

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

**Chino Basin Conjunctive Use Environmental
Water Storage/Exchange Program**

QUARTERLY REPORT #3

January through March 2019

Progress Report to the California Water Commission
APRIL 30, 2019

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 January through March 2019. The report contents are based on guidance provided by Commission staff and document 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 Commission Hearing on Final Awards

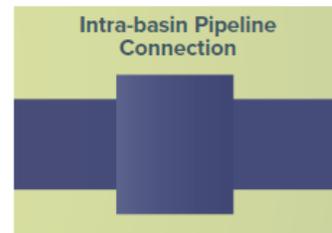
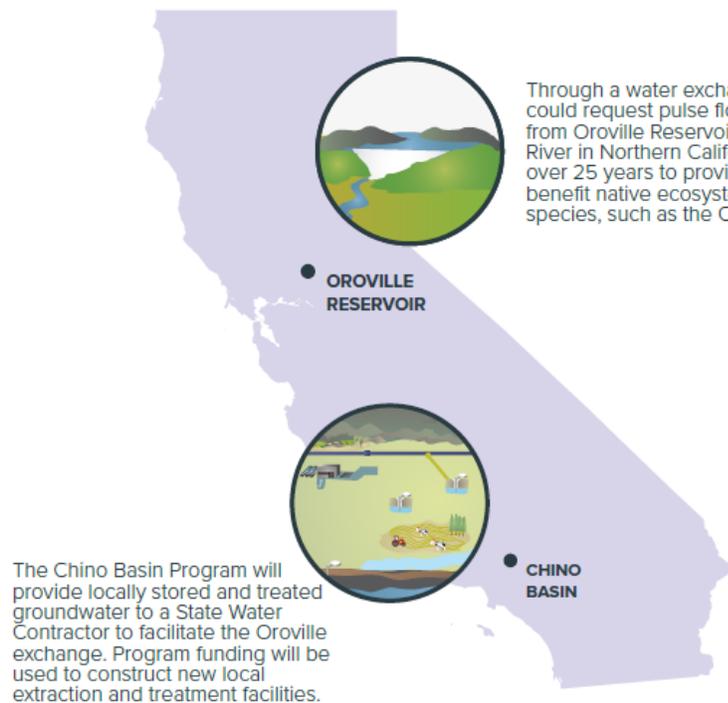
2. Project Planning Update

The Project Planning Update is a narrative summary update of the project. The summary provides a description of the status of IEUA meeting the requirements and milestones identified by the Commission in Tables 1 and 2, attached. Issues or concerns that have, will, or could affect milestones or requirements are also provided here. There are no issues or concerns that affect milestones or requirements at this time.

IEUA continues to make good progress with the planning and predesign of the CBP. The CBP components continue to be refined. There are no major changes to the configuration of the components to report on since the last progress report. Provided further below is an update on progress made on specific planning and predesign efforts during the most recent quarter.

The Chino Basin Program (CBP) is a first-of-its-kind water program that moves beyond traditional water management practices to achieve new levels of water security, flexibility and affordability.

The Chino Basin Program supports water supply, storage, and water quality goals.



Feasibility Studies and Pre-Design Update

Recycled Water Supply Sources Study

In recent months IEUA has advanced its evaluation of sources of recycled water that will produce 15 thousand acre-feet per year (TAFY) of advanced purified recycled water through Advanced Water Treatment (AWT) to be stored in the Chino Groundwater Basin. Steps are being taken to identify and secure specific water sources. As part of the CBP development process, IEUA completed and documented an analysis focused on these anticipated sources of water and reviewed these findings with local agency partners in a series of workshops (see Communications and Engagement Update section below). The findings show recycled water sources will be available in quantities that support both the CBP and other basin obligations and support the regional goals for optimizing recycled water use within the Chino Basin. Next steps in the analysis include working with local agency partners to define the physical and institutional arrangements for supplying the recycled water to the CBP, estimating the associated costs of these arrangements, and integrating this information into the financial rate and preliminary design efforts (discussed further below) for further evaluation and refinement.

Rate Study Update

IEUA continues to advance the update of the 2015 IEUA Rate Study. This effort was formally kicked off in March 2019. This study will evaluate the impacts of the CBP (capital and O&M) and includes a workshop process for participation by agency stakeholders. The focus of the first few months of the study is to gather data, define assumptions, and formulate approaches for cost accounting and recovery through connection fees. The details required by the rate study to evaluate the CBP facilities and their operations will be provided by the preliminary design effort (discussed below). The Rate Study Update is expected to be completed Fall 2019.

Pre-Design Report Study

IEUA initiated the CBP Pre-Design Report (PDR) Study earlier this year. The PDR Study will further refine CBP components. The PDR Study is led by IEUA and completed in collaboration with local partnering agencies. The PDR Study, combined with the Rate Study Update, will be critical elements that support decision making on cost allocation and O&M of the CBP. Initial findings from the PDR Study are expected this Fall, and will provide information needed to complete the Rate Study. A draft and final PDR are planned to be complete by Spring and Summer 2020, respectively.

CBP Storage and Recovery Application

A Chino Basin Storage and Recovery Application will be prepared and submitted to the Chino Basin Watermaster that complies with the requirements of the Chino Basin Storage Framework developed through the Chino Basin Watermaster Optimum Basin Management Program (OBMP) Update. IEUA is working together with the Chino Basin Watermaster to develop a CBP configuration that strives to leverage local resources to provide broad mutual benefit. To that end, during this most recent quarter, IEUA and its local agency partners participated in a series of “listening” sessions facilitated by the Chino Basin Watermaster. These sessions were designed to identify needs, wants, and issues related to management of Chino Basin groundwater resources that will inform the OBMP Update. Through participation in these efforts, IEUA and its local agency partners will be able to better define the CBP and associated Chino Basin Storage and Recovery Application principles that best align with long-term groundwater planning and management goals and objectives for the Chino Basin. The OBMP Update is expected to be complete by 2020. The Chino Basin Storage and Recovery Application is expected to be complete by 2021.

CBP PEIR and Permitting Update

CBP PEIR

IEUA continues to coordinate plans for preparation of the CBP PEIR with other regional environmental planning efforts, such as the Chino Basin Storage Framework and OBMP Update environmental planning efforts. Through the CBP Workgroup workshop and related local agency participation (discussed further under Communications and Engagement Update section below), IEUA and its partner agencies are working together to identify local project efforts that are well suited for integration into the CBP. These local project integration efforts will be factored into the CBP PEIR as the CBP facilities and operations are refined through the PDR Study of which the local agencies are also participating. Since CBP planning is coordinating with the OBMP Update, the environmental planning efforts between the CBP and OBMP Update will be aligned to improve efficiency and to achieve common goals and objectives for the basin. The development of the CBP PEIR will begin in earnest later this year when initial findings from the PDR effort are available and will be complete by 2021.

Regulatory/Resource Agency Engagement

As reported in the last progress report, IEUA started working with regulatory and resource agencies to review roles and needs as they pertain to the CBP. IEUA, with the assistance of the CWC, initiated formal engagement with these agencies in February 2019. In March and early April 2019 IEUA initiated one-on-one coordination meetings with each agency responsible for administering the public benefits associated with the CBP, including the California Department of Fish and Wildlife, the California Department of Water Resources, and the State Water Resources Control Board. The focus of these meetings is to provide an update on the CBP, discuss how the CBP works, discuss the process for developing the adaptive management plans and agreements for administering the benefits, review questions and information needs, and discuss respective roles and responsibilities. Follow-up meetings will be scheduled for the coming months to begin next steps in the coordination process.

Design, Construction, and Operation Update

As noted above, additional feasibility and pre-design studies have begun. These efforts will further define project infrastructure and operational elements needed to complete design and construction and development of operations plans.

Communications and Engagement Update

The CBP implementation requires close planning and coordination with local, regional, and State agencies. IEUA sees these efforts as critical to developing a clear understanding of interests, needs, and concerns and continues to develop and advance its project communications and outreach efforts through various means as discussed below.

CBP Website

IEUA developed a CBP website which can be found at <http://www.chinobasinprogram.org/>. This website provides CBP partners, stakeholders, other interested parties, and the general public with access to CBP information in a centralized location. The website can also be found through the IEUA main website

at <http://www.ieua.org>. On the website, there is a page created specifically for CBP Workgroup members (CBP Workgroup discussed further below). This special-access page is where members have access to workshop presentations, technical memorandums, and other CBP materials.

CBP Ad Hoc Committee

IEUA formed the CBP Ad Hoc Committee to help provide policy-related leadership and aid IEUA staff the development and execution of stakeholder engagement strategies. Specifically, the Ad Hoc Committee will help develop broad regional coalitions, statewide and national partnerships, and help secure needed CBP Agreements. In addition, the Ad Hoc Committee will help IEUA staff coordinate efforts between the OMBP Update, CBP planning, and potentially other planning efforts within the region. The Ad Hoc Committee will meet on an as-needed basis.

CBP Workgroup

As described in the last progress report, IEUA initiated a workgroup process (the CBP Workgroup). The CBP Workgroup process provides an opportunity for partnering and coordinating agencies to engage in program decision-making and direction. Through this process IEUA intends to develop the CBP that best achieves the objectives of providing broad mutual benefit to the basin and providing the public benefits outlined in the CBP Water Storage Investment Program application. Through CBP Workgroup sessions and participation, IEUA will work with agencies to discuss integration and coordination of local and CBP objectives, performance agreements, and financial requirements. IEUA is committed to the collaborative workgroup process and intends to understand and consider partnering and coordinating agencies' interests in CBP decisions. The CBP Workgroup workshops recently conducted and planned for the next quarter are summarized in the table below.

CBP Workgroup Workshops		
Completed Workshops		
Month	Workshop	Objectives
December	CBP Workgroup No. 1	CBP overview, workgroup charter, introduce MOU for participation, identify key questions
January	CBP Workgroup No. 2	CBP costs/benefits review, discuss responses to key questions, present draft MOU for participation
February	CBP Workgroup No. 3	CBP water sources and financial analysis review, discuss additional questions, introduce agreement terms
Planned Workshops (<i>next quarter</i>)		
Month	Workshop	Purpose
May	CBP Workgroup No. 4	CBP rate study update, discuss additional questions, review PDR approach, review proposed agreement terms
July	CBP Workgroup No. 5	CBP PDR update, identify key questions, obtain input on CBP facility configurations

The first milestone established in this workgroup process is a CBP Memorandum of Understanding (MOU). The intent of the MOU is to formalize the commitment to support a collaborative approach to the planning and implementation of the CBP. These efforts will lead to the next milestone, a CBP Agreement amongst the partnering agencies and IEUA. There are currently 16 local agencies that will participate as direct partners in the CBP or as parties working in coordination with the CBP. To date, 14 of the 16 agencies have approved and signed the MOU; the remaining 2 agencies are expected to approve the MOU in April and May 2019.

IEUA also continues to work closely with the Chino Basin Watermaster to align efforts and objectives to best meet basin needs (as discussed in the previous sections).

MWDSC and State Engagement

IEUA is also working to develop agreements with the Metropolitan Water District of Southern California (MWDSC) and State administering agencies. Technical discussions with MWDSC are focused on understanding operations, facilities, and potential benefits of the exchange arrangement between the CBP, MWDSC, and the State.

Initial discussions with State administering agencies are focusing on orientation and coordination. These discussions were facilitated by a meeting organized in February by the CWC with State agencies and IEUA. This meeting was followed by several one-on-one meetings with each of the State agencies to discuss in more detail the CBP, the public benefits it will provide, questions and information needs, and roles and responsibilities of CBP and State agency staff in developing plans and arrangements for administering and achieving the public benefits.

Meetings with local agencies, State regulatory and resources agencies, and other parties are listed in the table below. These ongoing engagement efforts are critical to sharing CBP information and progress, reviewing questions and concerns, identifying common and unique needs and ways to achieve broad mutual benefit, and to foster a culture of collaboration for the coordinated development and implementation of the CBP.

CBP Agency Engagement Meetings Q12019 and Q22019

Q1 2019 (previous quarter)

Month	Agency Meetings	Purpose
January	City/Special Districts (multiple meetings)	CBP overview, plan for collaborative development, proposed MOU
	MWDSC Negotiations (multiple meetings)	Potential operations and facility needs, benefits, questions, information needs
	Santa Ana Regional Board	CBP overview, regulatory purview, plans for participation and engagement
February	City/Special Districts (multiple meetings)	CBP overview, plan for collaborative development, proposed MOU
	Jurupa Communities Services District (multiple meetings)	CBP update, IEUA-JCSD proposed recycled water exchange, questions, information needs
	MWDSC Negotiations (multiple meetings)	Potential operations and facility needs, benefits, questions and information needs
	CWC Orientation Meeting	Roles and responsibilities, CBP update, questions, information needs
March	City/Special Districts (multiple meetings)	CBP overview, plan for collaborative development, proposed MOU
	Jurupa Communities Services District (multiple meetings)	Proposed recycled water exchange concepts, develop partnership principles
	MWDSC Negotiations (multiple meetings)	Potential operations and facility needs, benefits, questions, information needs
	DWR Executive Branch	CBP overview, information needs, and plans for participation and engagement

Q2 2019 (planned for next quarter)

Month	Agency Meetings	Purpose
April	City/Special Districts (multiple meetings)	CBP overview, plan for collaborative development, proposed MOU
	Jurupa Communities Services District (multiple meetings)	Review recycled water exchange benefits, estimated costs, proposes arrangements
	Pomona and Three-Valleys MWD	CBP update, review recycled water exchange concepts, questions, information needs
	MWDSC Negotiations (multiple meetings)	Potential operations and facility needs, benefits, questions, information needs
	DWR SWP Operations	CBP Overview, information needs, and plans for participation and engagement
	CDFW	CBP Overview, information needs, and plans for participation and engagement
May	Jurupa Communities Services District Board	Present proposed recycled water exchange partnership arrangement for approval
	Pomona and Three-Valleys MWD	Proposed recycled water exchange concepts, develop partnership principles
	MWDSC Negotiations (multiple meetings)	Potential operations and facility needs, benefits, questions, information needs
	Follow-on meetings with local and State agencies, other	Continued discussions to collaboratively plan and implement the CBP
June	Pomona and TVMWD Boards	Present proposed recycled water exchange partnership arrangement for approval
	MWDSC Negotiations (multiple meetings)	Potential operations and facility needs, benefits, questions, information needs
	Follow-on meetings with local and State agencies, other	Continued discussions to collaboratively plan and implement the CBP

3. Project Schedule Update

The CBP schedule is provided below. There are no changes from the schedule shown in the last progress report. The project completion date remains December 2025, with full operation of the CBP commencing in 2026. There are no known scheduling issues. Additional details of the schedule and progress are provided in Table 1, Project Schedule, and Table 2, Quarterly Reporting Items (Attachments 1 and 2, respectively).

Chino Basin Project Overview Schedule

TASK	2018	2019	2020	2021	2022	2023	2024	2025
Feasibility Studies and Pre-Design	[Blue bar spanning 2018-2021]							
Storage and Recovery Application		[Blue bar spanning 2019-2021]						
Environmental and Permitting		[Blue bar spanning 2019-2021]						
Design & Construction				[Blue bar spanning 2021-2025]				
Agreements & Stakeholder Coordination	[Blue bar spanning 2018-2025]							
Program Management	[Blue bar spanning 2018-2025]							
Total Project	[Yellow bar spanning 2018-2025]							
	2018	2019	2020	2021	2022	2023	2024	2025

Next Steps

In the coming months IEUA will focus on the following activities to advance the CBP:

- Continue to advance the recycled water supply planning efforts, Rate Study Update, and PDR Study.
- Continue to collaborate with local partner agencies and other interested parties through the CBP Workgroup process and continue discussions with MWDSC towards developing agreements necessary for implementation of the CBP.
- Continue to conduct one-on-one meetings with interested parties, presentations for special committees and boards, distribute correspondence letters and information materials to interested parties, prepare news briefs, and provide web postings.
- Continue to coordinate with State agencies to provide updates on CBP efforts, develop plans for operating the CBP and managing the public benefits the CBP will provide, and identify agreement terms and conditions to administer those benefits.
- Continue to conduct communications and outreach to interested parties and the public, including updating the project website, completion and use of style guides, and further development of other communications tools to effectively communicate project information.

4. Project Cost and Financing Update

Capital Costs, Cash Flow, and Financing

IEUA is continuing its analysis of potential funding sources to help with financing of the CBP. To facilitate this analysis, IEUA began the Rate Study and PDR Study (discussed previously) which will provide information necessary to complete detailed economic and financial analysis of the CBP. The findings from these efforts will provide information needed to help IEUA and partner agencies make decisions about CBP development, implementation, and operations.

Pursuit of Additional Grant Funds

IEUA continues to explore additional grant opportunities for the CBP, including federal grant programs (i.e., WIIN Act), State grant programs (i.e., Proposition 68), and State Revolving Funds 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 <i>(other agreements may be required and will be included when identified)</i>			
Agreements with IEUA Member Agencies	2019	2020	30%
Agreements with State Water Project Contractor	2019	2021*	15%
Chino Basin Storage and Recovery Application	2019	2021*	5%
Contracts for Administration of Public Benefits			
CDFW (ecosystem agreement)	2019	2021	5%
SWRCB (water quality)	2019	2021	5%
DWR (emergency response)	2019	2021	5%
DWR (operations agreement)	2019	2021	5%
Completed Feasibility Studies <i>(includes feasibility studies related to planning efforts that are the framework for the CBP, as well as CBP-specific studies)</i>			
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	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%
2015 IRP	2013	2016	100%
2018 RMPU	2017	2018	100%
Recycled Water Interconnection – Pomona, MVWD, and IEUA Feasibility Study	2015	2018	100%
JCSD Recycled Water Intertie Feasibility Study	2015	2018	100%
2020 OBMP Update for Chino Basin	2018	2020	30%
CBP Feasibility Studies and Pre-Design	2019	2021	10%
CBP Rate Study	2019	2020	15%

*Inadvertently listed as 2020 in previous quarterly report.

Funding Agreement Milestone	Start Date	Finish Date	% Complete
Environmental Documentation <i>(includes environmental documentation already completed that supports elements of the CBP)</i>			
IEUA Facilities Master Plan PEIR	2016	2017	100%
OBMP Update for Chino Basin EIR Addendum	2016	2017	100%
OBMP Update for Chino Basin CEQA	2019	2020	0%
CBP PEIR	2019	2020	0%
Federal, State, and Local Approvals			
Federal:	2019	2021	0%
– Potential operations approvals w/USBR			
– Potential permitting approvals w/USACE			
– Other possible federal permits/approvals tbd			
State:	2019	2021	0%
– Incidental Take Permit, if needed (w/CDFW)			
– Section 1707 water rights change, if needed (by DWR, w/SWRCB)			
– SWP water supply contract amendments, if needed (by SWPC, w/DWR)			
– Other possible State permits/approvals tbd			
Local:	2019	2021	0%
– Possible encroachment permits (w/ city/county)			
– Storage in CBWB (w/Chino Basin Watermaster)			
– Other possible local permits/approvals tbd			
Funding Agreement Components			
Project Workplan	2017	2021	10%
Project Schedule	2017	2021	10%
Project Budget	2017	2021	10%
Project Design	2021	2023	0%
Construction	2023	2025	0%
Begin Operations	2026	2075	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	Status	Estimated Completion Date	% Complete
Contracts for non-public cost-share (other agreements may be required and will be included when identified)	• Agreements with IEUA Member Agencies	2020	30%
	• Agreements with State Water Project Contractor	2021*	15%
	• Chino Basin Storage and Recovery Application	2021*	5%
Contracts for administration of public benefits	• CDFW (ecosystem)	2021	5 %
	• SWRCB (water quality)	2021	5 %
	• DWR (emergency response)	2021	5 %
	• DWR (operations)	2021	5 %
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	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 Recharge Master Plan Update	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%
	• 2015 IRP	Done	100%
	• 2018 RMPU	Done	100%
	• Recycled Water Interconnection – Pomona, MVWD, and IEUA Feasibility Study	Done	100%
	• JCSD Recycled Water Intertie Feasibility Study	Done	100%
	• OBMP Update for Chino Basin CEQA	2020	30%
• CBP Feasibility Studies and Pre-Design	2021	10%	
• CBP Rate Study	2020	15%	

*Inadvertently listed as 2020 in previous quarterly report.

Description	Status	Estimated Completion Date	% Complete
Final environmental documentation (includes environmental documentation already completed that supports elements of the CBP)	• IEUA Facilities Master Plan PEIR	2017	100%
	• OBMP Update for Chino Basin EIR Addendum	2017	100%
	• OBMP CEQA Update for Chino Basin	2020	0%
	• CBP PEIR	2020	0%
All required federal, state, and local approvals, certifications, and agreements	Federal:	2021	0%
	• Potential operations approvals w/USBR		
	• Potential permitting approvals w/USACE		
	• Other possible federal permits/approvals tbd	2021	0%
	State:		
	• Incidental Take Permit, if needed (w/CDFW)		
	• Section 1707 water rights change, if needed (by DWR, w/SWRCB)		
	• SWP water supply contract amendments, if needed (by SWPC, w/DWR)	2021	0%
	• Other possible State permits/approvals tbd		
	Local:		
	• Possible encroachment permits (w/ city/county)	2021	0%
	• Storage in CBWB (w/Chino Basin Watermaster)		
• Other possible local permits/approvals tbd			

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

INLAND EMPIRE UTILITIES AGENCY

Chino Basin Conjunctive Use Environmental Water Storage/Exchange Program (Chino Basin Program)

Sylvie Lee

Manager of Planning & Environmental Resources
slee@ieua.org