

Water Storage Investment Program Quarterly Report

The Quarterly Reporting covered by this template documents applicants' progress toward complying with regulation section 6013 to receive a final WSIP funding hearing with the Commission as well as any changes to the physical quantity and type of public benefit being provided by the project.

Applicants must provide an update of the project status for the requirements and milestones listed below. Applicants may deviate from this fill-in format, however, please provide the information requested in this template.

Project Information

Project name:

Chino Basin Program

Applicant name:

Inland Empire Utilities Agency

Date:

April 30, 2024

Reporting period:

January 1, 2024 through March 31, 2024

Provide a brief project description:

The Chino Basin Program (CBP) is a series of innovative water treatment and storage projects structured to modernize regional water supplies, storage, and delivery systems. Through several water infrastructure improvement projects, the CBP will help address challenges caused by imported water supplies variability through the development of new, local water supplies, thus increasing local water supply resiliency and reliability while simultaneously providing water to support salmonids in the Bay-Delta ecosystem through a series of exchange agreements.

The CBP consists of infrastructure made up of "Put" facilities such as an Advanced Water Purification Facility (AWPF) at IEUA's existing Regional Water Recycling Plant No. 4 (RP-4) in Rancho Cucamonga, supplemental recycled water supplies, storage facilities such as aquifer replenishing wells and conveyance to place the treated water into the groundwater basin, and "Take" facilities such as groundwater extraction wells and conveyance to extract stored supplies at a later date.

The AWPF will create 15,000 acre-feet (AF) of new, purified recycled water annually. Approximately 6,000 AF per year of supplemental recycled water will be purchased from the City of Rialto and Western Riverside County Regional Wastewater Authority (WRCRWA) to augment the source supplies for the AWPF during the peak recycled water use demands. The purified water will be stored in the Chino Basin aquifer. This may be done through aquifer replenishing wells, and new or existing groundwater recharge infrastructure. After the water is stored, the program will include groundwater extraction wells with a 40,000 AF capacity to pump the purified water supply out of the basin and pipeline conveyance that will distribute the new water supply to our partnering agencies for local use. With these new facilities, the CBP will develop 375,000 AF of local supplies to be exchanged to facilitate pulse flow releases from the Oroville Reservoir to the Feather River to benefit native fish species during a 25-year period.

Provide a brief description of public benefits:

The CBP will provide numerous public benefits including the three defined and identified as follows by the Water Storage Investment Program (WSIP).

(1) Ecosystem Public Benefit: The CBP will provide a total exchange of 375,000 AF of water for the California Department of Fish and Wildlife (CDFW) to manage for the purposes of improving habitat for native fish populations in the Bay-Delta watershed. This exchange will occur through a partnership agreement with Metropolitan Water District of Southern California (MWD). Up to 50,000 AF of Table A water will be transferred to CDFW over the 25-year project term.

(2) Water Quality Public Benefit: Water quality benefits will be provided locally, in the Chino Basin, by treating 15,000 AF of recycled wastewater annually using advanced water purification technology. This treatment process will reduce the total dissolved solids concentrations on average by approximately 500 milligrams per liter. The purified water would then be stored in the Chino Basin aquifer.

(3) Emergency Response Public Benefit: When water supplies are impacted for example by a catastrophic event, an unplanned service interruption, or water shortages during low allocation years, the new production facilities can be used to provide up to 50,000 AF of water to meet local emergency supply needs.

Current total project cost:

During the feasibility study of the CBP, the total project cost of the “Put” and “Take” facilities was estimated at \$650 million in 2019 dollars. “Put” facilities costs have been updated with final PDR work and are \$695.5 million in 2027/2028 dollars for the 15 mgd Advanced Water Purification Facility, supplemental recycled water supplies, purified water conveyance, and aquifer replenishing wells. “Take” facilities costs for extraction wells and conveyance and the interconnection to MWD are estimated at \$290 million based on 2019 dollars and will be updated in 2025 by the in-process preliminary design report. Total project cost is currently estimated at \$985.5¹ million. [(1) Equals the sum total of “Put” facilities costs at 2027/28 dollars, and “Take” facilities costs at 2019 dollars)].

General Update and Key Issues

Provide a general update and describe any **key issues** that occurred during this reporting period. You may attach additional documents or pages if more space is needed:

AGREEMENTS

Local Performing Partner Agreement

Update – The CBP Term Sheet with participating agencies, Cucamonga Valley Water District (CVWD) and Fontana Water Company (FWC), was approved by the partners and IEUA Board of Directors in March 2024. This Term Sheet establishes local performance to facilitate and exchange agreement with MWD.

Issue – Final partner agreement will depend on total program costs (estimated completion: 2025).

Supplemental Recycled Water Supply Agreements

Update – 50-year purchase agreement for 3,500 AF per year with the City of Rialto to offset IEUA’s seasonal recycled water supply availability scheduled for April City Council and IEUA Board meetings. Staff continue work on IEUA’s overall recycled water system demands, flexibility, and bottleneck as part of the Advanced Water Purification Facility design work to determine any additional supplemental needs. Additional supplies are available from the neighboring WRCRWA and WRCRWA has established a framework to facilitate a sales agreement.

Issue – Negotiations with WRCRWA are pending the internal evaluation of the recycled water system needs.

Metropolitan Water District of Southern California-IEUA Performance/Exchange Agreement

Update – Agreement is in final stages of discussion and review.

Issue – Outstanding question between MWD and DWR about how to facilitate the exchange; also, agreement as drafted is contingent on alignment between the parties and the other public benefit contracts and local performance agreements. “Who signs first” is a concern for all the contracts.

Contract for Administration of Public Benefits (CAPB) – Ecosystem Public Benefit (CDFW)

Update – To develop the public benefit contracts, staff held ongoing discussions with CDFW on adaptive management, monitoring, and reporting plans. Draft language has been written for review.

Issue –Timing of DWR-CDFW discussions and agreement. “Who signs first” is a concern for all contracts.

Contract for Administration of Public Benefits (CAPB) – Water Quality Public Benefit (State Water Resources Control Board (SWRCB))

Update – To develop the public benefit contracts, staff held ongoing discussions with SWRCB on adaptive management, monitoring, and reporting plans. Draft language has been written for review.

Issue – Outside of CAPB, the SWRCB is concerned about timing of other permits including the 1211 wastewater change petition. Staff have shared their approved PEIR for the CBP and will initiate the permit process summer of 2024.

Contract for Administration of Public Benefits (CAPB) – Emergency Response Public Benefit (DWR)

Update – To develop the public benefit contracts, staff held ongoing discussions with DWR on adaptive management, monitoring, and reporting plans. Draft language has been written for review.

DWR - Metropolitan Water District of Southern California - CBP Water Exchange Agreement

Update – Parties are at an impasse.

Issue – For the water exchange agreement with DWR and MWD, there are differing opinions on how to facilitate the exchange. Ongoing discussions continue to resolve the exchange mechanism. In addition, DWR has included costs related to loss of revenue for hydropower generation, and staff-time reimbursements in template agreement. These additional costs were not included in any original estimate and are not recoverable by rates or fees.

CBP FACILITIES

Update - With the addition of the CBP Program Manager/Owner Engineer to implement the “Put” project components, an updated project schedule has been developed. Based on this current schedule, construction will be completed for all facilities by 2031, and the CBP will be fully operational by 2032 after AWPf commissioning.

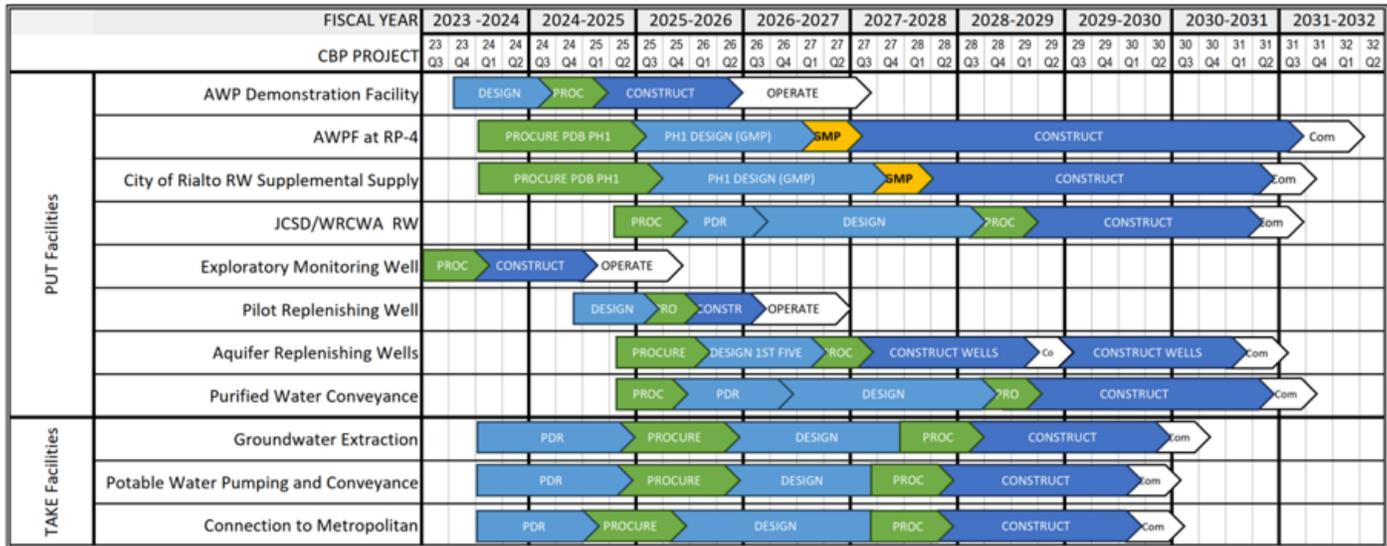
Issue – The conceptual project costs that were developed in 2017 for the CBP were \$385 million. Through the technical feasibility evaluation in 2021, the costs were refined based on unit costs for treatment processes, piping, and equipment sizing which provided total project costs of \$650 million (2019 dollars). However, the project cost estimates have been updated through the preliminary design work which incorporated the cost escalation due to increasing supply and labor costs and supply chain issues. The current estimate is \$985,500,000¹ for the implementation of the CBP. Staff continue to work with partners to identify opportunities for value engineering and additional grants/financing options.

Attach latest project schedule. In addition, describe below how the actual schedule is progressing in comparison to the schedule provided in the last reported schedule:

IEUA and partner agencies continue to work together to define CBP elements on a schedule consistent with the proposed commitments to achieve local and statewide public benefits. A schedule of CBP milestones is shown below.

Schedule Overview Updated 04/30/2024

Commission AWPf-
July 2031



LEGEND

- DESIGN
- PROCUREMENT
- CONSTRUCTION
- COMMISSIONING

ACRONYMS

- PDB PROGRESSIVE DESIGN BUILD
- AWPF Advanced Water Purification Facility
- RP-4 IEUA's Regional Water Recycling Plant No. 4
- JCSd Jurupa Community Services District
- WRCWA Western Riverside County Regional Wastewater Authority

Note any milestones or accomplishments that occurred since submittal of the prior Quarterly Report:

IEUA continues to make progress in planning and designing of the CBP. The items below highlight the milestones or accomplishments that occurred during the 1st quarter of 2024.

Aquifer Replenishing Wells (Injection Wells): IEUA awarded a contract for the construction of the exploratory boreholes and monitoring wells and held a preconstruction meeting with the project stakeholders to discuss permitting and the construction schedule.

Regulatory Strategy Plan and Water Quality Sampling Plan: IEUA continues the water quality sampling of recycled water sources to obtain water quality data that could inform the treatment requirements for the AWPf unit processes and identify the presence of contaminant concentrations.

Approval of CBP Local Performing Agency Term Sheet: IEUA Board of Directors approved the CBP Term Sheet which represents the project partners' (CVWD and FWC) intent on performance requirements, roles, and responsibilities and will serve as the basis of a future final agreement.

TAKE PDR work initiated: A kick off meeting was held with the CBP partners (CVWD, FWC, Jurupa Community Services District, and MWD) to outline the schedule of activities to develop the preliminary design of the “Take” facilities. Workshops will be held in the upcoming months to discuss the water supply plans of each partner.

Items Required Prior to Scheduling a Final Award Hearing

The following items must be provided prior to scheduling a final award hearing. Please describe the status and include the estimated completion date for the following items. These dates should align with any attached project schedule.

1. Contracts for non-public benefit cost share:

List all required contracts for non-public benefit cost share, and provide the amount of associated funds, the status and estimated completion date. Please note any issues or concerns that have, will, or could affect the timing of executing contracts for non-public benefit cost share.

Contract Name	\$ Amount	Status	Est Completion Date
IEUA local funding	Balance of total program costs, currently estimated as \$780.5 million	Financing of capital and operating costs will be financed with cost recovery through IEUA wastewater rates and agreements with local participating agencies	2027/2028

2. Contracts for administration of public benefits (CAPB):

Provide a status for each applicable administering agency Draft and Final CAPB and estimated completion date for both. The Draft CAPB completion date is when Commission receives the Draft CAPB for a subsequent Commission meeting. The Final CAPB completion date is when it will be executed. Please note any issues or concerns that have, will, or could affect the timing of executing CAPBs or could change the magnitude of the public benefits that could affect cost allocation.

CAPB Admin Agency	Status	Est Completion Date
SWRCB (Water Quality)	To develop the public benefit contracts, staff held ongoing discussions with SWRCB on adaptive management, monitoring, and reporting plans. Draft language has been written for review.	Final Draft Summer 2024 *
DWR (Emergency Response)	To develop the public benefit contracts, staff held ongoing discussions with DWR on adaptive management, monitoring, and reporting plans. Draft language has been written for review.	Final Draft Summer 2024 *
CDFW (Ecosystem)	To develop the public benefit contracts, staff held ongoing discussions with CDFW on adaptive management, monitoring, and reporting plans. Draft language has been written for review.	Final Draft Summer 2024 *

CDFW	Pulse Flow Agreement between CDFW and DWR	Final Draft Summer 2024 *
CDFW	Water Exchange Agreements between DWR – MWD – IEUA are drafted. Ongoing coordination meetings have been held to discuss comments on the adaptive management plans and refine the terms.	Final Draft Summer 2024 *

* “Who signs first” is a concern for all the contracts. Each agreement is contingent upon and shall only become effective if all of the other agreements are completed; staff are working to coordinate to ensure consistency among all of the agreements.

3. Completed feasibility studies:

Completion Date: Chino Basin Program Feasibility Study, IEUA, October 2021

4. Complete environmental documentation:

Provide the status and estimated completion date for all required environmental documentation (draft and final) for the project, including all Board resolutions adopting or certifying CEQA environmental documents, CEQA findings, mitigation monitoring and reporting program, Notice of Determination (NOD), and CEQA Addenda, and all NEPA completion documents, including the Record of Decision (ROD). Please note any issues or concerns that have, will, or could affect the timing of providing complete environmental documentation at the state or federal level.

Environmental Document	Status	Est Completion Date
State Document	Final PEIR Chino Basin Program, IEUA Draft Supplemental EIR regarding Pulse Flow Component of the WSIP, DWR Final Supplemental EIR regarding Pulse Flow Component of the WSIP, DWR	May 2022 March 2024 mid 2024
Federal Document	n/a	n/a

5. All required federal, state, and local approvals, certifications, and agreements:

List permits needed for project to begin construction, describe status in acquiring them, and include estimated date to be acquired. Please note any issues or concerns that have, will, or could affect the timing of acquiring all federal, state, and local approvals, certifications, agreements, and permits necessary to begin project construction.

Approvals / Certifications / Agreements / Permits	Status	Est Date Acquired
Put Facilities	Water Code Section 1211 Wastewater Change Petition; Caltrans; UPRR License Agreement; City of Rialto, City of Rancho Cucamonga, and Fontana encroachment permits; San Bernardino County Public Works	2024-2026
Take Facilities	Cities of Rancho Cucamonga and Fontana encroachment permits, right of way acquisition from private property owners, San Bernardino County Flood Control District, MWD, San Bernardino County Public Health	TBD

Items Required to Execute a Funding Agreement

Provide an update on the following documents needed to execute a funding agreement for the project and indicate if any significant change has occurred. The Commission may request updated information prior to executing a funding agreement.

	Status	Significant Change?
Applicant's audited financial statements	Audited financial statements will be provided prior to the execution of a funding agreement.	n/a
Final project costs, schedule, and scope of work	For the AWPf and Rialto Recycled Water Interconnection, the final project costs and schedule will be obtained after the selection of the Progressive Design Builder who will provide the guaranteed maximum price. For the "Take" projects, the preliminary design work will provide updated project costs in 2025.	Yes
Evidence of bilateral communications with operators and owners of potentially impacted facilities regarding potential impacts of the proposed project to their facilities	For the CBP projects, communications with various agencies are ongoing and will continue to be held to identify potential impacts.	n/a
Limited waiver of sovereign immunity	n/a	n/a

Status Update

Provide a status update for the following and indicate if any significant change has occurred. The Commission may request updated information prior to executing a funding agreement.

	Status	Significant Change?
Labor Compliance	IEUA complies with the California public contracting and labor codes	None
Urban Water Management Plans	2020 Urban Water Management Plan – completed 2025 Urban Water Management Plan – under development	None
Agricultural Water Management Plans	n/a (IEUA is a municipal water wholesaler and is not required to complete an Agricultural Water Management Plan)	n/a
Potential effect on other conditional eligible projects on the applicant's	No negative potential effects to other WSIP public benefits projects are anticipated. CDFW will manage the request for pulse flows from each project proponent and may combine impacts to optimize ecosystem benefits.	None

public benefits		
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Other Pertinent Information:

1. Sources of Funding

List sources of funding (e.g., Federal, State grants, local partnerships, rate payers, loans...) to move the project to construction and provide the associated amount of funds from that source and a status of obtaining that funding source below:

Funding Sources	\$ Amount (millions)	Status	Est Completion Date
USBR RW & Desal. Planning	\$2.8	Awarded	December 2025
MWD Future Supply Actions	\$0.4	Application submitted. Anticipate award notification in summer 2024.	September 2026
USBR Large Scale Recycled Water	TBD	Application in process	May 2027
FEMA BRIC	\$46.33	Conditional award pending	December 2027
IEUA local funding	Balance of total program costs	Current estimates based on completed and in process preliminary design work. Final local funding of rates is to be determined based on grants, loans, and pending IEUA Board approval of guaranteed maximum price of contractors/design builders.	2027
CWC Water Storage Investment Pgm	\$215	Conditionally awarded pending required agreements and permits	2031
CA State Revolving Fund Loan	TBD	Application submitted in 2022. Due to state budget cuts, it is anticipated that it will not be selected for funding this year. Will submit in future years.	TBD
SWRCB Water Recycling Funding Pgm	TBD	Application submitted in 2023. Due to state budget cuts, application was not selected. Will continue in the future if a climate bond is passed and funding is available.	TBD
USBR Title XVI	TBD	Application in process. Due September 2024	TBD
EPA WIFIA Loan	TBD	Letter of Interest in process. Anticipate submitting full application in 2025.	TBD
Community Project Request	TBD	Application submitted for FY 2025. Will continue submit annually.	TBD

2. Early Funding Agreement Status

Provide the status of the Early Funding Agreement (EFA), as applicable, and the percentage of EFA funds expended. If the EFA has been closed, describe how the remaining work needed to move the project to a final award hearing will be financed.

Status	Percentage of EFA funds expended
The IEUA Board authorized \$15,000,000 for planning efforts in 2019. The Early Funding Agreement was executed in 2021 and amended in 2023 for a total amount of \$10,763,270. To date, \$8,027,100 has been reimbursed. An additional \$994,390 was just approved for reimbursement.	75%