



Regional Sewerage Program Policy Committee Meeting

AGENDA

**Thursday, October 5, 2023
3:30 p.m.**

**Agency Headquarters – Board Room
6075 Kimball Avenue, Building A
Chino, CA 91708**

Telephone Access: (415) 856-9169/Conf ID: 966 283 115#

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 Recording Secretary Jennifer Hy-Luk at jhyluk@ieua.org prior to the completion of the Public Comment section of the meeting. Comments will be distributed to the Policy Members.

Call to Order

Roll Call

Flag Salute

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.

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.

(Continued)

1. Technical Committee Report (Oral)

2. Action Item

- A. Approve minutes of September 7, 2023 Policy Committee Meeting Minutes

3. Information Items

- A. Grants Semi-Annual Update
- B. Regional Wastewater Fee Collection
- C. Review of Recycle Water (Oral)

4. Receive and File Items

- A. Building Activity Report

5. Other Business

- A. IEUA General Manager's Update
- B. Committee Member Requested Future Agenda Items
- C. Committee Member Comments
- D. Next Meeting – November 2, 2023

Adjourn

DECLARATION OF POSTING

I, Jennifer Hy-Luk, 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 Jennifer Hy-Luk at (909) 993-1727 or jhyluk@ieua.org 48 hours prior to the scheduled meeting so that IEUA can make reasonable arrangements to ensure accessibility.

ACTION ITEM

2A



Regional Sewerage Program Policy Committee Meeting

MINUTES OF THE SEPTEMBER 7, 2023 MEETING

CALL TO ORDER

A meeting of the Inland Empire Utilities Agency (IEUA)/Regional Sewerage Program Policy Committee was held on Thursday, September 7, 2023, at 6075 Kimball Avenue, Building A, Chino, California.

Chair Randall Reed/Cucamonga Valley Water District (CVWD) called the meeting to order at 3:31 p.m. Recording Secretary Jennifer Hy-Luk established a quorum was present. Chair Reed led the Pledge of Allegiance.

Committee Members Present:

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

Others Present:

Nicole deMoet	City of Upland
Amanda Coker	CVWD
Courtney Jones	City of Ontario
Jerry Burke	IEUA
Kristine Day	IEUA
Shivaji Deshmukh	IEUA
Denise Garzaro	IEUA
Lucia Diaz	IEUA
Don Hamlett	IEUA
Michael Hurley	IEUA
Elizabeth Hurst	IEUA

Others Present (continued):

Jennifer Hy-Luk	IEUA
Michael Larios	IEUA
Randy Lee	IEUA
Liza Muñoz	IEUA
Jeff Ziegenbein	IEUA

PUBLIC COMMENTS

There were no public comments.

ADDITIONS TO THE AGENDA

There were no additions to the agenda.

1. TECHNICAL COMMITTEE REPORT

There was nothing to report.

2. ACTION ITEMS**A. APPROVAL OF THE MAY 4 AND JUNE 1, 2023 POLICY COMMITTEE MEETING MINUTES**

Motion: By Committee member Ulloa/City of Chino and seconded by Committee member Velto/City of Upland to approve the meeting minutes of the May 4 & June 1, 2023 Regional Policy Committee Meetings by the following vote:

Ayes: Cothran, Dorst-Porada, Dutrey, Rogers, Ulloa, Velto, Reed

Noes: None

Absent: None

Abstain: None

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

3. INFORMATION ITEMS**A. OPERATIONS & MAINTENANCE DEPARTMENT QUARTERLY UPDATE**

Lucia Diaz/IEUA provided the presentation.

B. REGIONAL CONTRACT/ORDINANCE UPDATE

Shivaji Deshmukh/IEUA provided the update.

3. RECEIVE AND FILE

Items 4A was received and filed by the Committee.

A. BUILDING ACTIVITY REPORT

4. OTHER BUSINESS**A. IEUA GENERAL MANAGER’S UPDATE**

General Manager Shivaji Deshmukh reported that IEUA is looking forward to hosting the second Career Opportunities Open House on Thursday, September 14 from 5:30 - 7:30 p.m. at the Event Center. This workforce development initiative enables members of the public to network with IEUA staff and further IEUA’s talent pipeline.

B. COMMITTEE MEMBER REQUESTED AGENDA ITEMS FOR NEXT MEETING

Committee member Dorst-Porada requested a presentation on access to recycled water as a result of proposed policy changes.

Chair Reed requested additional information on the phone system replacement and inquired whether the Cisco phone system could be retained. He also requested details on the improvements to the recycled water pump stations.

C. COMMITTEE MEMBER COMMENTS

There were no Committee member comments.

D. NEXT MEETING – OCTOBER 5, 2023**ADJOURNMENT**

Chair Reed adjourned the meeting at 4:13 p.m.

Prepared by:

Jennifer Hy-Luk, Recording Secretary

**INFORMATION
ITEM**

3A



Grants Semi-Annual Update

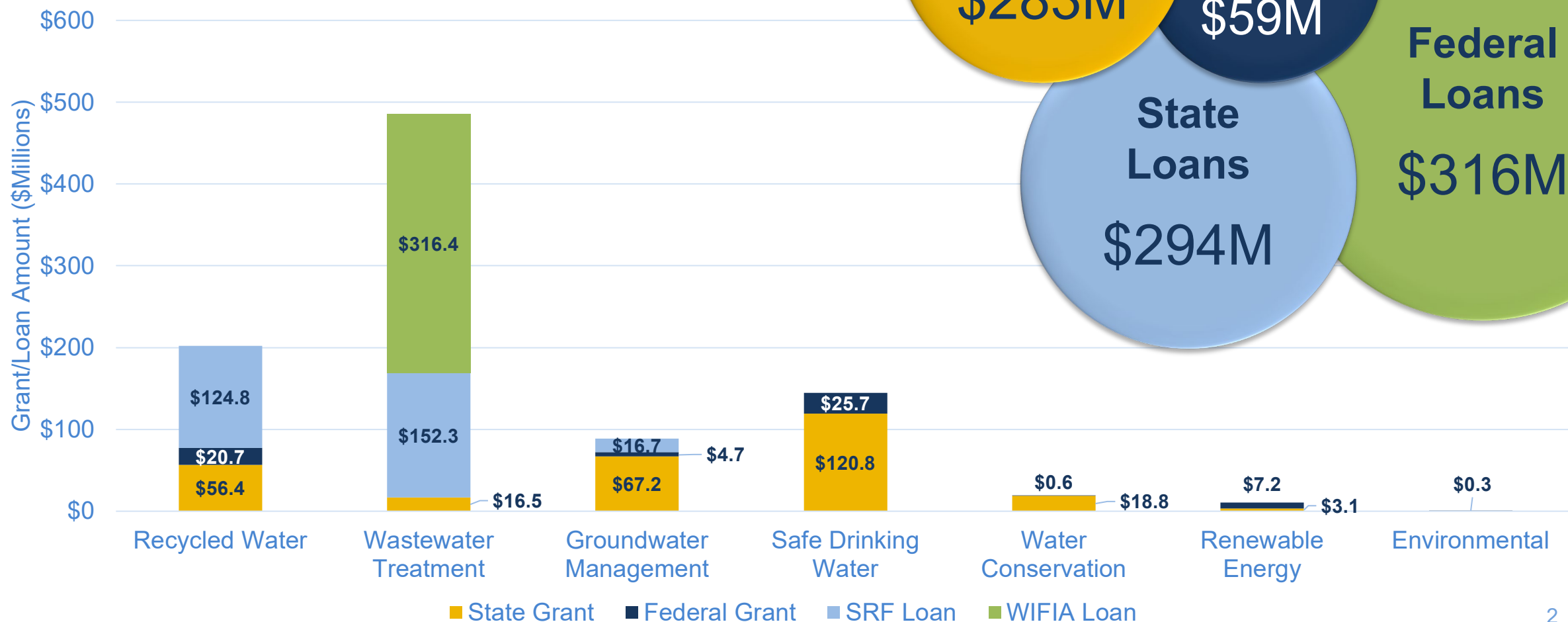
Alyson Piguee

Director of External & Government Affairs

September/October 2023

Grant & Loan Funding Overview

**Executed Grants + Loans
Since 2000 ~ \$952M**



State Grants
\$283M

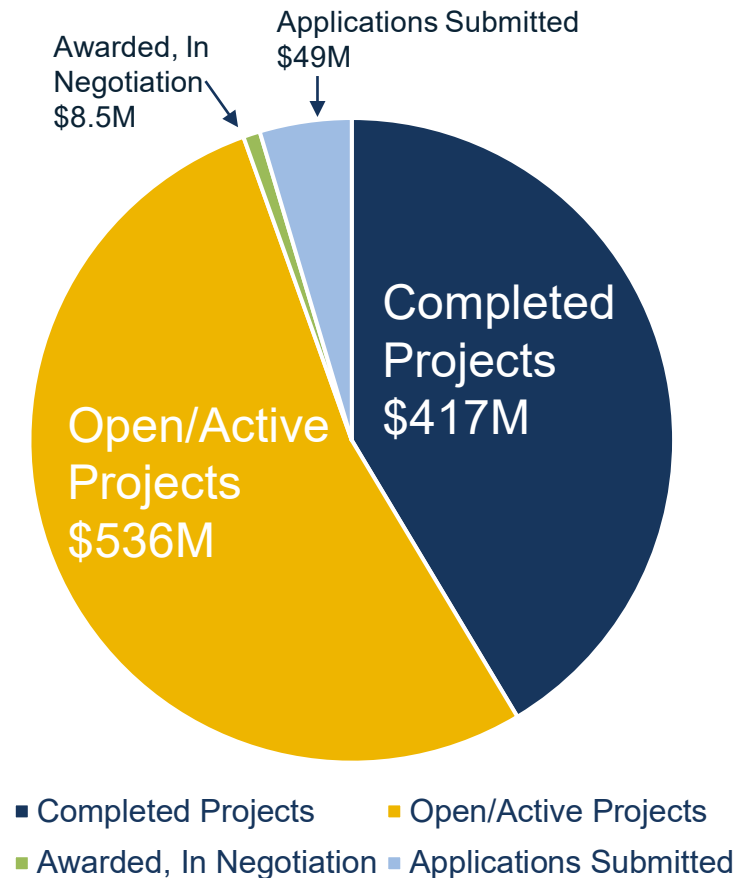
Federal Grants
\$59M

State Loans
\$294M

Federal Loans
\$316M

Grant & Loan Funding Overview

IEUA Grant/Loan Awards since 2000



Funding Agencies for IEUA's Current Agreements and Applications



Funding Applications Submitted and Pending

Funding Opportunity	Project	\$ Requested	Status
FEMA Building Resilient Infrastructure & Communities	Rialto Intertie	\$46.33 million	Anticipate decision in fall 2023
USBR Water Recycling & Desalination Planning Program	Chino Basin Program Planning & Design	\$2.8 million	Anticipate decision in fall 2023



FEMA



— BUREAU OF —
RECLAMATION

State Funding Opportunities

Funding Opportunity	Project	Potential \$ Requested	Status
SWRCB: Water Recycling Funding Program (Grant)	Rialto Intertie	\$15 million	Application to be submitted Fall 2023
SWRCB: Water Recycling Funding Program (Grant)	IEUA/JCSD Intertie	\$15 million	Application to be submitted Spring 2024
SWRCB: Drinking Water State Revolving Fund (Loan)	Advanced Water Purification Facility & Aquifer Replenishing Wells	TBD	Application anticipated to be submitted December 2024
State Delegation: Budget Request (Grant)	Advanced Water Purification Facility	\$50 million	Request to be submitted early 2024
Potential Climate Bond	TBD	TBD	Potential for November 2024 Ballot

Federal Funding Opportunities

Funding Opportunity	Project	Potential \$ Requested	Status
Large-Scale Water Recycling Program - Construction	Majority of Chino Basin Program	TBD	First application to be submitted November 2023
USBR Title XVI Water Reclamation and Reuse	IEUA/JCSD Intertie	\$8 million	<ul style="list-style-type: none">• Approved feasibility study from 2018• Anticipate Notice of Funding Opportunity Fall 2023
EPA WIFIA	Ten-Year CIP	Up to 49% of project costs	Anticipate submitting a request for Master Credit Agreement in early 2024
Community Project Requests FFY 25	TBD	TBD	Applications will be due late February/early March 2024
USBR WaterSMART Drought Resiliency Program	CDA Project	Up to \$5 million	Assessing TYCIP projects for potential eligibility

Questions?

**INFORMATION
ITEM**

3B



Date: October 5, 2023

To: Regional Policy Committee

From: Inland Empire Utilities Agency

Subject: Regional Wastewater Fee Collection

RECOMMENDATION

This is an information item.

BACKGROUND

The IEUA Board of Directors requested that staff evaluate shifting the regional sewerage system fee collection from the sewage collection agencies to IEUA. The specific fees, described in Ordinance No. 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 staff and technology resources needed, the current fee structure, legal and regulatory requirements, as well as billing practices of other wastewater agencies.

IEUA staff presented this item to the Board of Directors as a workshop item on September 6, 2023.

ATTACHMENT(S)

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

Kristine Day
Assistant General Manager
October 5, 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 new legal requirements.

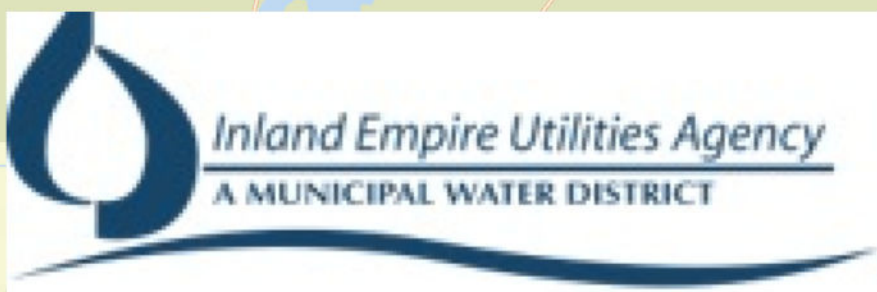
- CCRA fee collection can be accomplished through direct invoicing with additional staff and technical resources
- Monthly sewer user fees collection can be accomplished through the County tax roll, direct invoicing, or a hybrid

Questions

**RECEIVE AND
FILE**

4A

Building Activity Report - YTD Fiscal Year 2023/24



Legend

Service Area

Unincorporated

Residential

<=1.0

1.0 - 10.0

>10.0

Commercial

<=1.0

1.0 - 10.0

>10.0

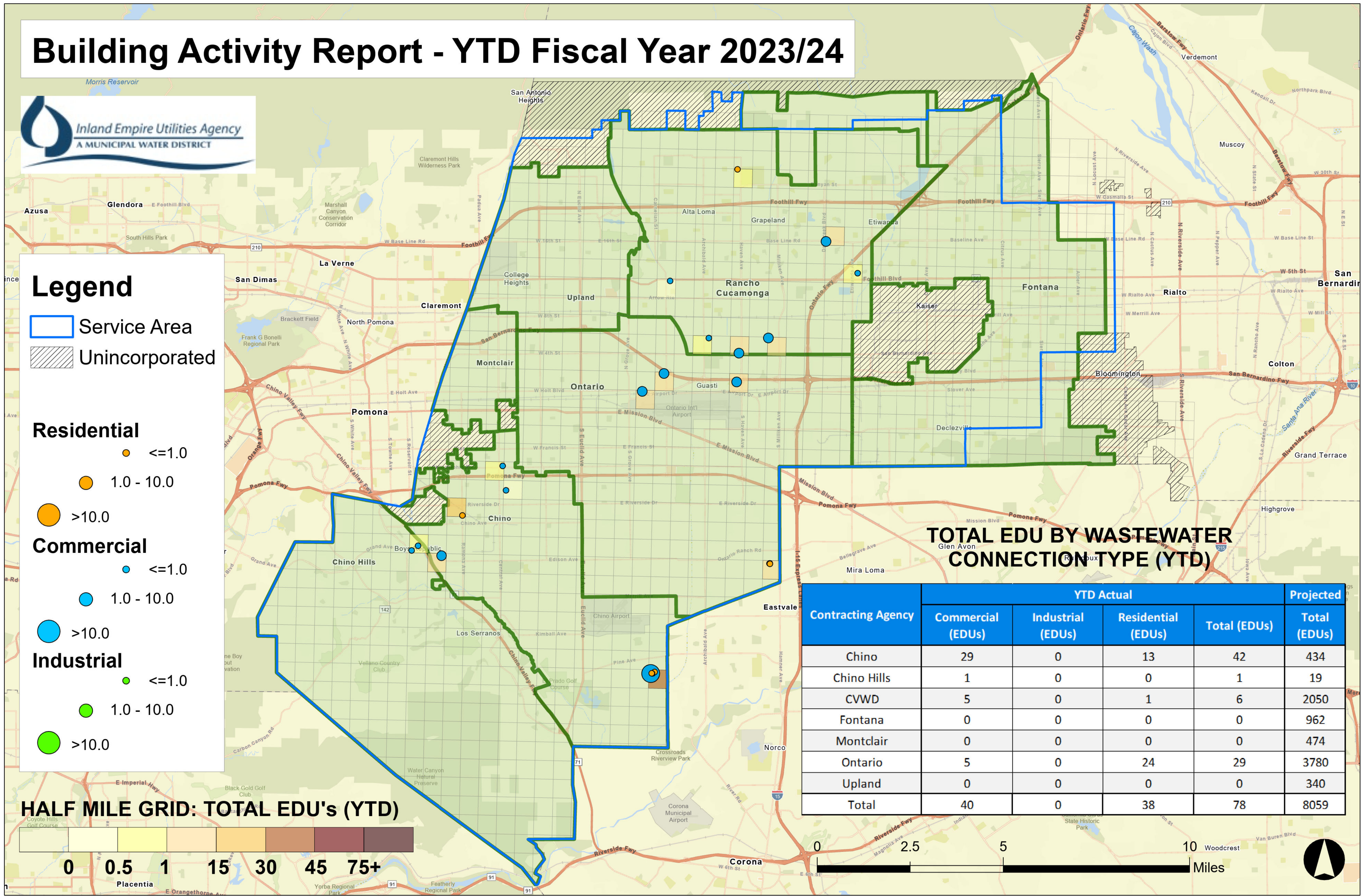
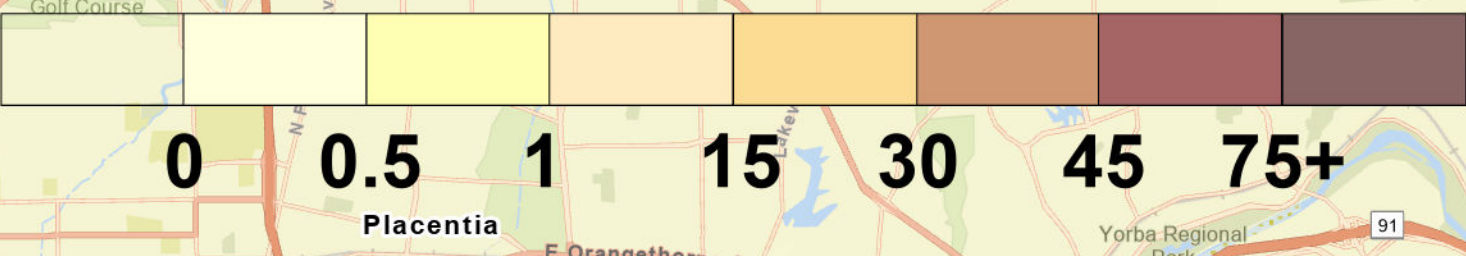
Industrial

<=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	29	0	13	42	434
Chino Hills	1	0	0	1	19
CVWD	5	0	1	6	2050
Fontana	0	0	0	0	962
Montclair	0	0	0	0	474
Ontario	5	0	24	29	3780
Upland	0	0	0	0	340
Total	40	0	38	78	8059

