AGENDA

WORKSHOP/MEETING
OF THE
BOARD OF DIRECTORS

WEDNESDAY, OCTOBER 2, 2019
10:00 A.M.

INLAND EMPIRE UTILITIES AGENCY*
AGENCY HEADQUARTERS
BOARD ROOM
6075 KIMBALL AVENUE
CHINO, CALIFORNIA 91708

CALL TO ORDER
OF THE INLAND EMPIRE UTILITIES AGENCY BOARD OF DIRECTORS
WORKSHOP/MEETING

FLAG SALUTE

PUBLIC COMMENT

Members of the public may address the Board on any item that is within the jurisdiction of the Board; however, no action may be taken on any item not appearing on the agenda unless the action is otherwise authorized by Subdivision (b) of Section 54954.2 of the Government Code. Those persons wishing to address the Board on any matter, whether or not it appears on the agenda, are requested to complete and submit to the Board Secretary a “Request to Speak” form which is available on the table in the Board Room. Comments will be limited to three minutes per speaker. Thank you.

ADDITIONS TO THE AGENDA

In accordance with Section 54954.2 of the Government Code (Brown Act), additions to the agenda require two-thirds vote of the legislative body, or, if less than two-thirds of the members are present, a unanimous vote of those members present, that there is a need to take immediate action and that the need for action came to the attention of the local agency subsequent to the agenda being posted.

1. WORKSHOP

   A. CHINO BASIN PROGRAM UPDATE (POWERPOINT)

   B. RP-5 EXPANSION PROJECT UPDATE & FINANCIAL PLANNING (POWERPOINT)
2. CLOSED SESSION

A. PURSUANT TO GOVERNMENT CODE SECTION 54954.5 – PUBLIC EMPLOYMENT
   1. Manager of Internal Audit
   2. Board Secretary/Office Manager
   3. General Manager

3. ADJOURN

* A Municipal Water District

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Board Secretary (909) 993-1736, 48 hours prior to the scheduled meeting so that the Agency can make reasonable arrangements.

Declaration of Posting

I, April Woodruff, Board Secretary 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. at the Agency's main office, 6075 Kimball Avenue, Building A, Chino, CA on Thursday, September 26, 2019.

April Woodruff
2016 IEUA Member Agencies’ Need ...

- Meet Wastewater Treatment Facilities Permit limits for salt (TDS)
  - Build Advanced Water Purification Facility (AWPF) for salinity management and allow for continued use of IEUA recycled water
- Construct wellhead treatment facilities to meet drinking water requirements (1,2,3-TCP, Nitrates, etc.)
- Build pipeline network for intra-basin transfer capacity amongst stakeholders
- Pump back to the Metropolitan Rialto Feeder, providing a new mechanism for future storage programs
- Develop plan for Metropolitan’s Rialto feeder shutdown
The 2017 IEUA Proposition 1 Vision ...

- Acquire outside funding to construct $385M of the needed local facilities for basin management objectives
  - Build Advanced Water Purification Facility (AWPF)
  - Construct up to 20 treatment facilities
  - Build pipeline network (~25 miles) for intra-basin transfer capacity amongst stakeholders
  - Booster station to pump back to the Metropolitan Rialto Feeder
CBP Components

1. Water Interties
   - Pipelines & Water Source

2. Advanced Water Treatment
   - 15 TAFY to meet NPDES Permit Limits

3. Pipeline Interconnection
   - Pipelines within Chino Basin & pump back to MWD

4. Wellhead Improvements
   - Treats new or existing stranded wells

$385 million capital investment | $206.9 million Proposition 1 WSIP Funding
April 2019 CBP Memorandum of Understanding

NOW, THEREFORE, the Parties hereby make the following mutual commitments:

1. Work together in good faith to cooperatively plan and evaluate a strategy for the successful development of the CBP and receipt of the $207 million funding.

2. Collaborate to refine the CBP components, including, but not limited to, water supply sources, infrastructure requirements, operations, performance obligations, program costs and Basin impacts to optimize the benefits for the Chino Basin and the individual Stakeholders.

3. Develop a CBP Agreement.

4. Support securing additional grants and other funding sources for the CBP.

5. All Parties will work together in good faith to ensure that the CBP Agreement is negotiated and ready for potential execution by Summer 2019, recognizing the urgency of completing the institutional agreements by 2020.
Comment Letters

- Regional Contracting Agencies (July 2019)
  - Clarify source supplies
  - Rate evaluation of CBP O&M costs
  - No project alternative financial modeling

- Appropriative Pool (August 2019)
  - Size of CBP Storage & Recovery application
  - Can the State extend the CBP beyond 25 years?
  - How could CBP address emerging water quality requirements (PFAS)?
CBP Water Supply Sources

- Identify potential water supply sources for Advanced Water Purification
  - Need 17 TAFY to produce 15 TAFY of advanced treated water
  - Additional sources: 9 – 18 TAFY
  - Sources are evaluated based on Difficulty, Risk, and Priority

Note: TAFY – Thousand Acre Feet per Year
Water Resource Partnerships

- Secure cost effective & long term supplies vs. spot market purchases
- Locally controlled costs vs. Metropolitan rates
- Long term reliability with local firm supplies
- Attain long term partnerships based on mutual benefits in water resources planning
Preliminary Design Report
Update
Preliminary Design Report (PDR) Critical Success Factors

- Continue to protect and enhance the Chino Basin
- Align CBP operations and facilities with Optimum Basin Management Plan Update and Implementation Plan
- Meet conditional funding requirements
  - Complete PDR by Spring 2020
  - Adopt PEIR by June 2021
- Collaborate with Stakeholders and identify planned projects
- Identify and secure source supplies
- Collaborate with MWD to define pump back requirements
CBP Working Draft Schedule

Complete Water Sources Evaluation

Complete CBP Economic Evaluations

Complete CBP PDR

Water Sources Consensus amongst RCA

Draft terms for water sources

Local Agency Agreement Phase I

MWD Agreement Phase I

Draft Agreement Terms – Resource Agencies:
  
  • CDFW
  • DWR
  • MWD / IEUA

Finalize Local Agency Agreement

Finalize Resource Agency Agreements

CWC Final Funding Award
CLOSING
WORKSHOP

1B
RP-5 Expansion Project Update & Financial Planning

Project Nos. EN19001/EN19006

Shaun J. Stone, P.E.
Javier Chagoyen-Lazaro
October 2019
The Project

Liquids Treatment Expansion ($97.3M)
- Headworks with Fine Screens
- Primary Clarifiers
- Aeration Basin Modifications
- 22.5 MGD Membrane Bioreactor

Solids Treatment Facility ($98.6M)
- Thickening
- Digestion
- Dewatering

Common to Both ($85.9M)
- Odor Control
- Electrical and SCADA
- Gas Conditioning and REEP
- Offsite Facilities

Construction Cost: $281.8M
## Budget and Schedule

<table>
<thead>
<tr>
<th>Description</th>
<th>Estimated Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Design Services</strong></td>
<td></td>
</tr>
<tr>
<td>Consultant Design Contract</td>
<td>$19,068,704</td>
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<tr>
<td>Other Design Services (3%)</td>
<td>$6,994,976</td>
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<tr>
<td><strong>Construction Services</strong></td>
<td>$24,210,000</td>
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<tr>
<td>Engineering Services During</td>
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</tr>
<tr>
<td>Construction (3%)</td>
<td>$8,070,000</td>
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<tr>
<td>Other Construction Services (6%)</td>
<td>$16,140,000</td>
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<tr>
<td><strong>Construction</strong></td>
<td>$309,845,000</td>
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<tr>
<td>Construction (estimate)</td>
<td>$281,845,000</td>
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<tr>
<td>Contingency (~10%)</td>
<td>$28,000,000</td>
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<tr>
<td><strong>Total Project Cost:</strong></td>
<td>$360,118,680</td>
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<tr>
<td><strong>Total Project Budget:</strong></td>
<td>$340,000,000</td>
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<table>
<thead>
<tr>
<th>Project Milestone</th>
<th>Date</th>
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<tbody>
<tr>
<td><strong>Design</strong></td>
<td></td>
</tr>
<tr>
<td>Consultant Design Contract Award</td>
<td>May 2017</td>
</tr>
<tr>
<td>30% Design Completion</td>
<td>December 2017</td>
</tr>
<tr>
<td>50% Design Completion</td>
<td>July 2018</td>
</tr>
<tr>
<td>90% Design Completion</td>
<td>June 2019</td>
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<tr>
<td>Final Design Completion</td>
<td>October 2019</td>
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<tr>
<td><strong>Construction</strong></td>
<td></td>
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<tr>
<td>Construction Bid Phase</td>
<td>October 2019</td>
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<tr>
<td>Construction Contract Award</td>
<td>March 2020</td>
</tr>
<tr>
<td>Solids Facility Completion</td>
<td>March 2023</td>
</tr>
<tr>
<td>Liquids Construction Completion</td>
<td>December 2024</td>
</tr>
</tbody>
</table>
Transitioning to Construction

Upcoming Items

- October 15: 100% Design Completion
- October 16: Construction Trailer Contract Award
- October 31: RP-5 Expansion Bid Release
- November 18: Construction Pre-bid Workshop
- November 20: Contract Awards
  - Construction Management Services
  - Engineering Services During Design (Parsons)
- January 23: Contractor Bids Due
- March 18: Construction Contract Award
The Construction Team

4 Prequalified Firms
- ARCADIS
- Carollo
- CDM Smith
- JACOBS

4 Prequalified Contractors
- RP-5 Construction Team
- General Contractor
- Designer
- Construction Manager

Prequalified Electrical Subs
- Helix
- Mass
- Morrow Meadows
- Southern

Prequalified System Integrators
- Prime Controls
- Rovisys
- TSI
- Wunderlich-Malec

Preselected Manufacturers
- Centrisys (Centrifuges)
- Duperon (Coarse Screens)
- EnviroCare (Fine Screens)
- FKC (RDT's)
- Neuros (Aeration Blowers)
- SSI (Aeration Diffusers)
- Suez (MBR)
The Financial Model

Financials
Ten Year Capital Improvement Plan
RP-5 Expansion

Total RP-5 Expansion cost
$360M

Inland Empire Utilities Agency
A Municipal Water District
## RP-5 Expansion Financing

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>$Millions</th>
<th>Share</th>
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<tbody>
<tr>
<td>Pay Go</td>
<td>$80.0</td>
<td>22%</td>
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<tr>
<td>WIFIA(^1) Loan</td>
<td>178.0</td>
<td>49%</td>
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<tr>
<td>SRF(^2) Loans</td>
<td>101.5</td>
<td>28%</td>
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<tr>
<td>Grants</td>
<td>0.5</td>
<td>-</td>
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<tr>
<td><strong>Total Project Funding</strong></td>
<td><strong>$360.0</strong></td>
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</tr>
</tbody>
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\(^1\) Water Infrastructure Finance & Innovation Act  
\(^2\) State Revolving Fund

Higher connection fee revenue will increase pay-go and reduce loan amounts.
RP-5 Expansion financing and annual debt service

RP-5 Estimated Borrowing $280M
Annual Debt Service $14M

inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT
Future financing and annual debt service

- RP-1 Capacity Recovery: $140M
- Recycled Water interties: $103M
- Estimated Future Borrowing: $243M
- Annual Debt Service: $13M

Years:
- 2012
- 2013
- 2014
- 2015
- 2016
- 2017
- 2018
- 2019
- 2020
- 2021
- 2022
- 2023
- 2024

Millions:
- Existing bonds
- Existing SRF and other
- RP5 debt service
- Other future debt
Considerations to Mitigate Debt Service Cost Increase

- Continue to pursue grant funding opportunities
- Evaluate refinancing/bundling options of existing debt
- Consider back loading new borrowings to level debt service costs
Debt Coverage Ratio (DCR)

DCR well above 1.15x required by bond covenants
Financing Timeline

**SRF\(^1\) loan**
- June 2019: Funded list for FY 2020
- August-September 2020: estimated final contract

**WIFIA\(^2\) loan**
- August 2019: Application submitted
- Evaluation and review with EPA
- April 2020: estimated final contract