



November 10, 2021

VIA EMAIL AND FIRST-CLASS MAIL

Teresa Alvarado, Chair
California Water Commission
P.O. Box 942836
Sacramento, California 94236-0001
Teresa.Alvarado@cw.ca.gov
cwc@water.ca.gov

RE: Water Storage Investment Program: Chino Basin Program Continuing Eligibility and Feasibility Determination

Dear Chair Alvarado,

As the California Water Commission evaluates the Inland Empire Utility Agency's (the "IEUA") subject Chino Basin Program (the "CBP", "Program", or "Project") application, it is important to do so with full knowledge of the various local agency perspectives within the IEUA service area. The undersigned agencies do not support the Project given the potential financial and water resource impacts on the communities we represent. Therefore, we appreciate this opportunity to provide written comment concerning the CBP.

The City of Montclair, City of Ontario, and Monte Vista Water District (the "Respective Agencies") provide retail wastewater and/or water services within the IEUA service area. The IEUA is submitting a letter to the Department of Water Resources making a local financial commitment of not less than 75 percent of the non-public benefit cost share for the proposed Program. The Respective Agencies are concerned that IEUA is making a financial commitment on behalf of its collective members (the "Member Agencies") without receiving commitments of public funds from Member Agencies and their respective governing boards. Additionally, the Respective Agencies are concerned that the CBP will export vital local water supplies that will be required to meet the long-term needs of our growing region.

IEUA has most recently identified two funding sources for the financial commitment of not less than 75 percent of the non-public benefit cost share for the proposed Project: (i) future IEUA wastewater rates for advanced treatment of wastewater, and (ii) water supply reliability costs paid for by Member Agencies.

There are ten Member Agencies within the IEUA service area that provide either water, sewer, or combined water and sewer services to their respective communities. Not one of the Member Agencies has made a financial commitment towards the local match, and only two of these agencies submitted a joint letter of interest as a potential participating agency. Their letter of interest, submitted jointly with a neighboring retail agency outside of IEUA's service area, explicitly demurs from making a specific financial commitment to the CBP. Additional letters of interest from neighboring water retail and wholesale agencies outside of IEUA's service area likewise decline to make any financial commitments.

Over the past several years of planning for the CBP, a number of local and regional agencies expressed several concerns regarding the Project's potential negative impacts including, but not limited to, the following: (i) the export of a drought-proof local water supply, (ii) reduction of available groundwater replenishment water, (iii) differential distribution of benefits and costs to retail agencies, and (iv) potential Program impacts on non-participating agencies. These concerns have been repeatedly communicated to the IEUA. Regrettably, replies from the IEUA have been either unclear, vague, or less than substantive despite the strategic and overall importance of these matters to the Project's plan for implementation.

Finally, we note with concern comments made during the October 20, 2021, IEUA Board of Directors meeting by the chair of the Board's Chino Basin Program Ad Hoc Committee, indicating a reluctance to continue collaborating with Member Agencies to address stated and other ongoing concerns. A sampling of past correspondence between a number of Member Agencies, the IEUA and other local and regional retail agencies are indexed and attached as Exhibit A. Note that the above-referenced CBP Ad Hoc Committee board member's comments begin at the 17:50 minute mark on the meeting recording posted at www.ieua.org/agendas-minutes.

The Respective Agencies acknowledge that a Project with some similar elements to the CBP is required for the region to meet near-term water quality requirements and to achieve long-term water supply reliability. The Respective Agencies, along with the remaining Member Agencies, are studying an alternative project that can garner broad support in meeting these objectives by fully developing and utilizing local water resources in the face of imported water supply reliability challenges.

Based on the current posture and lack of assurances from IEUA that the Project will not adversely impact our agencies, the Respective Agencies cannot support the Project in its current form and will actively and assertively protect the interests of the communities we serve. In that spirit we welcome the opportunity to meet with representatives of the California Water Commission on this matter.

Sincerely,

(signatures on following page)



Javier "John" Dutrey
City of Montclair
Mayor



Paul S. Leon
City of Ontario
Mayor



Sandra S. Rose
Monte Vista Water District
President

cc: Inland Empire Utility Agency Board of Directors
Chino Basin Watermaster Board of Directors
Adel Hagekhalil, Metropolitan Water District General Manager

Exhibit A - Correspondence between Member Agencies and IEUA

Date	Signatory	Content
July 11, 2019	Cities of Chino, Chino Hills, Fontana, Montclair, and Upland, Cucamonga Valley Water District, and Ontario Municipal Utilities Company	Concerns regarding the source water to be dedicated to the CBP, the economic viability of the Project, and the long term impacts to the Basin
August 22, 2019	Chino Basin Appropriative Pool	Concerns regarding the broad mutual benefit of the CBP over potential Storage and Recovery Programs, entering into a 25-year agreement for a limited resource, and the potential impact of CBP put-and-take operations on Individual Parties.
July 21, 2020	Monte Vista Water District	Concerns regarding IEUA's minimal collaboration with the region's retail agencies in the preparation of the CBP Draft Economic Analysis Technical Memorandum and Preliminary Design Report Alternatives Analysis.
June 14, 2021	Monte Vista Water District	Conclusion of the IEUA CBP MOU
July 13, 2021	City of Montclair	Conclusion of the IEUA CBP MOU
July 27, 2021	City of Ontario	Conclusion of the IEUA CBP MOU
July 27, 2021	Cucamonga Valley Water District	Conditions to remain in the IEUA CBP MOU
August 25, 2021	City of Ontario	Memorandum to the IEUA Technical Advisory Committee Regarding the Policy Committee's need to consider and advise the IEUA Board on components of the CBP directly related to the Regional Sewerage Service Contract.
October 14, 2021	City of Ontario	Concerns regarding the CBP's financing and allocation of local funding, administration of performance criteria for both participating and non-participating agencies, source of water supply, and request for analysis of a proposed alternative to meet the project objectives.
October 18, 2021	City of Montclair	Concerns regarding the CBP's economic viability, cost allocation on IEUA's sewer rates, analysis of relevant alternatives, and offramps if a more viable alternative is desired by the retail agencies.



July 11, 2019

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

Re: Chino Basin Program

Dear Mr. Deshmukh,

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

Source Water

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

Business Case

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

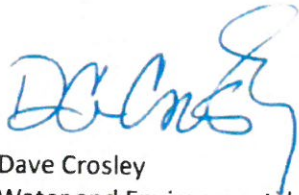
Additionally, the Contract Agencies seek to understand the present day value of the water to be exported to the State for environmental purposes. A large volume of water, generated within the Basin, is planned to be dedicated to the CBP. Growing demands raise the question: What is the value of keeping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

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

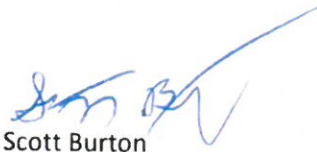
Broad concerns regarding the CBP remain around the risks of long-term operating commitments, impacts on the Basin, and entering into a long-term commitment involving State environmental purposes. In order to continue with a collaborative process to the benefit of the public we serve, as intended in the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

Sincerely,

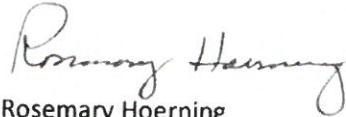
(signatures on following pages)



Dave Crosley
Water and Environmental Manager
City of Chino



Scott Burton
Utilities General Manager
City of Ontario



Rosemary Hoerning
Acting City Manager
City of Upland

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



Chuck Hayes
Public Works Director
City of Fontana

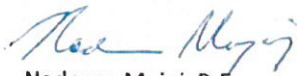


John Bosler
General Manager
Cucamonga Valley Water District



Noel Castillo
Public Works Director/City Engineer
City of Montclair

Dave Crosley
Water and Environmental Manager
City of Chino



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

Scott Burton
Utilities General Manager
City of Ontario

Rosemary Hoerning
Acting City Manager
City of Upland

Chuck Hayes
Public Works Director
City of Fontana

John Bosler
General Manager
Cucamonga Valley Water District

Noel Castillo
Public Works Director/City Engineer
City of Montclair

Appropriative Pool

Chair: Van Jew

Vice-Chair: John Bosler

Chino Basin Watermaster

9641 San Bernardino Road, Rancho Cucamonga, Ca 91730

Tel: 909.484.3888 Fax: 909.484.3890 www.cbwm.org



August 22, 2019

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

Re: Chino Basin Program

Dear Shivaji,

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

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

More specifically, the AP requires a better understanding of the broad mutual benefits of the CBP compared to potential Storage and Recovery Program proposals from other potential entities, including but not limited to benefits, costs, operating parameters, water resource impacts and local control aspects. This review is critical as CBP would commit the Chino Basin to assisting the State in meeting environmental and policy objectives which may be prioritized over or even conflict with local basin management objectives, agreements, and practices.

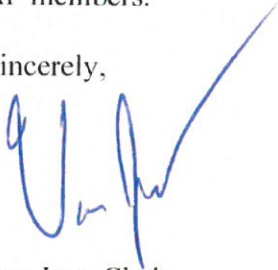
Additionally, AP parties are concerned that the State may seek to extend its use of the Chino Basin beyond the 25-year horizon currently envisioned. The term and end conditions should be determined now, during project evaluation and design, to ensure that all parties and stakeholders clearly understand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

August 22, 2019
Mr. Shivaji Deshmukh
Chino Basin Program

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

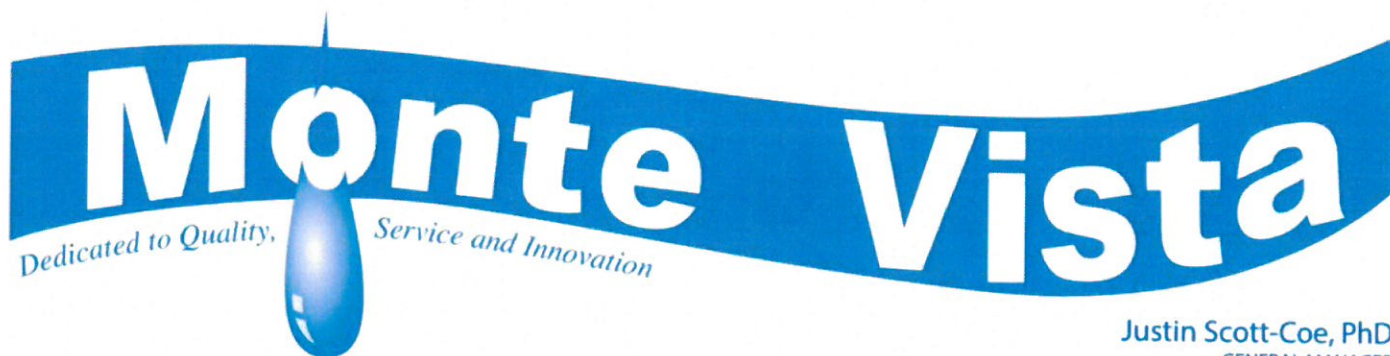
In short, CBP must be aligned with Chino Basin storage management objectives, established in the Judgment and Peace Agreements, which ensure that Storage and Recovery Programs are prioritized to provide the broadest mutual benefit to producing parties. The AP offers its and its members' resources to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

Sincerely,

A handwritten signature in blue ink, appearing to be 'Van Jew', with a long, sweeping flourish extending upwards and to the right.

Van Jew, Chair
Chino Basin Watermaster Appropriative Pool

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



July 21, 2020

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

Chino Basin Program Memorandum of Understanding

Dear Mr. Deshmukh:

Please be in receipt of this letter with comments related to the Chino Basin Program (CBP) Memorandum of Understanding (MOU) between Inland Empire Utilities Agency (IEUA) and Monte Vista Water District (MVWD) entered into effective April 24, 2019 (attached). Please accept this letter as responsive to IEUA's request for comments on the recently circulated Draft Economic Analysis Technical Memorandum and Preliminary Design Report Alternatives Analysis (collectively, Analyses).

MVWD is concerned that the CBP planning effort has gotten away from the intent of the CBP MOU between IEUA and various Chino Basin stakeholders, including MVWD. More specifically, the CBP Workgroup has only met sporadically and without opportunity to fulfill its stated role in the MOU: "to help provide local input in the development of a regional program that best meets the current and future needs of the individual Stakeholders and the Chino Basin as a whole." At recent Workgroup meetings, IEUA and its consultants presented near-final planning products with minimal representation of retail agencies' input. Stakeholders are limited to providing comments and receiving responses from IEUA and its consultants, rather than truly collaborating on program development, resulting in a loss of focus on the needs of the region and local water and wastewater service providers.

Both Analyses compare the CBP to two baselines: the "IEUA Master Plan," and the "Region's Master Plan." Though MVWD is not a wastewater agency, we believe it is questionable if CBP should be compared to the IEUA Master Plan, as it is our understanding that Regional Sewer Contract parties have not agreed as to the timing when advanced treatment of recycled water will be required. The Region's Master Plan represents a larger program, including retail agency projects which the parties have not agreed they will perform, making it not a true alternative. As to the CBP itself, the partners have not agreed to the project scope and do not agree that an alternative to the CBP is 100% imported water.

W a t e r D i s t r i c t

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Sandra S. Rose
PRESIDENT

G. Michael Milhiser
VICE PRESIDENT

Manny Martinez
DIRECTOR / BOARD AUDITOR

Philip L. Erwin
DIRECTOR

Tony Lopez
DIRECTOR

In short, the planning work done to date – almost exclusively by IEUA and its consultants – lacks the knowledge and perspective of the region's retail agencies with direct service responsibilities to the public. The purpose of the MOU is for IEUA and its partners to cooperate and collaborate for the successful development of the CBP. The end goal of the MOU is a negotiated CBP Agreement between IEUA and stakeholders that ensures CBP benefits for all project partners. At this point, the information presented by IEUA and its consultants is insufficient to identify these benefits and lay the groundwork for an agreement to be reached.

We ask that IEUA work more collaboratively with Chino Basin stakeholders, consistent with our mutually agreed-upon MOU. We believe this would require a re-establishment of the CBP Workgroup with designated stakeholder representatives, and tasking the Workgroup collectively to review the criteria, bases, and results of the Analyses to better represent the resource needs and financial goals of local water and wastewater service providers.

Thank you for the opportunity to comment. Please feel free to contact me at (909) 267-2125 if there are any questions.

Sincerely,

Monte Vista Water District



Justin M. Scott-Coe
General Manager

Attachment

Chino Basin Program
Memorandum of Understanding

This Memorandum of Understanding ("MOU") is entered into effective April 24, 2019 2019, between various Chino Basin stakeholders ("Stakeholders") and the Inland Empire Utilities Agency ("IEUA") (collectively, the "Parties").

Whereas, Parties have developed and approved various planning documents that have identified the need for investment in infrastructure within the Chino Basin. These investments would help address various sustainability objectives of the Chino Basin Optimum Basin Management Program (OBMP), such as, recycled water compliance, groundwater quality, storage and recovery programs, and subsidence mitigation. The Parties are currently in the process of updating the OBMP.

WHEREAS, IEUA received a conditional funding approval of \$207 million through the California Proposition 1 Water Storage Investment Program.

WHEREAS, IEUA has established the Chino Basin Program ("CBP") Workgroup to help provide local input in the development of a regional program that best meets the current and future needs of the individual Stakeholders and the Chino Basin as a whole.

WHEREAS, formal funding approval of the CBP requires development of a refined project, including operations, finance, environmental permitting and all associated institutional agreements. A formal CBP Agreement amongst the Parties is essential for successful agreements with State Water Project Contractors and administering agencies.

WHEREAS, this MOU is substantively non-binding on the Parties, but expresses the agreement and commitment of the Parties to initiate the process to work collaboratively, in good faith, to identify issues of common concern, and goals and solutions which are of common benefit to the Parties, and which may ultimately be implemented through the CBP.

NOW, THEREFORE, the Parties hereby make the following mutual commitments:

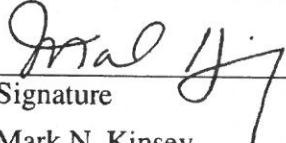
1. Work together in good faith to cooperatively plan and evaluate a strategy for the successful development of the CBP and receipt of the \$207 million funding.
2. Collaborate to refine the CBP components, including, but not limited to, water supply sources, infrastructure requirements operations, performance obligations, program costs and Basin impacts to optimize the benefits for the Chino Basin and the individual Stakeholders.
3. Develop a CBP Agreement.
4. Support securing additional grants and other funding sources for the CBP.
5. All Parties will work together in good faith to ensure that the CBP Agreement is negotiated and ready for potential execution by Summer 2019, recognizing the urgency of completing the institutional agreements by 2020.

Chino Basin Program Memorandum of Understanding
Page 2 of 2

This MOU may be signed in identical counterparts, each of which shall be deemed to be an original and shall constitute one MOU.

Executed this 25th day of April 2019 by:

Monte Vista Water District

	4/25/2019
Signature	Date
Mark N. Kinsey	
General Manager	

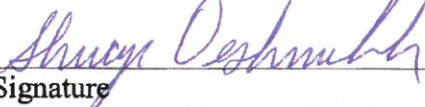
April 24, 2019

Chino Basin Program Memorandum of Understanding
Page 2 of 2

This MOU may be signed in identical counterparts, each of which shall be deemed to be an original and shall constitute one MOU.

Executed this 17 day of April 2019 by:

Inland Empire Utilities Agency


Signature Date

Name: Shivaji Deshmukh

Title: General Manager



Justin Scott-Coe, PhD
GENERAL MANAGER

June 14, 2021

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

Chino Basin Program Memorandum of Understanding

Dear Mr. Deshmukh,

Monte Vista Water District (MVWD) would like to thank you and the entire Inland Empire Utilities Agency (IEUA) team for your efforts associated with the development of the Chino Basin Program (CBP). In April 2019, MVWD and 13 other agencies entered into a Memorandum of Understanding (MOU) with IEUA regarding the CBP. The purpose of this letter is to acknowledge MVWD's conclusion of the MOU.

The intent of the MOU was "to work collaboratively, in good faith, to identify issues of common concern, and goals and solutions which are of common benefit to the Parties, and which may ultimately be implemented through the CBP." The MOU commits the parties to develop a CBP Agreement for potential execution by Summer 2019 in advance of IEUA entering into institutional agreements with the State of California. To date, no local or institutional agreements have been prepared or executed. It is our understanding that IEUA intends to consider formal action on a final funding award from the State by December 2021 based on the expressed interest of one or more retail agencies and in advance of developing or executing a CBP Agreement with MOU parties.

MVWD entered the MOU in the spirit of regional partnership. We have actively participated in 11 CBP Workgroup meetings and multiple additional meetings with and between retail agency representatives and IEUA. MVWD and other retail agencies have raised questions and concerns to IEUA in multiple forums and venues regarding the overall cost, distribution of costs and benefits, and unintended risks of the project to local ratepayers. We acknowledge that IEUA continues to evaluate and present alternative approaches in an attempt to address retail agency concerns.



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Sandra S. Rose
PRESIDENT

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VICE PRESIDENT

Manny Martinez
DIRECTOR / BOARD AUDITOR

Philip L. Erwin
DIRECTOR

Tony Lopez
DIRECTOR

IEUA is to be commended for seeking to address regional water resource management priorities through the CBP. The Chino Basin faces a future requirement for advanced treatment of wastewater. MVWD believes this can be accomplished through a partnership with IEUA and local retail wastewater and water agencies to make best use of the feasibility work completed to date. Nine retail agencies, including MVWD, have taken the first step in this partnership by engaging Stetson Engineers to analyze the wastewater and recycled water regulatory requirements and to develop an alternative project. Such a partnership will lead to a better alternative to address local water resource needs without the financial and resource management risks of CBP.

The MVWD Board of Directors took action to conclude the MOU on June 9, 2021. MVWD does not recommend the CBP for further implementation efforts, including but not limited to IEUA taking formal action on a final funding award from the State of California.

MVWD remains committed to working collaboratively with IEUA and our other partners to identify cost-effective strategies to enhance the sustainability and resiliency of our region's water resources. We value IEUA's leadership in the region and look forward to future partnership opportunities.

Sincerely,

Monte Vista Water District



Justin M. Scott-Coe
General Manager

cc: Jasmin A. Hall, President, Inland Empire Utilities Agency Board of Directors
Sandra S. Rose, President, Monte Vista Water District Board of Directors



July 13, 2021

General Manager Shivaji Deshmukh, P.E.
Inland Empire Utilities Agency
P.O. Box 9020
Chino Hills, CA 91709

**SUBJECT: MEMORANDUM OF UNDERSTANDING WITH THE INLAND EMPIRE
UTILITIES AGENCY FOR PARTICIPATION IN THE DEVELOPMENT OF
THE CHINO BASIN PROGRAM**

Dear General Manager Deshmukh:

At the City of Montclair Council Meeting held on June 21, 2021, the Montclair City Council voted to conclude the above referenced Memorandum of Understanding between the City of Montclair and Inland Empire Utilities Agency (IEUA).

The City of Montclair City Council would like to take the opportunity to thank you and the IEUA Board of Directors on your efforts on the Chino Basin Program; however, at this time the City of Montclair City Council has elected to withdraw its self from the program.

The City of Montclair looks forward to working with you and the IEUA Board on future regional and local projects.

Sincerely,

OFFICE OF THE CITY MANAGER

City Manager
Edward C. Starr

CITY OF MONTCLAIR

5111 Benito Street, P.O. Box 2308, Montclair, CA 91763 (909) 626-8571 FAX (909) 621-1584

Mayor Javier John Dutrey • Mayor Pro Tem Bill Ruh • Council Members: Tenice Johnson, Corysa Martinez, Benjamin Lopez • City Manager Edward C. Starr

CITY OF

303 EAST B STREET | ONTARIO, CALIFORNIA 91764



ONTARIO

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PAUL S. LEON
MAYOR

ALAN D. WAPNER
MAYOR PRO TEM

JIM W. BOWMAN
DEBRA DORST-PORADA
RUBEN VALENCIA
COUNCIL MEMBERS

SHEILA MAUTZ
CITY CLERK

JAMES R. MILHISER
TREASURER

SCOTT OCHOA
CITY MANAGER

July 27, 2021

Jasmin A. Hall
President, Board of Directors
Shivaji Deshmukh, P.E.
General Manager
Inland Empire Utilities Agency
6075 Kimball Avenue
Chino, CA 91708

Chino Basin Program Memorandum of Understanding (MOU)

Dear President Hall and Mr. Deshmukh,

The City of Ontario (City) would like to thank you and the Inland Empire Utilities Agency (IEUA) staff for your efforts associated with the development of the Chino Basin Program (CBP) opportunity. The purpose of this letter is to acknowledge the City Council's decision to conclude the April 2019 MOU and therefor, withdraw its support for the continued pursuit and development of the CBP.

The intent of the MOU was "to work collaboratively, in good faith, to identify issues of common concern, and goals and solutions which are of common benefit to the Parties and which may ultimately be implemented through the CBP." The MOU commits the parties to develop a CBP agreement for potential execution, in the summer of 2019, and in advance of IEUA entering into institutional agreements with the State of California.

To date there are many unanswered questions on the manner of implementation and funding for the proposed CBP. There is a loosely defined concept of participating agencies, and those that opt out, with no terms of agreement as contemplated in the MOU. As an agency that has opted out, we expect that any further implementation of the CBP will not adversely impact the City; whether it be water resources, rates, other costs, or operational constraints over the life of the CBP's 25-year commitment. These impacts should be borne by agencies that elect to participate in the CBP. Further, we encourage IEUA to define the terms of agreement for both participating and non-participating agencies in advance of environmental review and formal consideration of a submittal to the State of California for purposes of securing project funding.

The region has a need for a project that addresses some of the components envisioned in the CBP. The City believes that there is a "baseline" project that addresses wastewater compliance and enhances local water resources which can be developed such that it receives unanimous support and participation by the retail utility service providers within the IEUA service area. As you know, there is an effort in progress by nine retail agencies to pursue this "baseline" project in coordination with IEUA.

The City of Ontario remains committed to working collaboratively with IEUA and our other partners to identify cost-effective strategies to enhance our regions water resources for the benefit of the public we serve.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Scott Ochoa', with a long horizontal flourish extending to the right.

Scott Ochoa
City Manager

Cc: Ontario City Council
IEUA Board of Directors

STAFF REPORT

Date: July 27, 2021

To: Board of Directors
From: John Bosler, General Manager/CEO
Agenda Title: **Conditions by CVWD to Remain in the Chino Basin Program MOU**

Purpose

The Board is asked to consider a strategy for CVWD's position on the Memorandum of Understanding (MOU) between CVWD, Inland Empire Utilities Agency (IEUA) and various parties for the evaluation and development of the Chino Basin Program (CBP or Program).

Background/Analysis

In Spring of 2019 CVWD and surrounding agencies entered into an MOU with IEUA to pursue a \$207M funding investment from the State's Prop 1 initiative, which was conditionally awarded to IEUA by the California Water Commission (CWC), which administers the Water Storage Investment Program (WSIP). The state is investing in water supply exchanges for 375,000 acre-feet over 25 years that would benefit ecosystems in northern California. The MOU was nonbinding amongst the parties and acknowledges that if the CBP were to be implemented, formal agreements amongst the signatories of the MOU would be required. The intent of the MOU was to "work collaboratively in good faith to identify issues of common concern, goals and solutions which are of common benefit to the Parties, and which may ultimately be implemented through the Chino Basin Program." The MOU indicated that a CBP Agreement amongst the parties would be ready for potential execution by summer 2019 and in advance of institutional agreements with the State of California. To-date, no agreements have been prepared or executed as the CBP continues to be evaluated and developed.

The key features of the CBP are the construction of an Advanced Water Treatment (AWT) plant that would further maximize the use of recycled water, a local and reliable supply, above current limited use and related infrastructure for storing and recovering treated water, of which would provide exchange supplies to Metropolitan Water District (MWD) for ecosystem benefits in the Bay Delta. This would be accomplished locally through a combination of in-lieu use within the basin and deliveries to MWD's Rialto Feeder. The cost to implement the CBP is approximately \$650M in capital costs and \$17M for annual O&M. This would be financed by investment funding from the State with the balance paid by ratepayers (via pass thru fees), IEUA's property tax revenues, and connection fees.

It should be noted that in order to continue the use of recycled water, future implementation of AWT is already expected due to declining water quality due to increasing salinity, or total dissolved solids (TDS), which are regulated by the regional water control board. IEUA's master plans show that AWT and related infrastructure are needed around 2030, and this is considered the "Baseline Project". Because AWT product water can be more readily injected into the ground it also brings regional water supply benefits like maximizing recycled water

for local use rather than losing it to the Santa Ana River. The CBP has been presented as an opportunity to implement AWT sooner with an impactful funding opportunity but with hefty performance requirements. Earlier this year, several retail agencies, including CVWD, partnered to commission a peer review study of IEUA's Master Plans and Baseline Project, in particular the trend of TDS, and timing and sizing of AWT to comply with state regulations. This project is still ongoing.

Up until this year, the CBP as presented was not meeting the expectations of participating stakeholders. Major concerns and flaws included:

- The CBP originally contemplated significant export of exchanged water with significant pump back facilities to MWD at the Rialto Feeder. This would require high capital and operating costs and the potential for "pumping in circles" as certain parties would be importing water from the same pipeline.
- Overall project costs to perform were too high, especially the performance facilities, compared to the Baseline Project.
- Unclear MWD expectations for lost sales for the exchanged water.
- In the simplest form, the value of the water to the State was too low. As originally conceived, any exchange requiring export to the Rialto Feeder was essentially equated to a water "sale" rather than a grant with a price of \$552/AF, which is much too low.
- Encroachment by the State in local water supplies and management during and beyond the term of the Program agreement.

Since IEUA began planning and outreach of the CBP, the above and many other comments have been shared by CVWD and others verbally in workshops and in written correspondence to IEUA.

However, since early 2021, IEUA staff have presented to their board and stakeholders that they are negotiating certain fundamental changes to the Program that increase the value and benefit to this region, reduce capital and operating costs, and are addressing the concerns presented above. Other recent developments reported by IEUA are that the CWC has awarded an additional \$5M towards the CBP for a total of \$212M with a potential for additional funding as other Prop I recipients and programs are declining in participation. IEUA also received reimbursement approval for planning efforts up to \$9M regardless if the Program moves forward. To-date IEUA has spent \$5M. The work produced from the CBP planning will be useful to IEUA and the region regardless if the project moves forward.

To our understanding, the following Program fundamentals have been or are being discussed with the State, CWC, Department of Water Resources (DWR) and MWD:

- A. Disconnecting performance for environmental benefit with the State. In other words, MWD performs the environmental water releases up north and IEUA establishes local performance criteria with MWD.

- B. No compensation to MWD for exchanged water not delivered to IEUA, i.e. "lost sales." MWD is pursuing programs that provide both environmental benefits at the Bay Delta and resilience added to State Water Project exclusive service areas.
- C. DWR recognizes carriage losses through the Delta, which are the additional volumes of water required when moving water through the Delta, typically for environmental purposes, to achieve the desired volumes to be pumped and exported at the southern end of the Delta. Because the Program releases are entirely for environmental purposes and not for export, DWR should recognize a savings to MWD, currently being negotiated at 20%; this directly results in a 20% reduction for IEUA's local performance, i.e., 375,000 to 300,000 AF for the 25-year term or 50,000 AF to 40,000 AFY per call year cycle (7.5 cycles max). This performance reduction translates into increasing the value of the water from \$552/AF to \$706/AF (considering the increased investment to \$212M), moving the value of the water in the right direction.
- D. Local performance with MWD is planned through a combination of in-lieu local use (75%) and pump back into MWD's Rialto Feeder (25%). This refinement is heading towards maximizing the use of the CBP water locally and minimizing pump back to the MWD Rialto Feeder. Any water that is pumped back to MWD would be stored recycled water and not an export of native Chino Basin groundwater. There is also a potential benefit to provide a minimum pump back facility to MWD to provide flexibility in performance, for any unforeseen change in conditions over the 25-year term. Additionally, such a facility is of interest to MWD because it has the potential to facilitate water banking, such as the Chino Basin Water Bank is exploring.
- E. The program does not affect regional and CVWD's imported water baselines.
- F. Optimizes recycled water supplies that are lost to the Santa Ana River. Recapturing about 9,000 AF on average that are lost to the river also has a value to CVWD and the regional contracting agencies. CVWD currently does not have access to its full recycled water entitlement. The northern regional contract agencies are also in a similar situation. About 8,000 AF of the optimized recycled water could be allocated to CVWD to get its share of base entitlement. AWT combined with direct injection would alleviate this issue and enable the contract agencies to maximize the use of their respective recycled water entitlements. The Baseline Project accomplishes this, but CBP would provide this benefit sooner. This supply also has a value that could be considered in the project economic analysis.
- G. The CBP is exploring optional elements that acquire up to 6,000 AF of external supplies from neighboring agencies through long term partnerships to augment the IEUA RW system. This is of benefit to CVWD and the region for further resilience and to address unused entitlement.
- H. The CBP has a basic tenet of no harm to any of the participating agencies or stakeholders. One such term is that "call (performance) years" may not happen during critically dry years.

These developments have led CVWD staff to explore if these changes can bring value to our rate payers and the region. Imported water is a key strategic supply that CVWD and the region relies on, however resilience is just as important to address planned and unplanned

imported water disruptions, which is a key benefit that CBP has the potential to deliver, among others. IEUA is steadily analyzing and publishing how these Program changes impact costs and future rates. At a high level these are translating into a more favorable direction value for the region, and some preliminary analyses are trending in this direction.

In addition to the above developments, CVWD is encouraging the following fundamentals to be considered and implemented in their next steps:

- I. Continue to work within the approved planning reimbursement amounts; in other words, at no cost to the agencies and ratepayers for these planning efforts.
- J. Continue to refine local performance requirements with MWD. The goal should be no export of local supplies and to eliminate “pumping in circles” for all predictable scenarios over the 25-year term. This is a practical and fundamental philosophy shared by all the retail agencies. It seems a 100% in-lieu exchange would be the most cost-effective performance for the region, but we’ll remain open to understanding the benefits of a minor pump back facility, including the potential for incentives to pump back.
- K. Update Program costs based on changes to be shared with stakeholders. Demonstrate resiliency against imported water disruptions at a reasonable incremental cost to the region and ratepayers. Demonstrate long term competitive value compared to imported water costs. Develop an equitable rate strategy to support the Program.
- L. Obtain progressively firmer written commitments from MWD for their role in the Program. CVWD understands that in May 2021, MWD provided IEUA with a Letter of Intent, to continue exploring some of these concepts. This was discussed during the MWD Water Planning and Stewardship Committee on June 7, 2021 and the MWD Board Meeting on June 8, 2021, demonstrating continued efforts by MWD to work with IEUA to develop a Program that works for all stakeholders.
- M. Continued close involvement of remaining interested and highest impacted parties. CVWD is a highest impacted party having the current largest share of wastewater treatment capacity (EDUs), unused recycled water entitlement, and largest imported water demand.
- N. Develop final negotiated fundamentals and terms of the Program to be presented to all stakeholders by fall 2021, including cost and rate impacts.
- O. IEUA does not move forward with entering into formal agreements with the State for the CBP without CVWD’s support.

Some of CVWD’s neighboring agencies have or will soon take action to conclude their participation in the CBP MOU.

CVWD staff presented updates regarding this topic to the Water Resources Committee on May 18 and June 15, 2021, and the Engineering Committee on June 1 and July 6, 2021. Based on discussions and feedback from the committees, staff has formulated the following recommendation below.

Recommendation

Because the MOU was entered into under Board of Directors action, staff recommends that the Board of Directors direct the General Manager/CEO to formally notify IEUA as follows:

Continue Collaboration and Development of CBP with IEUA and other interested parties: CVWD believes that IEUA is showing good faith progress in the development of the CBP in a positive direction; CVWD understands substantial discussions are taking place with key stakeholders, including the state, MWD and others, that could address CVWD and local stakeholder's concerns; recent fundamental changes to the project are reducing capital and operating costs and are keeping developed water supplies in the region; and IEUA continues to refine fundamental features acceptable to local parties. Therefore, CVWD will continue to participate in good faith in the development of the CBP, as more recently described herein, under the conditions that IEUA substantially address items A through O above in this staff report. The District's General Manager/CEO is directed to notify the IEUA Board and their General Manager of these conditions of continued participation. If at any point the General Manager/CEO, at his discretion, concludes that IEUA is not meeting the above conditions and objectives, the CVWD Board of Directors authorizes their General Manager/CEO to formally notify in writing to the IEUA Board of Directors and their General Manager that CVWD has concluded its efforts under the MOU; does not support the Project; and recommends that IEUA not enter into any agreements related to the CBP.

Alignment with Strategic Goals

Participation in the CBP MOU has the potential to align with the District's goal to maximize the beneficial use of all of our water supplies, reinforce imported water reliance, pursue imported water resiliency, and collaboration with regional partners.

Fiscal Impact

At this time there is no direct cost to CVWD associated with continued participation in the CBP MOU planning efforts as conditioned above.

Attachment:

Attachment I: Draft Regional Water Management Memorandum of Understanding

Prepared and Submitted By: Eduardo Espinoza, PE, Assistant General Manager

Approved August 10, 2021

**MINUTES OF A REGULAR MEETING OF THE
CUCAMONGA VALLEY WATER DISTRICT
BOARD OF DIRECTORS
July 27, 2021**

A regular meeting of the Cucamonga Valley Water District Board of Directors was called to order at 6:00 p.m. by President Reed. Ms. Taya Victorino took roll call to confirm Board Member attendance in person or via teleconference.

CALL TO ORDER
6:00 p.m.

President Reed announced:

1) The meeting is being conducted by teleconference pursuant to the Brown Act waivers provided for under the Governor's Executive Orders in response to the COVID-19 State of Emergency.

2) The agenda states that members of the public are permitted to attend the meeting in person at the location listed on the agenda.

3) The agenda also states that the public may listen and provide comment telephonically by calling the number listed on the agenda.

President Reed led the Pledge of Allegiance.

In Attendance:

Board Randall James Reed, President
 Luis Cetina, Vice President
 James V. Curatalo, Jr., Director (*absent*)
 Mark Gibboney, Director (*via teleconference*)
 Kevin Kenley, Director

Staff John Bosler, General Manager/CEO
 Jeff Ferre, BB&K, Legal Counsel

 Manuel Ascencion, Information Tech Specialists
 Agnes Boros, Finance Manager (*via teleconference*)
 Chad Brantley, Director of Finance and Technology Services
 Cindy Cisneros, Executive Assistant, General Manager
 Eduardo Espinoza, Assistant General Manager
 Rob Hills, Director of Operations
 Robert Kalarsarinis, Customer Service Manager
 Gidti Ludesirishoti, Associate Engineer (*via teleconference*)
 Roberta Perez, Director of Human Resources and Risk Management
 JR Roberts, Water Treatment Plant Manager (*via teleconference*)
 Taya Victorino, Executive Assistant, Board of Directors

Guests Jeff Davis, Provost & Pritchard Consulting (*via teleconference*)
 Christiana Daisey, IEUA (*via teleconference*)
 Shivaji Deshmukh, GM, IEUA
 Brandon Goshi, Metropolitan Water District (*via teleconference*)
 Sylvie Lee, IEUA (*via teleconference*)

ADDITIONS/DELETIONS TO THE AGENDA

None.

ADDITIONS/
DELETIONS

PUBLIC COMMENT

None.

PUBLIC COMMENT

GENERAL MANAGER/CEO REPORTS

A) District Updates

Mr. John Bosler, General Manager/CEO, reported the following:

- As a reminder, the Fontana Union Water Company Board Meeting is scheduled for Thursday, July 29, 2021 at 7:30 a.m.

GENERAL
MANAGER/CEO
REPORTS

CONSENT CALENDAR

- A) Approve Minutes of the July 13, 2021 Regular Board Meeting.
- B) Approve Board Calendar of Events.
- C) Approve Cash & Investment Report for month ending June 30, 2021.
- D) Approve Cash Disbursements for month ending June 30, 2021.
- E) Receive and File Monthly Financial Results Report for month ending June 30, 2021.
- F) Receive and File July 2021 Government & Public Affairs Report.
- G) Receive and File Quarterly PARS Investment Report for quarter ending June 30, 2021.

CONSENT
CALENDAR

PASSED 4-0-0-1

On a motion by Vice President Cetina, and seconded by Director Kenley to approve the Consent Calendar as submitted by Roll Call Vote:

Ayes: Reed, Cetina, Gibboney, Kenley

Noes: None

Abstain: None

Absent: Curatalo

Passed 4-0-0-1.

SET A PUBLIC HEARING – PROPOSED ADJUSTMENTS TO WATER RATES

Mr. Chad Brantley provided a PowerPoint presentation on the Draft 2021 Multi-Year Water Rate Study. The Board is asked to review the Rate Study results and draft Proposition 218 notice. The Board will not vote on rates at this time, it will only consider setting a public hearing for the consideration of the proposed adjustments to water rates.

SET A PUBLIC
HEARING –
PROPOSED WATER
RATES
ADJUSTMENTS

PASSED 4-0-0-1

Discussion ensued regarding water rate tier flexibility, timing of the public hearing and potential rate adjustment implementation.

On a motion by Vice President Cetina, and seconded by Director Gibboney to approve to set a public hearing at 6:00 p.m. on September 28, 2021 for the consideration of adjustments to water service rates and charges as documented in the draft 2021 Multi-Year Water Rate Study and in connection with proposed Ordinance No. 2021-9-1 as follows:

- Rate for Monthly Service Charge
- Rate for Water Commodity Charge
- Rate for Private Fire Line Service Charge
- Rate for Temporary Water Service (Construction Water)
- Reset the Rate for MWD Surcharge Pass-Through
- Establish the Rate for IEUA Surcharge Pass-Through
- Establish new Monthly Tier Allocations for the Water Commodity Charge
- Establish new Monthly Tier Allocations for the WSSCP Stages

And direct staff to proceed with actions to comply with Proposition 218 notice and public hearing requirements as submitted by **Roll Call Vote:**

Ayes: Reed, Cetina, Gibboney, Kenley

Noes: None

Abstain: None

Absent: Curatalo

Passed 4-0-0-1.

**CONDITIONS BY CVWD TO REMAIN IN THE CHINO BASIN PROGRAM (CBP)
MEMORANDUM OF UNDERSTANDING**

Mr. Eduardo Espinoza presented the District's recommended approach to the Chino Basin Program. He introduced Mr. Shivaji Deshmukh from IEUA and Mr. Brandon Goshi from MWD who were present to answer questions on behalf of their agencies. CVWD entered into a MOU with IEUA and surrounding agencies to pursue a funding investment from the State's Prop 1 initiative. Up until this year, the CBP as presented was not meeting the expectations of participating stakeholders. Currently several surrounding agencies have not recognized the benefit and have concluded or will soon conclude their participation in the MOU and CBP. However CVWD has recognized IEUA's efforts to change several aspects of the program to create a benefit for the local agencies involved. Staff believes it is in the District's best interest to continue working with IEUA to develop the program further and explore potential

CONDITIONS BY
CVWD TO REMAIN
IN THE CBP MOU

PASSED 4-0-0-1

benefits to our water supply.

Mr. Deshmukh and Mr. Goshi expressed their agencies' appreciation for the opportunity to collaborate with CVWD on this effort to enhance water reliability for the region.

Discussion ensued regarding the benefit of this program to CVWD's customers and the region, and the collaboration and transparency required to ensure the success of this program.

On a motion by Vice President Cetina, and seconded by Director Kenley to approve to continue collaboration and development of the CBP with the Inland Empire Utilities Agency (IEUA) and other interested parties and direct the General Manager/CEO to formally notify IEUA as submitted by **Roll Call Vote:**

Ayes: Reed, Cetina, Gibboney, Kenley

Noes: None

Abstain: None

Absent: Curatalo

Passed 4-0-0-1.

BOARD COMMITTEE REPORT

A) July 6, 2021 Engineering Committee

President Reed reported the notes accurately reflect what occurred at the meeting.

B) July 14, 2021 Finance Committee

Director Gibboney reported the notes accurately reflect what occurred at the meeting.

BOARD COMMITTEE
REPORTS

BOARD MEMBER REPORTS

Director Gibboney

- Nothing additional to report.

Director Kenley

- Attended the Southern California Water Coalition (SCWC) luncheon with Director Gibboney on July 23, 2021. The panel gave a presentation on their task force that will represent the interests of this region to ensure there is equity and access to water availability in the region. Expressed his appreciation for SCWC's efforts to stand up for the rights of this region.

Vice President Cetina

- Attended the Rancho Cucamonga Chamber Business Connection Network event on July 22, 2021. There was a presentation on the Bright Line train that will connect to Las Vegas. Expressed his belief that this would cause growth in our community and the importance for the District to ensure a reliable water supply.

BOARD MEMBER
REPORTS


President Reed

- Attended the Association of San Bernardino County Special Districts dinner on July 19, 2021. It was the first in-person meeting since the COVID emergency. Expressed his gratitude for the opportunity to network with colleagues again.

ADJOURNMENT

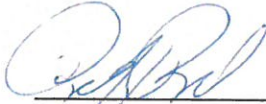
There being no further business to come before the Board, President Reed adjourned the meeting at 7:37 p.m.

ADJOURNED
AT 7:37 p.m.



John Bosler
Secretary/General Manager

ATTEST:



Randall James Reed
President



CITY OF ONTARIO

MEMORANDUM

TO: IEUA Technical Advisory Committee Members

CC: Scott Burton, City of Ontario Utilities General Manager
Debra Dorst-Porada, City of Ontario Policy Committee Representative

FROM: Courtney Jones, Water Resources and Regulatory Affairs Director

DATE: August 25, 2021

**SUBJECT: TECHNICAL ADVISORY COMMITTEE AND POLICY COMMITTEE
ADVICE ON WASTEWATER COMPONENTS OF THE CHINO BASIN
PROGRAM**

The Chino Basin Program (CBP) involves the construction of an advanced water treatment facility, injection wells, and a distribution system to treat and store recycled water in the Chino Basin (Basin) to be used during dry or critically dry years. During dry or critically dry years, CBP's partnership with an existing State Water Project Contractor (such as the Metropolitan Water District of Southern California) would allow this locally stored water to be produced by IEUA to provide ecosystem benefits north of the Delta by leaving greater flows in waterways for the species that depend upon them.

The CBP prepares the region for salinity compliance with the Basin Plan by having advanced water purification facilities (AWPF) online by 2028. It is anticipated that the advanced treatment of wastewater will be required in the future for purposes of maintaining wastewater treatment discharge compliance and managing salt levels in the Chino Groundwater Basin, with or without the CBP project. However, the CBP proposes to significantly increase the size of the AWPF needed and build it earlier than necessary solely for wastewater compliance.

As the CBP is currently envisioned by IEUA, the capital construction, operations, and maintenance costs for the AWPF would be borne entirely by the wastewater rates collected from the Contracting Agencies. The Contracting Agencies are responsible for funding sewerage system projects that are necessary for sewerage capacity and discharge compliance needs. For this reason, Ontario believes the Technical Advisory Committee and the Policy Committee need to consider and advise the IEUA Board on which components of the CBP are consistent with the regional sewerage contract and/or require consideration of a contract amendment including, but not limited to the following.

- The CBP intends to purchase external supplies of recycled water to be advance treated and injected. Will the procurement and treatment of these external supplies be borne by IEUA's

wastewater and recycled water rates? If so, will the sewerage contract be amended prior to committing this local funding source to the State?

- Do the contracting agencies agree that wastewater rates should pay for all the capital, operation, and maintenance costs of the AWPf even though the CBP project requires treatment capacity beyond what is needed for compliance and earlier implementation? If so, what expectations are there on the right of first purchase?
- Are any property tax revenues or development connection fees being shifted away from existing expenses to pay for the CBP, which will indirectly impact existing rates?

Components of the CBP related to maintaining wastewater treatment discharge compliance and managing salt levels in the Chino Groundwater Basin, including advanced treatment of wastewater and volume of wastewater to treat to this level, directly affect the wastewater agencies and fall under the purview of the Regional Sewerage Contract. For this reason, it is incumbent of the Technical Advisory Committee and Policy Committee to formally advise the IEUA Board on the issues directly affecting the Regional Sewerage Contract.



PAUL S. LEON
MAYOR

ALAN D. WAPNER
MAYOR PRO TEM

JIM W. BOWMAN
DEBRA DORST-PORADA
RUBEN VALENCIA
COUNCIL MEMBERS

October 14, 2021

SHEILA MAUTZ
CITY CLERK

JAMES R. MILHISER
TREASURER

SCOTT OCHOA
CITY MANAGER

VIA EMAIL AND FIRST-CLASS MAIL

Slee@ieua.org
Ms. Sylvie Lee
Inland Empire Utilities Agency
6075 Kimball Avenue
Chino, CA 91708

SUBJECT: City of Ontario Comments on Notice of Preparation and Draft Project Description for the proposed Chino Basin Program

Dear Ms. Lee,

The Inland Empire Utilities Agency (IEUA) is acting as Lead Agency preparing an Environmental Impact Report (EIR) for the proposed Chino Basin Program (CBP or Project or Program). The IEUA released the Notice of Preparation and Draft Project Description on September 15, 2021 for review. The City of Ontario submits the following comments related to the Draft Project Description for the proposed CBP.

General Comments

The City of Ontario believes the Project Description is required to be revised to more accurately and completely describe the proposed Project to comply with CEQA. We propose that the Project Description include the following:

- Describe the proposed agency participation and financing for the Program. Expand on how it is anticipated the Program will be paid for at the local level.
- Describe the administration of performance criteria during a call year for participating agencies and non-participating agencies. This is to include any limitations on access to imported water for either participating or non-participating agencies.
- Identify the sources and supply of recycled water to be treated and pledged to the Program and including a description of the Project's compliance with participating agencies' Right of First Purchase of treated wastewater per the Regional Sewerage Contract.

Program Objectives

The Program Objectives are required to be revised to comply with CEQA and to ensure that the EIR evaluates a reasonable range of feasible alternatives that could achieve most of the project objectives. The CBP Project Description on page 3-13 defines program objectives designed to guide the development and implementation of the CBP. Ontario believes the program objectives need to be modified as shown in bold *italics* and ~~striketrough~~ text below.

1. Meet permit compliance for the continued use of recycled water in the Chino Groundwater Basin.
2. Maintain commitments for salt management to sustain and enhance the safe yield for the Chino Groundwater Basin.
3. ~~Develop infrastructure that addresses long term supply vulnerabilities.~~ ***(Remove and replace with program objective #7)***
4. Provide a ***local*** source of water for emergency response during severe drought or catastrophic failure of imported water system's infrastructure.
5. Enhance recharge ***(injection wells and/or recharge basins)*** and/or reduce pumping in key locations to address subsidence in the Chino Groundwater Basin
6. Develop an ~~integrated~~ solution to produce ~~State and federal~~ environmental benefits ***by enhancing local supply and reducing reliance on imported water.***
7. ***Develop local water resources by utilizing recycled water locally in the Chino Groundwater Basin to meet the current and future needs of a growing region.***
8. ***Minimize the need for additional infrastructure by optimizing existing infrastructure***
9. ***Comply and be consistent with the Regional Sewerage Contract, including but not limited to compliance with each Contracting Agency's Right of First Purchase of treated wastewater.***

The population area served by the IEUA has grown quickly over the past ten years and is anticipated to continue to increase in the future. As projected in IEUA's UWMP, water demands are forecasted to increase by 33% over the next 25 years. In addition, the continuation of Chino Basin hydraulic control and reoperation will necessitate a new water replenishment demand of 40,000 acre-feet per year starting in about 2025. The region's growth and groundwater basin management plans emphasize the need for prudent water resources planning and management to secure the region's long term water supplies.

Program Alternatives Analysis

Section 15126.6 of the CEQA Guidelines require that an EIR analyze a reasonable range of feasible alternatives to the project that meet most of the project objectives. The range of feasible alternatives is required to focus on alternatives that may reduce the potential significant effects of the proposed project. CEQA requires the alternatives to be evaluated at the same level of detail as the proposed project to comply with CEQA informational standards and to allow the public to provide informed comments on project alternatives.

Conceptually, the City of Ontario proposes there be an alternative defined as the Local Control & Supply Alternative (Local Alternative) that evaluates treating and injecting currently underutilized recycled water into the Chino Groundwater Basin (Basin) for local use with no export or in-lieu elements. The Local Alternative would include the following essential components.

- Make beneficial use of recycled water currently being discharged to the Santa Ana River.
- Develop a local supply by advance treating recycled water which would be available to agencies in any given year, enabling the agencies to reduce reliance on imported water.
- Provide purified water pumping and conveyance for groundwater injection (injection wells and/or recharge basins).
- Implement and be consistent with the rights of contracting parties pursuant to the Regional Sewage Contract.

The proposed Local Alternative does not include the TAKE components of the proposed CBP. Below are the elements of the CBP which will not be included in the Local Alternative.

- Groundwater extraction and treatment
- Potable water pumping and conveyance
- Potable water usage (MWD pump back or in-lieu)

The Local Alternative would be comprised of only PUT components with participating agencies extracting the advanced treated water from the Basin with their existing or future facilities and/or for use in meeting Desalter Replenishment obligations. The participating agencies would store the advanced treated water in their respective storage accounts in the Basin.

Closing

As the region continues to grow and develop it is vital to maximize the use of available local water resources to ensure a safe and reliable water supply is accessible for the region. The City appreciates your attention to the items identified herein and looks forward to working collaboratively with your team.

Sincerely,



Scott Burton, P.E.
Utilities General Manager

C: Scott Burton, Utilities General Manager, City of Ontario
Shivaji Deshmukh, General Manager, Inland Empire Utilities Agency
Fred Fudacz, Partner Nossaman LLP
Robert Thornton, Partner Nossaman LLP



October 18, 2021

President Jasmine Hall and IEUA Board Members
Inland Empire Utility Agency
6075 Kimball Avenue
Chino, CA 91708

RE: Item 2.A. CBP Commitment Letter – October 20 IEUA Board Meeting

Dear President Hall and IEUA Board Members,

Thank you to the Inland Empire Utility Agency (IEUA) for holding a workshop last month on the Chino Basin Project (CBP).

At the October 20 meeting, the IEUA Board will consider authorizing the Executive Director to submit a commitment letter to the Department of Water Resources (DWR). Unfortunately, I am unable to attend the meeting.

As I commented at the workshop, I do not oppose IEUA submitting the commitment letter to further explore CBP with member agencies (sewage and water agencies). However, my concerns or questions related to CBP include the following:

1. Is CBP a breakeven financial project between the Metropolitan Water District, outside participating agencies (i.e. Jurupa District), and IEUA even with the \$212 million state grant OR are IEUA ratepayers subsidizing participating agencies? I have concerns the latter will occur unless an economic analysis determines otherwise.
2. Will the sewer ratepayers subsidize CBP water with the proposed additional \$4.70 EDU wastewater rate if their water agency does not participate in the CBP program? If this is true, this is problematic since these ratepayers do not benefit from the rate increase.
3. Are there relevant alternatives to CBP to consider as mentioned at the workshop and as member agencies are studying with a separate consultant? Both IEUA and member agency staffs should extensively study alternatives.
4. My understanding is IEUA engaged a consultant(s) to perform an economic analysis on the CBP finance impact (based on No. 1 above) and a rate study for sewage rate increase (based on No. 2 above). Will IEUA provide the final economic reports to member agencies to review during the CBP and alternative plan study stage?

CITY OF MONTCLAIR

5111 Benito Street, P.O. Box 2308, Montclair, CA 91763 (909) 626-8571 FAX (909) 621-1584

Mayor Javier John Dutrey • Mayor Pro Tem Bill Ruh • Council Members: Tenice Johnson, Corysa Martinez, Benjamin Lopez • City Manager Edward C. Starr

5. If a super-majority of member agencies determine CBP is not preferred and instead desire an alternative plan, will IEUA still pursue CBP? IEUA and the member agencies serve the same constituents and should work jointly on a plan that benefits our constituents.

I appreciate IEUA planning to enhance the quality and expand water resources in the Chino Basin. The overall goal should include ensuring any improvement benefits our constituents within the IEUA district.

As Montclair Mayor and Sewage Policy Committee Member, I look forward to analyzing CBP and other alternatives to achieve the best resolution. If you wish to contact me, I can be reached at 909-228-4473 or emailed at jdutrey@cityofmontclair.org.

Sincerely,

OFFICE OF THE MAYOR

A handwritten signature in black ink, appearing to read 'J. Dutrey', with a stylized flourish at the end.

Mayor
Javier "John" Dutrey

C Montclair City Council Members
 City Manager Starr