

DRAFT
August 26, 2026

Note to reader: *The Inland Empire Utilities Agency (IEUA) is the lead agency under the California Environmental Quality Act (CEQA) for the Chino Basin Program (Program). As a responsible agency under CEQA, the State Water Resources Control Board (State Water Board or Board) will review and consider the environmental documentation prepared by IEUA for the Program, and the Board will reach its own conclusions concerning whether and under what conditions to approve the Program by executing the Contract for the Administration of Public Benefits. (See Cal. Code Codes, tit. 14, § 15096, subds. (a), (f), (g), (h) & (i).) In addition, the State Water Board has discretionary authority to decide whether and under what conditions to approve wastewater change petitions that IEUA and the City of Rialto have filed in order to implement the Program. This draft Contract, including the quantity of the Public Water Quality Benefit administered by this draft Contract, is subject to change before it is executed based on the outcome of any required State Water Board review of the Program under CEQA and, if necessary, the Board's action on wastewater change petitions, and this draft Contract should not be construed as evidence that the Board has prejudged the outcome of any Board determinations. If efforts to secure water supplies are successful, the Contract for the Administration of Public Benefits would refer to up to 15,000 acre-feet per year of water.*

**PROPOSITION 1 WATER STORAGE INVESTMENT PROGRAM CONTRACT FOR
ADMINISTRATION OF PUBLIC WATER QUALITY BENEFITS CHINO BASIN PROGRAM**

This Contract for Administration of Public Water Quality Benefits (Contract) is made and entered into by and between the California State Water Resources Control Board (State Water Board) and the Inland Empire Utilities Agency (IEUA) (together, the Parties) for the Chino Basin Program (Program).

RECITALS

- A.** In November 2014, California voters approved Proposition 1, the Water Quality, Supply, and Infrastructure Improvement Act of 2014 (Wat. Code, §§ 79700-79798) to provide funding for more reliable water supplies, the restoration of important species and habitat, and a more resilient and sustainably managed water infrastructure.
- B.** Chapter 8 of Proposition 1 (Wat. Code, §§ 79750-79760) dedicated \$2.7 billion for investments in water storage projects that improve the operation of the state water system and provide a net improvement in ecosystem and water quality conditions. The California Water Commission (CWC) administers the Water Storage Investment Program (WSIP) to fund the public benefits associated with these projects. Through a rigorous selection process, the CWC made seven maximum conditional eligibility determinations (MCEDs), one for each WSIP project. The MCED represents the maximum amount of state funding a WSIP project was eligible for at the time of the determination, based on the CWC's estimate of public benefits to be provided by each WSIP project. Public

benefits provided by WSIP projects may include flood control, ecosystem benefits, water quality improvements, emergency response, and recreation.

- C. Each WSIP project must enter into a contract with each public agency that administers the public benefits, after that agency makes a finding that the public benefits of the project for which that agency is responsible meet the relevant requirements of Water Code section 79750 *et seq.*
- D. The CWC is the funding grantor of WSIP projects. The CWC awards final funding after all requirements for allocation of funds enumerated in Water Code section 79755 are complete for the project.
- E. Under the federal Clean Water Act (CWA) and the state Porter-Cologne Water Quality Control Act, the State Water Board has regulatory responsibility for protecting the water quality of nearly 1.6 million acres of lakes, 1.3 million acres of bays and estuaries, 211,000 miles of rivers and streams, and about 1,100 miles of California coastline. Pursuant to its statutory duties, the State Water Board is responsible for making a finding that the Public Water Quality Benefits of a project meet all requirements of Water Code section 79750 *et seq.*, and for entering into a contract with each project proponent to administer the Public Water Quality Benefits. (Wat. Code, § 79755; Cal. Code Regs., tit. 23, § 6013, subd. (c)(2).)
- F. Inland Empire Utilities Agency (IEUA) is a regional wastewater treatment agency and wholesale distributor of imported water.
- G. The Chino Basin Program (Program) is a conjunctive use project to store and manage groundwater in the Chino Basin, while providing water to be dedicated to pulse flows that benefit the fishery of the Feather River and the Bay-Delta watershed. The Program will develop a state-of-the-art Advanced Water Purification Facility and aquifer replenishing wells that will develop and store up to 15,000 acre-feet per year of water in the Chino Basin. The Program will include a water exchange element that includes producing purified recycled water that will be stored in the Chino Groundwater Basin and later made available in exchange for Metropolitan Water District of Southern California's State Water Project (SWP) supplies in some drier years.
- H. The Parties recognize that the purpose of the Program is to provide both public and nonpublic benefits. (Wat. Code § 79753, subd. (a); Cal. Code Regs., tit. 23, § 6001, subd. (a)(53).) This Contract only covers the Public Water Quality Benefit. IEUA controls operation of the Program.
- I. The CWC deemed the Program feasible as required by Water Code section 79755, subdivision (a)(5)(B) on November 17, 2021.
- J. Pursuant to Water Code section 79755, subdivision (a)(3), the State Water Board finds the following Public Water Quality Benefit resulting from the Program meets all of the requirements of Water Code section 79750 *et seq.*: protect, clean up, or restore groundwater resources in high and medium priority basins designated by the Department of Water Resources.
- K. The purpose of this Contract is to ensure that public contribution of funds pursuant to Chapter 8 of Proposition 1 for the Program achieves the Public Water Quality Benefit identified for the Program and described herein. (Wat. Code, § 79755.) This Public Water Quality Benefit will be achieved by IEUA implementing agreed-upon Program Implementation Actions, as described in this Contract, and carrying out the Adaptive Management Plan, as described in Exhibit B, incorporated by reference as though set forth in full herein.

SECTION 1 ABBREVIATIONS AND DEFINITIONS

Unless the context otherwise requires, the terms defined in this section shall for all purposes of this Contract have the meanings hereinafter specified:

- A. Adaptive management** – shall have the same meaning as Water Code section 85052.
- B. Adaptive Management Plan** – the plan attached to this Contract as Exhibit B that identifies how monitoring will be used to adaptively manage a project's Public Water Quality Benefit through a collaborative meet and confer process and contains the elements required by California Code of Regulations, title 23, section- 6014, subdivision (a)(2).
- C. Adaptive Management Actions** – refers to those actions specifically identified in the Adaptive Management Plan Section 2.5.
- D. Adaptive management threshold (threshold)** – shall have the same meaning as California Code of Regulations, title 23, section 6001, subdivision (a)(80).
- E. Adaptive management trigger (trigger)** – shall have the same meaning as California Code of Regulations, title 23, section 6001, subdivision (a)(84).
- F. AFY** – Acre-feet per year.
- G. Annual Summary Report** – annually required report prepared by IEUA Proponent, which documents the progress and status of the Public Water Quality Benefit, as described in Section 4.3.1.1.
- H. Best available science** –shall have the same meaning as California Code of Regulations, title 23, section 6001, subdivision (a)(9).
- I. Contract** – Contract for Administration of Public Water Quality Benefits.
- J. CWC** – California Water Commission.
- K. Decision-Making Body** – the group of individuals from IEUA and the State Water Board designated by the Parties to coordinate on the Adaptive Management Plan for the Public Water Quality Benefit.
- L. Delta** – Sacramento-San Joaquin River Delta.
- M. Dry Water Year** – as defined in the Sacramento Valley 40-30-30 Index.
- N. Feasible** – shall have the same meaning as California Public Resources Code section 21061.1, with the exception of the use in Recital I, above.
- O. Funding Agreement** – California Water Commission Funding Agreement.
- P. Limiting factor** – A factor which prevents the Program from achieving conditions at or above Adaptive Management triggers.
- Q. Meet and confer process** – the process outlined in Exhibit B (Adaptive Management Plan) by which the Decision-Making Body collaboratively identifies limiting factors and recommends Adaptive Management Actions.
- R. mg/L** – milligrams per Liter.
- S. Performance threshold** – quantity of Public Water Quality Benefit expected to be achieved by implementation of with-project actions compared to without-project actions, based on best available science at the time of contract execution.
- T. Program Year** – Refers to a full year of Program operations capable of delivering water. For example, "Program Year \\\\" refers to ten years after the Program becomes operational and capable of delivering water.
- U. Program** – Chino Basin Program.
- V. Program Implementation Actions** – foundational actions a project must execute for derivation of the anticipated Public Water Quality Benefit.

W. Project – Chino Basin Program.

X. Public Water Quality Benefit – shall have the same meaning as California Code of Regulations, title 23, section 6001, subdivision (a)(63) and Water Code section 79753, subdivision (a)(2). For the purposes of the Adaptive Management Plan, the Public Water Quality Benefit shall be comprised of Project Implementation Actions identified in the Contract for the project.

Y. Review Report – Adaptive Management Plan Review Report.

Z. State – State of California.

AA. State Water Board – California State Water Resources Control Board.

BB. TDS – Total Dissolved Solids.

CC. WSIP – Water Storage Investment Program.

SECTION 2 ROLES AND RESPONSIBILITIES

2.1 STATE WATER BOARD

The State Water Board has authority as the administering agency for the Public Water Quality Benefits under WSIP. The State Water Board is responsible for executing, if possible, a Contract with WSIP project proponents providing Public Water Quality Benefits under WSIP to ensure that the Public Water Quality Benefits identified for the project are achieved. (Wat. Code, § 79755, subd. (a)(3).) The Public Water Quality Benefits will be provided through a project's performance of its Project Implementation Actions and implementation of the Adaptive Management Plan. The State Water Board will: i) provide ongoing technical expertise and guidance toward the administration, implementation, and management of the Public Water Quality Benefit; ii) participate in Public Water Quality Benefit metric tracking, evaluation, and accounting; iii) obtain, manage, and report to the CWC information associated with the Public Water Quality Benefit, pursuant to California Code of Regulations title 23, section 6014, subdivision (a)(2)(A)(4); and iv) inform the CWC of the Public Water Quality Benefit provided, any adaptive management actions triggered, any benefit changes, or other information deemed appropriate by the State Water Board.

2.2 IEUA

IEUA has oversight authority for the Program and is responsible for implementation of Program Implementation Actions and Adaptive Management Actions necessary for the realization of the Public Water Quality Benefit described in this Contract, including monitoring for the Public Water Quality Benefit, and reporting to the State Water Board and the CWC pursuant to California Code of Regulations, title 23, section 6014, subdivisions (a)(2)(A)(3) and (a)(2)(A)(4), respectively. IEUA may delegate elements of Program reporting or execution of the adaptive management plan.

However, it is the responsibility of IEUA to ensure that the terms and conditions identified in the Contract are met.

SECTION 3 TERM

This Contract shall become effective upon the execution of a Funding Agreement between the CWC and IEUA. The Contract shall terminate upon the completion of 50 years of project operation, unless otherwise terminated or amended as provided in the Contract.

SECTION 4 PUBLIC WATER QUALITY BENEFIT

4.1 DESCRIPTION OF THE WATER QUALITY BENEFIT

Pursuant to California Code of Regulations, title 23, section 6012, subdivision (g), the State Water Board has confirmed the following benefit associated with the Program: protect, clean up or restore groundwater resources in high and medium priority basins designated by the Department of Water Resources.

4.1.1 Improvement in salinity conditions in groundwater

The Program will improve salinity conditions in the Chino Basin by removing salt (measured as total dissolved solids, TDS) from recycled water and injecting the groundwater basin with the advanced treated water, which will be of lower TDS than the water existing in the basin. Fundamentally, the magnitude of the Public Water Quality Benefit will depend on the volume of water delivered and stored.

Other conditions may limit recycled water deliveries to varying degrees; those that trigger adaptive management will be subject to the meet and confer process described in the Adaptive Management Plan (Exhibit B).

4.2 ADAPTIVE MANAGEMENT

The Parties agree that IEUA shall manage the Public Water Quality Benefit (as represented by the Program Implementation Actions) according to principles of adaptive management. A specific Adaptive Management Plan for the Public Water Quality Benefit is attached hereto as Exhibit B. IEUA must comply with all provisions of the Adaptive Management Plan.

4.3 REPORTING

4.3.1 Reporting to the State Water Board

4.3.1.1 Annual Summary Reports

IEUA shall provide an Annual Summary Report to the State Water Board 16 Months following the effective date of this Contract as set forth above in Section 3. Each Annual Summary Report thereafter shall be provided by April 30. The Annual Summary Report shall document progress and current status of the Public Water Quality Benefit provided, including a description of any benefit changes since the last report.

4.3.1.2 Adaptive Management Review Reports

Adaptive management actions shall be reported based on the schedule established for the water quality benefit in the Adaptive Management Plan, including an Adaptive Management Review Report ("Review Report") as described in Section 1.5 of the Adaptive Management Plan. All reports shall be submitted to the State Water Board's designated WSIP Manager. Reports shall include all components described in Section 1.5 of the Adaptive Management Plan.

4.3.2 Reporting to the California Water Commission

IEUA shall provide a copy of the Annual Summary Report described in Section 4.3.1 to the CWC at the same time any such report is submitted to the State Water Board.

4.4 REQUIREMENT TO SHARE DATA

In addition to data required by the Annual Summary Report and the Review Report, the State Water Board may make additional specific data requests reasonably related to the administration of the Contract. IEUA shall provide data responsive to the State Water Board's request on a reasonable timeline agreed to by both Parties. If IEUA relies on data acquired by a third party and such data are not collected on behalf of IEUA, IEUA shall identify the third party which holds the data relied upon to the State Water Board. Data that could be requested include, but are not limited to, reports, modeling, and datasets.

4.5 ASSURANCES

The Parties have determined that the following provide required assurances under California Code of Regulations, title 23, section 6014, subdivision (a)(2)(A)(5):

- (1) IEUA will maintain and operate the Program through the life of the Contract;
- (2) IEUA will maintain permits throughout the life of the Program required to treat, deliver, and inject the groundwater basin with the lower TDS water;
- (3) The Adaptive Management Plan will not require more water be provided by IEUA than proposed within Section 2.2 of Exhibit B.
- (4) IEUA will undertake appropriate Adaptive Management Actions that are reasonable and feasible.

SECTION 5 PUBLIC BENEFIT DISPUTE PROCESS

5.1 DISPUTES OVER PUBLIC BENEFITS NOT RESOLVED BY ADAPTIVE MANAGEMENT

The State Water Board shall review the Annual Summary Report and the five-year Review Report described in section 4.3.1 of this Contract and Section 1.5 of the Adaptive Management Plan. If the State Water Board concludes, based on the Review Report and the Best Available Science, that the Program Implementation Action metrics are at or below the associated Adaptive Management Trigger as described in the Adaptive Management Plan, the Decision-Making Body shall convene as described in Section 1.6 of the Adaptive Management Plan. If the Decision-Making Body cannot agree on the appropriate course of action as described in Section 1.6 of the Adaptive Management Plan, the State Water Board may initiate the public benefit dispute process described in this section. The State Water Board may initiate the public benefit dispute process when:

- (1) The Parties disagree on appropriate adaptive management actions within the Program's control, and the State Water Board program staff has determined that not adjusting Adaptive Management Actions will result in an insufficient public benefit; or
- (2) The Parties disagree on whether the Public Water Quality Benefit should be adjusted; or
- (3) The Parties disagree on whether achieving the Public Water Quality Benefit continues to be feasible; or
- (4) The State Water Board program staff determines the Public Water Quality Benefit is not being delivered due to IEUA's failure to implement the Program Implementation Actions as described herein, and no excuse exists for such failure.

5.2 STATE WATER BOARD INITIATION OF PUBLIC BENEFIT DISPUTE PROCESS

If the State Water Board elects to initiate the public benefit dispute process, the State Water Board shall provide written notice to IEUA. The written notice shall:

- (1) State the disputed issues which prompted the Meet and Confer process described in Section 1.5 of the Adaptive Management Plan or identify other significant noncompliance with this Contract that requires resolution through the Meet and Confer process;
- (2) Document the alternatives considered during the Adaptive Management Decision Making Body's meet and confer process described in Section 1.6 of the Adaptive Management Plan; and
- (3) State whether resolution was achieved, in whole or in part and state the specific relief, including the timeline, agreed to as part of any resolution;
- (4) Identify all outstanding issues that remain unresolved; and Propose a solution to the remaining unresolved issues.

The State Water Board may also request additional relevant information from the IEUA which may inform the State Water Board's understanding of the dispute.

5.3 IEUA RESPONSE

Within 60 days of the State Water Board's written notification to IEUA as described in Section 5.2, IEUA shall provide a written response to the State Water Board. The response shall identify the issues, propose a solution to the dispute, and respond to the State Water Board's requests for additional relevant information.

5.4 MEETINGS

Throughout the public benefit dispute process, either Party may request a meeting with the other Party at any time.

5.5 AGREEMENT ON SOLUTION; PROCESSING AMENDMENTS AS NECESSARY

If, during the public benefit dispute process, the Parties mutually agree on a solution and the solution requires an amendment to the Contract, including the Adaptive Management Plan, the Parties shall process an amendment as described in Section 8.6 of this Contract and the CWC Funding Agreement paragraph 20.

5.6 FAILURE TO AGREE ON SOLUTION; STATE WATER BOARD FINDING OF INSUFFICIENT PUBLIC BENEFIT

Should the Parties not mutually agree on a solution to the public benefit dispute, the State Water Board shall submit a finding of insufficient public benefit or other significant noncompliance with this Contract to the CWC for its consideration and action pursuant to Funding Agreement paragraph 15A. With its finding of insufficient public benefit, the State Water Board shall provide the CWC an explanation regarding the cause of the insufficient public benefit, remedial actions taken to date by IEUA, including any mitigating circumstances, its determination of whether the insufficient public benefit is the fault of IEUA, and the State Water Board's recommended corrective actions. IEUA may also provide any information it believes is pertinent to the CWC. Should a decision by the CWC result in a change to the Program's Public Water Quality Benefit, the Parties shall process an amendment pursuant to Section 8.6 that appropriately reflects the ongoing obligations of IEUA.

SECTION 6 DISPUTE RESOLUTION

6.1 CONTINUING RESPONSIBILITIES

Both Parties shall continue meeting their responsibilities under this Contract during any dispute.

6.2 DISPUTES

If the Parties fail to resolve a dispute covered by Section 5 of this Contract, the State Water Board shall notify the CWC of the dispute. The Parties shall follow the procedure set forth in Section 5 of this Contract.

6.3 OTHER DISPUTES

For any other disputes not covered by Section 5 of this Contract, Parties shall attempt to negotiate a resolution to any dispute and process any amendment necessary to this Contract to implement the terms of any such resolution.

SECTION 7 SPECIFIC PERFORMANCE

In the event of a default by IEUA as determined by the CWC under Funding Agreement paragraph [TBD], before the term of this Contract is complete then, in addition to any and all other remedies available at law or in equity, the State Water Board may seek specific performance of this Contract. IEUA agrees that specific performance is an appropriate remedy because the benefit to the State Water Board from the Program, as described in Section 4 (Public Water Quality Benefit), is unique and damages would not adequately compensate the State Water Board for the loss of such benefit.

SECTION 8 GENERAL TERMS AND CONDITIONS

8.1 GOVERNING LAW

This Contract is governed by and shall be interpreted in accordance with the laws of the State of California.

8.2 SUPERSEDING PREVIOUS AGREEMENTS

This Contract supersedes all prior discussions, negotiations, understandings, or agreements of the Parties relating to the Contract or the Program.

8.3 PROGRAM ACCESS

IEUA shall ensure that, for the purposes of administering the Program's Public Water Quality Benefit under WSIP, the State Water Board and the State Water Board's employees and agents have safe and suitable access to the IEUA-owned and controlled Program site locations at all reasonable times during the Term of this Contract for the purpose of verifying and monitoring the Public Water Quality Benefit. The State Water Board shall not unreasonably interfere with IEUA's use and enjoyment of its property. The State Water Board shall notify IEUA at least five business days prior to entering IEUA property. (Cal. Code Regs., tit. 23, § 6014, subd. (a)(2)(A)(6).)

8.4 INDEMNIFY AND HOLD HARMLESS

IEUA shall indemnify and hold and save the State Water Board, its officers, agents, and employees free and harmless from any and all liabilities for any claims and damages (including inverse condemnation) that may arise out of the Program and this Contract, including, but not limited to any claims or damages arising from planning, design, construction, maintenance, monitoring, verification, and/or operation of this Program, except to the extent resulting from the negligence or willful misconduct of the State Water Board, its officers, employees, and agents.

8.5 NO WAIVER

Enforcement of the terms of this Contract by the State Water Board shall be at the discretion of the State Water Board, and any forbearance by the State Water Board to exercise its rights under this Contract shall not be deemed or construed to be a waiver by the State Water Board of such term or of any rights of the State Water Board under this Contract.

8.6 AMENDMENTS

This Contract, including the Adaptive Management Plan, may be amended at any time by mutual agreement of the Parties, except insofar as any proposed amendments are in any way contrary to applicable law. No amendment shall be valid unless made in writing and signed by the Parties and agreed to by the CWC. Only persons duly authorized to sign an amendment on behalf of either Party may do so. No oral understanding or agreement not incorporated in this Contract is binding on either of the Parties. Requests by either Party for amendments must be in writing, stating the amendment request and the reason for the request. Neither the State Water Board nor IEUA shall have an obligation to agree to an amendment. All amendments agreed to by the parties shall be submitted to the CWC pursuant to Funding Agreement paragraph 20. If the Parties mutually agree to an amendment that substantially reduces, eliminates, or substantially repurposes the Public Water Quality Benefit, the Parties shall notify the CWC pursuant to Funding Agreement paragraph 15B.

8.7 SUCCESSORS AND ASSIGNS

This Contract and all of its provisions shall apply to and bind the successors and assigns of the Parties. No assignment or transfer of this Contract or any part thereof shall be valid unless and until it is approved by the State Water Board and may only be made subject to such reasonable terms and conditions as the State Water Board may impose.

8.8 SEVERABILITY

Should any portion of this Contract be determined to be void or unenforceable, such shall be severed from the whole and the Contract shall continue as modified.

8.9 INDEPENDENT CONTRACTOR

IEUA, and the agents and employees of IEUA, in the performance of this Contract, shall act in an independent capacity and not as officers or employees or agents of the State Water Board. IEUA acknowledges and promises that the State Water Board is not acting as an employer to any individuals furnishing services or work on the Program pursuant to this Contract.

8.10 PROGRAM REPRESENTATIVES

All inquiries may be directed to the Program Representatives:

James Nachbaur

WSIP Manager
State Water Resources Control Board
Mail Stop 13B
PO Box 100
Sacramento, CA 95814
James.Nachbaur@waterboards.ca.gov

Elizabeth Hurst
Chino Basin Program Manager
Inland Empire Utilities Agency
6075 Kimball Avenue
Chino, CA 91708
ehurst@ieua.org

Parties shall inform each other in writing of any changes to the Program Representatives.

EXHIBITS

Each exhibit referenced in this Contract and listed below is incorporated by reference as though set forth in full herein.

Exhibit A – State Water Board’s Findings Regarding the Public Water Quality Benefit

Exhibit B – Water Quality Adaptive Management Plan for the Chino Basin Program

IN WITNESS WHEREOF, this Contract is made and entered into in the State of California by IEUA and the State Water Board, each of which hereby agrees to the terms and conditions of this Contract.

California State Water Resources Control Board

By:

Signature: _____
Printed name: Eric Oppenheimer
Title: Executive Director

Date: _____

Inland Empire Utilities Agency

By:

Signature: _____
Printed name: Kevin L. Alexander
Title: General Manager

Date: _____

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EXHIBIT A

**STATE WATER BOARD'S FINDINGS REGARDING PUBLIC WATER QUALITY BENEFITS
FOR THE CHINO BASIN PROGRAM**

(To be completed before execution of final Contract for the
Administration of Public Benefits.)

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EXHIBIT B

WATER QUALITY ADAPTIVE MANAGEMENT PLAN FOR THE CHINO BASIN PROGRAM

DRAFT

July 31, 2026

PROPOSITION 1 WATER STORAGE INVESTMENT PROGRAM CONTRACT FOR ADMINISTRATION OF PUBLIC WATER QUALITY BENEFITS

CHINO BASIN PROGRAM EXHIBIT B WATER QUALITY ADAPTIVE MANAGEMENT PLAN

SECTION 1 PROGRAM-WIDE APPROACH FOR ADAPTIVE MANAGEMENT AND REPORTING

1.1 OVERVIEW

The Chino Basin Program (Program) is a combination of innovative water treatment and storage projects structured to modernize regional water supplies, storage, and delivery systems. Through several water infrastructure improvement projects, the Program will help address challenges caused by dependence on imported water supplies through the development of new, local water supplies, thus increasing local water supply resiliency and reliability. The Program will develop a state-of-the-art Advanced Water Purification Facility and aquifer replenishing wells that will treat and store an average of up to 15,000 acre-feet per year of water in the Chino Basin. Additionally, the Program will expand existing and build new conveyance pipelines and develop additional production facilities to maximize recycled water usage in the region.

Once implemented, these projects will address the immediate needs of the region while unlocking the potential for additional storage and water recycling projects in the future. These projects also demonstrate significant benefits for state and local environmental and ecosystem health through a unique exchange to support pulse flows in the Feather River and by improving the habitat for native species in the Santa Ana River.

The Program will include a water exchange element that includes producing purified recycled water stored in the Chino Groundwater Basin that will be made available in lieu of Metropolitan State Water Project (SWP) supplies in some years depending primarily on the SWP allocation in the spring.

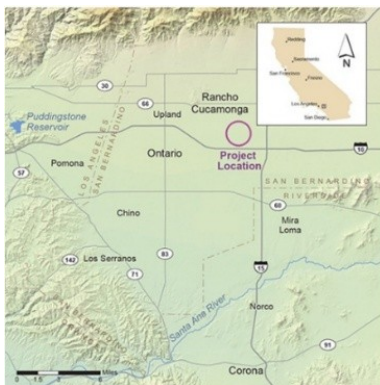


Figure 1. Overall Program Area includes the Ecosystem Benefits Area in the Feather River and Bay-Delta Watershed and Treated Water Delivery and Storage Area in the Chino Basin.

The water quality benefit is based on the State Water Resource Control Board (State Water Board) priority to “protect, clean up, or restore groundwater resources in high and medium priority basins designated by the Department of Water Resources.” The Program will protect groundwater by producing advanced treated water with a low total dissolved solids (TDS) concentration and replenishing the groundwater basin through injection wells or other replenishment facilities. While adding lower-TDS water will benefit the basin, the total volume of water stored will not result in a measurable improvement in water quality at the groundwater basin scale. Performance will therefore be measured as the injection of the high-quality water to the groundwater basin.

The Program is designed to treat and deliver to groundwater storage up to 15,000 acre-feet of water annually, with treatment reducing TDS concentration from approximately 520-600 mg/l in the influent to approximately 100mg/l in the effluent, though concentrations may vary over short and longer terms. The term of the Contract for Administration of Public Water Quality Benefits (CAPB) will be 50 years.

1.1.1 Monitoring

Inland Empire Utilities Agency (IEUA) will monitor the volume and TDS concentration of advanced treated water generated, delivered and stored under the Program and report annually. That volume of water will be used to calculate the annual salt load reduction provided by the Program, as described in Table 1 below.

Table 1. Summary of Water Quality Benefits Monitoring Components

Component Measured	Units	Frequency	Location
Volume of Treated Water Delivered to Storage	AF	Daily monitoring, annual total reporting by month	Flow meters at influent and effluent of the Advanced Water Purification Facility (AWPF). Flow meters at replenishment wells.
Salinity Concentration	TDS (mg/l) EC (mS/cm)	Monthly monitoring, averaged	Measured at AWPF influent and effluent

After the Program facilities are constructed, they will be routinely operated to achieve the water quality benefit. There may be circumstances that could limit achievement of the water quality benefit, including:

1. Disruption of the source water supply to the AWPF,
2. Operational constraints at the AWPF, the transmission pipeline, the aquifer injection wells, or other replenishment facilities.
3. Influent concentrations may vary in the future and may affect the total salts removed but will not impact the treatment level of the water or limit the injection volumes.

4. IEUA would work expeditiously to remedy any occurrence that limits the operation of the Program.

1.2 ADAPTIVE MANAGEMENT PLAN APPROACH

This Adaptive Management Plan outlines a monitoring plan, including Program implementation milestones and Performance Thresholds (defined in Adaptive Management Plan Section 1.4) which demonstrate the Program's success in carrying out the Project Implementation Actions specified in the Contract for Administration of Public Water Quality Benefits. The Adaptive Management Plan identifies how monitoring will be used to adaptively manage the Program's Public Water Quality Benefit through a Meet and Confer Process and Adaptive Management Actions provided that any Adaptive Management Actions required to be taken by IEUA shall be reasonable and feasible. The intent of the Adaptive Management Plan is to increase the likelihood of achieving and maintaining the desired Public Water Quality Benefit, while recognizing that Project Implementation Actions are subject to various uncertainties beyond the scope of the Program's control and responsibility, which can include, but are not limited to, California hydrology, future regulatory conditions, changing water operations outside of the Program's influence, changes in land use, and climate change. Adaptive management of the Program will be implemented on a five-year review cycle. A five-year review cycle provides a regular opportunity to evaluate data from the previous years of Program implementation, maintenance, and monitoring, and allows for incorporation of new technologies and lessons learned into subsequent implementation, monitoring, maintenance, and performance tracking.

This Adaptive Management Plan is structured according to definitions and requirements outlined in the statute and the California Code of Regulations. California Water Code section 85052 defines adaptive management as "a framework and flexible decision-making process for ongoing knowledge acquisition, monitoring, and evaluation leading to continuous improvement in management planning and implementation of a project to achieve specified objectives."

The California Code of Regulations, Title 23, Waters, Water Storage Investment Program (WSIP), section 6014, subdivision (a)(2)(A)) states, "[t]he contract between an administering agency and applicant shall contain:

- (1) An adaptive management plan for the public benefits funded under the [WSIP] Program. The adaptive management plan shall contain:
 - a. Public benefit monitoring metrics;
 - b. Monitoring locations, frequencies, and timing;
 - c. Metric evaluation methodology and associated threshold or trigger levels based on best available science that initiate adaptive management actions;
 - d. Decision making process including the administering agency role and the adaptive management actions that would be taken when a trigger is reached;
 - e. Funding sources and financial commitments to implement that adaptive management plan;
 - f. Other items deemed necessary on a case-by-case basis by administering agencies entering into the contract.

1.3 ROLES AND RESPONSIBILITIES

Roles and responsibilities for each party are identical to those contained in Section 2 of the Contract for the Administration of Public Water Quality Benefits.

1.3.1 Adaptive Management Expectations

IEUA is obligated to deliver the Project Implementation Actions identified in this Contract and to implement this Adaptive Management Plan. Adaptive Management Actions must be reasonable and feasible and will not include providing an additional quantity of water beyond what is specified in this Contract. A description of the Project Implementation Actions is presented in Table 2.

Table 2. Chino Basin Program Implementation Actions

Project Implementation Action	Performance Threshold and Adaptive Management Trigger Metrics
Advanced Treated Recycled Water	Annual volume of water generated
Replenishment of Advanced Treated Recycled Water to Storage	Annual volume of water replenished to storage in the Chino Basin

Project Implementation Actions are defined as foundational actions the Program must execute for realization of the Public Water Quality Benefit. In the case of the Program's Public Water Quality Benefit, the Project Implementation Actions directly result in the Public Water Quality Benefit. Consequently, the Adaptive Management Plan only addresses the Project Implementation Actions.

As part of the communication structure for implementation of this Adaptive Management Plan, the Parties will establish a Decision-Making Body formed by representatives of IEUA and the State Water Board to coordinate on adaptive management for the Public Water Quality Benefit. It is the responsibility of the Parties to each identify its own representative(s) for participation in the Decision-Making Body. Other partners, resources, and expertise may be involved as needed and at the discretion of the Decision-Making Body.

1.4 ADAPTIVE MANAGEMENT THRESHOLDS AND TRIGGERS

Section 6001, subdivision (a) of the WSIP Regulations (Cal. Code Regs., tit. 23, § 6000 et seq.) provides definitions for the terms "threshold" and "trigger" in the context of adaptive management. "Threshold" means a numerical value for a specific metric that is a boundary between acceptable and unacceptable situations or conditions, or a specific metric that must be exceeded for a certain reaction, result, or condition to occur. (Cal. Code Regs, tit. 23, § 6001, subd. (a)(80).) "Trigger" means an event, situation, or measurement that initiates or requires a management action. (Cal. Code Regs, tit. 23, § 6001, subd. (a)(84).) Each monitoring metric is associated with an adaptive management threshold and trigger. These are pre-determined decision points specific to each Project Implementation Action. Program status for the Public Water Quality Benefit's Project Implementation Action will be assessed as described below:

Performance Thresholds are established as the full extent of Project Implementation Actions and the quantity of Public Water Quality Benefit anticipated to be achieved by implementation of with-project actions (Project Implementation Actions) compared to without-project actions (Future Baseline) or pre-project conditions (Pre-Project Baseline), based on Best Available Science at the time of Contract execution. Performance Threshold values indicate expected or better conditions above baseline conditions. The Project Implementation Action has Performance Thresholds associated with Contract commitments. Implementation milestones are also established for the Project Implementation Actions, to serve as interim Performance Thresholds that the Program should achieve over a specified amount of time.

Adaptive Management Triggers are events, situations, or values determined to be below Performance Thresholds, assessed on a five-year review cycle. Adaptive Management Triggers are evaluated based on monitoring metrics associated with Project Implementation Actions and determined by the evaluation of monitoring metrics compared to the associated Performance Threshold. Adaptive Management Trigger indicates when a Public Water Quality Benefit is experiencing a potential challenge, is not on the expected trajectory to achieve the Performance Threshold, and the monitoring data is below the Performance Threshold.

Project Implementation Action Thresholds and Adaptive Management Triggers are further defined in Adaptive Management Plan Section 2.

1.5 DECISION-MAKING PROCESS

Program performance will be evaluated on its success in achieving Performance Thresholds for the Project Implementation Actions. The Performance Threshold of the Project Implementation Actions is considered as the annual average for the metric identified. If the measured value of the metric meets the criteria of the Adaptive Management Trigger, then decision-making processes and Adaptive Management Actions will be initiated as described below.

1.5.1 Adaptive Management Trigger Decision-Making Processes

IEUA will report to the State Water Board as identified in Adaptive Management Plan Section 1.6. Should an Adaptive Management Trigger occur, IEUA will identify limiting factors and implement appropriate Adaptive Management Actions from the actions delineated in Adaptive Management Plan Section 2.5 or other actions mutually agreed to in writing and in accordance with Contract Section 8.6. IEUA may also identify reasons why Adaptive Management Actions are not reasonable or feasible or may not result in the achievement of Performance Thresholds (e.g., extended drought conditions or infrastructure repairs) and will propose a plan in the Annual Report to meet Performance Thresholds in the next Review Report period.

If, after review of the Annual Summary Report or Review Report, along with any other relevant monitoring data, the State Water Board concludes that Project Implementation Actions are occurring and Project Implementation Action metrics are below the associated Adaptive Management Triggers, or the State Water Board concludes it was not feasible to meet Performance Thresholds in the reporting period in question, the State Water Board will confirm this status with IEUA in writing, and IEUA will continue to implement its monitoring plan.

If, after review of the Annual Summary Report or Review Report, along with any other relevant monitoring data, the State Water Board concludes that Project Implementation Action metrics are

below the associated Adaptive Management Trigger and, if relevant, current Adaptive Management Actions being taken will not be sufficient to achieve Performance Thresholds, the State Water Board will initiate the Meet and Confer process. Through the Meet and Confer Process, the Decision-Making Body will identify the limiting factor(s) to achieving conditions at or above the Adaptive Management Triggers.

Should IEUA not meet and confer, the State Water Board will independently investigate the limiting factor(s).

Through the Meet and Confer Process or the State Water Board's independent investigation:

1. If the Decision-Making Body determines that an Adaptive Management Trigger has occurred and that Adaptive Management Actions are warranted, the Decision-Making Body will identify limiting factors and recommend reasonable and feasible Adaptive Management Actions from the possible Adaptive Management Actions identified in Adaptive Management Plan Section 2.5 and will also recommend a timeline for the Program to implement any modifications identified.
2. If the Program successfully implements the recommended Adaptive Management Actions, then the monitoring plan will continue with annual evaluation of metrics compared to Performance Thresholds and Adaptive Management Triggers.
 - a. After a subsequent five-year review cycle of the annual metric assessment showing achievement of Performance Thresholds, the Program can resume monitoring with a five-year adaptive management review.
 - b. Should the Adaptive Management Trigger again occur at the subsequent five-year review, the Decision-Making Body will Meet and Confer and determine if an adjustment to the Adaptive Management Plan is appropriate. Accordingly, the State Water Board will, in coordination with IEUA, process an amendment and inform the CWC of any benefit changes. See Contract Section 8.6.
3. If the Decision-Making Body cannot agree on limiting factors or recommended actions to achieve Performance Thresholds at or above Adaptive Management Triggers, the State Water Board may initiate the Public Benefit Dispute Process. See Contract Section 5.
4. If the Program does not implement the recommended Adaptive Management Actions according to the recommended timeline or fails to achieve Performance Threshold levels at or above Adaptive Management Triggers because of a failure to implement Project Implementation Actions, the State Water Board may initiate the Public Benefit Dispute Process. See Contract Section 5.

1.5.2 Force Majeure: Events Not Covered by Adaptive Management Trigger Decision-Making Processes

The foregoing Adaptive Management Trigger Decision-Making Process addresses foreseeable events and changing circumstances that interfere with the Program's implementation of Project Implementation Actions. In the event that a catastrophic disruption occurs that renders one or more Project Implementation Actions impossible (e.g., due to destruction of essential infrastructure, the Program will notify the State Water Board in writing of the impossibility and propose a timeline to resume Project Implementation Actions. Alternatively, the Program may inform the State Water Board that the delivery of the Public Water Quality Benefit is no longer possible. After the Program has stabilized any health or human safety-related impacts of the unforeseen circumstance, the Decision-Making Body will meet and confer and decide one of the following:

1. The Decision-Making Body may mutually agree that the Public Water Quality Benefit continues to be possible. The Decision-Making Body will determine whether an adjustment to the Adaptive Management Plan is needed, an adjustment to the Performance Threshold is needed; or an alternative Public Water Quality Benefit can be achieved. Accordingly, the State Water Board will process an amendment and inform the CWC of any benefit changes. See Contract Section 8.6, Funding Agreement paragraph 17.
 - a. Should the Decision-Making Body not agree on whether an adjustment to the Adaptive Management Plan or an adjustment to the Performance Threshold is needed, the State Water Board may initiate the Public Benefit Dispute Process. See Contract Section 5.
2. The Decision-Making Body may mutually agree that the Public Water Quality Benefit is no longer possible, due to the catastrophic disruption addressed by this section, and may mutually agree to terminate the Project Implementation Actions. Accordingly, the State Water Board will process an amendment and inform the CWC of the changes. See Contract Section 8.6. If the Decision-Making Body mutually agrees to terminate the requirements specific to a Public Water Quality Benefit, the Parties shall also notify the Commission pursuant to Funding Agreement paragraph 17.
 - a. Should the Decision-Making Body not agree on whether the Public Water Quality Benefit continues to be possible, the State Water Board may initiate the Public Benefit Dispute Process. See Contract Section 5.

After completing the process set forth above in this paragraph 1.5.2, if the Parties continue to have a dispute and a party brings an action, neither this paragraph 1.6.2 nor anything else in this Adaptive Management Plan or Contract constitutes a contrary agreement under Cal. Civil Code section 1511(2) that could eliminate or change a statutory defense to performance under Civil Code section 1511(2).

1.6 PROGRAM REPORTING

Pursuant to section 6014, subdivision (a)(2)(A)(3) of the WSIP regulations, IEUA will provide to the State Water Board an Annual Summary Report that includes:

- Summary of Project Implementation Actions
- Discussion of challenges and/or success in achieving
- Project Implementation Actions Summary of monitoring methods
- All monitoring data collected pursuant to Adaptive Management Plan Section 2
- Discussion of management activities
- Other relevant information

IEUA will provide to the State Water Board an Adaptive Management Review Report (Review Report) each five years, or annually for the five-year period after an Adaptive Management Trigger occurs (See Adaptive Management Plan Section 1.5 Decision-Making Process). For years in which IEUA must submit a Review Report, the Review Report shall be submitted on the Annual Summary Report due date and will replace the Annual Summary Report for that year. The Review Report shall include:

- Items listed above for the Annual Summary Report
- Description of data evaluation methodology
- Results of metric analyses

- Evaluation of all Performance Thresholds
- Discussion of any Adaptive Management Triggers that occurred, Limiting Factors that may have contributed to Adaptive Management Triggers occurring, and Adaptive Management Actions taken to meet Performance Thresholds
- Discussion of challenges and/or success in achieving Public Water Quality Benefit Performance Thresholds

Reports shall be provided to the State Water Board through electronic transmittal. Review and response by the State Water Board to IEUA shall be completed within 60 days of submission of the Annual Report, and within 90 days of submission of the Review Report.

After successful operation of the Program for 25 years, the reporting requirements may be reduced to remove annual reporting requirements and incorporate all reporting requirements into a five-year reporting cycle.

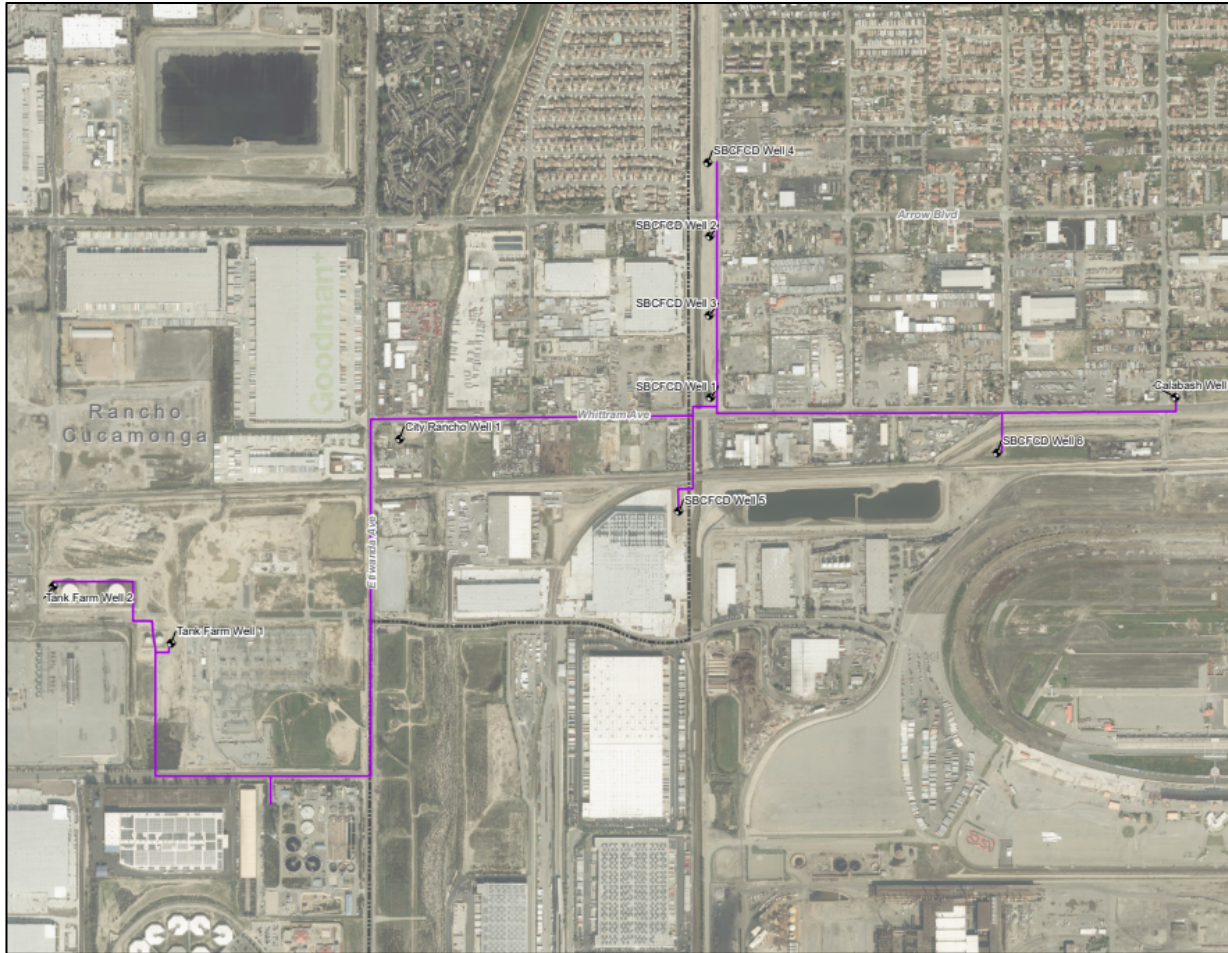
1.7 FUNDING ADAPTIVE MANAGEMENT PLAN IMPLEMENTATION

Pursuant California Code of Regulations, title 23, section 6014, subdivision (a)(2)(A)(1), this Adaptive Management Plan contains Public Water Quality Benefit (as represented by the Project Implementation Actions) monitoring metrics; monitoring locations, frequencies, and timing; metric evaluation methodology and associated thresholds and trigger levels, based on Best Available Science, that initiate Adaptive Management Actions, decision-making processes, funding sources and financial commitments to implement this Adaptive Management Plan; and any other items deemed necessary pursuant to the contract for the administration of public benefits. IEUA may elect to participate in collaborative partnerships regarding the implementation of monitoring or Adaptive Management Actions to achieve the Public Water Quality Benefits as represented by the Project Implementation Actions. However, should any monitoring undertaken through collaborative partnerships cease, it is IEUA's sole responsibility to either implement necessary monitoring or identify and implement other monitoring partnerships for this Adaptive Management Plan. IEUA will fund the actions described in the Adaptive Management Plan via rates or other revenue sources.

SECTION 2 ADAPTIVE MANAGEMENT OF PROJECT IMPLEMENTATION ACTIONS

2.1 PROJECT IMPLEMENTATION ACTION

Treatment, delivery, and replenishment of high-quality advanced treated recycled water will protect water quality in the Chino Groundwater Basin. The Advanced Water Purification Facility will be designed with a capacity of 15 million gallons per day (MGD), resulting in an annual average of up to 15,000 acre-feet per year of water replenished to the groundwater basin. The basin will be injected through a series of dedicated replenishment wells. Injecting up to 15,000 acre-feet of higher quality water into the Chino Basin will lower the overall TDS concentration in the groundwater basin. The image below shows the general area of the project.



2.2 MONITORING METRICS AND PERFORMANCE THRESHOLDS

Performance of the Project Implementation Action will be based on:

- the volume of water treated, delivered, and injected into the groundwater basin meeting the objective of an annual average of up to 15,000 acre-feet per year of water injected into the basin over each five-year period.

2.3 MONITORING METHODOLOGY

The volume of water will be metered as it enters the Advanced Water Purification Facility on a continuous basis and reported as monthly totals. Treated water volume will be metered as it leaves the AWPF and reported as monthly totals. The volume of water delivered and injected at each replenishment well will be monitored on a continuous basis and reported as monthly totals.

Influent and effluent TDS concentrations will be monitored on a monthly basis through collection of samples that will be analyzed by a California certified laboratory.

2.4 ADAPTIVE MANAGEMENT TRIGGERS

The adaptive management triggers for the Project Implementation Action will be:

- A failure to treat, deliver, and inject an annual average of up to 15,000 acre-feet of highly treated water, with a low TDS concentration to the groundwater basin

The trigger could arise from a number of factors including:

- Disruption of the source water supply to the AWPf,
- Operational constraints at the AWPf, the transmission pipeline or the aquifer replenishing wells.

2.5 ADAPTIVE MANAGEMENT ACTIONS

If an Adaptive Management Trigger occurs, decision making will follow the process in Section 1.6 of the Adaptive Management Plan. All the potential Adaptive Management Actions the IEUA could take will be aimed at treating and injecting sufficient water to support the water quality public benefit of treating, delivering, and injecting an annual average of up to 15,000 acre-feet. These actions may include the following actions, or other actions if mutually agreed to in writing and in accordance with Contract Section 8.6:

- Resolving operational or institutional issues that may limit the source water supply, that could include identify new sources, routing flows differently between facilities, addressing diminishment of existing sources, and securing longer-term agreements.
- Maintenance or rehabilitation of the treatment and conveyance facilities.
- Maintenance, rehabilitation, or expansion of replenishment facilities, (including but not limited to alternative locations or new replenishment facilities).