



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

Chino Basin Conjunctive Use Environmental Water
Storage/Exchange Program

QUARTERLY REPORT #15

January through March 2022

Progress Report to the California Water Commission
April 30, 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 January through March 2022. The report contents are based on guidance provided by Commission staff and documents progress that IEUA is making toward complying with conditions required to enter a funding agreement with the Commission for implementation of the CBP.

The report is organized into the following sections:

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

2. Project Planning Update

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

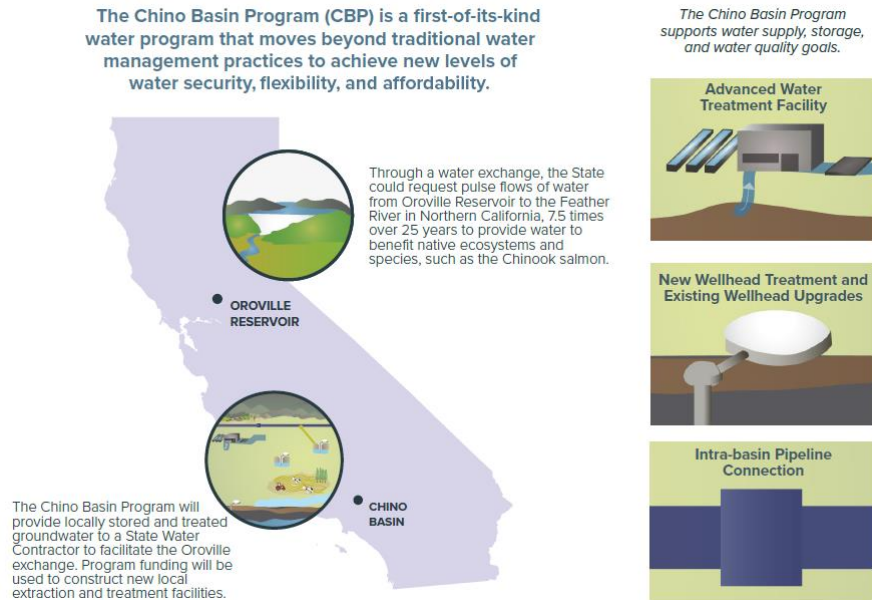


Figure 2-1. Location and Features of the Chino Basin Program

As reported in previous Quarterly Reports submitted to the Commission, IEUA continues to work closely and diligently with local, regional, and State resource agency partners, to develop the CBP. Through this extensive collaboration with local agencies in the Chino Basin and Metropolitan Water District of Southern California (Metropolitan), IEUA has made considerable progress in developing the engineering and financial details required to implement the CBP, as reflected by the CWC's November 2021 finding that the project is feasible. Foundational to this determination were the completion of the Chino Basin Program Feasibility Study Report (CBP FSR), CBP Draft Programmatic Environmental Impact Report (CBP DPEIR), and letter of financial commitment for non-public benefit costs. Moving forward through this most recent quarter and beyond, IEUA has continued its collaborative efforts towards the completion of critical milestones in 2022. The sections below provide additional highlights of efforts during this most recent quarter.

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.

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 of the CBP. These collaborative efforts led to a preferred and feasible configuration that achieves the objective of meeting Chino basin water quality plan standards and enhanced water supply reliability for the region, and desired public benefits for the State. This preferred configuration is shown in Figure 2-2a and Figure 2-2b.

CBP Water Exchange Analysis

A key element of the CBP project is a proposed water exchange that would entail delivering purified recycled water stored in the Chino Groundwater Basin to Metropolitan in place of State Water Project deliveries in some drier years. The reserved SWP supply would then be dedicated to spring pulse flow releases from Lake Oroville to benefit native fish populations in the Feather River and Bay-Delta watershed.

IEUA continues to work closely with DWR, Metropolitan, and the California Department of Fish and Wildlife (CDFW) to develop the exchange process to support these pulse flows in the Feather River. In February, DWR hosted its bi-monthly coordination meeting to discuss common needs and attributes associated with the WSIP projects that provide pulse flow benefits, including the CBP. The meeting reviewed and discussed options for completing the necessary environmental analysis to meet CEQA requirements, DWR's cumulative impacts analysis of the combined pulse flows generated by projects having pulse flows for environmental benefit, and issues with the exchange process for committing this water to these environmental purposes, including carriage water considerations and hydropower generation associated with SWP operations.

Through these efforts, a common understanding is being developed of the many operational details that must be addressed to implement this exchange process. To that end, IEUA, DWR, Metropolitan, and CDFW continue to work diligently together to develop proposed terms for exchange agreements that will help define the exchange conditions for the environmental pulse flows and the exchange conditions for the use of new Chino Basin supplies in place of SWP deliveries.

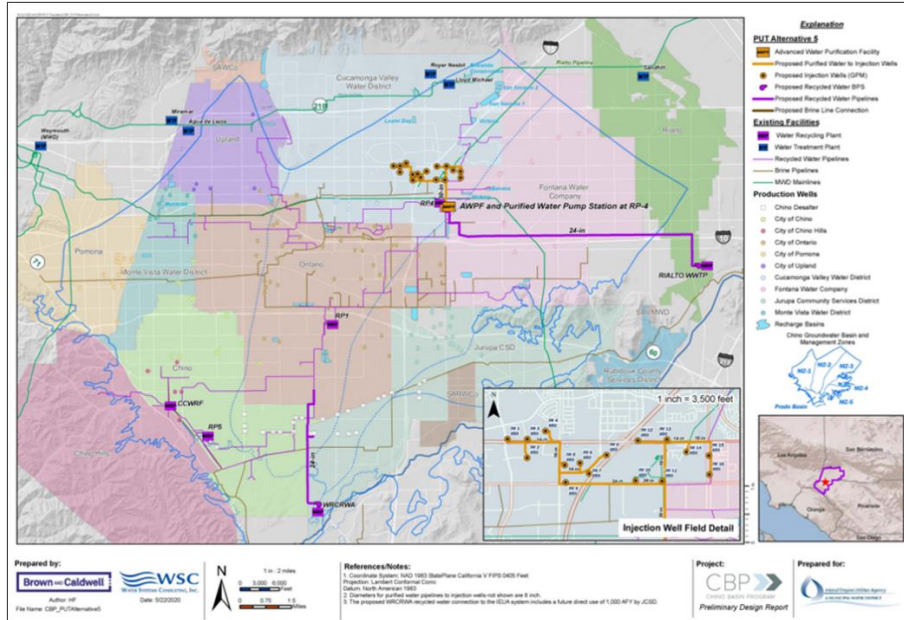


Figure 2-2a. Preferred Configuration of CBP PUT Facilities

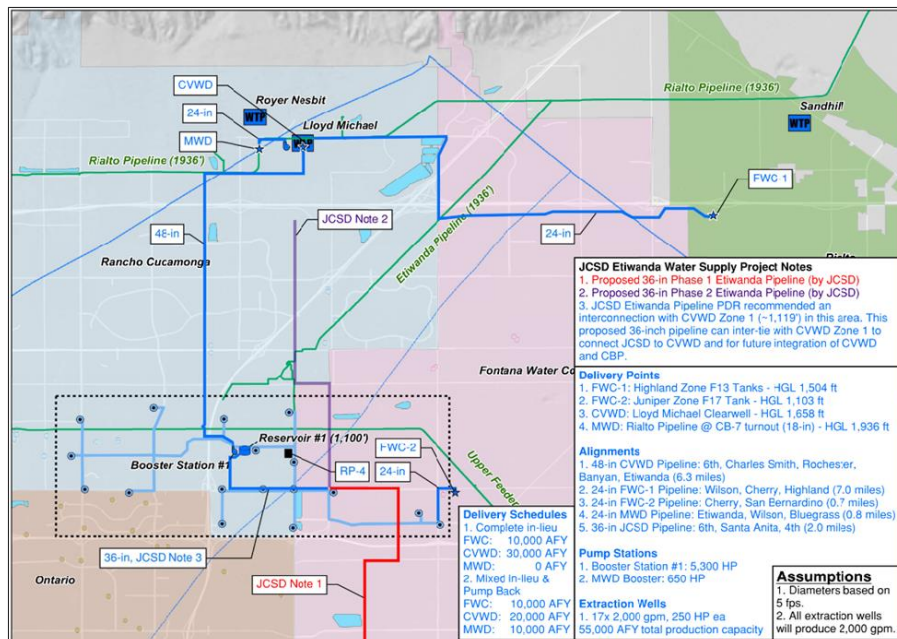


Figure 2-3b. Preferred Configuration of CBP TAKE Facilities

CBP PEIR and Permitting Update

IEUA circulated the CBP DPEIR in October 2021 for public review. This began the process of a forty-five (45) day public comment period. During the first quarter of 2022 IEUA reviewed the comments received from seven agencies, prepared responses, developed the mitigation monitoring and reporting plan, and began the process of finalizing the CBP PEIR in preparation for its certification in the Spring of 2022.

IEUA continues to coordinate with DWR regarding CEQA coverage that may be required for delivery of pulse flows into the Feather River. It is anticipated that a supplemental EIR document will be prepared by DWR as the State's lead agency. To that end, IEUA will provide support to this effort as needed and will coordinate with DWR for purposes of any needed integration and reference of that supplemental EIR to IEUA's CBP PEIR. DWR estimates the preparation of this draft supplemental EIR to occur through 2022 and to be finalized in 2023. More specific information on this effort and its schedule will be forthcoming in future quarterly progress reports.

Design, Construction, and Operation Update

As described in the last quarterly report, refinements to the preliminary design of the preferred CBP alternative were developed in coordination with IEUA's local and regional agency partners. The completed preliminary design was documented in the CBP FSR. Efforts during the first quarter of 2022 focused on developing more detailed predesigns of the various CBP components, such as the predesign of an interconnection between the City of Rialto and IEUA to facilitate exchange of recycled water as source water to the CBP advanced water purification facility. This involved coordination meetings with the stakeholders such as the City of Rialto, Fontana Water Company, and Cucamonga Valley Water District. Negotiations have also continued with Jurupa Community Services District for an additional source of external recycled water supply.

Similar efforts to develop more detailed predesigns for other CPB components will be initiated in the Spring and Summer of 2022. These more detailed predesigns will be used to inform the development of refined estimated capital and operational costs, the development of terms and conditions for operational and financial agreements with partner agencies, and the final design of the CBP and its specific components.

Communications and Engagement Update

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

Local and Regional Engagement

During this recent quarter IEUA conducted various meetings to review CBP progress and review various CBP elements. These meetings were held through technical and policy committee groups for. IEUA facilitated a leadership breakfast focused on drought, regional responses, and program updates, including the CBP.

Metropolitan, State, and Commission 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 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 February.

IEUA facilitated a meeting with DWR Director Nemeth in February 2022 to discuss next steps for implementing IEUA’s CBP. The purpose of the meeting was to discuss needed policy guidance at both the State and federal level that will be important to future steps in the program. As a result of this meeting, future discussions and coordination will be occurring between IEUA, DWR, and USBR to address key details critical to implementing the CBP.

IEUA continues to communicate regularly with Commission staff to provide updates to various CBP aspects and to coordinate on various needs. In particular, IEUA staff and Commission staff met in March 2022 to review the status of CBP planning and design efforts, the status of environmental and permitting efforts, to review IEUA’s efforts to coordinate with State agencies responsible for administering the public benefits the CBP will provide, and other ongoing CBP activities.

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

Month	Meeting	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	Recycled water supply and additional water sources update
September 2019	Water Resources	IEUA regulatory challenges update, CBP alternatives update, and CBP economic analysis update
March 2020	CBP Workgroup	IEUA regulatory challenges and 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 Mtg	Board action for commitments for CBP local cost share
November 2021	Commission Mtg	Commission feasibility determination meeting
February 2022	<i>Leadership Mtg</i>	<i>Local agency discussion of drought and regional programs</i>
February 2022	<i>IEUA/DWR Mtg</i>	<i>Review CBP progress, challenges, and next steps</i>

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. The CBP schedule is summarized here, and additional details are provided in Attachments 1 and 2.

Working Schedule

CBP milestones completed through December 2021 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 (November 2021)

CBP milestones anticipated in 2022 and 2023 leading up to the CWC Final Funding Award are presented in Figure 3-1. This schedule includes adopting the Final PEIR, completing various participating agency and State agreements, and public benefit contracts. Additional schedule details for the agreements and contracts are provided in Table 3-1.

Figure 3-1. CBP Working Schedule for 2022 and 2023

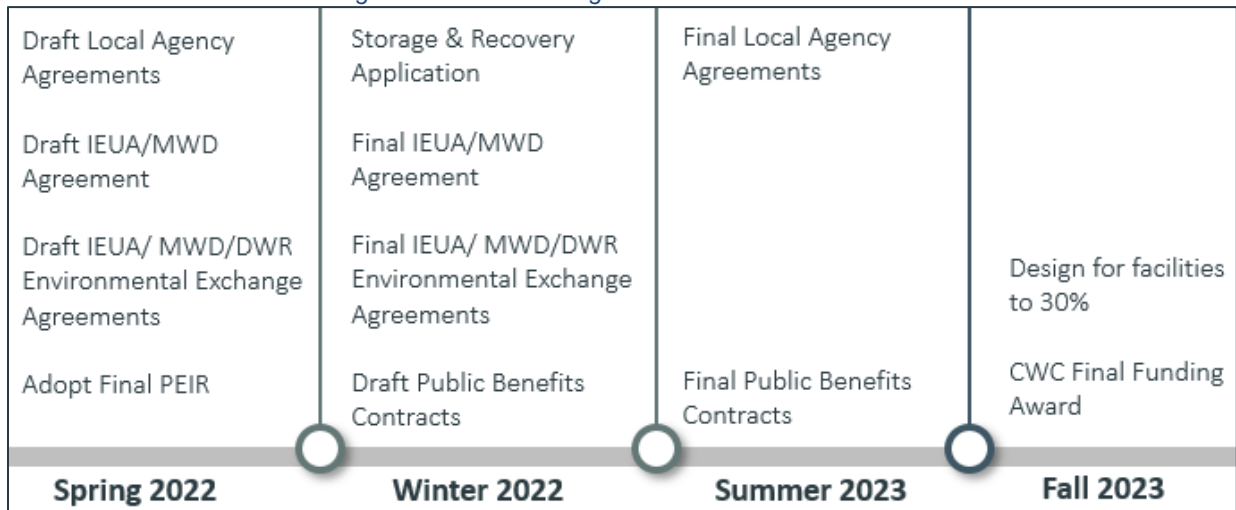


Table 3-1. Schedule for Agreements and Contracts between IEUA and CBP Partners/State Agencies

Agreement/Contract	Schedule	Status/Notes
Environmental Public Benefit Contract – IEUA/CDFW	Draft: Winter 2022 Final: Fall 2023	CDFW prepared the Contract Workflow. WSIP project agencies are discussing basic principles with CDFW
Water Quality Public Benefit Contract – IEUA/SWRCB	Draft: Spring 2023 Final: Fall 2023	Staff from each agency have initiated discussions
Emergency Response Public Benefit Contract – IEUA/DWR	Draft: Spring 2023 Final: Fall 2023	Staff from each agency have initiated discussions
Pulse Flow Agreement – DWR/CDFW	Draft: Winter 2022 Final: Summer 2023	Staff from each agency are in discussions
Pulse Flow Coordinated Arrangement – DWR/USBR	Draft: Spring 2023 Final: Summer 2023	Staff from each agency have initiated discussions
Environmental Exchange Agreement – IEUA/MWD/DWR	Draft: Winter 2022 Final: Summer 2023	Discussions are ongoing. DWR prepared initial draft agreement for review
SWP Supply Exchange Agreement – IEUA/MWD	Draft: May (terms) 2022 Final: Summer 2023	Terms presented to MWD Board April 2022; and IEUA Board May 2022
Recycled Water Supplies Agreements – IEUA/Fontana/CVWD	Draft Terms: Spring 2022 Final Terms: Summer 2022	Staff from each agency in discussions and coordinating with IEUA regional sewerage contract negotiations.
External Supply Sources Agreements – IEUA/Rialto/JCSD	Draft Terms: Spring 2022 Final Terms: Summer 2022	Staff from each agency in discussions. Rialto draft terms approved March 2022.
CBP Performance Agreements – IEUA/FWC/CVWD	Commitment: May 2022 Draft Terms: Summer 2022 Final Agr.: Summer 2023	Staff from each agency are in on-going discussions
WSIP Funding Agreement – IEUA/CWC	Draft: Fall 2023 Final: Winter 2023	Staff from each agency are in on-going discussions

Next Steps

In second quarter of 2022 IEUA will continue 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 to develop draft terms and conditions associated with agreements with these partners.
- **State Resource Agency Coordination:** Continue to meet and coordinate with State resource agencies to advance the environmental exchange agreements between DWR, CDFW, and Metropolitan. And begin the process of developing public benefit contracts with CDFW, SWRCB, and DWR.
- **Begin preliminary design studies of specific CBP components.** Begin the process of developing predesigns for specific elements of the CBP, such as the external water supply sources. Begin the process of identifying siting and permitting requirements for critical path items, such as the planned injection well fields.

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.

ATTACHMENT 1

Table 1. Project Schedule



Table 1. Project Schedule

Funding Agreement Milestone	Start Date	Finish Date	Status
Contracts for Administration of Public Benefits			
Draft Environmental Public Benefit Contract – IEUA/CDFW	Winter 2021	Winter 2022	25%
Final Environmental Public Benefit Contract – IEUA/CDFW	Winter 2022	Fall 2023	0%
Draft Water Quality Public Benefit Agreement – IEUA/SWRCB	Spring 2022	Spring 2023	5%
Final Water Quality Public Benefit Agreement – IEUA/SWRCB	Spring 2023	Fall 2023	0%
Draft Emergency Rspn Public Benefit Agreement – IEUA/DWR	Summer 2022	Spring 2023	5%
Final Emergency Rspn Public Benefit Agreement – IEUA/DWR	Spring 2023	Fall 2023	0%
Other Agreements (for operations and non-public benefits cost-share)			
Draft Pulse Flow Agreement – DWR/CDFW	Winter 2021	Winter 2022	25%
Final Pulse Flow Agreement – DWR/CDFW	Winter 2022	Summer 2023	0%
Draft Pulse Flow Coordinated Arrangement – DWR/USBR	Spring 2022	Spring 2023	5%
Final Pulse Flow Coordinated Arrangement – DWR/USBR	Spring 2023	Summer 2023	0%
Draft Environmental Exchange Agreement – IEUA/MWD/DWR	Summer 2021	Winter 2022	65%
Final Environmental Exchange Agreement – IEUA/MWD/DWR	Winter 2022	Summer 2023	0%
Draft Metropolitan Agreement terms with IEUA	Fall 2019	Spring 2022	90%
Final Metropolitan Agreement with IEUA	Spring 2022	Winter 2022	0%
Draft Local Participating Agency Agreements with IEUA (various)	Fall 2019	Fall 2022	65%
Final Local Participating Agency Agreements with IEUA (various)	Fall 2022	Summer 2023	0%
Draft Storage and Recovery Application – IEUA/CBWM	Summer 2022	Fall 2022	25%
Final Storage and Recovery Application – IEUA/CBWM	Fall 2022	Summer 2023	0%
Completed Feasibility Studies (includes past efforts and studies that help frame the CBP)			
2000 Optimum Basin Management Plan (OBMP) for Chino Basin	1995	2000	100%
2001 Chino Basin Organics Management Strategy	1998	2001	100%
2002 Recycled Water System Feasibility Study	2000	2002	100%
2002 Wastewater Facilities Master Plan	2000	2002	100%
2002 Salinity Management Plan	2000	2002	100%
2005 Urban Water Management Plan	2003	2005	100%
2005 Recycled Water Implementation Plan	2003	2005	100%
2007 Recycled Water Three Year Business Plan	2006	2007	100%
2010 Urban Water Management Plan	2009	2011	100%
2013 Recharge Master Plan Update (RMPU)	2011	2013	100%
2015 Energy Management Plan	2014	2015	100%
2015 Recycled Water Program Strategy	2013	2016	100%
2015 Wastewater Facilities Master Plan Update	2014	2016	100%
2015 Water Use Efficiency Business Plan Update	2014	2016	100%
2016 Feasibility Study of Recycled Water Interconnection — Pomona, Monte Vista Water District, and IEUA	2014	2016	100%

Funding Agreement Milestone	Start Date	Finish Date	Status
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%
CBP Feasibility Studies and Pre-Design	2019	2021	100%
IEUA Rate Study	2019	2020	100%
Environmental Documentation (includes already completed that support elements of the CBP)			
IEUA Facilities Master Plan PEIR	2016	2017	100%
OBMP Update for Chino Basin Environmental Impact Report (EIR) Addendum	2016	2017	100%
CBP PEIR	Summer 2021	Spring 2022	95%
Federal, State, and Local Approvals			
Federal: Potential operations approvals (USBR)	2019	2023	0%
Federal: Potential permitting approvals (USACE)	2019	2023	0%
Federal: Other possible federal permits/approvals (TBD)	2019	2023	0%
State: Incidental Take Permit, if needed (CDFW)	2019	2023	0%
State: Sect 1707 water rights change if needed (DWR/SWRCB)	2019	2023	0%
State: SWP contract amendment if needed (MWDSC/DWR)	2019	2023	0%
State: Other State permits and approvals (TBD)	2019	2023	0%
Local: Encroachment permits (city/county)	2019	2024	0%
Local: Storage in Chino Basin Water Bank (CBWM)	2019	2024	0%
Local: Other possible local permits and approvals (TBD)	2019	2024	0%
Funding Agreement Components			
Project Workplan	2017	2022	10%
Project Schedule	2017	2022	10%
Project Budget	2017	2022	10%
Project Design	Fall 2022	Fall 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	Status
Contracts for administration of public benefits		
CDFW (ecosystem)	Fall 2023	25%
SWRCB (water quality)	Fall 2023	5%
DWR (emergency response)	Fall 2023	5%
DWR (operations)	Summer 2023	25%
Other Agreements (operations and financial for non-public cost-share)		
Agreements with Metropolitan	Winter 2022	75%
Agreements with IEUA Member Agencies (various)	Summer 2023	65%
Agreement for Chino Basin Storage and Recovery w/CBWM	Summer 2023	50%
Completed Feasibility Studies (includes past efforts and studies that help frame the CBP)		
2000 OBMP for Chino Basin	Done	100%
2001 Chino Basin Organics Management Strategy	Done	100%
2002 Recycled Water System Feasibility Study	Done	100%
2002 Wastewater Facilities Master Plan	Done	100%
2002 Salinity Management Plan	Done	100%
2005 Urban Water Management Plan	Done	100%
2005 Recycled Water Implementation Plan	Done	100%
2007 Recycled Water Three Year Business Plan	Done	100%
2010 Urban Water Management Plan	Done	100%
2013 RMPU	Done	100%
2015 Energy Management Plan	Done	100%
2015 Recycled Water Program Strategy	Done	100%
2015 Wastewater Facilities Master Plan Update	Done	100%
2015 Water Use Efficiency Business Plan Update	Done	100%
2016 Feasibility Study of Recycled Water Interconnection — 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%
CBP Feasibility Studies and Pre-Design	2021	100%
IEUA Rate Study	2020	100%
Environmental Documentation (includes already completed that support elements of the CBP)		
IEUA Facilities Master Plan PEIR	2017	100%
OBMP Update for Chino Basin EIR Addendum	2017	100%

Description	Estimated Completion	Status
CBP PEIR	Spring 2022	95%
All required federal, State, and local approvals, certifications, and agreements		
Federal: Potential operations approvals (USBR)	2023	0%
Federal: Potential permitting approvals (USACE)	2023	0%
Federal: Other possible federal permits/approvals (TBD)	2023	0%
State: Incidental Take Permit, if needed (CDFW)	2023	0%
State: Section 1707 water rights change if needed (DWR/SWRCB)	2023	0%
State: SWP water supply contract amendments if needed (MWDSC/DWR)	2023	0%
State: Other State permits/approvals (TBD)	2023	0%
Local: Encroachment permits (city/county)	2024	0%
Local: Storage in Chino Basin Water bank (CBWM)	2024	0%
Local: Other possible local permits and approvals (TBD)	2024	0%

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



CONTACT INFORMATION

INLAND EMPIRE UTILITIES AGENCY

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

Elizabeth Hurst
Program Manager, Chino Basin Program
ehurst@ieua.org