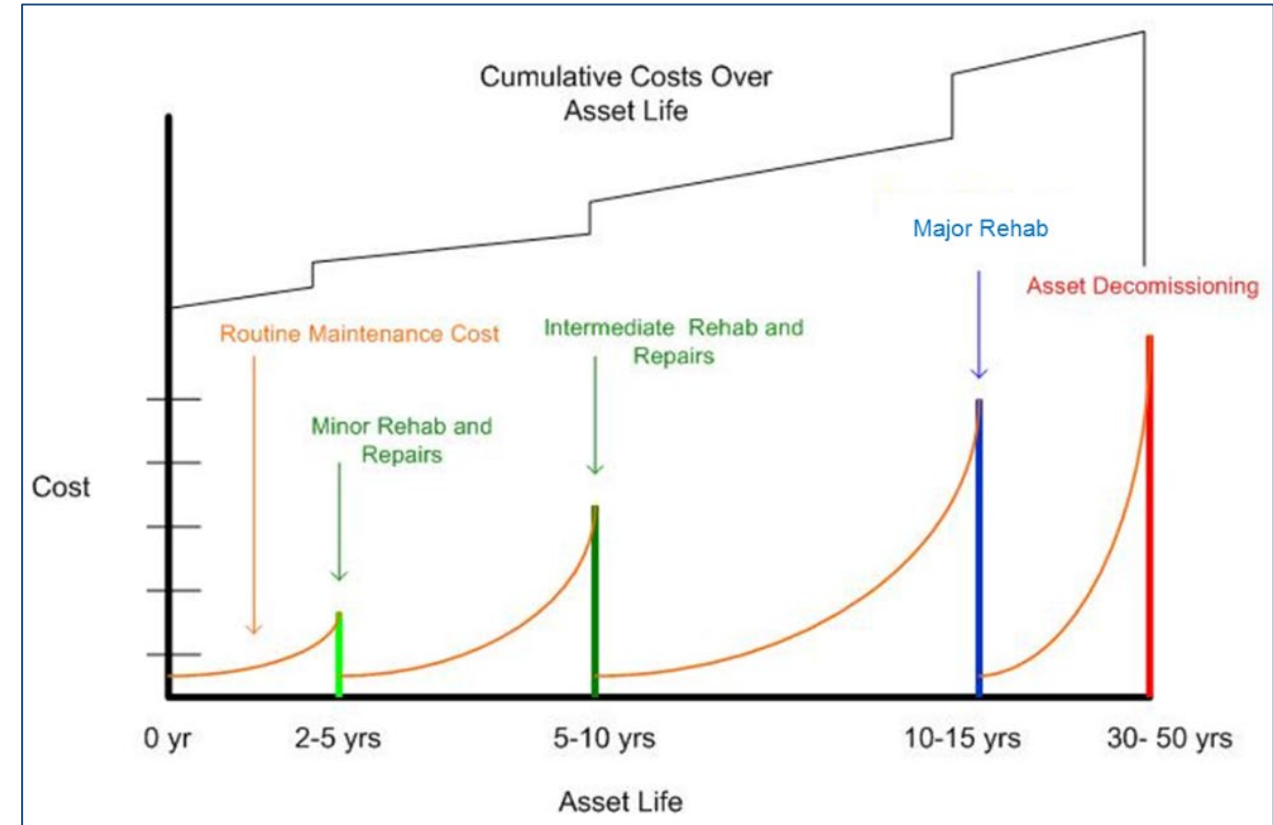
Maintenance and Asset Management Units

September 2023

Travis Sprague, Manager of Asset Management
Robert Delgado, Manager of Maintenance

Asset Management: Hub of an Organization

- What is asset management?
 - Process of maximizing an assets lifecycle
- Importance of Asset Management
 - Requirement of the NPDES Permit
 - Improve long range financial planning
 - Improve communication across organization
- The benefits of Asset Management
 - Reduce
 - Risk of accidents
 - Unplanned maintenance
 - Operational & Maintenance cost
 - Increase
 - Uptime of equipment
 - Asset reliability, reliability, value, and lifespan
 - Staff safety and morale



Decision Making Tools of Asset Management

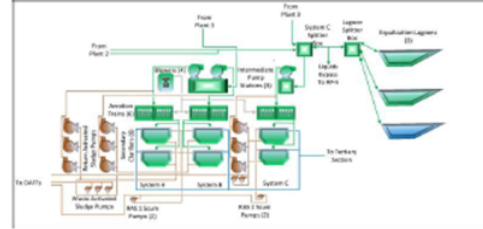
	Strategic	Tactical	Operational
Forecast (time)	Long-term (multiple years)	Medium-term (months, years)	Short-term (day-to-day)
Decisions	<ul style="list-style-type: none"> Investing in new assets Retiring of obsolete assets Selecting asset management software Aligning program business goals with organizational strategy 	<ul style="list-style-type: none"> Replacing or upgrading assets Setting maintenance strategies Optimizing spare parts inventory Managing maintenance contracts 	<ul style="list-style-type: none"> Scheduling maintenance work Monitoring asset performance Handling repairs Optimizing assets utilization
Examples	<ul style="list-style-type: none"> Asset Management Plan Ten-year Capital Improvement Plan 	<ul style="list-style-type: none"> Condition Assessments Condition-Based Monitoring 	<ul style="list-style-type: none"> Preventive Maintenance Work Orders
Benefit	<ul style="list-style-type: none"> Predictive rate adjustments Accurate capital improvement forecast 	<ul style="list-style-type: none"> Prolong asset lifespan Reduce O&M and Capital Replacement Cost 	<ul style="list-style-type: none"> Reduced Corrective Maintenance Work Orders

Strategic: Asset Management Plan

Asset Management System Summary – RP-1

Secondary Treatment Process

1. Process Summary



Intermediate Pumps Stations

Primary effluent flows to the intermediate pump station wet wells. The wet wells can divert high flows to the flow equalization system. Three sets of pumps (System A – 3 pumps, System B – 3 pumps, System C – 4 Pumps) pump to each designated aeration system.

Flow Equalization System

Primary effluent can flow to three flow equalization lagoons to hold flows and introduce them back to the intermediate pump station at a later time. Flow is diverted to the three lagoons via motorized gates. Two lagoons have floating aerators to slow the rate at which the stored flows become septic.

Activated Sludge System

The three activated sludge systems consist of two aeration trains each (six total). Influent gates divert a combined flow of primary effluent and return activated sludge to each train. Each train consists of four basins. The first basin mixes flows with a paddle mixer. The next three basins can add air via the fine bubble diffusion system supplied by four large blowers with automated valves to control the dissolved oxygen concentrations such that biochemical oxygen demand and total inorganic nitrogen removals are optimized.

Secondary Clarifiers

Effluent from two aeration trains flows in a common channel to two circular clarifiers per system (six in total). Each peripheral feed clarifier has a rotating sludge and skimmer arm. Solids settle out of the liquid flow and are pushed to a center sludge hopper for pumping. Liquid overflows the V-notched weirs.

Return Activated Sludge (RAS) Pumping System

The settled sludge in the secondary clarifiers is pumped back to the influent of the aeration system as return activated sludge (RAS) to mix with primary effluent from the intermediate pump station. The organisms in the RAS must be returned to sustain the biological process. Also, the RAS flow returns nitrate for further removal. Each system has three dedicated pumps (nine in total). The return activated sludge and wasted activated sludge pumps are located inside two separate buildings: RAS 1 (Systems A and B) and RAS 2 (System C).

Waste Activated Sludge (WAS) Pumping System

The waste activated sludge (WAS) pumping system controls the activated sludge (biomass) concentrations in the aeration system. A portion of the settled solids from the secondary clarifiers is pumped out of the secondary system to solids processing as WAS.

Scum Pumping System

Scum collected by the skimmer arm of the secondary clarifiers is routed to two scum wells, where it is pumped out of the system to solids processing.

2. Consolidated Asset Registry

Table 1 Asset Description

System Subsystem(s)	Design Capacity (Dry Weather Average)	Notes
Secondary Treatment Process	50 MGD	
Intermediate Pump Station		
System A Pumps	3 @ 4,200 gpm 60 hp 4 units	Per Unit > 18-inch
Valves System B Pumps	3 @ 5,600 gpm 75/60/60 hp 5 units	Per Unit > 18-inch
Valves System C Pumps	4 @ 5,600 gpm 75 hp 5 units	Per Unit > 18-inch
Valves Gates		
Flow Equalization System		
Lagoon 1	1 @ 5.8 MG	
Lagoon 2	1 @ 6.2 MG	
Lagoon 3	1 @ 10.3 MG	
Gates	3 units	
Activated Sludge System		
Blowers	2 @ 14.1 MGD 1 @ 15.9 MGD 4 @ 13,428 scfm 700 hp 9.25 psig	Per Unit
System A & B		
Trains	4 @ 1.91 MG	Per Unit
Depth	17.8 ft	
Mixers	4 @ 15 hp	Per Unit
System C		
Trains	2 @ 1.98 MG	Per Unit
Depth	17.8 ft	
Mixers	2 @ 15 hp	Per Unit
Air Panels	142 per train	
Gates	22 per train	
Valve	1 per system	> 18-inch
Valves (air)	6 units	> 18-inch
Secondary Clarifiers		
System A & B	4 @ 700 gpd/ft ² 11,310 ft ²	Per Unit
System C	2 @ 700 gpd/ft ² 13,273 ft ²	Per Unit
RAS Pumping System		
RAS 1: Pumps	6 @ 5,600 gpm 60 hp	Per Unit
RAS 2: Pumps	3 @ 5,600 gpm 60 hp	Per Unit
Valves	40 units	> 14-inch

System Subsystem(s)	Design Capacity (Dry Weather Average)	Notes
WAS Pumping System		
RAS 1: Pumps	3 @ 450 gpm 7.5 hp	Per Unit
RAS 2: Pumps	2 @ 600 gpm 7.5 hp	Per Unit
Scum Pumping System		
RAS 1	2 @ 400 gpm	Per Unit
RAS 2	2 @ 200 gpm	Per Unit

* Indicate if no longer supported by manufacturer or manufacturer no longer exists with a (NS) in the Notes column.

3. Asset Ratings

Table 2 Asset Ratings

System	Rating Scale* 1 = Excellent; 5 = Poor			
	Condition	Redundancy	Function	Reliability
Intermediate Pump Stations	4	2	2	3
Flow Equalization System	4	3	3	3
Activated Sludge System	2	4	2	3
Secondary Clarifiers	4	4	3	3
RAS Pumping System	2	3	3	3
WAS Pumping System	2	3	3	3
Scum Pumping System	2	3	3	3

* Ratings as defined in Appendix A; General System Assets

4. Key Issues

Intermediate Pump Station	
Issues	EN22031 will install new variable frequency drive technology to replace older clutch drives.
Project	EN22031
Condition Assessment Report	Planned 2024
Flow Equalization System	
Issues	Condition assessments have identified cracks in the bottom and sidewalls of all of the storage lagoons; structures may be sinking due to observation of level changes at top asphalt areas. Operations and Maintenance staff monitor the status of cracks in the lagoons. Project EN19007 will provide odor control for the flow equalization system or will provide the ability to equalize secondary effluent (former comment, unconfirmed if project still exists).
Project	EN23088.02 will be addressing the other scum collectors.

Condition Assessment Report	
Activated Sludge System	
Issues	Replacing current Parkinson panels to SSI diffuser disks as part of the new project No. EN18025.
Project	EN18025
Condition Assessment Report	Planned 2023 and 2024
Secondary Clarifiers	
Issues	Units currently under condition assessment. Appears that general rehab may be necessary. Collector drives, torque switches, concrete rehab, etc. Influent gates on Clarifiers 1-4 leak. Clarifier 5 and 6 influent gates need to be upgraded from slide gates to hand wheel gates. Ops currently needs assistance from MM with crane to removed slide gates once installed.
Project	Project EN18025 will rehab Clarifiers 2 and 4.
Condition Assessment Report	1: Planned 2024 2: Completed 2022 3: Planned 2024 4: Completed 2022 5: Completed 2018 6: Completed 2018
Return Activated Sludge (RAS) Pumping System	
Issues	No issues require special attention.
Project	
Condition Assessment Report	Planned 2029
Waste Activated Sludge (WAS) Pumping System	
Issues	No issues require special attention.
Project	
Condition Assessment Report	Planned 2023
Scum Pumping System	
Issues	No issues require special attention.
Project	
Condition Assessment Report	

Table 3 - Risk Profile

Process	Rating Scale 1 = Low, 5 = High		
	Probability of Failure	Consequence of Failure	Risk Profile
Intermediate Pump Stations			
Flow Equalization System			
Activated Sludge System			

Strategic: Criticality and Risk Registry

- What is a criticality and risk registry?
 - Identifies the consequence of assets failure
 - Prioritizes maintenance and allocation of resources
 - Aids in determining maintenance strategies
- The benefits of a criticality and risk registry:
 - Improved asset management
 - Reduced risk of accidents
 - Increased reliability

Table 3 - Risk Profile

Process	Rating Scale 1 = Low, 5 = High		
	Probability of Failure	Consequence of Failure	Risk Profile
Intermediate Pump Stations			
Flow Equalization System			
Activated Sludge System			



Strategic: RP-4 Asset Management Program

- Regional Plant No. 4 (RP-4) Pilot Project
- Asset Registry and Criticality Project
 - Notice to Proceed: September 21, 2022
 - Completion: January 2024
- Project Scope
 - Assess fixed asset register
 - Approximately 1,700 assets
 - Accuracy and completeness
 - Review System Analysis Program (SAP)
 - Computerized Maintenance Management System (CMMS)
 - Align Finance and CMMS Data
 - Define Asset Hierarchy
 - Prepare and workshop recommendations
 - Perform Criticality Analysis
 - Improve Data Quality



Functional Location Structure: Structure List		
Levels above Expand whole		
Functional Location	Valid From	
Description	REGIONAL PLANT 4	
IEUA-RP04	REGIONAL PLANT 4	
IEUA-RP04-PLANT	PLANT WIDE SYSTEMS	
IEUA-RP04-ELECT	PLANT ELECTRICAL	
IEUA-RP04-BLDGS	RP4 BUILDING	
IEUA-RP04-PRIM	RP4 PRELIMINARY 100	
IEUA-RP04-PRIM-INFL	RP4 PRELIMINARY INFLUENT METERING	
IEUA-RP04-PRIM-SCRN	RP4 PRELIMINARY SCREENING	
IEUA-RP04-PRIM-GRIT	RP4 PRELIMINARY GRIT REMOVAL	
IEUA-RP04-PRIM-BIOF	RP4 PRELIMINARY BIO-FILTER	
IEUA-RP04-PRIMA	RP4 PRIMARY TREATMENT 200	
IEUA-RP04-SECON	RP4 SECONDARY TREATMENT 300	
IEUA-RP04-SOLID	RP4 SOLIDS	
IEUA-RP04-TERTI	RP4 TERTIARY TREATMENT 400	
IEUA-RP04-ENRGY	RP4 ENERGY	
IEUA-RP04-CNTRL	RP4 CONTROL SYSTEMS	
IEUA-RP04-PACNT	RP4 PACNT	

Tactical: Condition Assessments and Monitoring

- Proactive Systematic Evaluations
 - Structural Condition Assessments
 - Equipment Condition-Based Monitoring
- Benefits
 - Identifies defects, deficiencies, and potential problems
 - Prioritization of maintenance tasks
 - Refines maintenance strategy
 - Reduced maintenance costs
 - Increased asset reliability and safety
 - Reduced risk of premature equipment failures
- Professional Expertise
 - Determine likelihood of failure
 - Root Cause Failure Analysis
 - Condition-Based Maintenance Training



Tactical: Example Structural Condition Assessment

RP-1 Secondary Clarifier No. 2

Table 3-4. Secondary Clarifier No. 2 Condition Summary

Component	IEUA Condition Rating ¹	Remarks
Exterior clarifier concrete walls	4	Cracking, spalling, and exposed rebar primarily on upper walls; minor to moderate exposed aggregate in areas
Influent channel concrete	4	Cracking and exposed rebar on walls; moderate exposed aggregate primarily on lower walls and bottom of channel
Effluent channel concrete	3	Vertical cracking, exposed rebar, and moderate exposed aggregate
Interior clarifier concrete walls	3	Moderate exposed aggregate primarily 5 to 6 feet above floor; corrosion nodule observed on wall
Clarifier floor	2	Coating failed in areas; exposed concrete in good condition
Sluice gate	2	Leak at time of assessment; metal in good condition
Scum trough	5	Severe corrosion on stiffening bars
Skimmer support	4	Significant corrosion and pitting
Scum piping	3	Minor to moderate corrosion with large corrosion nodules primarily at flanges and fittings; maximum metal loss of 30% on vertical pipe below effluent channel
Scum baffle wall	2	Good condition
Suction arms	3	Coating failure and areas with shallow pitting
Center pier	2	Coating failures; metal in good condition
Walkway	4	Severe corrosion in several areas on beams and supports
Various metallic conduit hardware	3	Corroded pipe support straps and ball valve handles on top of exterior wall; corroded outlet bodies on conduit that runs along walkway

¹Refer to Section 2.2.3 for details on rating system.



Photo 3-10. Stiffening bars of scum trough within influent channel are in VANDA Level 5 condition.

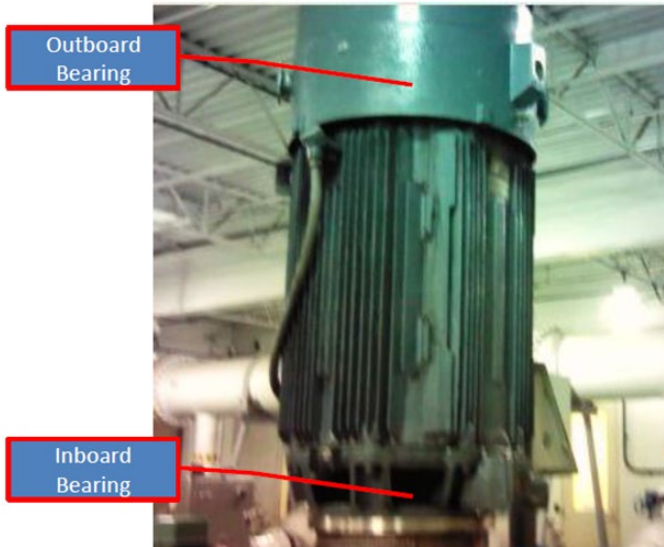


Photo 3-17. Center pier in good condition; corrosion on support angles.

Tactical: Example of Condition-Based Monitoring:

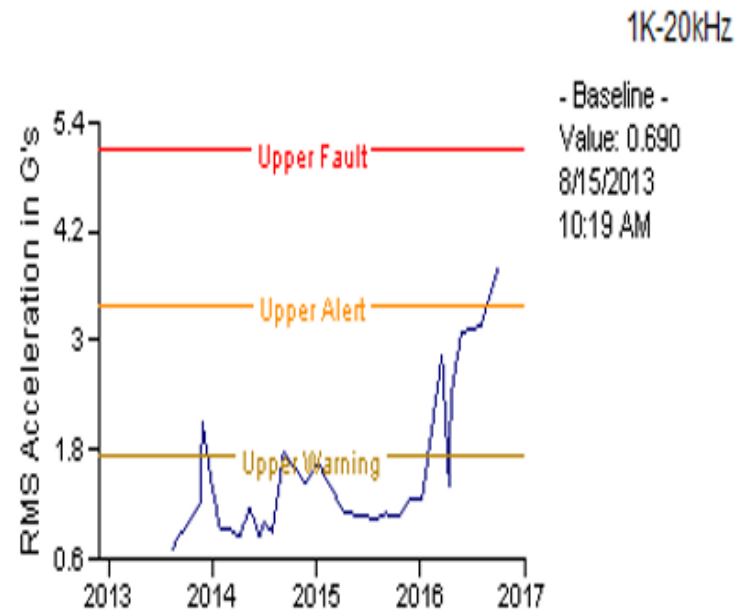
Equipment

- Desalter 1 RO Feed Pump No. 1
- 350 HP
- 24/7 Operation



Failure Analysis

- Bearing vibration trend was going up
- Failure analysis revealed bearing damage from VFD induced voltage



Recommendations and Cost Savings

- Replaced bearings and installed grounding devices
- Prevented catastrophic failure of the electric motor
- Cost of new electric motor: \$52,000 (if failure was not found)
- Cost of bearing replacement: \$6,000
- Savings: \$46,000



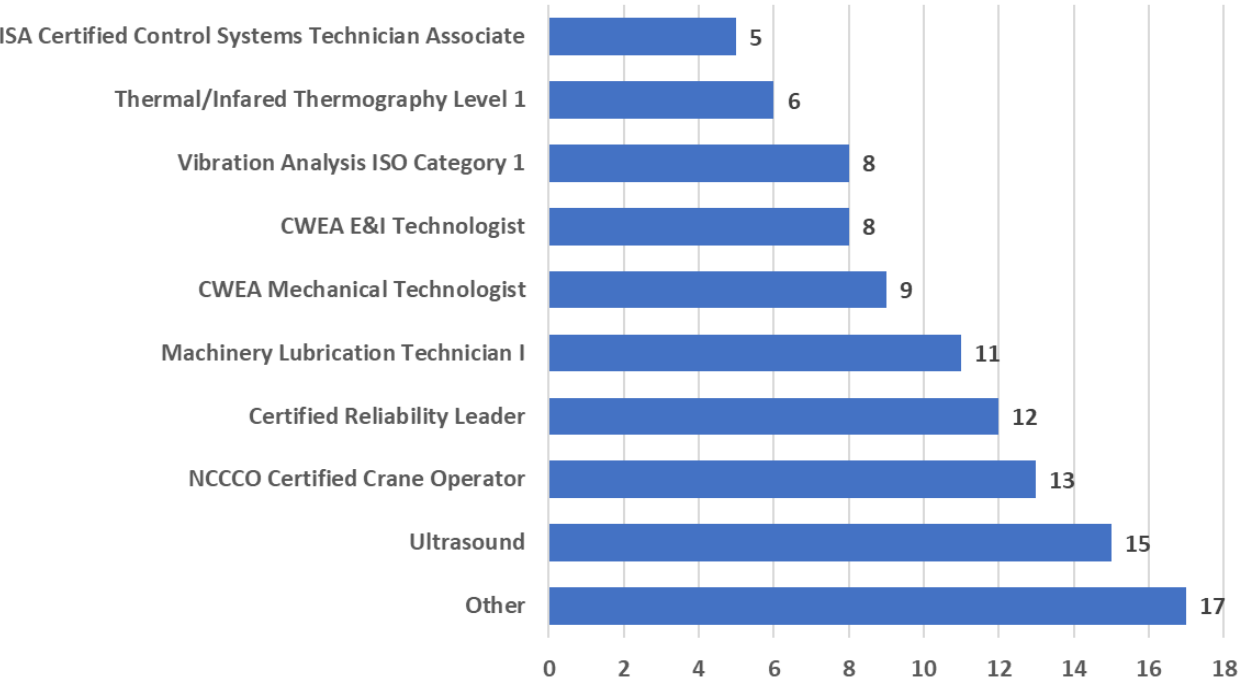
Maintenance Unit

- A team of 47 highly skilled and competent employees
- 104+ certifications held across 19 areas of expertise
- Responsible for the upkeep of 15,000+ assets
- Approximately 10,000 work orders processed (2022)

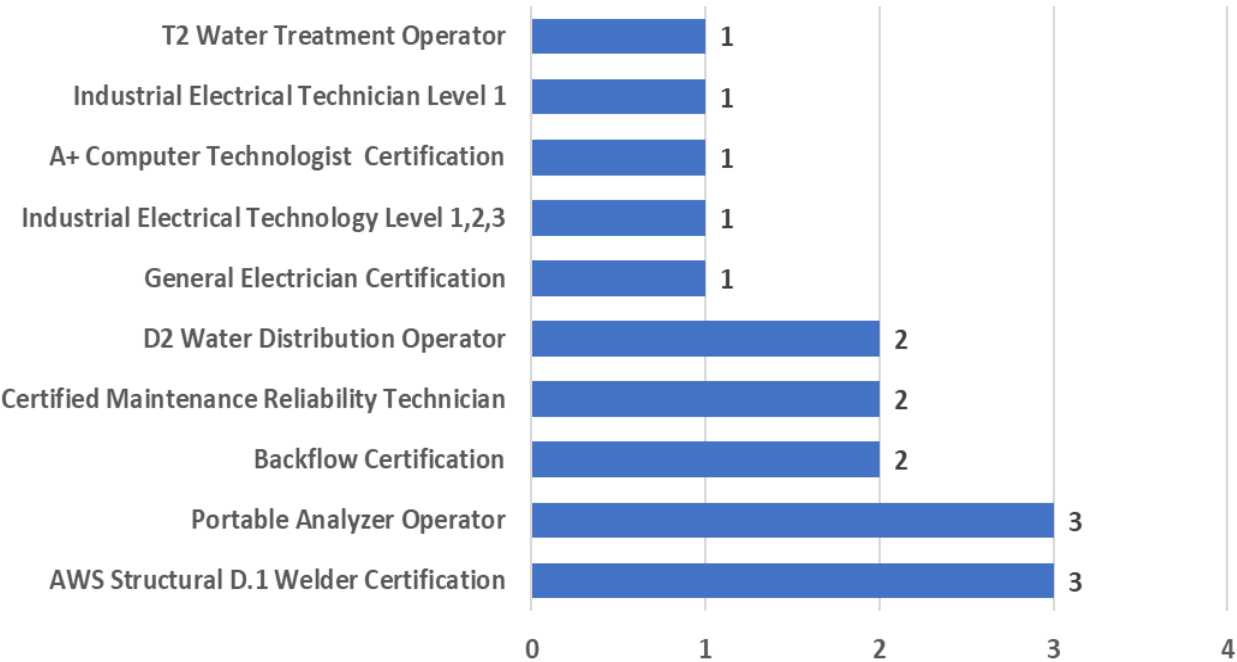


Highly Skilled and Competent Workforce

Certifications Types and Volume



Other Certifications



International Society of Automation (ISA)



Maintenance Strategies

Corrective Maintenance (CM)

- Repair or replace upon failure
- Reactive

Preventive Maintenance (PM)

- Repair or replace on time cycles
- Time based

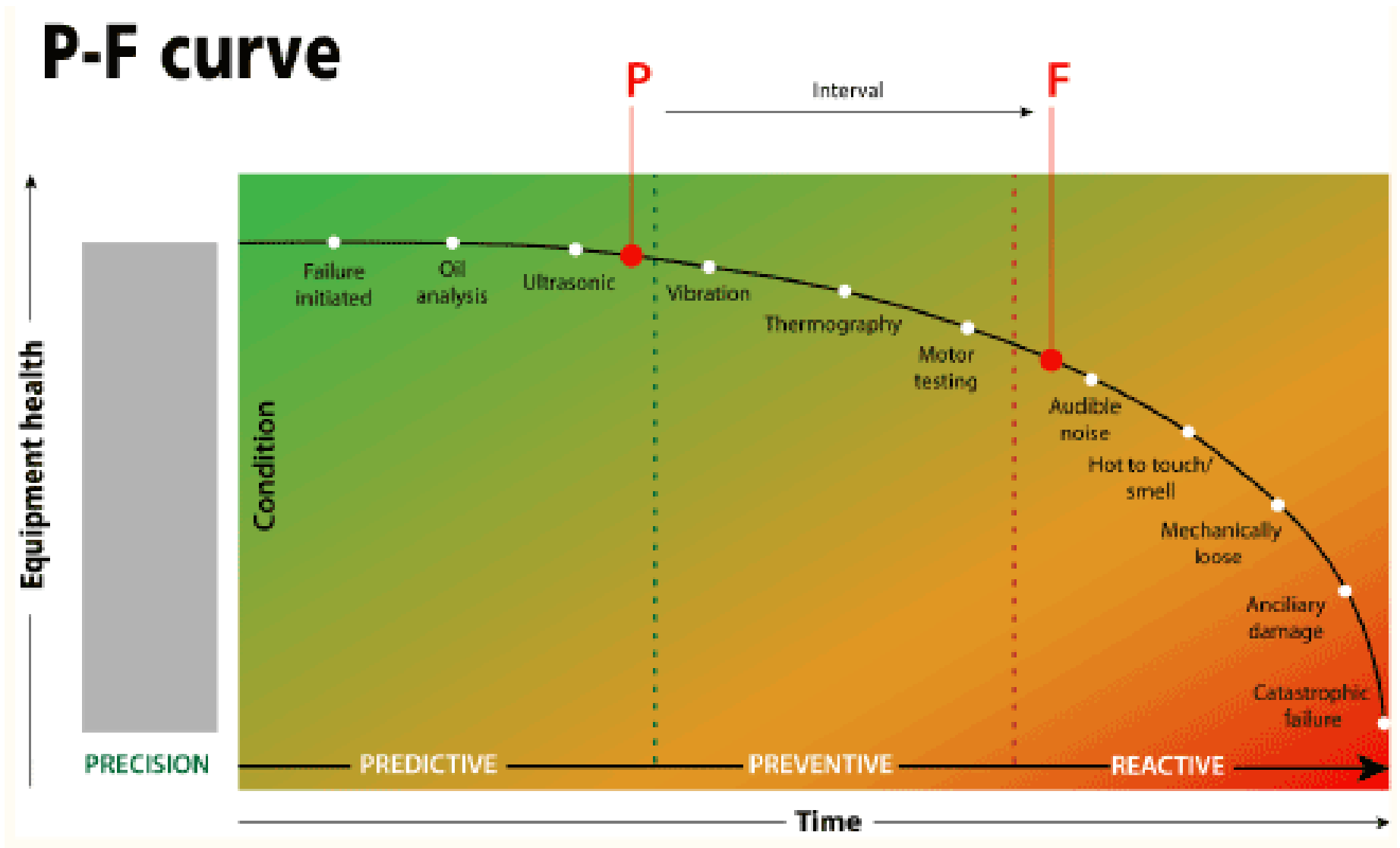
Predictive Maintenance (PdM)

- Employs condition monitoring technologies to detect early stages of failure
- Replacement or repairs are scheduled by equipment condition

Proactive Maintenance (PaM)

- Condition monitoring detects the presence of root causes of failure
- Redesign, fixes condition once and for all

Value of Early Fault Detection



Source: International Society of Automation

Lube Oil Analysis - Tribology

Blood Analysis

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A
N
S



Lube Oil Analysis

M
A
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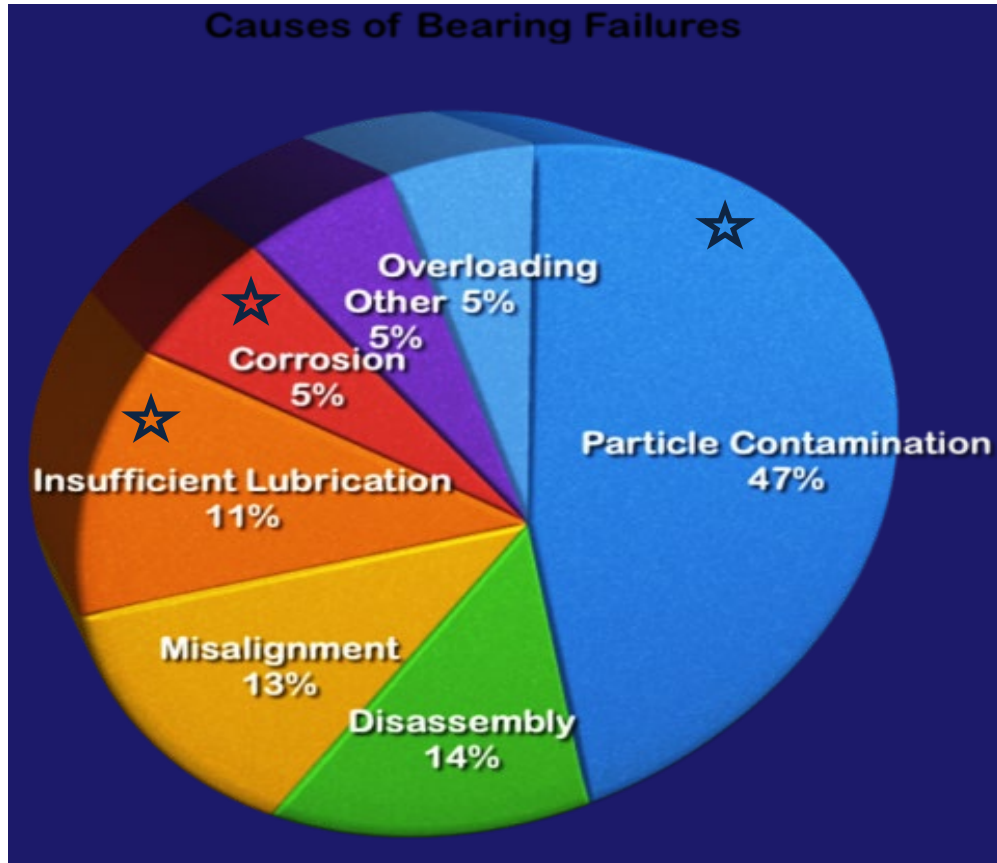
Tribology (try-BAHL-oh-gee): The science and technology concerned with interacting surfaces in relative motion including friction, lubrication, wear and erosion.

Lube Oil Analysis: A routine activity for analyzing oil health, oil contamination and machine wear.

Program Age: 10+ years of continuous improvement.

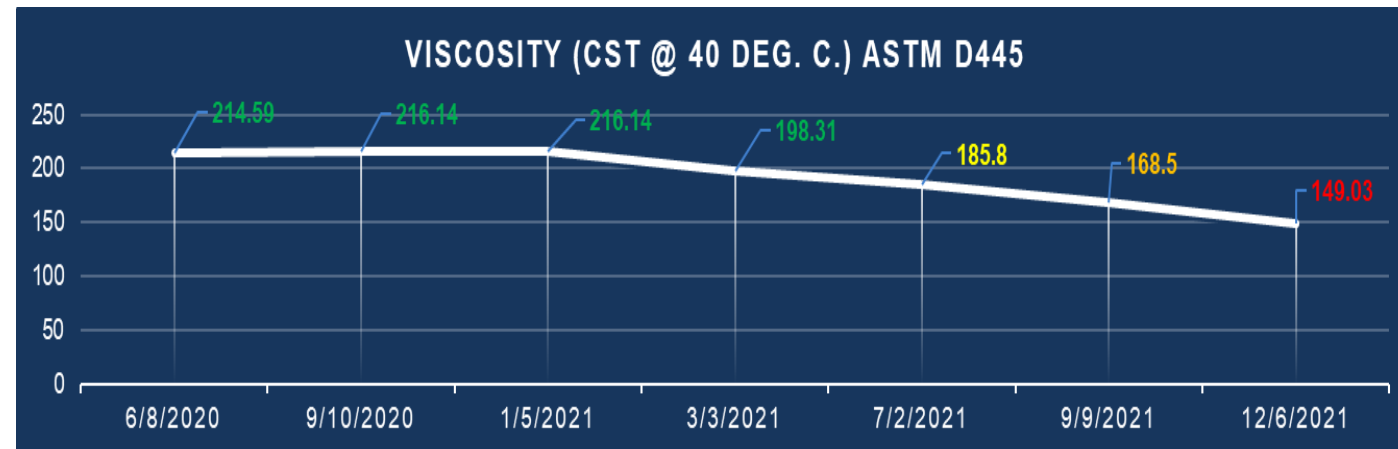
Assets Monitored: 152 pieces of equipment, 177 sample points.

Lube Oil Analysis – Tribology (cont.)



Lube oil analysis can detect 63% of bearing defects

- Wide variety of applications on rotating equipment
 - Lubricant Condition
 - Machinery Condition
- Trending capability
- Integrated into existing Preventive Maintenance (PM) plan



Lube Oil Analysis Success Story

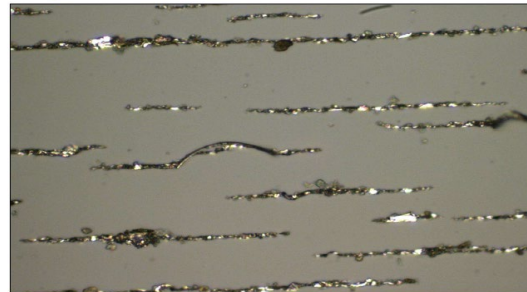
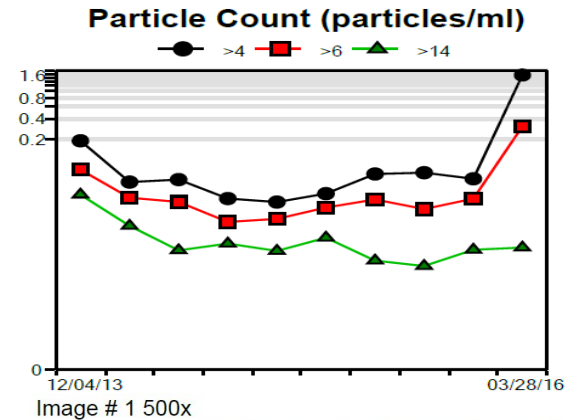
Equipment

- RP-1 Dewatering Centrifuge
- Runs at high speeds: 2800-3000 rpm
- Spare parts are limited and often requires longer lead times



Failure Analysis

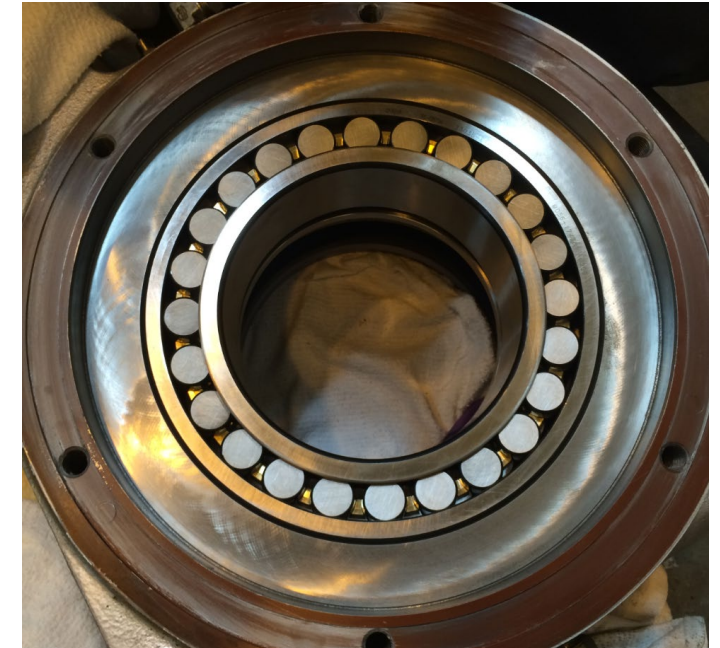
- Oil Analysis showed increasing metal particles
- Analysis found that a main bearing spun in place, cutting into the housing



This image illustrates steel cutting wear.

Recommendation

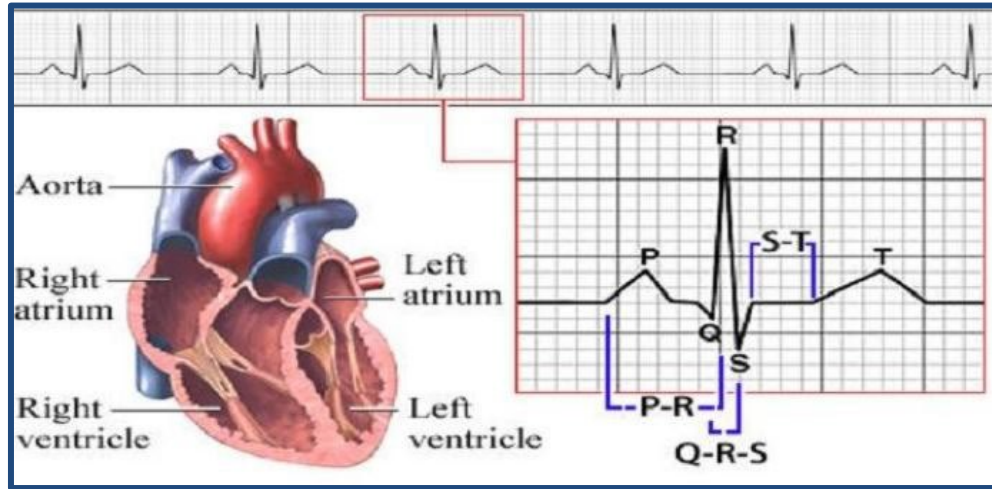
- Replaced bearings during a routine maintenance
- Prevented further damage of the centrifuge's main bearings and lubrication system



Vibration Analysis

Electrocardiogram
(ECG or EKG)

H
U
M
A
N
S



Vibration Analysis

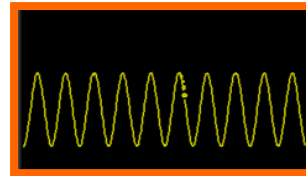


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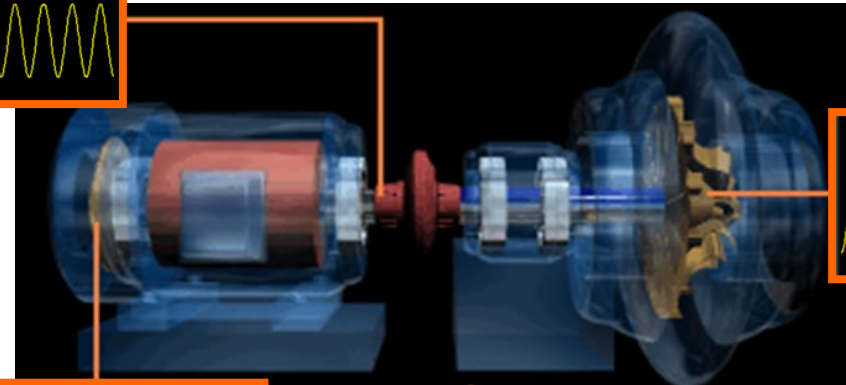
- **Vibration Analysis:** Defined as a process for measuring the machinery's vibration levels and frequencies and then using that information to analyze how healthy the machines and their components are.
- **Program:** 10+ years of continuous improvement.
- **Equipment:** 78 pieces of equipment in program, 234 data points.

Vibration Analysis (cont.)

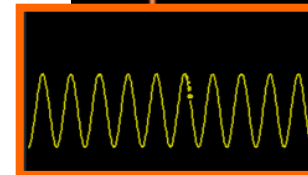
- Used to assist in the identification of:
 - Imbalance
 - Misalignment
 - Looseness
 - Motor defects
 - Bearing and Gear defects
 - Resonance
- Trending capability
- Route based or continuous
- Equipment commissioning



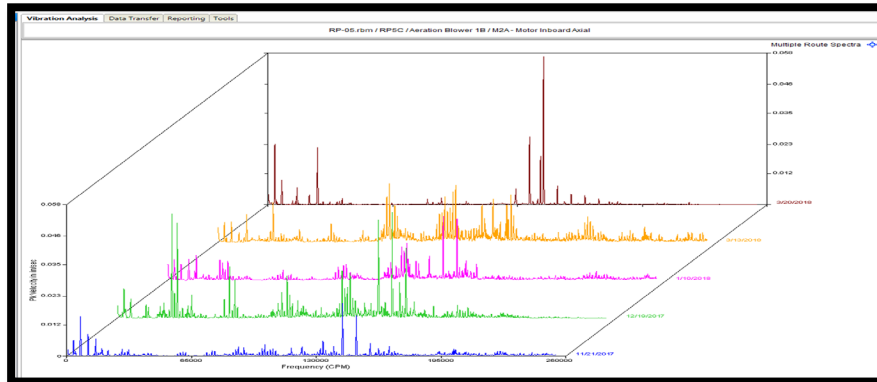
Motor Shaft



Pump Impeller



Motor End Cooling Fan



Vibration Analysis Success Story

Chino I Desalter Reverse Osmosis Feed Pump No. 4

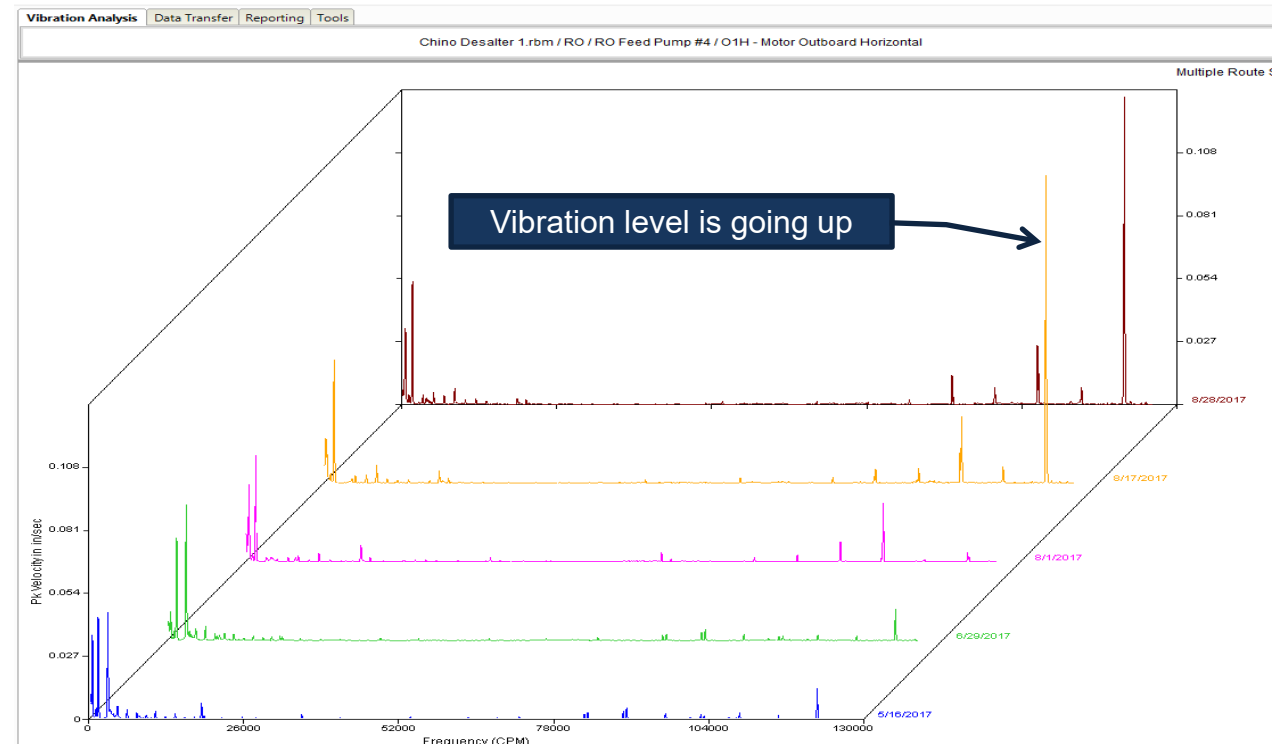
Equipment

- Desalter 1 RO Feed Pump No. 4
- 350 HP
- 24/7 Operation



Failure Detection

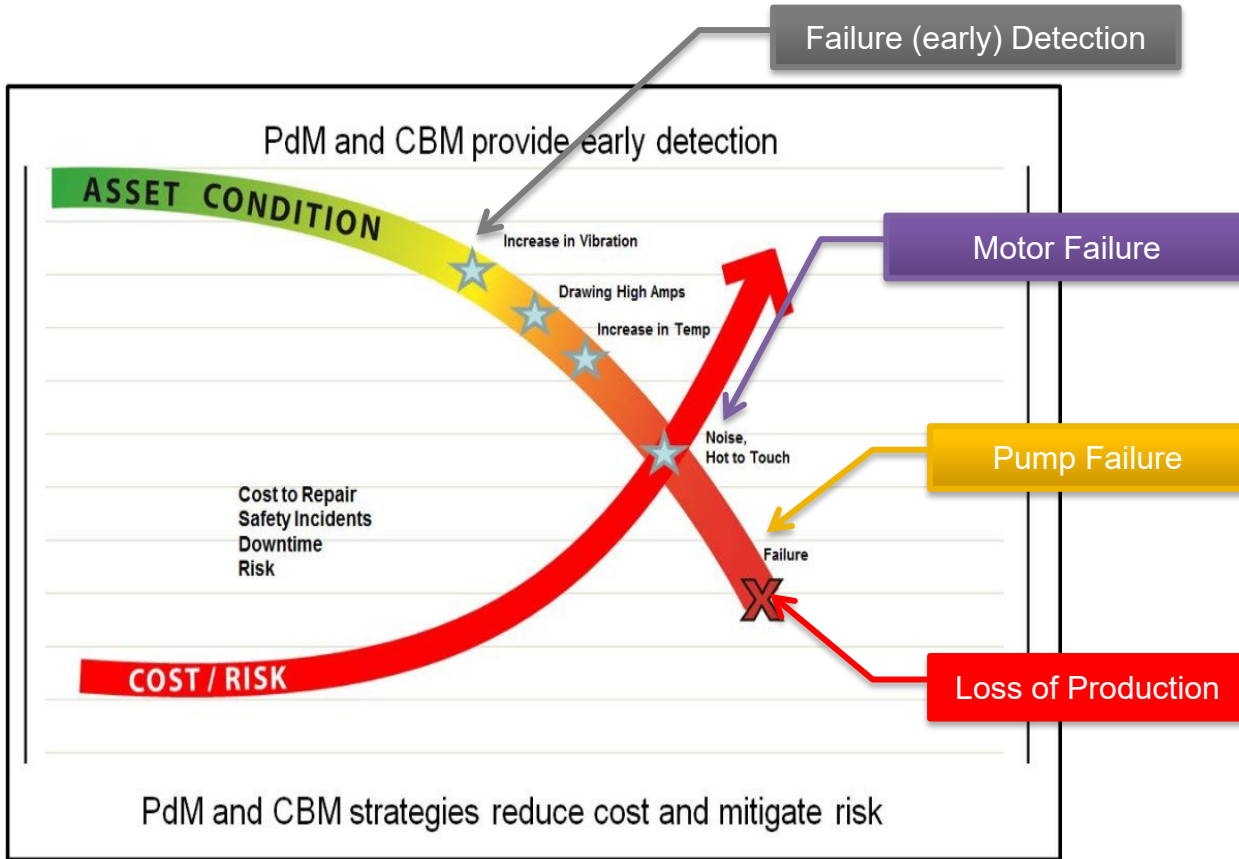
- Vibration trend is going up over a period of four months.



Vibration Analysis Success Story

Chino I Desalter Reverse Osmosis Feed Pump No. 4

Cost of Failure



Cost Avoidance

Consequences of motor failure:

- Basic motor rebuild = \$6,900
- Motor stator rewind = \$14,000
- New Motor (total motor failure) = \$65,000

Consequences of pump failure:

- Pump overhaul = \$30,000
- New Pump (4 stages in stainless steel) = \$100,000

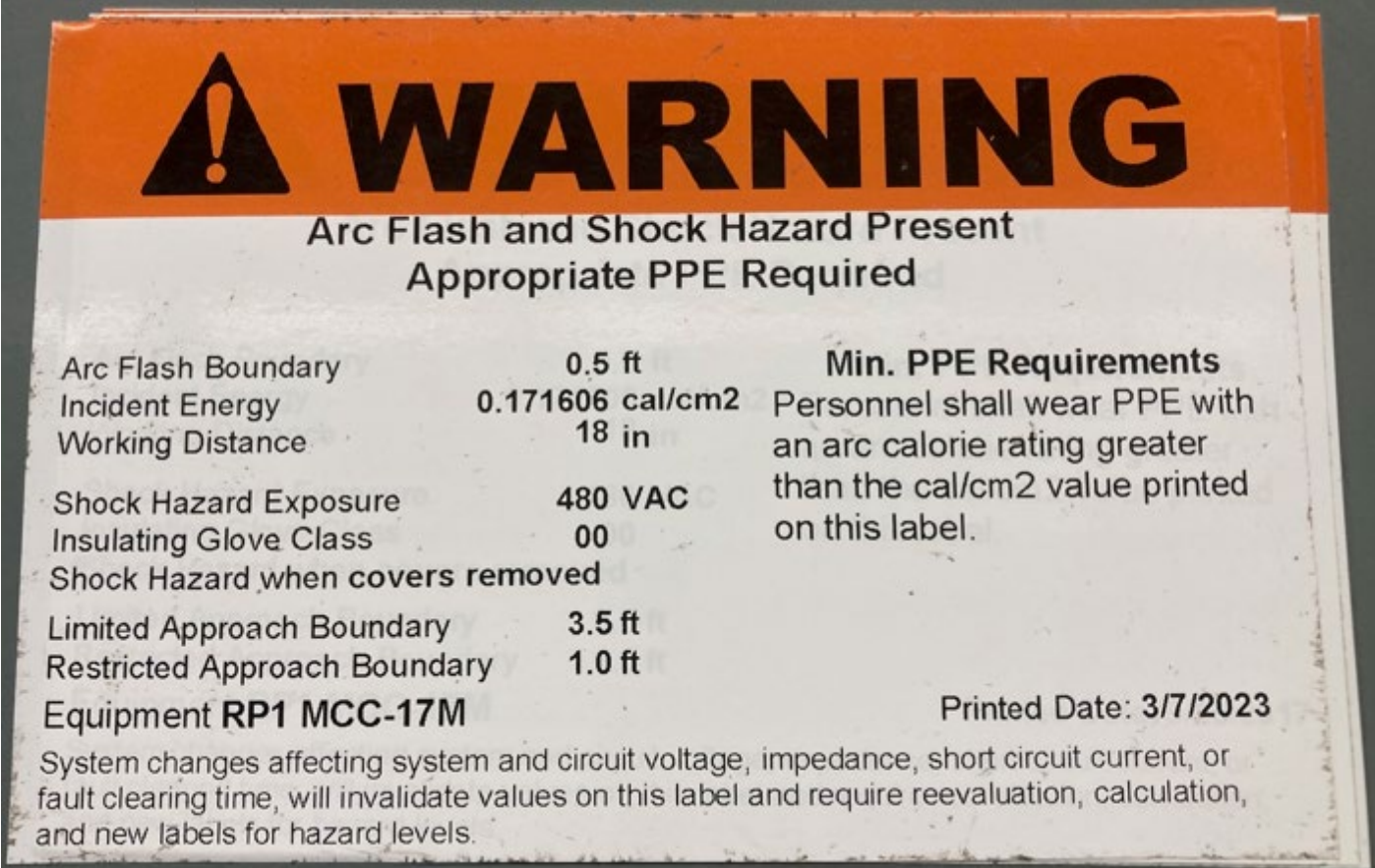
Cost of this early detection:

- Pull motor and install back-up = \$3,600
- Motor bearing replacement = \$2,500
- Loss of Production = 1.77 MGD x 1 Day ≈ \$5,000
- Total Cost: \$11,100

Cost Avoidance = \$153,900

Arc Flash and Electrical Safety

- Occupational Safety and Health Administration (OSHA) – Electrical Standards
- National Fire Protection Association (NFPA -70E)




WARNING

Arc Flash and Shock Hazard Present
Appropriate PPE Required

Arc Flash Boundary	0.5 ft	Min. PPE Requirements Personnel shall wear PPE with an arc calorie rating greater than the cal/cm2 value printed on this label.
Incident Energy	0.171606 cal/cm2	
Working Distance	18 in	
Shock Hazard Exposure	480 VAC	
Insulating Glove Class	00	
Shock Hazard when covers removed		
Limited Approach Boundary	3.5 ft	
Restricted Approach Boundary	1.0 ft	
Equipment RP1 MCC-17M		Printed Date: 3/7/2023

System changes affecting system and circuit voltage, impedance, short circuit current, or fault clearing time, will invalidate values on this label and require reevaluation, calculation, and new labels for hazard levels.

Arc Flash and Electrical Safety



AMCC-30
MCC-17M

MAIN CIRCUIT BREAKER

WARNING

NOTICE FOR USE AS
SAFETY EQUIPMENT

DISC. PRINCIPAL
ELECTRICIAN
APPROVED BY
SUPERVISOR


ALLEN-BRADLEY

WARNING

Arc Flash Hazard
Appropriate PPE Required

AFR-3003
EXHAUST FAN

AFR-3003
EXHAUST FAN



WARNING

Arc Flash and Shock Hazard Present
Appropriate PPE Required

Arc Flash Boundary	0.5 ft	Min. PPE Requirements Personnel shall wear PPE with an arc calorie rating greater than the cal/cm2 value printed on this label.
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System changes affecting system and circuit voltage, impedance, short circuit current, or fault clearing time, will invalidate values on this label and require reevaluation, calculation, and new labels for hazard levels.		

Arc Flash and Electrical Safety

Arc Flash PPE Chart



• Types of PPE:

- Fire Retardant Clothing
- Rubber Insulated Gloves
- Jacket
- Pants
- Leather Boots
- Hard Hat
- Face Shield
- Hood

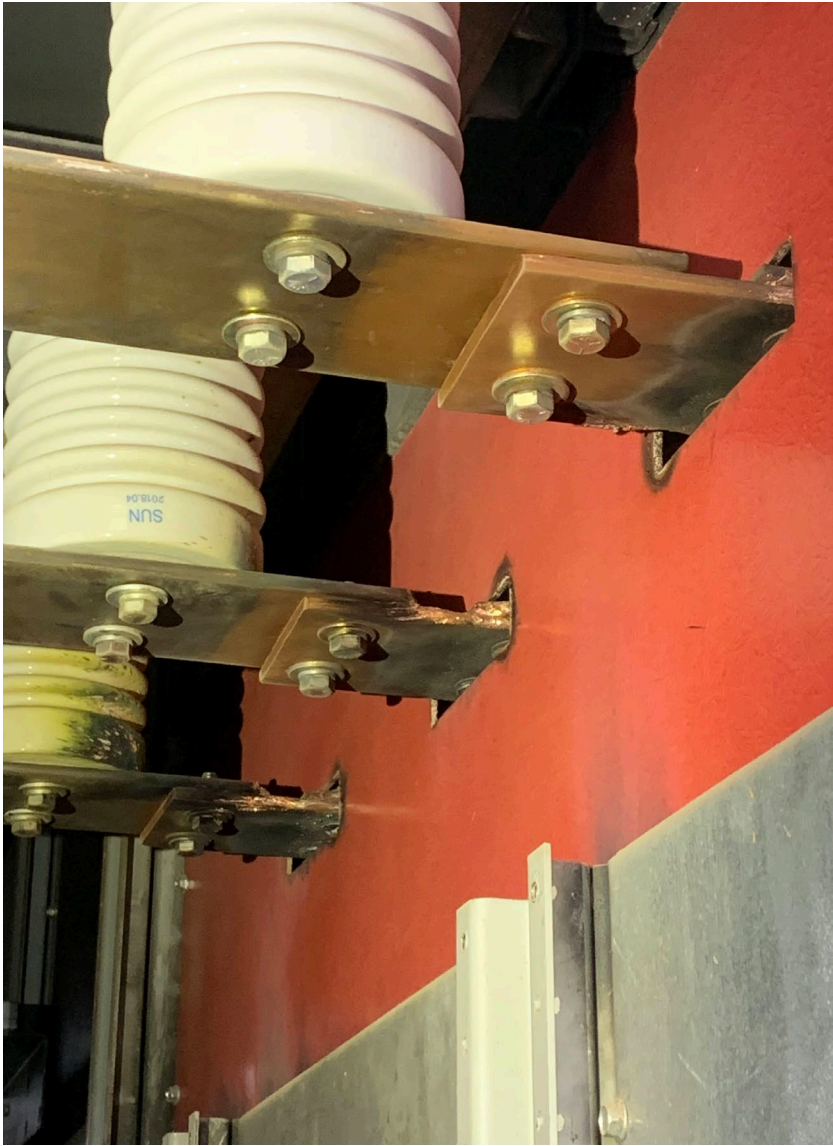
Arc Flash and Electrical Safety



Arc Flash Incident – RP-1 Old Dewatering Building



Arc Flash Incident – Chino I Desalter 12kV



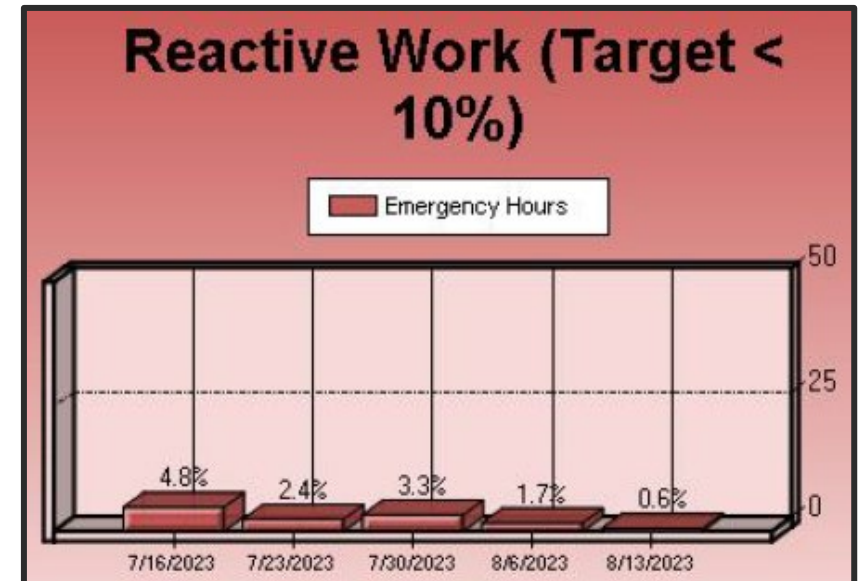
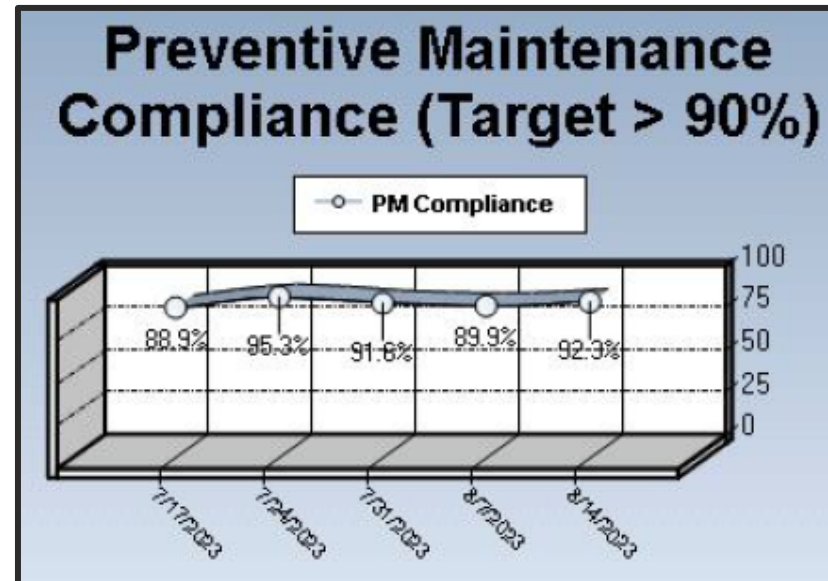
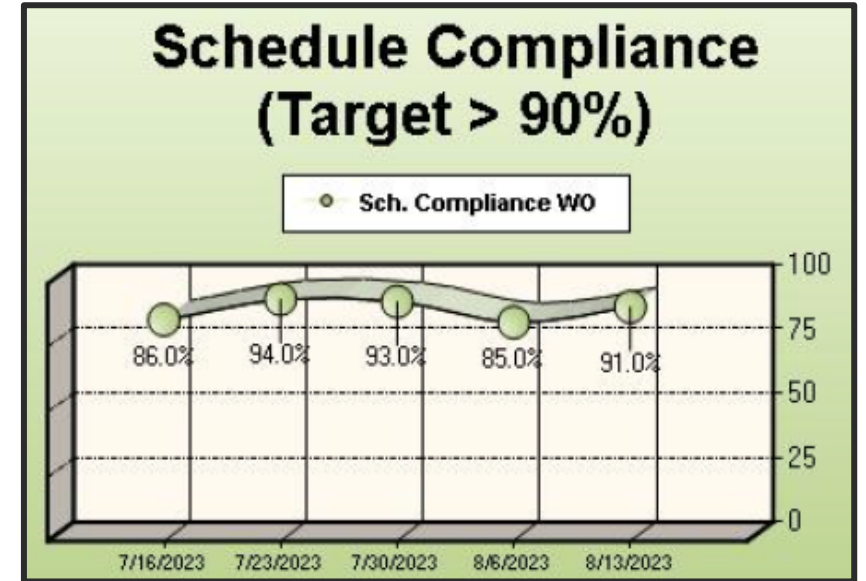
Maintenance Best Practices

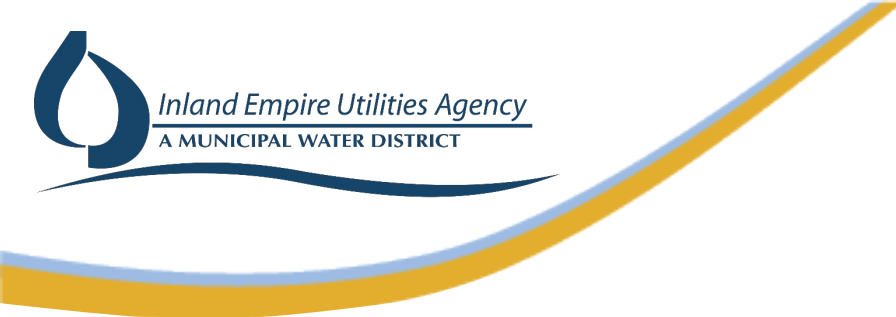
- Society for Maintenance & Reliability Professionals (SMRP)
- More than 70 standardized industry metrics
- Language that aligns stakeholders across the organization
- Standard approach to Asset Life Cycle Management



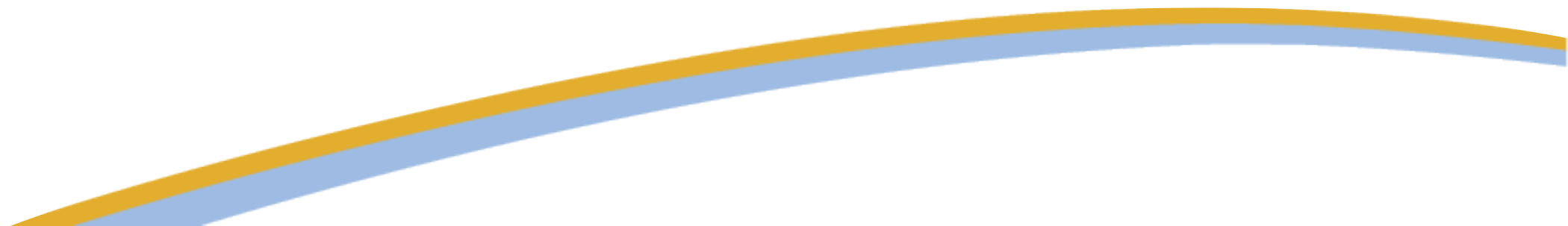
Key Performance Indicators

- Schedule Compliance (PM, PdM, CM)
- Reactive Work %
- Rolled Jobs %
- Backlog Volume
- Work Order Aging





Questions?



**WORKSHOP
ITEM**

2C

Regulatory Compliance Evolution and Future

Pietro Cambiaso

Manager of Compliance and Sustainability

September 6, 2023

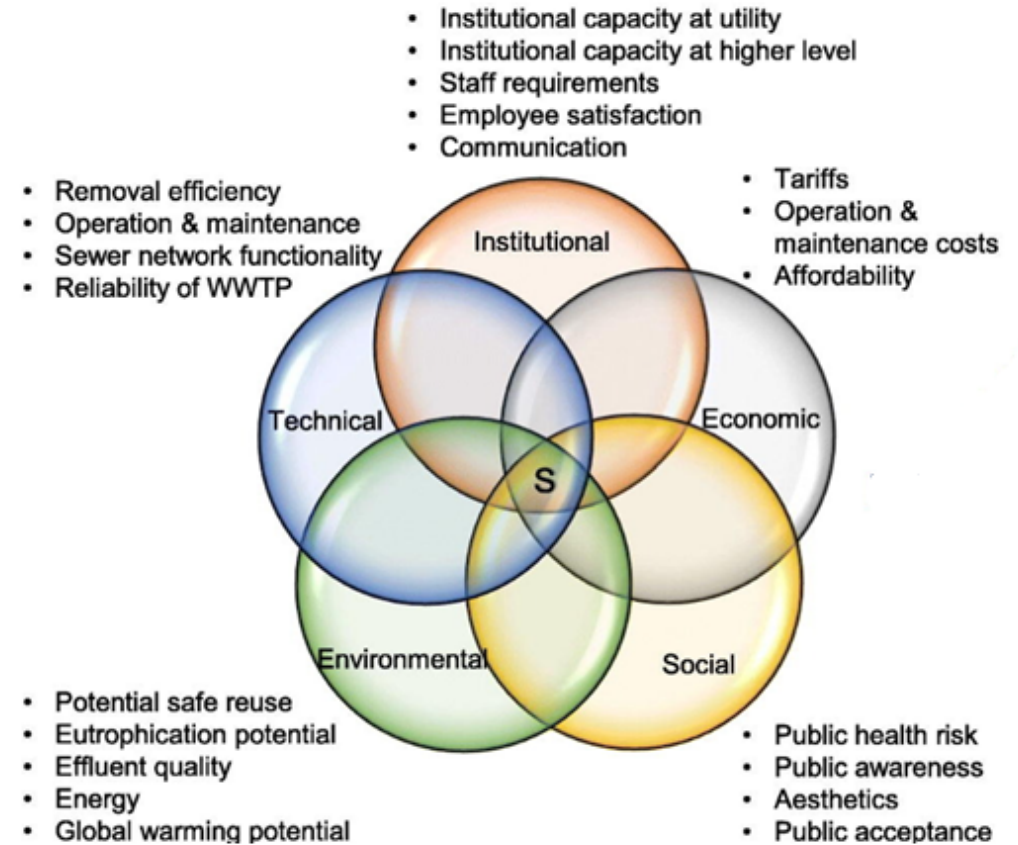
Regulatory Compliance is Arguably IEUA's Biggest Challenge for Foreseeable Future ... As Well As An Opportunity

Today's Presentation

- Environmental Compliance

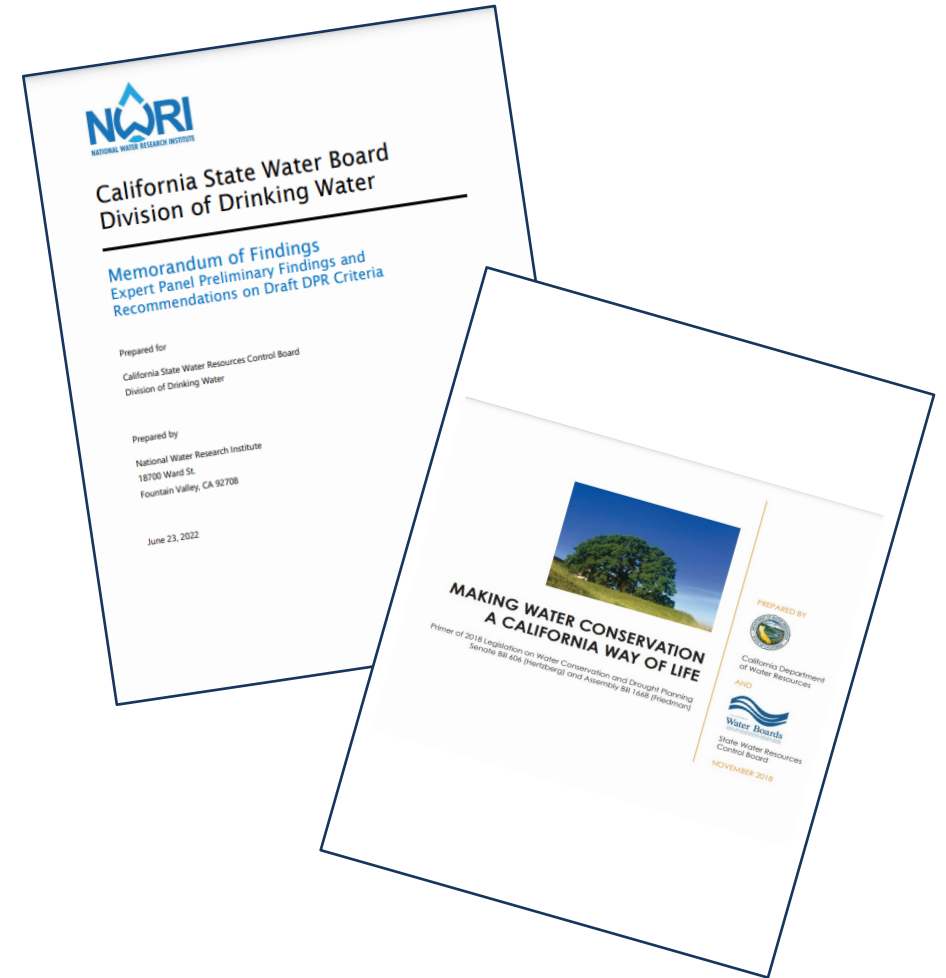
Future Presentations

- Water Use Objectives
- Advanced Clean Fleets Regulation
- Direct Potable Reuse (DPR)



Compliance Has Profound Impacts Not Only on IEUA's Services and Operations But Our Partner Agencies As Well

- Regulatory requirements are complex
 - Much outside IEUA's control
 - High level of uncertainty/unknowns
- Internal challenges
 - Cut across entire organization
 - Different impacts on different services and operations
 - Staffing and financial impacts
- External challenges
 - Bay-Delta regs have impacted water supply reliability
 - Urban Water Use Objectives likely to result in lower water sales
 - DPR could create additional pretreatment requirements for C&I customers



South Coast Air Quality
21805 Copley Drive, Diamond Bar, CA 91765

FACILITY PERMIT TO OPERATE
INLAND EMPIRE UTIL AGENCY

Equipment Description:
Enclosed Flame, Aerom, Model CEB, air blower capacity of 11,000 scfm, combustion blower, automatic control

Conditions:

- Operation of this equipment application under which [Rule 204]
- This equipment shall [Rule 204]
- This equipment shall [Rule 431.1, Rule 204]
- This equipment shall [Rule 130304]
- Prior to being installed, the equipment shall be tested [Rule 130304]
- The flare shall [Rule 130304]
- The flare temperature shall be maintained at or below 1000°F [Rule 130304]
- When the flare is not in operation, the flare shall be closed [Rule 130304]

South Coast Air Quality Management District
21805 Copley Drive, Diamond Bar, CA 91765

FACILITY PERMIT TO OPERATE
INLAND EMPIRE UTIL AGENCY

Written notification of the scheduled test date shall be provided to the District at least 30 days prior to the date on which the testing may be observed. The testing shall be conducted when the equipment is in full operation, at flare and the flare exhaust fan.

A. Methane
B. Total Non-Methane Organic Compounds
C. Toxic Air Contaminants (TAC) including:
Total PAHs, Naphthalene, Benzene, Chlorobenzene, 1,2-Dichlorobenzene, 1,1,1-Trichloroethane, Toluene, 1,1,1-Trichloroethane, and Xylene isomers (exhaust only)
D. NO_x as NO₂ (exhaust only)
E. SO_x as SO₂ (exhaust only)
F. CO (exhaust only)
G. Total Particulates PM10 (exhaust only)
H. Oxygen and Carbon Dioxide
I. Moisture Content
J. Temperature (exhaust only)
K. Flare rate
L. Total Sulfur Compounds as Hydrogen Sulfide (exhaust only)
M. Butane Value (exhaust only)
N. Nitrogen (exhaust only)

10. The source test report, for the flare shall include:
A. Emissions of CO, NO_x, TNO, and (except particulates) PM10 as efficiency (wt%), benzene (in percentage volume), sulfur, butane, as benzene at 3% oxygen
B. The test shall be performed in accordance with Rule 130304 (b) (1) - BACT
C. Sampling facilities shall be provided for the flare and "Testing Facilities" shall be provided for the flare
D. If the source test indicates that the flare is not in compliance with the maximum index (HIC), based on procedures for Rules 130304 (b) (1) - BACT, the flare shall be shut down and the flare shall be tested within sixty (60) days of the test date.

South Coast Air Quality Management District
21805 Copley Drive, Diamond Bar, CA 91765

FACILITY PERMIT TO OPERATE
INLAND EMPIRE UTIL AGENCY

11. A continuous, non-resettable totalizing flow indicating device shall be installed on the flare to measure and record the flare rate. In case a pressure sensor device is used in place of a flow meter, the equipment to indicate the flare rate (in scfm) shall be installed on the flare line. [Rule 130304 (b) (2) - Offset]

12. All recording devices shall be synchronized with the flare rate. [Rule 130304 (b) (2) - Offset]

13. At least two (2) sampling ports shall be provided on the flare outlet, 90 degrees apart, or as otherwise approved by the District Officer. Adequate provisions shall be made for the flare to be tested within sixty (60) days of the test date. [Rule 204, Rule 217]

14. A sampling port shall be maintained at the flare to allow the collection of a digester gas sample. [Rule 217, Rule 431.1]

15. Weekly readings of this content of the flare shall be taken using an instrument or method approved by the District Officer. [Rule 130304 (b) (1) - Modeling, Rule 130304 (b) (1) - BACT]

16. The flare shall be equipped with a blowdown and immediately notified by the flare operator of any blowdown. [Rule 130304 (b) (1) - BACT]

17. Operation of this equipment shall be in accordance with the flare rate and the flare rate shall be under taken to correct the flare rate. [Rule 430]

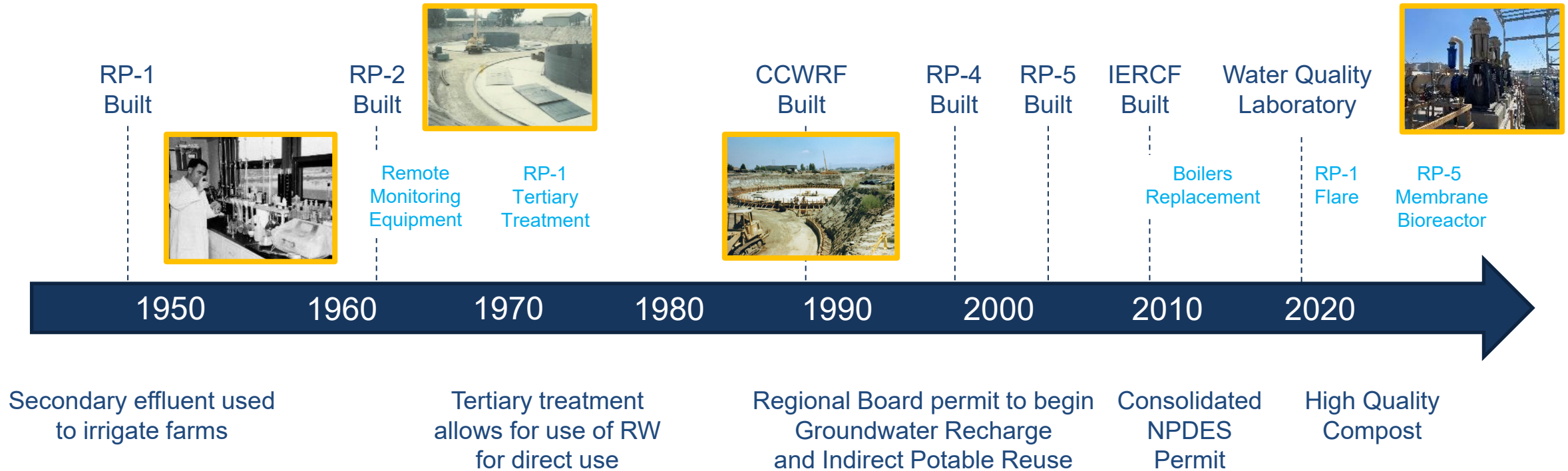
18. The operator shall maintain a record of at least 60 days of the flare rate and the flare rate shall be tested within sixty (60) days of the test date.

Section D
Facility ID
Revision #
Date: April 6, 2020

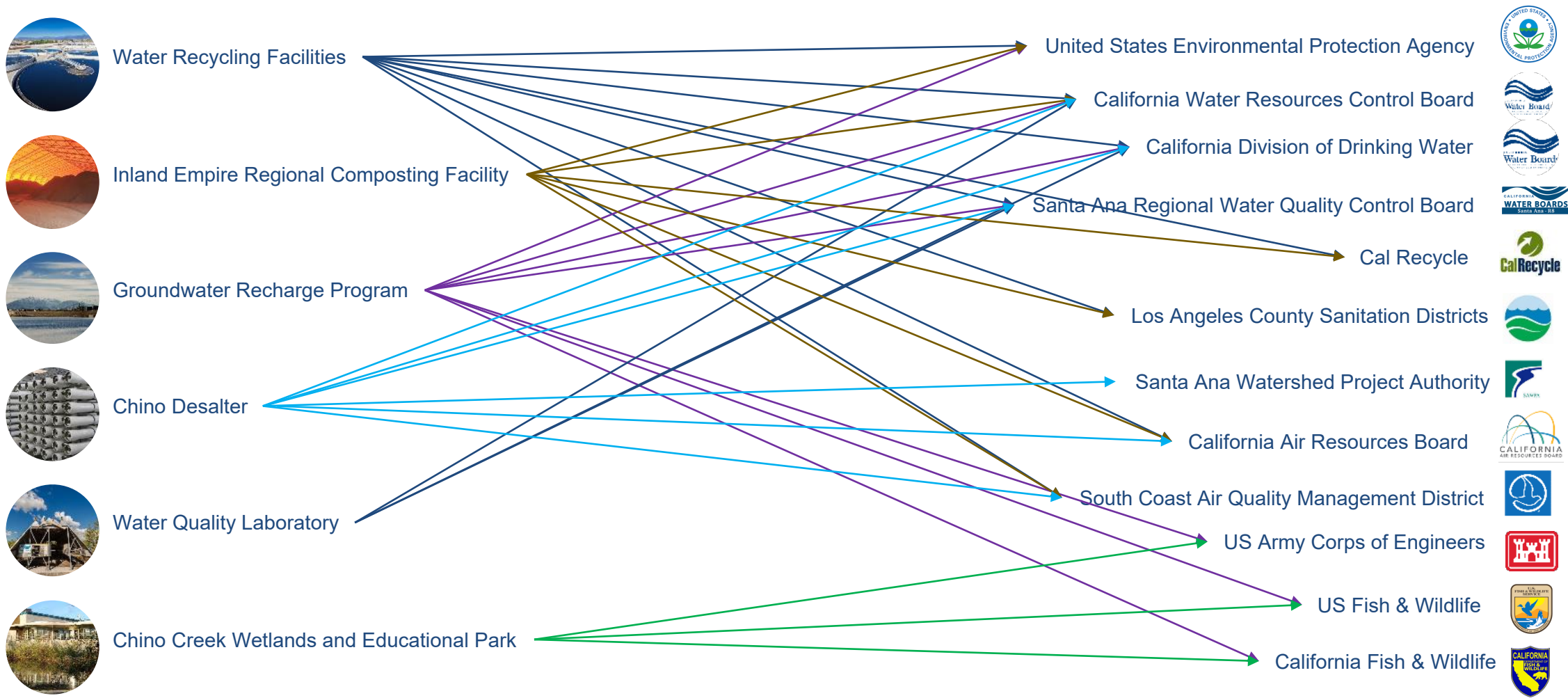
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- 
- Inland Empire Utilities Agency*
A MUNICIPAL WATER DISTRICT

Requirements Becoming More Stringent Because of Scientific Research, Technological Developments, and Use of Resource



IEUA's Facilities Are Required to Comply with Multiple Regulations, Permit Conditions, and Agencies



IEUA's Facilities Are Required to Comply with Multiple Regulations, Permit Conditions, and Agencies



Water Recycling Facilities



Inland Empire Regional Composting Facility



Groundwater Recharge Program



Chino Desalter



Water Quality Laboratory



Chino Creek Wetlands and Educational Park

1 Consolidated National Pollutant Discharge Elimination System (NPDES) Permit

25 Monitoring Locations

773 Parameters

United States Environmental Protection Agency

California Water Resources Control Board

California Division of Drinking Water

Santa Ana Regional Water Quality Control Board

Cal Recycle

Los Angeles County Sanitation Districts

Santa Ana Watershed Project Authority

California Air Resources Board

South Coast Air Quality Management District

US Army Corps of Engineers

US Fish & Wildlife

California Fish & Wildlife



IEUA's Facilities Are Required to Comply with Multiple Regulations, Permit Conditions, and Agencies



Water Recycling Facilities



Inland Empire Regional Composting Facility



Groundwater Recharge Program



Chino Desalter



Water Quality Laboratory



Chino Creek Wetlands and Educational Park

86 SCAQMD Permits
1183 Permit Conditions

United States Environmental Protection Agency



California Water Resources Control Board



California Division of Drinking Water



Santa Ana Regional Water Quality Control Board



Cal Recycle



Los Angeles County Sanitation Districts



Santa Ana Watershed Project Authority



California Air Resources Board



South Coast Air Quality Management District



US Army Corps of Engineers



US Fish & Wildlife



California Fish & Wildlife



IEUA Implements a Multi-Pronged Approach to Comply with More Stringent Regulations

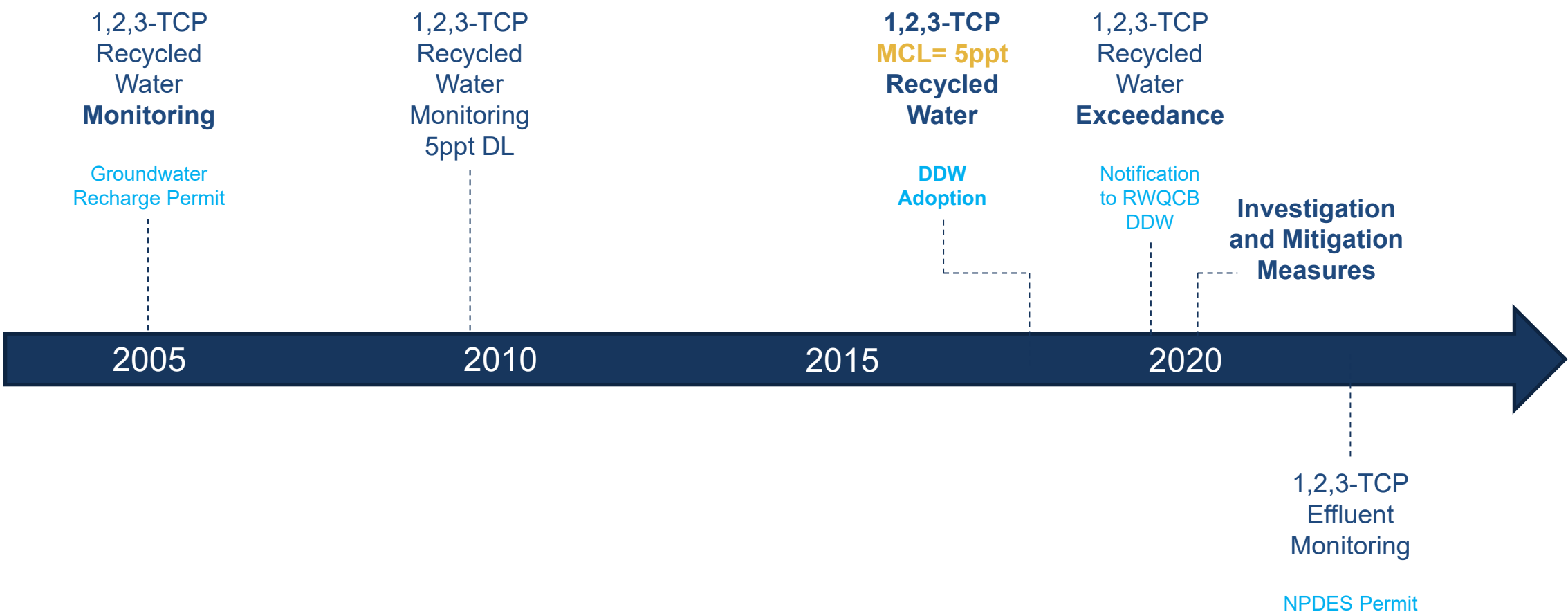
Services

- Proactive engagement on proposed regulations
- Additional monitoring and scientific studies
- Negotiations with regulatory agencies
- Pretreatment and source control
- Facilities improvements and capital projects

Operations

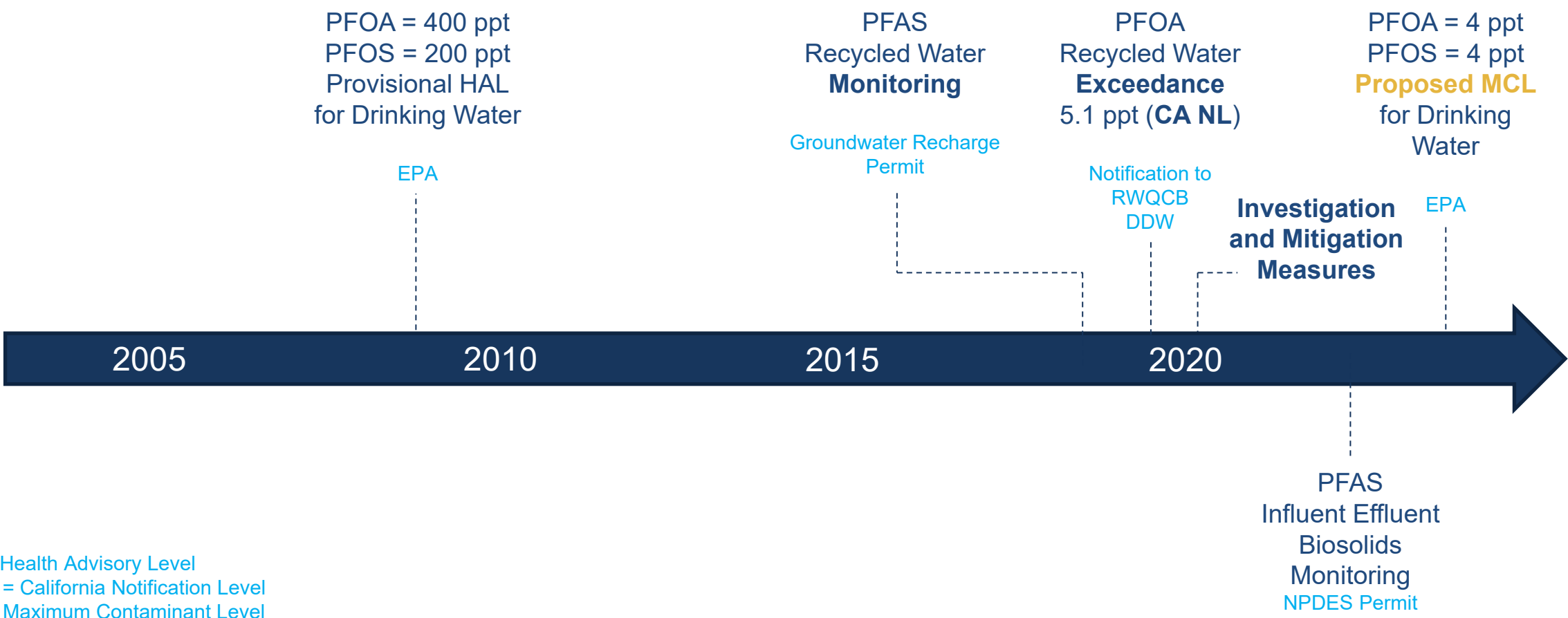
- Staff training and certifications
- Effective management of Agency's assets
- Implementation of permit/factory recommended instrumentation calibration program
- Facilities inspections and audits
- Equipment source test
- Consultants and contractors support
- Continuous monitoring by the Supervisory Control and Data Acquisition (SCADA) system

This Approach Has Been Implemented to Evaluate and Potentially Address 1,2,3-Trichloropropane (TCP) Exceedance



DDW = Division of Drinking Water
RWQCB = Regional Water Quality Control Board

Addressing PFOA Exceedance More Challenging Because of Pending PFAS Regulations, Widespread Use and Persistence



HAL = Health Advisory Level
CA NL = California Notification Level
MCL = Maximum Contaminant Level
DDW = Division of Drinking Water
RWQCB = Regional Water Quality Control Board

Regulatory Uncertainty, Evolving Technology, and Varying Costs Make Selecting Appropriate Treatment Process Challenging

- Regulatory uncertainty
 - PFOA and PFOS Maximum Contaminant Level (MCL) in drinking water (2023/2024)
 - Certain impact to recycled water for groundwater recharge (2026/2027)
 - Unknown impact to recycled water for direct use (irrigation, industrial)
 - Potential impact to wastewater effluent
 - Contaminants of Emerging Concern (CECs), Pharmaceuticals and Personal Care Products (PPCPs), Microplastics
 - Insufficient scientific data
- Evolving treatment approaches, implementation costs and feasibility
 - Granulated Activated Carbon (GAC)
 - Ion Exchange
 - Microfiltration (MF), Reverse Osmosis (RO), Advanced Oxidation Process (AOP)

UNCERTAINTY

Conventional Treatment	UNCERTAINTY					
	Current Regulations	Current Regulations RW Injection	Regulations in Progress 2026 - 2028	Listed Constituents Of Emergency Concern	Foreseeable Constituents Of Emergency Concern	Unknown
	BOD TSS Turbidity Coliform	BOD TSS Turbidity Coliform				
Advanced Treatment \$	NEW		✓		✓	
	GAC	1,2,3-TCP	1,2,3-TCP	PFAS		
	IX		PFAS			
	RO	TDS	PFAS		Microplastics	
	AOP	TDS, Pathogens, Total Organic Carbon		Pharmaceutical Personal Care Products		
	NEW	Pathogens	✓	✓	✓	✓

Future Regulations May Also Provide New Opportunities

IEUA's approach to regulatory compliance is proactive, strategic, and dynamic to timely identify and adapt to new concerns and cost effectively **protect public health and the environment**.

It relies on

- Technical data
- Realistic assumptions and scenario planning
- Collaboration with internal and external stakeholders

The solution may be a study, a permit modification, not necessarily a capital project, that could streamline and improve the process or develop new resources

