Regional Sewerage Program Policy Committee Meeting

Thursday, March 2, 2017
4:30 p.m.

Location
Inland Empire Utilities Agency
Event Room – Building B
6075 Kimball Avenue
Chino, CA 91710

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Call to Order and Roll Call

Pledge of Allegiance

Public Comment

Additions to the Agenda

1. Technical Committee Report (Oral)

2. Action Item
   A. Approval of the November 3 and December 6, 2016 Meeting Minutes

3. Informational Items
   A. RP-5 Expansion Preliminary Design Report
   B. Regional Contract Update/Renewal (Oral)
   C. 2017A Refunding Bond Update
   D. Fund Overview

4. Receive and File
   A. Operations Summary Update
   B. Building Activity Update
   C. Recycled Water Distribution – Operations Summary

5. Other Business
   A. IEUA General Manager’s Update
   B. Committee Member Requested Agenda Items for Next Meeting
   C. Committee Member Comments
   D. Next Meeting – April 6, 2017

6. Adjournment
DECLARATION OF POSTING

I, Laura Mantilla, Executive Assistant of the Inland Empire Utilities Agency, a Municipal Water District, hereby certify that a copy of this agenda has been posted by 5:30 p.m. in the foyer at the Agency's main office, 6075 Kimball Avenue, Building A, Chino, CA on Monday, February 27, 2017.

Laura Mantilla
Regional Sewerage Program  
Policy Committee Meeting  

MINUTES OF NOVEMBER 3, 2016 MEETING

CALL TO ORDER
A meeting of the IEUA/Regional Sewerage Program – Policy Committee was held on Thursday, November 3, 2016, at the Inland Empire Utilities Agency located at 6075 Kimball Avenue, Chino, California. Chairman Sandoval, City of Fontana, called the meeting to order at 4:30 p.m.

ATTENDANCE

<table>
<thead>
<tr>
<th>Committee Members:</th>
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<tbody>
<tr>
<td>Earl Elrod</td>
<td>City of Chino</td>
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<td>Jesse Sandoval</td>
<td>City of Fontana</td>
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<td>Jim Bowman</td>
<td>City of Ontario</td>
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<td>Debbie Stone</td>
<td>City of Upland</td>
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<tr>
<td>Luis Cetina</td>
<td>Cucamonga Valley Water District</td>
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<th>Absent Committee Members:</th>
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<tbody>
<tr>
<td>Paul Eaton</td>
<td>City of Montclair</td>
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<tr>
<td>Peter Rogers</td>
<td>City of Chino Hills</td>
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<tr>
<td>Terry Catlin</td>
<td>Inland Empire Utilities Agency</td>
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<tr>
<th>Others Present:</th>
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<tbody>
<tr>
<td>John Bosler</td>
<td>Cucamonga Valley Water District</td>
</tr>
<tr>
<td>Chuck Hays</td>
<td>City of Fontana</td>
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<tr>
<td>Katie Gienger</td>
<td>City of Ontario</td>
</tr>
<tr>
<td>Christina Valencia</td>
<td>Inland Empire Utilities Agency</td>
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<tr>
<td>Randy Lee</td>
<td>Inland Empire Utilities Agency</td>
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<tr>
<td>Kathy Besser</td>
<td>Inland Empire Utilities Agency</td>
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<tr>
<td>Pietro Cambiaso</td>
<td>Inland Empire Utilities Agency</td>
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<tr>
<td>Warren Green</td>
<td>Inland Empire Utilities Agency</td>
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<tr>
<td>Shaun Stone</td>
<td>Inland Empire Utilities Agency</td>
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<tr>
<td>Sylvie Lee</td>
<td>Inland Empire Utilities Agency</td>
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Others Present (continued):

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<tr>
<th>Name</th>
<th>Agency</th>
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<tbody>
<tr>
<td>Kathy Besser</td>
<td>Inland Empire Utilities Agency</td>
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<tr>
<td>Joshua Aguilar</td>
<td>Inland Empire Utilities Agency</td>
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<tr>
<td>Laura Mantilla</td>
<td>Inland Empire Utilities Agency</td>
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PLEDGE OF ALLEGIANCE

Committee Member Debbie Stone led those present in the pledge of allegiance to the flag. A quorum was present.

PUBLIC COMMENTS

There were no public comments.

1. **TECHNICAL COMMITTEE REPORT**

Chuck Hays/IEUA reported that the Technical Committee meeting held on October 27, 2016, unanimously approved two action items: the meeting minutes from September 29, 2016 and the regional connection request from the City of Chino. He stated that action item 1B - RP-4 Construction Contract Award was pulled by IEUA. Mr. Hays gave the following update on the Regional Contract proposed schedule:

- In early November, IEUA will provide member agencies with the matrix showing contract language versus practice.
- In January 2017, IEUA is to distribute the Carrollo report update to Exhibit J related to the calculation of the sewer connection fees.
- In February, the member agencies will provide feedback on the revised Exhibit J report.
- In March, the member agencies will provide IEUA a draft term sheet listing items of concern to be discussed in the contract renewal process. At that point in time, a decision will be made on how best to move the process forward.

Mr. Hays indicated the following informational items were discussed: IEUA Business Goals Update, IEUA requested feedback from the Technical Committee. IEUA presented on the Sewer and Recycled Water Service in the Unincorporated County Area of San Bernardino. Mr. Hays stated this project provides service to CSI, Speedway, Prologis and smaller properties in that area. There was discussion about how Speedway was going to pay for the connection fees since it involved using a portion of their water rights to do so. The Technical Committee asked if this is allowed by the Regional Contract. The Technical Committee agreed to review the contract and get back to IEUA staff with any concerns on this issue.

2. **ACTION ITEMS**

A. **Approval of Minutes of September 1, 2016 Regional Policy Committee Meeting**

**Motion:** By Debbie Stone/ City of Upland and seconded by Earl Elrod/ City of Chino to approve the minutes of the September 1, 2016 Regional Policy Committee Meeting.

**Motion carried:** Unanimously.
INFORMATIONAL ITEMS

A. 10-Year Growth Forecast and Building Activity Report
Pietro Cambiasso/IEUA gave a presentation on the FY 2015/16 building activity summary and 10-year growth survey. Mr. Cambiasso reported that during the last fiscal year, there were approximately 4,800 new EDU, which is 80% of the Member Agency’s forecast. He pointed out that the main discrepancy was for the City of Ontario, actuals were lower than forecast. Mr. Cambiasso stated that 60% of the EDUs was in the north service area and 40% was in the south service area.

Mr. Cambiasso stated that the historical information in terms of new EDUs for the last fiscal year is in line with historical data. For 2016/17, the Member Agency’s projection is close to 5,600 EDUs, of that 80% will be residential and the rest will be commercial/industrial. Over time this number will drop to approximately 3,000 EDUs per year. The 10-year growth will be approximately 42,000 EDUs, most of the growth will occur in the southern area served by RP-5 and CCWRF, this projection is in line with the RP-5 expansion by 2022.

B. RP-1/RP-5 Pre-Design Report Update
Shaun Stone/IEUA gave an update on the recent work of plant expansion of RP-1 and RP-5. He gave an overview of the RP-5 liquids system, proposed solids system and discussed organics diversion. The liquids side encompasses multiple unit processes, including headworks and fine screens, primary treatment to the north, existing aeration system upgrades, membrane bio-reactor system, UV disinfection and odor control. The project cost is estimated at $160 million.

Mr. Stone reported that the solids side plant phase 1 will encompass, solids thickening, phased digestion, digested sludge storage, dewatering & biosolids storage, gas storage, conditioning and flaring. The estimated cost for phase 1 versus ultimate biosolids treatment is slightly under $150 million. The additional equipment for ultimate capacity of the plant will be $166 million.

Mr. Stone stated that there is legislation in place about removing organics from landfills way streams and beneficially using those either through digestion or composting and other various types of treatments. IEUA has had discussions with member agencies staff on a regional solution for the area by utilizing existing infrastructure, it could be beneficial and possibly a cost savings for the member agencies.

C. Regional Contract Update/Renewal
Mr. Hays covered the Regional Contract update as part of his Technical Committee report.

D. IEUA Business Goals Update
Warren Green/IEUA provided an update on the IEUA Business Goals. Mr. Green stated that back in 2011, IEUA had several workshops with IEUA Board, management staff to establish levels of service standards for the Agency. In 2013, IEUA reviewed those levels of service and as a result of that process, IEUA expanded these to include operational functions, water reliability, fiscal accountability and employee well-being. Mr. Green stated this was a collaborative process which included the IEUA Board, the Regional Committees and water member agencies, this resulted in the adoption of the 2013 IEUA Business Goals. In 2016, staff started the process of reviewing the IEUA Business Goals to make them more succinct and
provide more clarity to staff in implementing the budget and the strategic plan. The proposed IEUA Business Goals have been presented to the IEUA Board and the Regional Committees.

E. Sewer and Recycled Water Service to Unincorporated County Area
Shaun Stone/IEUA gave an update on the sewer and recycled water service to the unincorporated area of San Bernardino. Mr. Stone stated the project area is in the sphere of the City of Fontana. The various entities in that area are California Speedway, California Steel Industries and Prologis (the parties). Currently Prologis operates a small wastewater treatment plant that is at the end of its useful life and will require an upgrade. The project goals were to address legacy, sewer and recycled water issues in the unincorporated area and by connecting the three parties to the IEUA sewer and recycled water systems. In November 2015, the agreements were executed with the parties and in January of this year, IEUA constructed a temporary wastewater service system. In July 2016, the sewer system design was completed and construction for the sewer system is estimated to be completed in February 2017.

Mr. Stone reviewed the proposed recycled water service connections. He stated that the agreements were executed in November 2015. Fontana Water Company is the water provider for City of Fontana. Fontana Water Company obtained rate approval from the California Public Utilities Commission (CPUC) in April 2016. IEUA filed for proposition 1 State Revolving Fund grant/loan. IEUA has prequalified design and build contractors and will be ready to award for funding in February 2017.

Mr. Stone discussed the project terms. He stated that IEUA will be responsible for the recycled/sewer system design and construction, owning and maintaining the system and potential use CSI basin for groundwater recharge. California Steel Industries and Speedway will be funding the capital cost as well as their connection fees and are responsible for the recycled water ownership, operation and maintenance on their properties. Fontana Water Company’s participation within the agreement is to obtain approval from CPUC (approved in April 2016) and will be the retail recycled water service provider. The City of Fontana’s role was to cooperate and support both systems and be the retail sewer service provider for billing.

3. RECEIVE AND FILE
   A. Building Activity Report (YTD)
      The Building Activity Report (YTD) was received and filed by the Committee.

   B. Recycled Water Distribution – Operations Summary
      The Recycled Water Distribution Operations Summary was received and filed by the Committee.

   C. Annual Water Use Report
      The Annual Water Use Report was received and filed by the Committee.

4. OTHER BUSINESS
   A. IEUA General Manager’s Update
      Christina Valencia gave the following updates on behalf of Joseph Grindstaff.
Ms. Valencia reported that IEUA staff has been meeting with the Regional Water Quality Control Board regarding the rising of salinity. The objective is to increase the current 12 month running average for TDS to a 5 or 10 year running average.

Ms. Valencia wanted to recognize the City of Montclair with respect to the Regional Contract audit that was finalized last year. IEUA received confirmation that Montclair has addressed and responded to the findings.

Ms. Valencia asked the Committee if they would like to cancel the December Policy meeting. She informed the Committee that the Technical Committee is being cancelled at the end of November because of the Thanksgiving holiday. If nothing comes forward from the Technical Committee in December, the meeting may be rescheduled for February. The Committee discussed and agreed to cancel the meeting until February 2017.

B. Committee Member Requested Agenda Items for Next Meeting
None.

C. Committee Member Comments
None.

D. Next Meeting – February 2, 2017

1. ADJOURNMENT – Meeting was adjourned at 4:50 p.m.

Transcribed by:  
Laura Mantilla  
Executive Assistant, IEUA
Regional Sewerage Program  
Policy Committee Meeting  

MINUTES OF December 6, 2016 MEETING

CALL TO ORDER  
A meeting of the IEUA/Regional Sewerage Program – Policy Committee was held on Tuesday, December 6, 2016, at the Inland Empire Utilities Agency located at 6075 Kimball Avenue, Chino, California. Chairman Sandoval, City of Fontana, called the meeting to order at 9:02 a.m.

ATTENDANCE  
Committee Members:

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<td>Jesse Sandoval</td>
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<td>Kathy Tiegs</td>
<td>Cucamonga Valley Water District</td>
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<td>Art Bennett (Alternate)</td>
<td>City of Chino Hills</td>
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<td>Michael Camacho</td>
<td>Inland Empire Utilities Agency</td>
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<td>Joe Grindstaff</td>
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<td>Teresa Velarde</td>
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<tr>
<td>Shaun Stone</td>
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<tr>
<td>Laura Mantilla</td>
<td>Inland Empire Utilities Agency</td>
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PLEDGE OF ALLEGIANCE

Committee Member Jim Bowman led those present in the pledge of allegiance to the flag. A quorum was present.

PUBLIC COMMENTS

There were no public comments.

1. INFORMATIONAL ITEMS

A. 2008 Revenue Bond Refunding

Christina Valencia/IEUA gave a presentation on the 2008A Revenue Bond Refunding. Ms. Valencia explained that the bonds were issued in 2008 at $125 million to finance capital projects in the regional wastewater, recycled water and non-reclaimable wastewater programs. The bonds were issued at a 5% fixed coupon rate. Ms. Valencia stated the amortization schedule was structured to mitigate impact to the annual debt service costs with only interest due through 2022. The payment of principal payments beginning in 2023 aligned with the maturity of the senior bonds outstanding at the time of the 2008A bond issuance.

Ms. Valencia explained that IEUA wants to take advantage of the currently low interest rates to retire high interest rate debt. Included in the Agency’s financial plan was the early repayment of the $125 million over a five-year period, beginning in 2017 – reducing outstanding debt, will leave room for new future debt needed to finance the expansion and improvement of the IEUA facilities. Approximately $310 million will be needed over the next 10 years to support capital improvements to meet future growth projections received from the member agencies. She stated that one of the concerns raised by member agencies is the use of connection fees currently held by member agencies in their respective Capital Construction Reimbursement Accounts (CCRA). In accordance with the Regional Sewerage Service Contract, member agencies collect the fees on behalf of IEUA for new connections to the regional wastewater system. These funds are called by the Agency as needed to support financing costs for the regional wastewater system. In preparation of the proposed refinancing, IEUA made a call for $45 million in October 2016. Payment of the call was due on December 5, 2016 to pay down a portion of the 2008A bonds, which will result in significant cost savings.

Ms. Valencia then reviewed the major projects and costs in which include the relocation of the RP-2 solids handling facility to the RP-5 site, expansion of the RP-5 liquids treatment plant, rehabilitation and improvement of the RP-1 facility, future expansion of the RP-4 plant, and the future decommissioning of the RP-2 site. She stated that to finance these major projects, IEUA will need to borrow more money. Currently, IEUA has total outstanding debt of $311 million comprised of bonds and State Revolving Fund (SRF) loans. The SRF loans were primarily used to
finance construction of the regional recycled water system. The use of SRF loans and inter-
fund loans to support construction costs helped to maintain recycled water rates low and 
continue to promote the use of recycled water. Ms. Valencia stated that IEUA is looking at a 
substantial amount of new debt to support the capital improvement plan, and is why it is 
important to reduce the amount of outstanding debt.

Ms. Valencia then reviewed the four scenarios evaluated by staff and the Agency’s financial 
advisors. Under Scenario 1 (Do Nothing), IEUA will continue to pay interest only of $6.2 million 
a year through 2023, then principal payments begin through the maturity of the bonds in 2039 
with annual debt service costs increasing to $14 million, this scenario provides no cost savings. 
Scenario 2 (5 Year Pay Down) is consistent with the Agency’s financing plan which includes 
payment of the entire $125 million over a 5-year period beginning in 2017, at an annual 
amount of $25 million. The estimated gross savings is $83 million over the life of the bonds. 
While the estimated savings are significant, a key concern is the amount of money out the 
door over a very short period.

With the key objective being to save money, another scenario evaluated was the use of 
available cash reserves to pay down a portion of the bonds, and refinance the balance at a 
lower interest rate. This is the premise for Scenario 3 (Partial Refinancing/Cash Pay Down) and 
is the option recommended by IEUA staff. Included in Scenario 3 is the use of $50 million 
available cash reserves and the refinancing of the remaining $75 million balance. Under this 
option, total gross savings are estimated to be $62 million, less than $83 million estimated for 
Scenario 2 (5 Year Pay Down), but still significant. A key benefit of this option is the use of cash 
to pay down the longest maturities in 2038 and 2039 and reducing the amortization schedule 
of the refunding bonds from 22 to 20 years. The available cash reserves are monies held on 
behalf of the Agency by member agencies in their respective CCRAs. In accordance with the 
Regional Contract, IEUA connection fees collected by member agencies for new connections 
into the regional wastewater system are held in their CCRA accounts until called by IEUA to 
support financing costs for the system.

Lastly, Scenario 4 (Full Refinancing), consists of refinancing the entire $125 million and holding 
cash reserves of $50 million to support capital project cost and potentially reduce the amount 
of future borrowings. The total estimated gross savings under this option is about $23 million, 
a net present value savings of approximately $15.5 million. Under this option, there is no 
reduction in the amount of current outstanding debt.

At the request of the City of Ontario, the Agency performed additional analysis to determine 
the best use of available cash reserves; use the $50 million now to pay off a portion of the 
2008A Bonds, or keep the funds to support capital projects going forward and potentially 
reduce future borrowings. Ms. Valencia indicated that IEUA’s financial advisors ran two 
scenarios and used very conservative numbers to see what is the best use of cash reserves. 
The additional scenarios compared the issuance of future bonds versus SRF loans.
She explained that by using the $50 million today to reduce what is currently outstanding, results in greater savings than keeping that money to pay down project cost and borrow less in the future.

Joseph Grindstaff/IEUA stated that IEUA will be completing the preliminary design report on the expansion of RP-5 and moving RP-2 solids handling to RP-5. The main project will cost about $300 million. IEUA has already received an SRF loan to support the planning costs. The plan for next year is to lock-in the interest rate from the state for the $300 million. Mr. Grindstaff added that IEUA needs to maintain a cash reserve, that is why the plan is not to pay off the entire $125 million as originally planned, in the event of another meltdown in the market or an economic recession. By only refinancing $75 million at an assumed rate of 3.0% per annum, and paying off $50 million there are significant cost savings to be realized over the life of the bonds. Mr. Grindstaff stated that doing a full refunding will keep more money in reserves, but there is less savings. He added that IEUA's financial advisers and Ms. Valencia have looked at the overall debt portfolio and agree that Scenario 3 provides the right balance by keeping reserves at a high enough level and leveraging the available cash reserves and low interest rates to benefit from significant savings.

Ms. Valencia reiterated that IEUA is recommending Scenario 3. In preparation for the proposed refinancing scheduled for late January, IEUA called the CCRA monies in October. Payment was due on December 5, 2016. To date, four of the seven member agencies have remitted payment. At the request of the remaining member agencies, an extension was granted to December 21 following the special meeting of the Regional Policy Committee on December 6 and the IEUA Board meeting on December 21. One of the comments received was if the money called earns interest, Ms. Valencia stated it does. The interest rate is about 1.0% with all interest earnings retained by the member agencies.

Art Bennett/City of Chino Hills stated that what IEUA is recommending makes sense. It might be better to have that even balance by going with Scenario 3. Jim Bowman/City of Ontario indicated that Ontario appreciates the presentation and thanked everybody for working to review the various scenarios. Ontario recommends that IEUA refinance the entire $125 million and the reason for that is to guarantee the lower interest rates of today's market and preserve the member agencies capacity accounts. Ms. Valencia stated that IEUA will communicate the Regional Committees comments to the Board, but plan to retain the recommendation to do the partial refunding and use the $50 million to pay down a portion of the debt, based on the analysis and the estimated savings. There were no further comments from the Committee.

Meeting was adjourned at 9:48 a.m.

Transcribed by:
Laura Mantilla
Executive Assistant, IEUA
Date: February 23, 2017/March 2, 2017
To: Regional Technical Committee
From: Inland Empire Utilities Agency
Subject: RP-5 Expansion Update

RECOMMENDATION

This is an information item for the Regional Technical Committee to review.

BACKGROUND

On January 20, 2016, the IEUA Board of Directors approved the consulting engineering services contract award for the RP-1/RP-5 Expansion Preliminary Design Report (PDR) to Parsons Water & Infrastructure Inc. for the not-to-exceed amount of $2,431,598. IEUA and the Parsons project team promptly began working on the PDR, which has resulted in three IEUA Board Workshops conducted in May 2016, October 2016, and February 2017. In addition, the project team has provided updates to the IEUA Engineering, Operations, and Biosolids Management Committee in April 2016, August 2016, and November 2016. The PDR has been steadily progressing and it is anticipated that the PDR will be presented to the Board of Directors for approval in March 2017.

After each of the Board workshops, IEUA staff has presented an update of the project to the Regional Technical Committee. This will be the third and final workshop update. In addition to the workshop update IEUA is enclosing (via electronic link) the current technical memorandums for the committee’s information.

With the current finalizing of the PDR and its anticipated approval in March 2017, IEUA staff will discuss the next steps in the process.

Attachments:

1. Technical Memorandums
   https://www.dropbox.com/sh/1qwmz5pnl3ngbag/AADLEcU2hgnJeBuX19DpDa3ya?dl=0
RP-1 & RP-5 Expansion
Preliminary Design Report Update
February 2017
RP-1 & RP-5 Expansion Schedule

- RP-1 & RP-5 Predesign: Jan '17 - Mar '17
- RP-5 Expansion Design: Apr '17 - May '19
- RP-5 Expansion Construction: May '19 - Sep '22
- RP-1 Expansion PDR & Final Design: Jul '23 - Jan '26
- RP-1 Expansion Construction: Jan '26 - May '29
Board Workshop No. 3 Objectives

- RP-1 Liquids Treatment Alternatives
- RP-1 Solids Treatment Alternatives
- Advanced Water Treatment
## RP-1 Liquids Treatment Expansion: Secondary Treatment Cost Analysis

<table>
<thead>
<tr>
<th>Secondary Treatment Alternative</th>
<th>Construction Cost</th>
<th>Project Cost</th>
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<tbody>
<tr>
<td>Alt 1: Conventional Activated Sludge</td>
<td>$72.9 M</td>
<td>$92.1 M</td>
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<tr>
<td>Alt 2: Stand alone MBR for additional capacity</td>
<td>$85.2M</td>
<td>$107.7M</td>
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<tr>
<td>Alt 3: MBR Retrofit with additional train</td>
<td>$129.5 M</td>
<td>$163.8 M</td>
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<td>Alt 4: MBR Retrofit without additional train</td>
<td>$119.8 M</td>
<td>$151.5 M</td>
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*RP-1 Secondary Treatment System*
RP-1 Solids Treatment Expansion Layout

- 3 Gravity Thickeners DEMO
- Improve Grit & Debris Removal
- Reserve space for new digester if needed
- New RDT building
- Refurbish or replace digester mixing systems
- New Bio Scrubber + GAC
- Existing Bio Filter DEMO
- Refurbish 3 DAFTs
- 3 - 0.25 MG Acid Digesters
- New Digaos Cleaning and Energy Recovery
### RP-1 Expansion Project Cost

#### RP-1 Solids Project Cost

<table>
<thead>
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<th>Major Systems</th>
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<td>Dewatering</td>
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<td>Odor Control</td>
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<td><strong>Estimated Construction Cost</strong></td>
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<td><strong>Design &amp; Project Management (30%)</strong></td>
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#### RP-1 Liquids Project Cost

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<th>Major Systems</th>
<th>Cost</th>
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<tr>
<td>Headsworks &amp; Primary</td>
<td>$9.4M</td>
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<td>Secondary</td>
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<td>Tertiary</td>
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<tr>
<td>Odor Control</td>
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<td><strong>Estimated Construction Cost</strong></td>
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<td><strong>Design &amp; Project Management (30%)</strong></td>
<td><strong>$42.1M</strong></td>
</tr>
<tr>
<td><strong>Estimated Project Cost</strong></td>
<td><strong>$182.4M</strong></td>
</tr>
</tbody>
</table>

**Estimated RP-1 Expansion Project Cost:** $230M
Advanced Water Treatment Alternatives

RP-5

Cartridge Filters → RO Feed Pumps → RO Trains → To Surface Discharge → $40M

RO Brine to Disposal → To RW

RP-1

MF/UF → Cartridge Filters → RO Feed Pumps → RO Trains → To Surface Discharge or RW → $65M*

RO Brine to Disposal

4.3 MGD

UV/AOP

2.2 MGD

GW Injection Well

*Note: Cost does not include price for pipelines or injection wells
Proceeding into RP-5 Expansion Design
(Amendment to Parsons Existing Contract)

**Amendment Advantages**
- Consistent with 2015 RFP
- Intrinsic knowledge of PDR
- No “learning curve”
- Maintain project team
- Maintain schedule

**Requirements for Amendment**
- Finalize PDR & Design Scope of Work
- Negotiate Final Design Fee estimated to be $13M - $15M
- Conduct survey of design fees of recent similar projects
Next Steps

Amendment of Parsons' contract to complete the RP-5 Expansion Final Design:

1. Receive Parsons' proposal for the RP-5 Expansion Final Design
2. Negotiate the Scope of Work and Fee
3. Bring amendment forward in April 2017 for Board action

Timeline:
- Feb 27: Receipt of Parsons Proposal
- Mar 19: MPB Board Acceptance
- Apr 18: Anticipated RP-5 Expansion Design Amendment Award

Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT
Date: March 2, 2017
To: Regional Policy Committee
From: Inland Empire Utilities Agency
Subject: 2008A Refunding

RECOMMENDATION
This is an information item for the Regional Policy Committee to review.

BACKGROUND
This item is scheduled to be presented to the IEUA Board of Directors meeting on February 15, 2017.
2017A Refunding Bond Update

February 15, 2017
How Much Money Did We Save?

- Cost savings achieved over the life of the bonds;
  - $129 million gross savings
  - $36.8 million net present value savings (net of cash pay down)
  - All-In true interest cost 2.82%

- Significant reductions achieved;
  - $57.4 million reduction in outstanding debt
  - $185.3 million reduction in total debt service costs
    - $8 million reduction in the maximum annual debt service costs
    - $3.3 million reduction in average annual debt service costs
  - 5 year reduction in the repayment period
### Savings Higher Than Projected

<table>
<thead>
<tr>
<th></th>
<th>Estimated</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Gross Savings</td>
<td>$62.3</td>
<td>$129.0</td>
</tr>
<tr>
<td>Net Present Value Savings:</td>
<td>$22.0</td>
<td>$36.8</td>
</tr>
</tbody>
</table>

![Graph showing financial savings over years with categories for 2008A Bonds, Partial Amortization, and Final Amortization]
Key Objectives Achieved

Use of available cash reserves resulted in;

- Significant present value savings over the life of the bonds
- A reduction in outstanding debt of $57.4 million
- Lower debt service costs every year through maturity
- Reduced repayment term by 5 years
  - Decrease pressure on rates/fees in the future
  - Improve long term debt coverage ratio
  - Make room for future borrowings to support capital investment
- Long term credit rating upgraded to AA+ by S&P
  - Moody’s rating affirmed at Aa2
# Current Financing Schedule

<table>
<thead>
<tr>
<th>Week of</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>11/28/16</td>
<td>Rating Agency Meetings</td>
</tr>
<tr>
<td>12/5/16</td>
<td>Redemption Notice to Trustee, Review of final documents</td>
</tr>
<tr>
<td>12/21/16</td>
<td>Board approval of final documents, Redemption Notice to Bondholders</td>
</tr>
<tr>
<td>Mid-January</td>
<td>Received Credit Ratings</td>
</tr>
<tr>
<td>01/19/17</td>
<td>Final Pricing</td>
</tr>
<tr>
<td>1/20/17</td>
<td>Posted Preliminary Official Statement (POS), Market Bonds</td>
</tr>
<tr>
<td>01/30/17</td>
<td>Execution of final documents</td>
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<tr>
<td>02/02/17</td>
<td>Bond Closing</td>
</tr>
</tbody>
</table>
Date: February 23, 2017/March 2, 2017

To: Regional Committee

From: Inland Empire Utilities Agency

Subject: Agency’s Program Funds Review

RECOMMENDATION

This is an information item for the Regional Committees to review.

BACKGROUND

This item is scheduled to be presented to the IEUA Board of Directors meeting on February 15, 2017.
Agency Program Funds

IEUA Service Area

- Admin Services
- Groundwater Recharge
- Recycled Water
- Water Resources
- Non-Reclaimable Wastewater
- Regional Wastewater

- Capital
- Operations

Regional Water Portfolio
Regional Collaboration
Regional Resources Planning
Administrative Services

Agency-wide Costs

- **Expenses**
  - Employment costs
  - Purchase of assets
  - Professional and contract services

- **Revenues**
  - Property tax
  - Contract cost reimbursements
Groundwater Recharge

Recharge Basins (19)

- Storm Water
- Recycled Water
- Imported Water

Chino Basin Water Master
Chino Basin Conservation District
San Bernardino County Flood Control District

Expenses
- Operations & Maintenance (O&M)
- System improvements
- Debt service

Revenues
Contributions
- Watermaster
- IEUA
  - Recycled water surcharge
  - Property tax
Recycled Water

Regional Recycled Water Distribution System

Wastewater Recycling Plants

Expenses
• Operations & Maintenance (O&M)
• System Improvements
• Debt service

Revenues
• Volumetric Rates
  • Direct Use
  • Groundwater recharge
• Connection fees
• Property tax
• Debt Proceeds/Grants

Contracting Agencies
San Bernardino County
Jurupa Community Service District
Reliant
Water Resources

Regional Water Resources

Imported Water
Water use efficiency
Water resources planning
Water bank

Water Agencies
- Chino Basin Conservation District
- Eastern Municipal Water District
- Orange County Water District
- San Bernardino Municipal Water District
- Western Municipal Water District

Expenses
- Imported water purchases
- Readiness to serve fee (RTS)
- Water use efficiency projects
- Planning documents
- Santa Ana River Watershed Projects
- Program support

Revenues
- Imported water sales
- RTS pass through
- Meter equivalent charges
- Water connection fees
- Property tax
- Grants/rebates
- Debt Proceeds

Kick the Habit
- don't waste water

KickWaterWaste.com
Regional Wastewater Capital

Support growth in service area

Expenses
- Capital improvement projects (CIP)
- Debt service
- Program support

Revenues
- Property tax
- Connection fees
- Debt Proceeds/Grants
Regional Wastewater Operations and Maintenance

Regional Water Recycling Plants and Facilities

Wastewater Collection
Wastewater Treatment
Bio Solids Disposal
Renewal Energy

Expenses
- Operations & Maintenance (O&M)
- Rehabilitation & Replacement (R&R)
- Biosolids Disposal

Revenues
- EDU sewer rates
- Property tax
- IERCA Reimbursements
- Debt Proceeds/Grants
Non Reclaimable Wastewater

Sanitation District of Los Angeles County – North System
Santa Ana Watershed Project Authority – South System

Exports export high-salinity industrial wastewater for treatment and discharge to the Pacific Ocean

North: 39 customers
South – 15 customers

Expenses
- Pass through operating fees
- System improvements
- Debt service
- Program support

Revenues
- Pass through operating revenues
- Capital improvement reimbursement
Operations Update

Randy Lee
Executive Manager of Operations/AGM
IEUA Influent Flows During Recent Rain

Ontario: 1.4 inches  
Chino: 0.7 inches  

Ontario: 1.0 inches  
Chino: 3.0 inches  

Flow, MGD  
1/18/2017 1/19/2017 1/20/2017 1/21/2017 1/22/2017 1/23/2017 1/24/2017  
RPI 5min  RP4 5min  RP-5 5min  CCWRF 5min
Historical GWR Operations

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<th>Year</th>
<th>MWD</th>
<th>SW/LR</th>
<th>RW</th>
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<td>FY05/06</td>
<td>33,756</td>
<td>12,999</td>
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<td>FY06/07</td>
<td>32,968</td>
<td>4,770</td>
<td>2,989</td>
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<tr>
<td>FY07/08</td>
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<td>10,243</td>
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<tr>
<td>FY08/09</td>
<td>-</td>
<td>7,498</td>
<td>2,684</td>
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<td>FY09/10</td>
<td>5,000</td>
<td>14,274</td>
<td>7,210</td>
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<td>FY10/11</td>
<td>9,465</td>
<td>17,051</td>
<td>8,065</td>
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<td>FY11/12</td>
<td>22,560</td>
<td>9,266</td>
<td>8,634</td>
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<td>FY12/13</td>
<td>-</td>
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<td>10,479</td>
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<td>7,996</td>
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<td>9,226</td>
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<tr>
<td>FY16/17</td>
<td>-</td>
<td>4,973</td>
<td>7,515</td>
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</table>
IERCF Compost Sales

- Winter sales exceeded 25,000 cyds/month
- 20% increase due to expansion into the ag market
IERCF Milestones

- 10 year anniversary
  - April '07 – April '17
- 2 million cubic yards compost sold
  - Celebration scheduled for May 2017
<table>
<thead>
<tr>
<th>Basin</th>
<th>1/1-1/16</th>
<th>1/7-1/13</th>
<th>1/14-1/20</th>
<th>1/21-1/27</th>
<th>1/28-1/31</th>
<th>Month Actual</th>
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<td>RP3</td>
<td>157.9</td>
<td>176.8</td>
<td>95.0</td>
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<td>Total</td>
<td>157.9</td>
<td>177.0</td>
<td>95.0</td>
<td>0.8</td>
<td>0.0</td>
<td>431.4</td>
<td>700</td>
<td>7,516</td>
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</table>

**Recycled Water Recharge**

- **FY 2014/15**
- **FY 2015/16**
- **FY 2016/17**

![Graph showing recycled water recharge with bars for each month and years](chart)

**Graph Description:**
- The graph illustrates the recycled water recharge for different years (FY 2014/15, FY 2015/16, FY 2016/17).
- Each bar represents a month (July to June) with the corresponding acre-feet for that month.
- The vertical axis represents the acre-feet per month.

**Days Into Fiscal Year vs. Acre-Feet**

- **Graph Title:** Days Into Fiscal Year vs. Acre-Feet
- **Y-axis:** Acre-Feet
- **X-axis:** Days Into Fiscal Year
- **Legend:**
  - FY 2014/15
  - FY 2015/16
  - FY 2016/17

![Graph showing acre-feet vs. days into fiscal year](chart2)

**Graph Description:**
- The graph shows the relationship between days into the fiscal year and the cumulative acre-feet used.
- The data is represented by different lines corresponding to different fiscal years.