



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

Chino Basin Conjunctive Use Environmental Water  
Storage/Exchange Program

# **QUARTERLY REPORT #13**

July through October 2021

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Progress Report to the California Water Commission  
October 30, 2021



# 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 July through October 2021. The report contents are based on guidance provided by Commission staff and documents progress that IEUA is making toward complying with conditions required to enter a funding agreement with the Commission for implementation of the CBP.

The report is organized into the following sections:

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

# 2. Project Planning Update

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

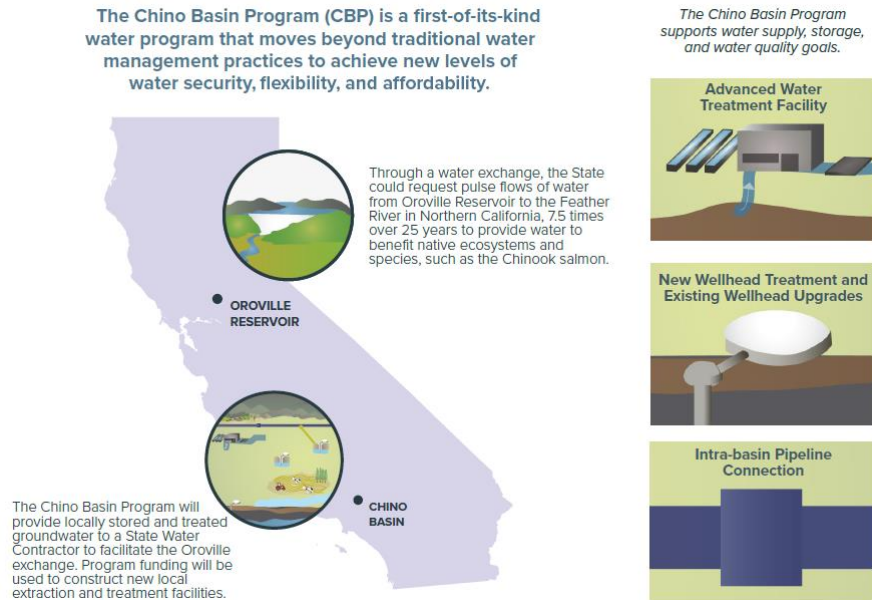


Figure 2-1. Location and Features of the Chino Basin Program

As reported in Quarterly Reports submitted to the Commission earlier this year, IEUA continues to work closely and diligently with local, regional, and State resource agency partners, to configure the CBP that is feasible and provides the greatest return for the required investment. In this most recent quarter, these collaborative efforts have converged on several critical milestones required to meet the Water Storage Investment Program (WSIP) regulatory deadlines, specifically the January 1, 2022 timeline for obtaining a final feasibility determination from the Commission. These efforts include the trifecta of a feasibility study, environmental impact report, and local cost share commitment. Work on these critical milestones continues to inform the planning, design, and construction and implementation of the CBP. The sections below provide additional highlights of these advancements.

## **Water Sources**

There is continued progress regarding efforts to develop water sources for advanced water purification to produce 15,000 acre-feet per year of advanced treated water. IEUA continues to work with its partners (Western Riverside County Regional Wastewater Authority and the City of Rialto) to formulate agreement principles for locally produced wastewater that will supply the advanced water purification facility (AWPF). These agreement principles will provide the framework through which these water sources can be developed for the CBP and provide mutual regional benefits. IEUA provided an overview of the water sources at its August CBP Workgroup meeting with the CBP workgroup agencies (see Communication and Engagement Section further below).

## **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 re-use of recycled water, and increasing water supply resiliency through regionally connected infrastructure. These efforts have been significantly informed by performance information and associated discussions among local agency partners, Metropolitan and DWR. This has led to an optimal configuration that includes a balance of operational capabilities needed to achieve the performance required of the program. Figure 2-2 presents an illustration of a the preferred CBP configuration showing the various elements, including the AWPF, regional pipelines, injection and extraction wells, water source connections, and Metropolitan interconnections. IEUA continues to work collaboratively with local agencies, Metropolitan and DWR, to plan and design the details for this CBP configuration.

During this past quarter, IEUA completed the CBP feasibility analysis and prepared a preliminary draft of the CBP Feasibility Study Report (CBP FSR). The CBP FSR will be submitted to the Commission in October 2021 to allow the Commission to make a final determination that the CBP is feasible and maintain IEUA's eligibility for Proposition 1 WSIP in compliance with Water Code Section 79757 (a)(1). The CBP FSR presents a robust economic analysis that includes estimates of project construction costs, total life-cycle project costs that include financing, replacement costs, operations and maintenance, and other annual costs, and total life-cycle project benefits that include water quality, water supply reliability, emergency water supply, and ecosystem benefits. The CBP FSR considers and compares a baseline compliance plan alternative, a regional water quality and reliability plan alternative, and CBP alternative.

In conjunction with completing the CBP FSR and associated economics analysis, IEUA completed a draft CBP financial analysis and rate impact evaluation. A financial projection was developed for each alternative to determine future revenue requirements and estimated rate impacts. An internal draft technical memorandum was completed in September and reviewed with local agencies. This analysis will be completed in conjunction with the final CBP FSR next quarter.

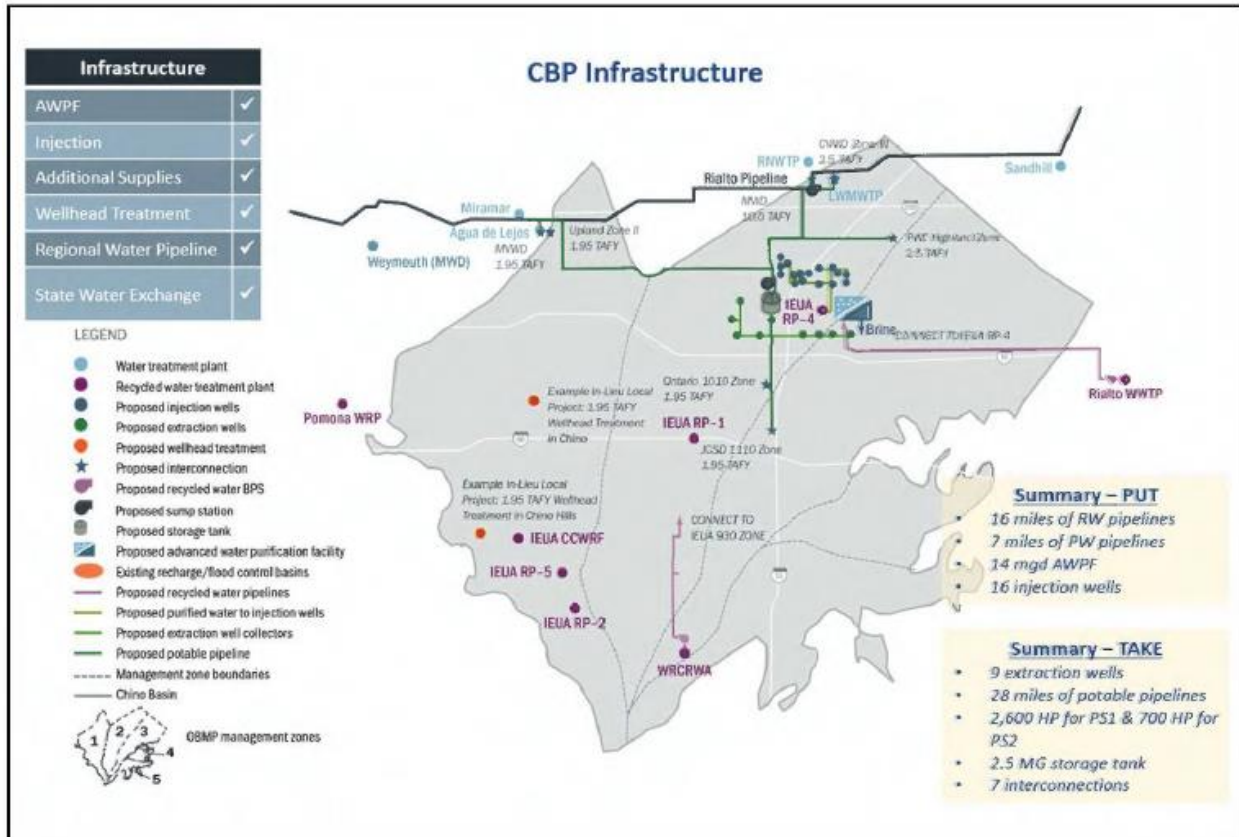


Figure 2-2. Preferred CBP Configuration

## CBP Banking and Exchange Analysis

IEUA continues to coordinate with Metropolitan, DWR, and the California Department of Fish and Wildlife (CDFW) to define the exchange process to support pulse flows in the Feather River. In August, 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 DWR public benefit agreements concepts, status of ongoing work to update DWR CalSim-II modeling<sup>1</sup>, DWR cumulative impacts analysis of pulse flow projects, and public benefits. IEUA will continue to work with DWR to further develop the exchange process and to develop the necessary agreements among IEUA, DWR, Metropolitan, and CDFW.

<sup>1</sup> State resource agencies advised WSIP pulse flow projects to consider the latest State operations CalSim-II modeling reflecting recent Bay-Delta regulatory agreements, when those become available.

IEUA continues to work with CDFW to discuss and review technical and policy aspects associated with the proposed exchange process, implementation of that process, and associated environmental benefits from pulse flows. Most recently, IEUA and CDFW worked together to develop a better understanding the pulse flow exchange and potential agreement points. These potential agreement points will help establish the ecosystem public benefits contract between IEUA and CDFW.

## **CBP PEIR and Permitting Update**

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

## **Design, Construction, and Operation Update**

As noted above under the Feasibility Analysis section, preliminary design refinements developed in coordination with IEUA's local and regional agency partners were completed and reviewed during this last quarter. Documentation of these efforts were completed in early October in conjunction with completing the final CBP FSR.

## **Communications and Engagement Update**

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

### *Local and Regional Engagement*

IEUA continues to use workgroup and workshop meetings to help develop the CBP. Meetings conducted to date are summarized in **Table 2-1**. Workshops this quarter included:

- July CBP Workgroup meeting – a discussion and review of the refined infrastructure design, operation, and comparison and analysis of the CBP and its alternatives
- August CBP Workgroup meeting – a discussion and review of water sources, program costs, program benefits, rates, and CBP schedule
- September CBP Workgroup and Workshop meetings - a roundtable CBP Workgroup meeting to discuss questions and responses regarding the design, operation, costs, benefits, rate impacts, and related items, and a CBP Workshop for the joint IEUA Board and Regional Sewerage Program Policy committee to review the CBP, responses to agency questions, and CBP schedule

### *Metropolitan and State Engagement*

IEUA continues to coordinate with Metropolitan to evaluate the CBP integration with the Metropolitan system. These coordination efforts are helping to better understand the operations and to develop proposed terms and conditions between the IEUA and Metropolitan and the exchange arrangements

between Metropolitan and the SWP. IEUA and Metropolitan have developed draft conceptual terms and conditions and will continue to refine them as the program advances.

IEUA continues to communicate with Commission staff to review the status of the CBP, performance and related requirements under WSIP, and to discuss questions and challenges. The CWC executed with IEUA an early funding agreement for \$8.9 million made possible by the Commission’s emergency regulations designed to help alleviate some of the economic challenges IEUA and its local partner agencies are facing due to the COVID-19 pandemic and other factors. This early funding will be used for reimbursement of planning costs related to the CBP.

*Table 2-1. CBP Workgroup and Workshop Meetings*

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

*Memorandum of Understanding (MOU)*

## **Additional Funding Opportunities**

As mentioned previously, IEUA was approved for \$8.9 million by the Commission for reimbursement of planning costs related to the CBP program. In addition to this WSIP early funding award, IEUA and agency partners are continuing to pursue additional state and federal grant opportunities to further offset costs of the CBP. IEUA will also continue to pursue additional funding opportunities through federal programs.

### 3. Project Schedule Update

IEUA and agency partners continue to work together to define program elements on a schedule consistent with the proposed commitments to achieve local and statewide public benefits (see Figure 3-1). Additional details of the schedule and progress are in Attachments 1 and 2, respectively.



Figure 3-1. Simplified CBP Schedule

CBP milestones leading up to the Commission’s feasibility determination scheduled for November 2021 include the following:

- Final CBP Feasibility Study Report (October 20, 2021)
- Draft CBP PEIR for public review (October 28, 2021)
- Commitments for local cost share (IEUA Board Meeting, October 20, 2021)
- Commission feasibility determination (Meeting of the California Water Commission, November 17, 2021)

#### Next Steps

IEUA will continue to work with local, regional, and State agencies to further develop the CBP and will continue to drive the following near-term activities:

- **Complete Commission WSIP Feasibility Determinization:** Complete the Final CBP FSR, Draft CBP PEIR, and Commitment for local cost share for feasibility determination consideration by the Commission in November 2021.
- **Local and Regional Partner Agency Coordination:** Continue to convene meetings and workshops with local and regional agency partners, including Metropolitan.
- **State Resource Agency Coordination:** Continue to meet and coordinate with State resource agencies to advance CBP development, including routine coordination with Commission staff, DWR, CDFW, and other State agencies as needed.
- **Draft Agreement Terms with Local and Regional Partners, and State Resource Agencies.** Continue to develop draft terms and conditions associated with agreements with local partner

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

## **4. Project Cost and Financing Update**

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

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



## **ATTACHMENT 1**

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### **Table 1. Project Schedule**



Table 1. Project Schedule

Funding Agreement Milestone	Start Date	Finish Date	% Complete
<b>Non-Public Benefits Cost-Share Contracts</b> (Other agreements may be required and will be included when identified)			
Agreements terms with IEUA Member Agencies	2019	2021	70%
Agreements terms with SWP Contractor	2019	2021	70%
Agreement terms for Chino Basin Storage and Recovery App.	2019	2021	50%
<b>Contracts for Administration of Public Benefits</b>			
CDFW (ecosystem)	2019	2022	25%
State Water Resources Control Board (SWRCB) (water quality)	2019	2022	5%
DWR (emergency response)	2019	2022	5%
DWR (operations)	2019	2022	25%
<b>Completed Feasibility Studies</b> (includes feasibility studies related to planning efforts that are the framework for the CBP, as well as CBP specific studies)			
2000 Optimum Basin Management Plan (OBMP) for Chino Basin	1995	2000	100%
2001 Chino Basin Organics Management Strategy	1998	2001	100%
2002 Recycled Water System Feasibility Study	2000	2002	100%
2002 Wastewater Facilities Master Plan	2000	2002	100%
2002 Salinity Management Plan	2000	2002	100%
2005 Urban Water Management Plan	2003	2005	100%
2005 Recycled Water Implementation Plan	2003	2005	100%
2007 Recycled Water Three Year Business Plan	2006	2007	100%
2010 Urban Water Management Plan	2009	2011	100%
2013 Recharge Master Plan Update (RMPU)	2011	2013	100%
2015 Energy Management Plan	2014	2015	100%
2015 Recycled Water Program Strategy	2013	2016	100%
2015 Wastewater Facilities Master Plan Update	2014	2016	100%
2015 Water Use Efficiency Business Plan Update	2014	2016	100%
2016 Feasibility Study of Recycled Water Interconnection — Pomona, Monte Vista Water District, and IEUA	2014	2016	100%
2016 Integrated Water Resources Plan	2013	2016	100%
2017 Recycled Water Intertie Study – Jurupa Community Services District and IEUA	2014	2017	100%
2018 RMPU	2017	2018	100%
2020 OBMP Update for Chino Basin	2018	2022	85%
CBP Feasibility Studies and Pre-Design	2019	2021	90%
IEUA Rate Study	2019	2020	100%
<b>Environmental Documentation</b> (Includes environmental documentation already completed that support elements of the CBP)			
IEUA Facilities Master Plan PEIR	2016	2017	100%
OBMP Update for Chino Basin Environmental Impact Report (EIR) Addendum	2016	2017	100%
OBMP Update for Chino Basin Subsequent EIR	2019	2022	75%

<b>Funding Agreement Milestone</b>	<b>Start Date</b>	<b>Finish Date</b>	<b>% Complete</b>
CBP PEIR	2019	2021	70%
<b>Federal, State, and Local Approvals</b>			
Federal: Potential operations approvals with the U.S. Bureau of Reclamation (USBR)	2019	2023	0%
Federal: Potential permitting approvals with the U.S. Army Corps of Engineers (USACE)	2019	2023	0%
Federal: Other possible federal permits/approvals tbd	2019	2023	0%
State: Incidental Take Permit, if needed (with CDFW)	2019	2023	0%
State: Section 1707 water rights change, if needed (by DWR, with SWRCB)	2019	2023	0%
State: SWP water supply contract amendments, if needed (by the SWP contractor, with DWR)	2019	2023	0%
State: Other possible State permits and approvals to be determined	2019	2023	0%
Local: Possible encroachment permits (with the city and county)	2019	2024	0%
Local: Storage in Chino Basin Water Bank (with the Chino Basin Watermaster (CBWM))	2019	2024	0%
Local: Other possible local permits and approvals to be determined	2019	2024	0%
<b>Funding Agreement Components</b>			
Project Workplan	2017	2022	10%
Project Schedule	2017	2022	10%
Project Budget	2017	2022	10%
<b>Project Design</b>	2022	2024	0%
<b>Construction</b>	2025	2028	0%
<b>Begin Operations</b>	2028	2078	0%

## **ATTACHMENT 2**

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### **Table 2. Quarterly Reporting Items for Commission Hearing on Final Awards**



Table 2. Quarterly Reporting Items for Commission Hearing on Final Awards\*

Description	Estimated Completion Date	% Complete
<b>Contracts for non- public cost-share</b> (other agreements may be required and will be included when identified)		
Agreements terms with IEUA Member Agencies	2021	70%
Agreements terms with SWP contractor	2021	70%
Agreement terms for Chino Basin Storage and Recovery Application	2021	50%
<b>Contracts for administration of public benefits</b>		
CDFW (ecosystem)	2022	25%
SWRCB (water quality)	2022	5%
DWR (emergency response)	2022	5%
DWR (operations)	2022	25%
<b>Completed feasibility studies</b> (includes feasibility studies related to planning efforts that are the framework for the CBP, as well as CBP-specific studies)		
2000 OBMP for Chino Basin	Done	100%
2001 Chino Basin Organics Management Strategy	Done	100%
2002 Recycled Water System Feasibility Study	Done	100%
2002 Wastewater Facilities Master Plan	Done	100%
2002 Salinity Management Plan	Done	100%
2005 Urban Water Management Plan	Done	100%
2005 Recycled Water Implementation Plan	Done	100%
2007 Recycled Water Three Year Business Plan	Done	100%
2010 Urban Water Management Plan	Done	100%
2013 RMPU	Done	100%
2015 Energy Management Plan	Done	100%
2015 Recycled Water Program Strategy	Done	100%
2015 Wastewater Facilities Master Plan Update	Done	100%
2015 Water Use Efficiency Business Plan Update	Done	100%
2016 Feasibility Study of Recycled Water Interconnection — Pomona, Monte Vista Water District, and IEUA	Done	100%
2016 Integrated Water Resources Plan	Done	100%
2017 Recycled Water Intertie Study – Jurupa Community Services District and IEUA	Done	100%
2018 RMPU	Done	100%
OBMP Update for Chino Basin	2022	85%
CBP Feasibility Studies and Pre-Design	2021	90%
IEUA Rate Study	2020	100%

Description	Estimated Completion Date	% Complete
<b>Final environmental documentation</b> (includes environmental documentation already completed that support elements of the CBP)		
IEUA Facilities Master Plan PEIR	2017	100%
OBMP Update for Chino Basin EIR Addendum	2017	100%
OBMP Update for Chino Basin Subsequent EIR	2022	75%
CBP PEIR	2021	70%
<b>All required federal, State, and local approvals, certifications, and agreements</b>		
Federal: Potential operations approvals with USBR	2023	0%
Federal: Potential permitting approvals with USACE	2023	0%
Federal: Other possible federal permits/approvals tbd	2023	0%
State: Incidental Take Permit, if needed (with CDFW)	2023	0%
State: Section 1707 water rights change, if needed (by DWR, with SWRCB)	2023	0%
State: SWP water supply contract amendments, if needed (by SWPC, with DWR)	2023	0%
State: Other possible State permits/approvals tbd	2023	0%
Local: Possible encroachment permits (with/ the city and county)	2024	0%
Local: Storage in Chino Basin Water bank (with CBWM)	2024	0%
Local: Other possible local permits and approvals to be determined	2024	0%

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



## CONTACT INFORMATION

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### INLAND EMPIRE UTILITIES AGENCY

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