



*Proposition 1 Water Storage Investment Program
Inland Empire Utilities Agency*

Chino Basin Conjunctive Use Environmental Water
Storage/Exchange Program

QUARTERLY REPORT #18

October through December 2022

Progress Report to the California Water Commission
January 30, 2023



1. Purpose and Introduction

This Quarterly Report is to inform the California Water Commission (Commission) of changes and updates to the project, schedule, and status of the Inland Empire Utilities Agency (IEUA) Chino Basin Conjunctive Use Environmental Water Storage/Exchange Program, hereafter referred to as the Chino Basin Program (CBP), occurring during the most recent quarter of October through December 2022. The report contents are based on guidance provided by Commission staff and documents progress that IEUA is making toward complying with conditions required to enter a funding agreement with the Commission for implementation of the CBP.

The report is organized into the following sections:

1. Purpose and Introduction
 2. Project Planning Update
 3. Project Schedule Update
 4. Project Cost and Financing Update
- Attachment 1 — Table 1. Project Schedule
 - Attachment 2 — Table 2. Quarterly Reporting Items for Hearing on Final Awards

2. Project Planning Update

The Project Planning Update is a narrative summary update of the project. This summary provides a description of IEUA’s status in meeting the requirements and milestones identified by the Commission (see Attachments 1 and 2, respectively). Issues or concerns that have, will, or could affect milestones or requirements are also provided here. Figure 2-1 shows a conceptual illustration of the function and primary components that make up the CBP.

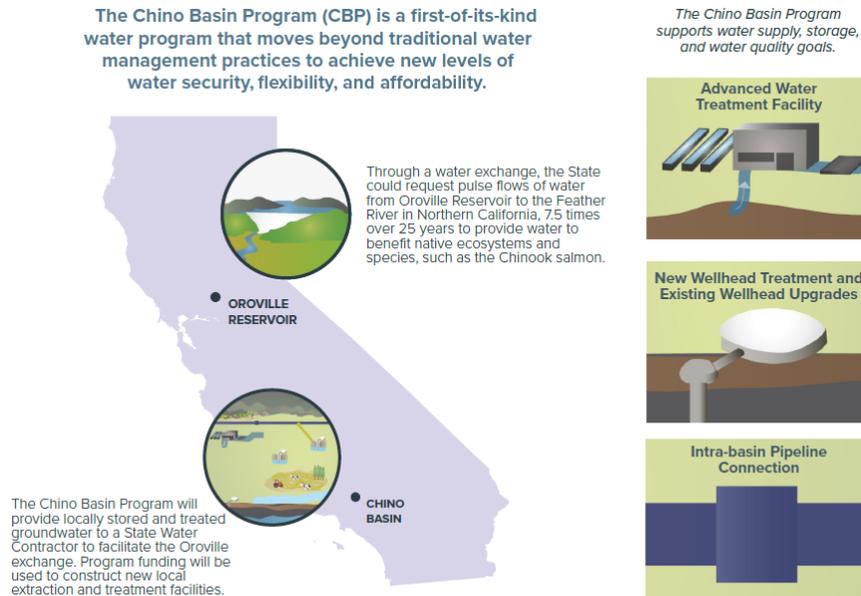


Figure 2-1. Location and Features of the Chino Basin Program

As reported in previous Quarterly Reports submitted to the Commission, IEUA continues to work closely and diligently with local, regional, and State resource agency partners to develop the CBP. Through this extensive collaboration with local agencies in the Chino Basin and Metropolitan Water District of Southern California (Metropolitan), IEUA continues to make progress in developing the CBP. Throughout 2022, IEUA, together with its CBP partners, has worked diligently to advance the engineering design elements of the program, the operational plans for local management of the water supply produced by the program, and the administrative and management plans with State resource agencies for the public benefits it will support. The sections below provide additional highlights of efforts during this most recent fourth and final quarter of 2022.

Technical and Financial Feasibility Analysis

The CBP has been planned with the region's long-term objectives in mind, which include developing advanced treated water capacity to address rising total dissolved solids concentrations, maximizing local use of recycled water, and increasing water supply resiliency through regionally connected infrastructure. The CBP Feasibility Study Report submitted to the Commission in November 2021, describes the CBP and the balance of operational capabilities to achieve these program benefits. This CBP planned facilities are shown in Figure 2-2a and Figure 2-2b. These planned facilities provide the basis for conducting preliminary design efforts which are required to develop the planned facilities in more detail, refine estimated project costs, and facilitate site specific environmental planning and permit review efforts. IEUA is moving forward with preliminary design efforts of the PUT facilities (Figure 2-2a) as discussed below.

Design, Construction, and Operation Update

As reported in the third quarter of 2022, IEUA initiated preliminary design efforts for a state-of-the-art advanced water treatment facility (AWTF), a purified water injection well system, and a recycled water interconnection. These efforts are progressing in parallel with the goal of completing the preliminary design later this year. Some highlights of recent activities for each effort include:

- The AWTF design effort was kicked off with a workshop to review and obtain input on the regulatory planning, environmental review, and preliminary design efforts. The workshop reviewed the approach, proposed design criteria, possible regulatory requirements and coordination needs with regulatory agencies, and critical path schedule items. Input from workshop participants informed refinements to the AWPF design workplan.
- The Rialto Recycled Water Intertie is one component of the CBP that will connect excess recycled water supplies from the Rialto Wastewater Treatment Plant to the AWPF. The preliminary design of the intertie pipeline and pump station is focusing on pipeline alignment alternatives. IEUA and the city of Rialto have also entered into a collaborative watershed management agreement (agreement) that will help Rialto meet discharge needs for Santa Ana River habitat and maximize use of available recycled water through a connection with the CBP helping meet long-term water supply needs in the region.
- A third preliminary design effort underway is for the purified water injection well system. This component of the CBP will be designed to receive purified water produced by the AWTF for injection into the underlying Chino Groundwater Basin. A workshop was conducted to review

the evaluation approach, regulatory and environmental planning, exploration and siting, and proposed design criteria of injection wells. Input from workshop participants informed refinements to the AWPf design workplan.

These preliminary design efforts are progressing in parallel with ongoing planning and communication efforts with project partners and stakeholders. IEUA embarked on a comprehensive organizational review to identify operational, management, and engineering requirements for completing design and construction, and managing the implementation of the program.

Discussions are continuing with Jurupa Community Services District for developing an additional recycled water connection between the AWPf and recycled water available from the Western Riverside County Regional Wastewater Authority (WRCWRA) treatment plant.

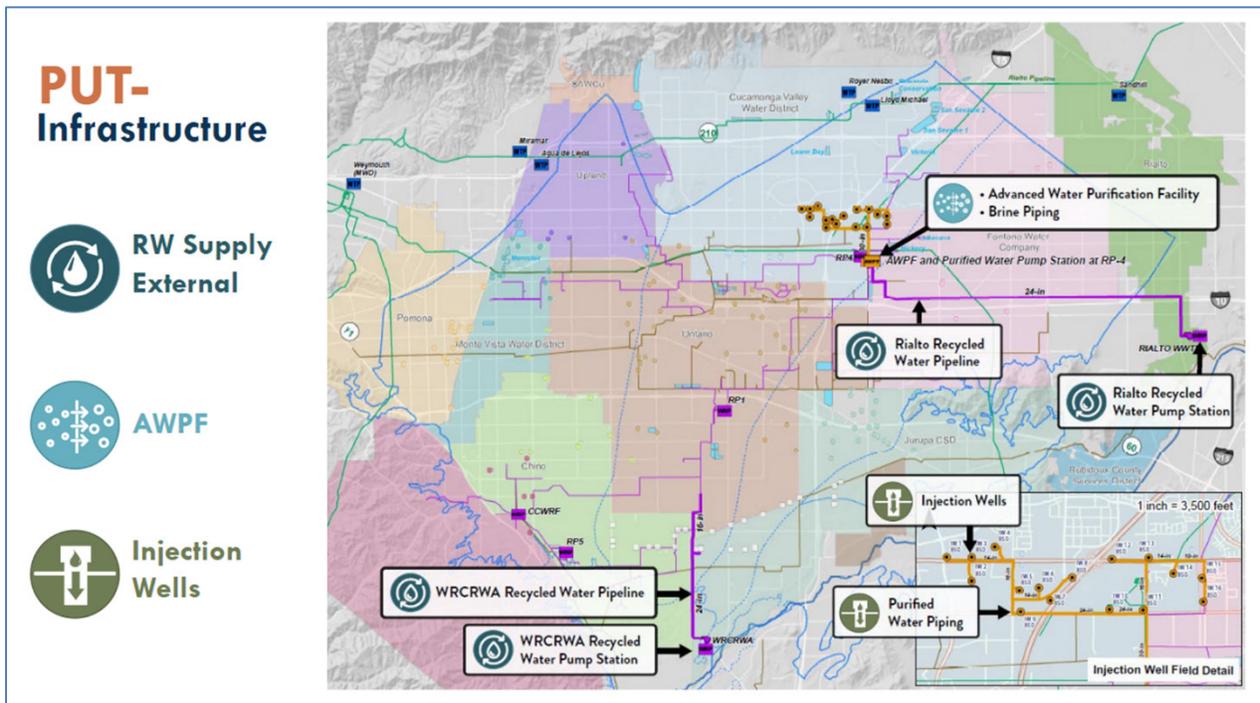


Figure 2-2a. CBP PUT Infrastructure

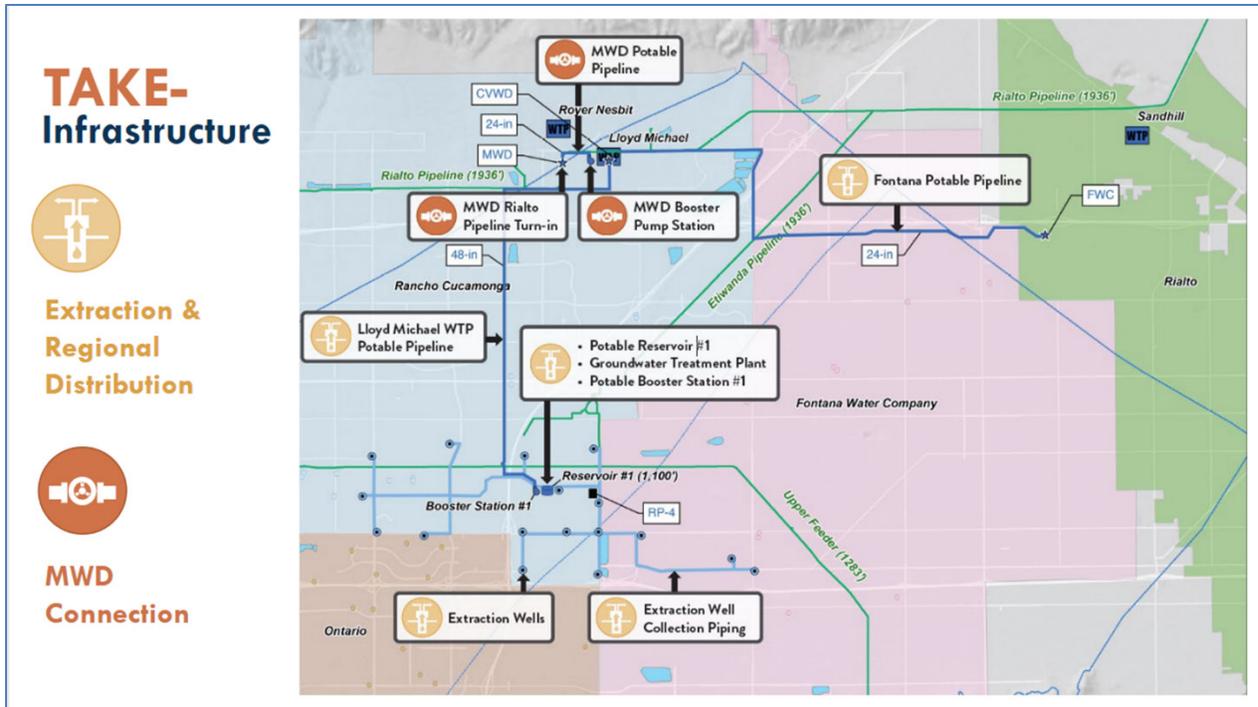


Figure 2-2b. CBP TAKE Infrastructure

CBP PEIR and Permitting Update

IEUA continues to coordinate with DWR regarding CEQA coverage required for delivery of pulse flows into the Feather River. In addition, IEUA initiated plans for acquiring permits through the various regulatory authorities, including the California Division of Drinking Water, the Santa Ana Regional Water Quality Control Board, and the Groundwater Ambient Monitoring and Assessment Program. IEUA efforts this past quarter focused on conducting informational meetings with various regulatory agencies to review the CBP project elements and discuss the regulatory permitting needs. Input and guidance from these meetings are helping shape the regulatory and permitting approach for the various design and operational elements.

CBP Water Exchange Analysis

The CBP will include a water exchange element that includes producing purified recycled water stored in the Chino Groundwater Basin to offset Metropolitan State Water Project (SWP) supplies in some drier years. In these years, the SWP supply would be released from Lake Oroville as spring pulse flows to benefit native fish populations in the Feather River and Bay-Delta watershed. IEUA continues to work closely with DWR, Metropolitan, and the California Department of Fish and Wildlife (CDFW) to develop the exchange process to support these pulse flows in the Feather River. In October and December, DWR hosted coordination meetings to review the status of various efforts associated with the SWP water exchange common to Water Storage Investment Plan (WSIP) projects that provide pulse flow benefits, including the CBP. These efforts include completing the necessary environmental analysis to meet California Environmental Quality Act (CEQA), evaluating the cumulative effect of the combined pulse flow projects, developing plans for pulse flow monitoring and reporting, planning for carriage water and hydropower generation considerations, and development of operational agreements and adaptive management plans.

Communications and Engagement Update

IEUA continues to advance the CBP by collaborating closely with its partners and State resource agencies. A summary of key policy and technical meetings with partner agencies, stakeholders, and the State conducted to date are shown in Table 2-1 below. Not shown in this table are the project meetings that occur as part of regular engagement between IEUA management and the various agencies involved in the CBP. These regular engagements are critical to the continued advancement of the planning and design of the CBP.

Local and Regional Engagement

During this recent quarter, IEUA continued to spearhead local engagement efforts to facilitate exchange of information among IEUA, its partners, and interested stakeholders (as shown in Table 2-1). In November, IEUA conducted a workshop with to review the scope and status of CBP agreements. In addition, staff provided monthly updates to the IEUA Board and at public stakeholder meetings with retail water agency general managers.

Metropolitan, State, and Commission Engagement

Both IEUA and Metropolitan continue to coordinate with DWR and CDFW about the exchange between Metropolitan and SWP to support the release of pulse flows from Lake Oroville to the Feather River during call years. IEUA also continues to coordinate regularly with DWR and other WSIP project proponents to discuss water exchange operations and to develop terms for required exchange agreements, including participating in a WSIP SWP Exchange meeting with DWR in August. IEUA continues to communicate regularly with Commission staff to provide updates to various CBP aspects and to coordinate on various needs.

Table 2-1. Featured CBP Policy and Technical Meetings with Partner Agencies and Stakeholders

Quarter	Meetings	Objectives
Q4 2018	CBP Workgroup	Overview, workgroup charter, introduce CBP Collaborative MOU, and identify questions
Q1 2019	CBP Workgroup (2)	Water sources, costs/benefits, financing, partner agreement terms
Q2 2019	CBP Workgroup (2)	IEUA rate study, alternatives, agreement needs, water sources update
Q3 2019	Water Resources (2)	Water sources update, alternatives update, regulatory needs, economic analysis
Q1 2020	CBP Workgroup	IEUA regulatory challenges and master planning update.
Q3 2021	CBP Workgroup (2), Policy Workshop (1)	CBP alternatives review, regional benefits, rate impacts, and water sources review
Q4 2021	IEUA Board Mtg, Commission Mtg	Board action for commitments for CBP local cost share; Commission feasibility determination meeting
Q1 2022	Leadership Mtg IEUA/DWR Mtg	Local agency discussion of drought and regional programs
Q2 2022	Partnership Mtgs IEUA Board Mtg	Review partnership commitments and principles for agreement. Board action for certification of CBP PEIR.
Q3 2022	IEUA/CNRA Mtg ACWA DC2022 Mtg CBP Workshop CBP Expo Rialto Site Visit Partnership/ Stakeholder Mtgs	Review CBP implementation issues Present CBP objectives and status Discuss CBP water and wastewater elements Discuss CBP local benefits w/ stakeholders and partners Recycled Water Interconnection to the City of Rialto Discuss CBP purposes and benefits, identify common goals and objectives, draft agreement principles
Current Quarter		
Q4 2022	CBP Workshop Partnership/ Stakeholder Mtgs (multiple) IEUA Board Mtg Monthly Update Water Agency GM Monthly Mtg Update	Review CBP Agreements Discuss CBP purposes and benefits, identify common goals and objectives, draft agreement principles. Provide status updates on PDR Engineering work, grant applications, and coordination with State and Performing Agencies.

Additional Funding Opportunities

IEUA and agency partners continue to pursue additional grant and loan opportunities to further offset costs of the CBP. Ongoing grants and loans under consideration by IEUA include:

- FEMA’s 2023 Building Resilient Infrastructure and Communities (BRIC) grant program.**
 In December of 2022 IEUA completed a draft FEMA BRIC application for the engineering design and construction of the Rialto recycled water intertie component of the CBP. IEUA successfully submitted the final application in January 2023. The total project cost was

estimated at \$66 million. The total federal request share is 443 million, or 65% of the total cost.

- **SWRCB's Clean Water State Revolving Fund, Water Recycling Funding Program.** In December of 2022, IEUA submitted an application for a State Revolving Fund loan through the State Water Resources Control Board's Clean Water Program. The application includes a loan request for the local cost share associated with the Rialto recycled water intertie component of the CBP.
- **SAWPA One Water One Watershed Proposition 1 Round 2 Integrated Regional Water Management (IRWM) funding opportunity.** IEUA was notified that it was not selected for the IRWM funding which was requested for the east-west pipeline element of the CBP.

IEUA continues to explore other State and federal grant and loan funding opportunities.

3. Project Schedule Update

IEUA and agency partners continue to work together to define program elements on a schedule consistent with the proposed commitments to achieve local and statewide public benefits. The CBP schedule is summarized below, and additional details are provided in Attachments 1 and 2.

Working Schedule

CBP milestones achieved in 2022 include the following:

- May 2022: Water Exchange Term sheet approved by IEUA and Metropolitan Boards.
CBP Partnership commitments confirmed with local agencies.
CBP PEIR Certified by IEUA Board.
- August 2022: Preliminary design efforts launched for the following CBP PUT components:
CBP recycled water interconnection with City of Rialto,
CBP AWPf at RP-4.
CBP injection well system.
- September 2022: FEMA BRIC NOI submitted for Rialto recycled water intertie pipeline
- October 2022: Executed Terms and Conditions for the Sale of Recycled Water from the City of Rialto to the Inland Empire Utilities Agency.
- December 2022: FEMA BRIC Draft Application submitted for Rialto recycled water intertie pipeline

A schedule of CBP milestones leading up to the CWC Final Funding Award are shown in Figure 3-1. This schedule includes adopting the PEIR, completing various participating agency and State agreements, and draft public benefit contracts. Additional schedule details for the agreements and contracts are provided in Table 3-1.

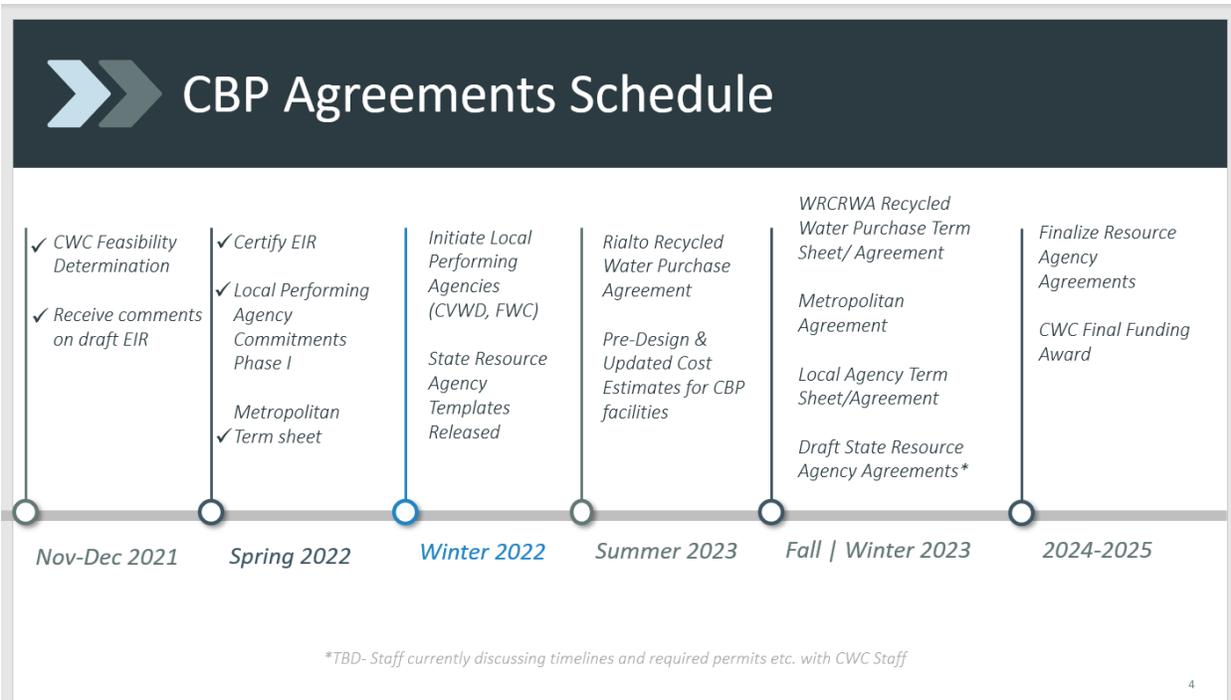


Figure 3-1. CBP Working Schedule for 2021 through 2024-2025

Table 3-1. Schedule for Agreements and Contracts between IEUA and CBP Partners/State Agencies

Agreement/Contract	Schedule	Status/Notes
State Agency Agreements		
Public Benefit Agreement – Environmental (IEUA – CDFW)	Draft Fall/Winter 2023, Final 2024/25	CDFW prepared Draft Contract Template. WSIP project agencies are reviewing principles and conditions
Public Benefit Agreement – Water Quality (IEUA – SWRCB)	Draft Fall/Winter 2023, Final 2024/25	Staff developing Draft Contract Templates
Public Benefit Agreement – Emergency Response (IEUA – DWR)	Draft Fall/Winter 2023, Final 2024/25	Staff developing Draft Contract Templates
Pulse Flow Agreement (DWR – CDFW)	Draft Fall/Winter 2023, Final 2024/25	Staff from each agency in discussions
Water Exchange Agreements (IEUA – MWD – DWR)	Draft Fall/Winter 2023, Final 2024/25	Discussions ongoing; IEUA reviewed and commented on draft agreement prepared by DWR.
Funding Agreement (IEUA – CWC)	Draft Fall/Winter 2023, Final 2024/25	Staff developing Draft Contract Templates; WSIP project agencies are reviewing principles and conditions.
Local Agency Agreements		
Recycled Water Dedication Agreements – City of Fontana, CVWD, potentially others	Term sheets Fall/Winter 2023, Final TBD	T&C development underway; Schedule for final agreement in alignment with final design, project costs, and development of other agreements.
Recycled Water Purchase Agreements - Rialto - WRCRWA/JCSD	Summer 2023 Fall/Winter 2023	Rialto T&C executed; Final agreement Summer 2023 WRCRWA/JCSD T&C Fall Winter 2023; Final agreement 2024
CBP Performance, Ownership and Operating Agreements – FWC, CVWD, potentially others	2024/2025	Draft T&C after PDRs are complete and cost recovery methods are finalized with Participating Agencies. Final Agreement once final design, environmental planning, and permitting complete
Call Year Performance Operating Agreement - MWD	Fall/Winter 2023	Discussions ongoing with MWD; Linked to similar operating agreement with performing partners
Local Storage Agreement (Injection Wells) - Chino Basin Watermaster, Performing Partners	Late 2028	Application submittal upon completion of injection facilities including AWTF; 2 months from final application to Agreement

4. Project Efforts Planned for Next Quarter

In 2023, IEUA will continue its collaborative efforts with local, regional, and State agencies to further develop the CBP and continue to drive the following activities:

- **Local and Regional Partner Agency Coordination:** Continue to convene meetings and workshops with local and regional agency partners, including Fontana Water Company, Cucamonga Valley Water District, and Metropolitan, to facilitate focused discussions for the development of draft terms and agreements.
- **State Resource Agency Coordination:** Continue to coordinate and collaborate with State resource agencies to advance agreements. These activities will include focused discussions on the public benefit contracts with DWR, CDFW, and SWRCB.
- **Preliminary design efforts of specific CBP PUT components.** Continue predesign efforts of the recycled water connection with the City of Rialto, the AWPF at RP-4, and the injection well system.
- **Pursuing additional state and federal funding.** Complete applications for the FEMA BRIC grant program, federal WIFIA loan program, and USBR WaterSMART grants.

ATTACHMENT 1

Table 1. Project Schedule



Table 1. Project Schedule

Funding Agreement Milestone	Start Date	Finish Date	Status
State Level Agreements - for Administration of Public Benefits			
Public Benefit Agreement – Environmental (IEUA – CDFW)	Winter 2021	2024/2025	35%
Public Benefit Agreement – Water Quality (IEUA – SWRCB)	Spring 2022	2024/2025	5%
Public Benefit Agreement – Emergency Response (IEUA – DWR)	Summer 2022	2024/2025	5%
State Level Agreements - for operations and funding			
Pulse Flow Agreement (DWR – CDFW)	Winter 2022	2024/2025	65%
Water Exchange Agreements (IEUA – MWD – DWR)	Summer 2019	2024/2025	75%
Funding Agreement (IEUA – CWC)	Fall 2022	2024/2025	35%
Local Agency Agreements			
Recycled Water Dedication Agreements – City of Fontana, CVWD, potentially others	Fall 2019	2024/2025	100%
Recycled Water Purchase Agreements: Rialto	Winter 2022	2023	75%
Recycled Water Purchase Agreements: WRCRWA/JCSD	Winter 2022	2024	35%
CBP Performance, Ownership and Operating Agreements – FWC, CVWD, potentially others	Summer 2021	2024/2025	40%
Call Year Performance Operating Agreement - MWD	Summer 2021	Fall/Wntr 2023	65%
Local Storage Agreement (Injection Wells) – Chino Basin Watermaster, Performing Partners	2026	2028	0%
Completed Feasibility Studies (includes past efforts and studies that help frame the CBP)			
2000 Optimum Basin Management Plan (OBMP) for Chino Basin	1995	2000	100%
2001 Chino Basin Organics Management Strategy	1998	2001	100%
2002 Recycled Water System Feasibility Study	2000	2002	100%
2002 Wastewater Facilities Master Plan	2000	2002	100%
2002 Salinity Management Plan	2000	2002	100%
2005 Urban Water Management Plan	2003	2005	100%
2005 Recycled Water Implementation Plan	2003	2005	100%
2007 Recycled Water Three Year Business Plan	2006	2007	100%
2010 Urban Water Management Plan	2009	2011	100%
2013 Recharge Master Plan Update (RMPU)	2011	2013	100%
2015 Energy Management Plan	2014	2015	100%
2015 Recycled Water Program Strategy	2013	2016	100%
2015 Wastewater Facilities Master Plan Update	2014	2016	100%
2015 Water Use Efficiency Business Plan Update	2014	2016	100%
2016 Feasibility Study of Recycled Water Interconnection	2014	2016	100%
2016 Integrated Water Resources Plan	2013	2016	100%
2017 Recycled Water Intertie Study – Jurupa Community	2014	2017	100%

Funding Agreement Milestone	Start Date	Finish Date	Status
Services District and IEUA			
2018 RMPU	2017	2018	100%
CBP Feasibility Studies and Pre-Design	2019	2021	100%
IEUA Rate Study	2019	2020	100%
Environmental Documentation (includes already completed that support elements of the CBP)			
IEUA Facilities Master Plan PEIR	2016	2017	100%
OBMP Update for Chino Basin Environmental EIR Addendum	2016	2017	100%
CBP Program EIR	Summer 2019	Spring 2022	100%
CBP Project-Level EIR	Spring 2023	2024	5%
CBP Supplemental EIR (Pulse Flow Projects)	Spring 2022	2023	20%
CBP Project Certification of the SEIR	Winter 2023	2023/2024	5%
Federal, State, and Local Approvals			
Petition for Instream Flow Dedication (1707)	Spring 2022	2025	0%
Wastewater Change Petition	Summer 2019	2025	0%
Air Quality Permit	Summer 2019	2025	0%
State: SWP contract amendment if needed (Metropolitan/DWR)	2019	2024	0%
State: Other State permits and approvals (TBD)	2019	2024	0%
Local: Encroachment permits (city/county)	2019	2024	0%
Local: Storage in Chino Basin Water Bank (CBWM)	2019	2028	0%
Local: Other possible local permits and approvals (TBD)	2019	2024	0%
Funding Agreement Components			
Project Workplan	2017	2024	10%
Project Schedule	2017	2024	10%
Project Budget	2017	2024	10%
Documentation for Commitment for non-State Share Funding	2019	2024	25%
Project Design	2022	2024	0%
Construction	2025	2028	0%
Begin Operations	2028	2078	0%

* CBWM refers to the Chino Basin Watermaster

** The requirements and schedule for the Storage and Recovery Application are under review

*** U. S. Army Corps of Engineers

ATTACHMENT 2

Table 2. Quarterly Reporting Items for Commission Hearing on Final Awards



Table 2. Quarterly Reporting Items for Commission Hearing on Final Awards*

Description	Estimated Completion	Status
State Level Agreements - for Administration of Public Benefits		
Public Benefit Agreement – Environmental (IEUA – CDFW)	2024/2025	50%
Public Benefit Agreement – Water Quality (IEUA – SWRCB)	2024/2025	10%
Public Benefit Agreement – Emergency Response (IEUA – DWR)	2024/2025	10%
State Level Agreements - for operations and funding		
Pulse Flow Agreement (DWR – CDFW)	2024/2025	70%
Water Exchange Agreements (IEUA – MWD – DWR)	2024/2025	75%
Funding Agreement (IEUA – CWC)	2024/2025	35%
Completed Feasibility Studies (includes past efforts and studies that help frame the CBP)		
2000 OBMP for Chino Basin	Done	100%
2001 Chino Basin Organics Management Strategy	Done	100%
2002 Recycled Water System Feasibility Study	Done	100%
2002 Wastewater Facilities Master Plan	Done	100%
2002 Salinity Management Plan	Done	100%
2005 Urban Water Management Plan	Done	100%
2005 Recycled Water Implementation Plan	Done	100%
2007 Recycled Water Three Year Business Plan	Done	100%
2010 Urban Water Management Plan	Done	100%
2013 RMPU	Done	100%
2015 Energy Management Plan	Done	100%
2015 Recycled Water Program Strategy	Done	100%
2015 Wastewater Facilities Master Plan Update	Done	100%
2015 Water Use Efficiency Business Plan Update	Done	100%
2016 Feasibility Study of Recycled Water Interconnection	Done	100%
2016 Integrated Water Resources Plan	Done	100%
2017 Recycled Water Intertie Study – JCSD and IEUA	Done	100%
2018 RMPU	Done	100%
CBP Feasibility Studies and Pre-Design	2021	100%
IEUA Rate Study	2020	100%
Environmental Documentation (includes already completed that support elements of the CBP)		
IEUA Facilities Master Plan PEIR	2017	100%
OBMP Update for Chino Basin EIR Addendum	2017	100%
CBP PEIR	Spring 2022	100%
CBP Project-Level EIR	2024	5%
CBP Supplemental EIR (Pulse Flow Projects)	2023	20%

Description	Estimated Completion	Status
CBP Project Certification of the SEIR (Pulse Flow Projects)	2023/2024	5%
All required federal, State, and local approvals, certifications, and agreements		
Petition for Instream Flow Dedication (1707)	2025	0%
Wastewater Change Petition	2025	0%
Air Quality Permit	2025	0%
State: SWP water supply contract amendments if needed	2024	0%
State: Other State permits/approvals (TBD)	2024	0%
Local: Encroachment permits (city/county)	2024	0%
Local: Storage in Chino Basin Water bank (CBWM)	2028	0%
Local: Other possible local permits and approvals (TBD)	2024	0%

**Note: Updates to the Funding Agreement and Status Update sections of the Table 2 quarterly reporting template (provided by the Commission) are for elements needed to execute a funding agreement. The Commission requires an update of these elements only when a significant change has occurred. There currently is no information to report for these elements and there has been no change in the information related to these elements at this time.*

*** The requirements and schedule for the Storage and Recovery Application are under review*



CONTACT INFORMATION

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