



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

Chino Basin Conjunctive Use Environmental Water
Storage/Exchange Program

QUARTERLY REPORT #14

October through December 2021

Progress Report to the California Water Commission
January 31, 2022



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 2021. 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 is a conceptual illustration of the function and primary components that make up the CBP.

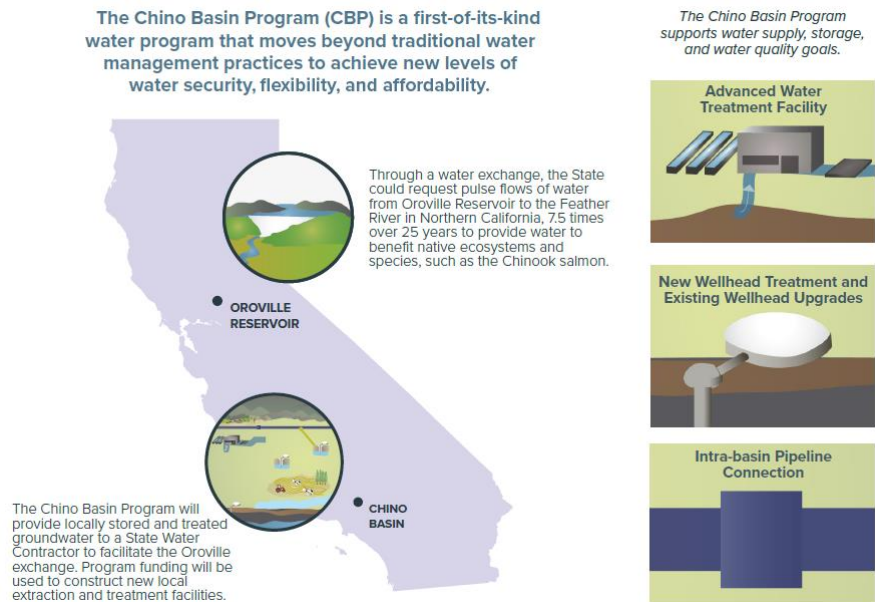


Figure 2-1. Location and Features of the Chino Basin Program

As reported in Quarterly Reports submitted to the Commission earlier this year, IEUA continues to work closely and diligently with local, regional, and State resource agency partners, to configure the CBP to be feasible and provide the greatest return for the required investment. In this most recent quarter, these collaborative efforts have resulted in the completion of several critical milestones required to meet the Water Storage Investment Program (WSIP) regulatory deadlines, specifically the January 1, 2022 timeline for obtaining a final feasibility determination from the Commission. To meet these requirements IEUA completed the Chino Basin Program Feasibility Study Report (CBP FSR, October 2021), the Chino Basin Program Draft Programmatic Environmental Impact Report (CBP DPEIR, October 2021), and the Chino Basin Program Letter of Commitment for Non-Public Benefit Costs (CBP Financial Commitment Letter, October 2021). The sections below provide additional highlights of these advancements.

Water Sources

As reported in recent quarters, IEUA is continuing its planning and design efforts to develop water sources for advanced water purification to produce 15,000 acre-feet per year of advanced treated water. The focus of these efforts is on communication and engagement with potential partners for locally produced wastewater. These discussions are centered around the development of agreement principles that provide a framework through which these water sources can be developed and provide mutual regional benefits.

Technical and Financial Feasibility Analysis

The conceptual designs for the CBP have been defined with the region's long-term planning objectives in mind, which includes developing advanced treated water capacity to address rising total dissolved solids concentrations that are nearing regulatory limits, maximizing local use of recycled water, and increasing water supply resiliency through regionally connected infrastructure. Through these efforts a preferred configuration was identified and described in the CBP FSR. This preferred configuration includes a balance of operational capabilities needed to achieve the performance required of the program. The feasibility-level conceptual design for this preferred configuration is shown in Figure 2-2a and Figure 2-2b. These figures illustrate the various elements, including the AWPf, regional pipelines, injection and extraction wells, water source connections, and Metropolitan interconnections.

In conjunction with the technical feasibility analysis, IEUA completed a detail economic feasibility analysis and an evaluation of environmental feasibility of the CBP. The detailed economic feasibility analysis informed the finding of feasibility as presented in the CBP FSR.

IEUA also completed the Draft CBP Rate Impact Analysis (CBP RIA, October 2021). The CBP RIA discusses the results of a financial analysis and rate impact comparison of potential CBP alternatives, including the preferred alternative. The CBP RIA informed the financial feasibility findings presented in the CBP FSR.

IEUA worked closely with local agency partners, Metropolitan, and State resources agencies to present, review and respond to comments and questions regarding the technical, economic, and environmental feasibility evaluation of the CBP, including further refinement of the CBP design and economic analysis. These collaborative efforts led to a preferred configuration that both meets the

feasibility requirement defined by the WSIP regulations and achieves the objective of meeting Chino basin water quality plan standards and enhanced water supply reliability for the region.

The CBP FSR, together with the CBP DPEIR and CBP Financial Commitment Letter, was submitted to the Commission for deliberation of a finding of feasibility as stipulated in the WSIP regulations. At the Commission’s November 17, 2021, meeting, the Commission unanimously approved the finding of feasibility for the CBP.

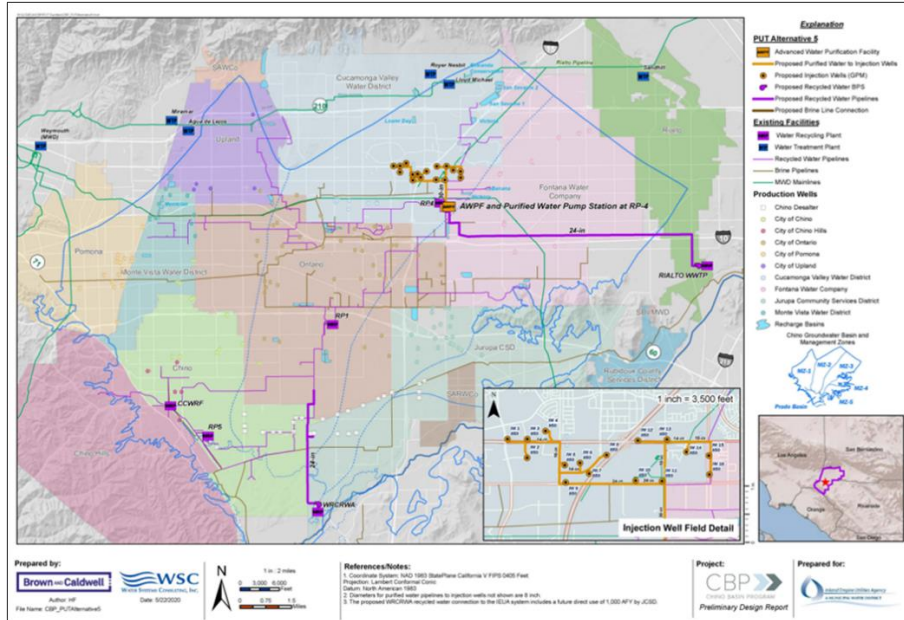


Figure 2-2a. Preferred Configuration of CBP PUT Facilities

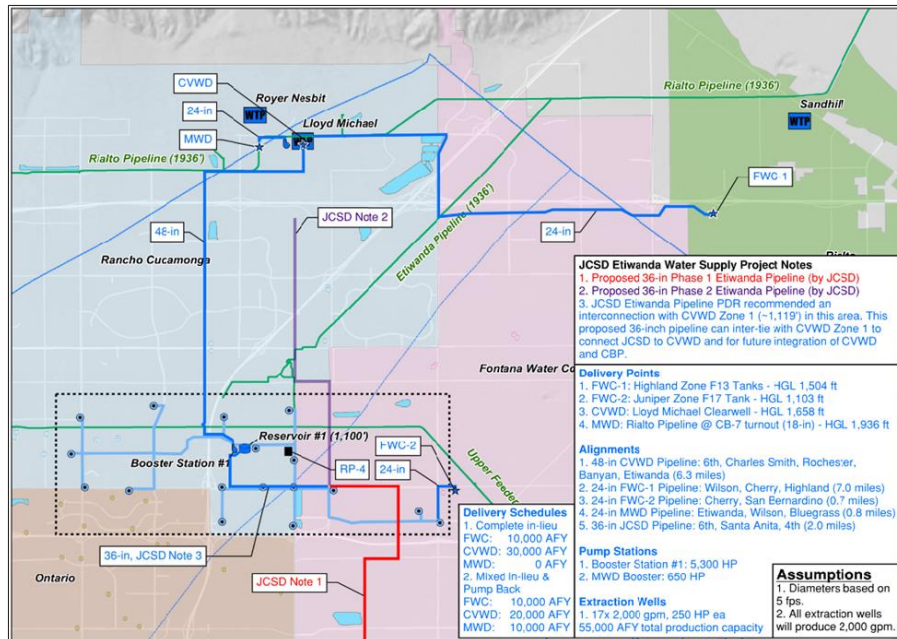


Figure 2-3b. Preferred Configuration of CBP TAKE Facilities

CBP Banking and Exchange Analysis

IEUA continues to coordinate with Metropolitan, DWR, and the California Department of Fish and Wildlife (CDFW) to define the exchange process to support pulse flows in the Feather River. In October and December, DWR hosted its bi-monthly coordination meetings to discuss common needs and attributes associated with the WSIP projects that provide pulse flow benefits, including the CBP. The meeting reviewed and discussed DWR public benefit agreements terms, DWR cumulative impacts analysis of pulse flow projects and public benefits, and WSIP water exchange issues that could potentially affect SWP operations, including carriage water considerations for SWP deliveries and hydropower generation revenue. IEUA will continue to work with DWR to further develop the exchange process and to develop the necessary agreements among IEUA, DWR, Metropolitan, and CDFW. Additionally, IEUA has worked closely with Metropolitan this past quarter to develop a draft term sheet for an exchange agreement to replace foregone SWP deliveries with Chino Basin supplies.

CBP PEIR and Permitting Update

IEUA continued its preparation of the CBP Draft PEIR. On September 15, 2021, IEUA posted a Notice of Preparation (NOP) of the Draft PEIR and Notice of Public Scoping Meeting. The purpose of these notices is to seek input from the general public, public agencies, and interested parties regarding the scope and content of the environmental information that should be analyzed in the EIR. The NOP included a detailed project description of the CBP and notice of a public scoping meeting to receive verbal public comments. The Draft PEIR was completed and circulated in late October 2021 for public review.

IEUA began the process of reviewing the public comments received during the forty-five (45) days review period and plans to complete review and response to comments during the first quarter of 2022, at which time the process to finalize and certify the CBP PEIR will begin with anticipated completion of spring or summer 2022.

Design, Construction, and Operation Update

As noted above under the Feasibility Analysis section, preliminary design refinements developed in coordination with IEUA's local and regional agency partners were completed and reviewed during this last two quarters of 2021. Documentation of these efforts were completed in October and referenced as part of the CBP FSR submitted to the Commission in October.

Communications and Engagement Update

IEUA continues to advance the CBP by working closely with its partners and State resource agencies. Specific communication efforts held during this last quarter are discussed further below.

Local and Regional Engagement

IEUA plans to continue its use of workgroup and workshop meetings to help develop the CBP. There were no workshops dedicated to the CBP in this quarter. However, there were several meetings with IEUA committees and with the IEUA Board. These meetings are included in **Table 2-1** below.

Metropolitan and State Engagement

IEUA continues to coordinate with Metropolitan to evaluate the CBP integration with the Metropolitan system, including the exchange between Metropolitan and the SWP to support the release of pulse flows from Oroville Reservoir to the Feather River during call years. IEUA and Metropolitan have drafted conceptual terms representing exchange and operational parameters that would go along with this integration. Ongoing coordination efforts during this most recent quarter are helping to further review and refine these conceptual terms. IEUA also continues to coordinate regularly with DWR and other WSIP project proponents to discuss water exchange operational conditions. IEUA participated in WSIP SWP Exchange Meetings conducted by DWR held in October and December. The October meeting focused on operational issues and opportunities associated with the exchange process while the December meeting focused on CEQA initial study efforts.

IEUA continues to communicate with Commission staff to review the status of planning and design efforts of the CBP, stakeholder questions and challenges associated with CBP implementation, and challenges associated with SWP operations as they relate to the pulse flow projects. IEUA also prepared its first progress report for the early funding agreement with the Commission.

Table 2-1. CBP Workgroup and Workshop Meetings

Month	Workshop	Objectives
December 2018	CBP Workgroup	CBP overview, workgroup charter, introduce CBP Collaborative MOU for CBP participation, and identify questions
January 2019	CBP Workgroup	CBP costs and benefits review, questions, and draft MOU for CBP participation
February 2019	CBP Workgroup	CBP water sources and financial analysis review, introduce CBP agreement terms, and review questions
May 2019	CBP Workgroup	IEUA rate study update, CBP alternatives development approach, CBP agreement, and review questions
June 2019	CBP Workgroup	CBP water sources update, CBP alternatives and evaluation approach, and review questions
August 2019	Water Resources Workshop	Recycled water supply and additional water sources update
September 2019	Water Resources Workshop	IEUA regulatory challenges update, CBP alternatives update, and CBP economic analysis update
March 2020	CBP Workgroup	IEUA regulatory challenges review and IEUA master planning update.
July 2021	CBP Workgroup	CBP alternatives review
August 2021	CBP Workgroup	CBP regional benefits, rate impacts, and water sources review
September 2021	CBP Workgroup / Policy Workshop	CBP review of questions and responses
October 2021	IEUA Board Meeting	Board action for commitments for CBP local cost share
November 2021	Commission Meeting	IEUA request of Commission to make a feasibility determination

Memorandum of Understanding (MOU)

Additional Funding Opportunities

IEUA and agency partners continue to pursue additional state and federal grant opportunities to further offset costs of the CBP. IEUA will also continue to pursue additional funding opportunities through federal programs.

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 (see Figure 3-1). Additional details of the schedule and progress are in Attachments 1 and 2, respectively.



Figure 3-1. Simplified CBP Schedule

CBP milestones completed in the last quarter include the following:

- Final CBP Feasibility Study Report (October 2021)
- CBP DPEIR (October 2021)
- Commitments for local cost share (October 2021)
- Commission finding of feasibility (Meeting of the California Water Commission, November 17, 2021)

Next Steps

In early 2022 IEUA plans to focus on collaborative efforts with local, regional, and State agencies to further develop the CBP and will continue to drive the following near-term activities:

- **Local and Regional Partner Agency Coordination:** Continue to convene meetings and workshops with local and regional agency partners, including Metropolitan.
- **State Resource Agency Coordination:** Continue to meet and coordinate with State resource agencies to advance CBP development, including routine coordination with Commission staff, DWR, CDFW, and other State agencies as needed.
- **Draft Agreement Terms with Local and Regional Partners, and State Resource Agencies.** Continue to develop draft terms and conditions associated with agreements with local partner

agencies, Metropolitan, and State resource agencies, including DWR, CDFW, and the State Water Resources Control Board.

4. Project Cost and Financing Update

Capital Costs, Cash Flow, Financing, and Pursuit of Funding

IEUA is continuing its analysis of potential funding sources to help with financing of the CBP. IEUA and agency partners continue to pursue additional funding opportunities, including funding through the federal water infrastructure improvement programs.

ATTACHMENT 1

Table 1. Project Schedule



Table 1. Project Schedule

Funding Agreement Milestone	Start Date	Finish Date	% Complete
Non-Public Benefits Cost-Share Contracts (Other agreements may be required and will be included when identified)			
Agreements terms with IEUA Member Agencies	2019	2021	70%
Agreements terms with SWP Contractor	2019	2021	70%
Agreement terms for Chino Basin Storage and Recovery App.	2019	2021	50%
Contracts for Administration of Public Benefits			
CDFW (ecosystem)	2019	2022	25%
State Water Resources Control Board (SWRCB) (water quality)	2019	2022	5%
DWR (emergency response)	2019	2022	5%
DWR (operations)	2019	2022	25%
Completed Feasibility Studies (includes feasibility studies related to planning efforts that are the framework for the CBP, as well as CBP specific studies)			
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 — Pomona, Monte Vista Water District, and IEUA	2014	2016	100%
2016 Integrated Water Resources Plan	2013	2016	100%
2017 Recycled Water Intertie Study – Jurupa Community Services District and IEUA	2014	2017	100%
2018 RMPU	2017	2018	100%
2020 OBMP Update for Chino Basin	2018	2022	85%
CBP Feasibility Studies and Pre-Design	2019	2021	95%
IEUA Rate Study	2019	2020	100%
Environmental Documentation (Includes environmental documentation already completed that support elements of the CBP)			
IEUA Facilities Master Plan PEIR	2016	2017	100%
OBMP Update for Chino Basin Environmental Impact Report (EIR) Addendum	2016	2017	100%
OBMP Update for Chino Basin Subsequent EIR	2019	2022	75%

Funding Agreement Milestone	Start Date	Finish Date	% Complete
CBP PEIR	2019	2021	85%
Federal, State, and Local Approvals			
Federal: Potential operations approvals with the U.S. Bureau of Reclamation (USBR)	2019	2023	0%
Federal: Potential permitting approvals with the U.S. Army Corps of Engineers (USACE)	2019	2023	0%
Federal: Other possible federal permits/approvals tbd	2019	2023	0%
State: Incidental Take Permit, if needed (with CDFW)	2019	2023	0%
State: Section 1707 water rights change, if needed (by DWR, with SWRCB)	2019	2023	0%
State: SWP water supply contract amendments, if needed (by the SWP contractor, with DWR)	2019	2023	0%
State: Other possible State permits and approvals to be determined	2019	2023	0%
Local: Possible encroachment permits (with the city and county)	2019	2024	0%
Local: Storage in Chino Basin Water Bank (with the Chino Basin Watermaster (CBWM))	2019	2024	0%
Local: Other possible local permits and approvals to be determined	2019	2024	0%
Funding Agreement Components			
Project Workplan	2017	2022	10%
Project Schedule	2017	2022	10%
Project Budget	2017	2022	10%
Project Design	2022	2024	0%
Construction	2025	2028	0%
Begin Operations	2028	2078	0%

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 Date	% Complete
Contracts for non- public cost-share (other agreements may be required and will be included when identified)		
Agreements terms with IEUA Member Agencies	2021	70%
Agreements terms with SWP contractor	2021	70%
Agreement terms for Chino Basin Storage and Recovery Application	2021	50%
Contracts for administration of public benefits		
CDFW (ecosystem)	2022	25%
SWRCB (water quality)	2022	5%
DWR (emergency response)	2022	5%
DWR (operations)	2022	25%
Completed feasibility studies (includes feasibility studies related to planning efforts that are the framework for the CBP, as well as CBP-specific studies)		
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 — Pomona, Monte Vista Water District, and IEUA	Done	100%
2016 Integrated Water Resources Plan	Done	100%
2017 Recycled Water Intertie Study – Jurupa Community Services District and IEUA	Done	100%
2018 RMPU	Done	100%
OBMP Update for Chino Basin	2022	85%
CBP Feasibility Studies and Pre-Design	2021	95%
IEUA Rate Study	2020	100%

Description	Estimated Completion Date	% Complete
Final environmental documentation (includes environmental documentation already completed that support elements of the CBP)		
IEUA Facilities Master Plan PEIR	2017	100%
OBMP Update for Chino Basin EIR Addendum	2017	100%
OBMP Update for Chino Basin Subsequent EIR	2022	75%
CBP PEIR	2021	85%
All required federal, State, and local approvals, certifications, and agreements		
Federal: Potential operations approvals with USBR	2023	0%
Federal: Potential permitting approvals with USACE	2023	0%
Federal: Other possible federal permits/approvals tbd	2023	0%
State: Incidental Take Permit, if needed (with CDFW)	2023	0%
State: Section 1707 water rights change, if needed (by DWR, with SWRCB)	2023	0%
State: SWP water supply contract amendments, if needed (by SWPC, with DWR)	2023	0%
State: Other possible State permits/approvals tbd	2023	0%
Local: Possible encroachment permits (with/ the city and county)	2024	0%
Local: Storage in Chino Basin Water bank (with CBWM)	2024	0%
Local: Other possible local permits and approvals to be determined	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.



CONTACT INFORMATION

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