Regional Sewerage Program Policy Committee Meeting

Thursday, September 3, 2020
3:30 p.m.
Teleconference Call

PURSUANT TO THE PROVISIONS OF EXECUTIVE ORDER N-25-20 ISSUED BY GOVERNOR GAVIN NEWSOM ON MARCH 12, 2020, AND EXECUTIVE ORDER N-29-20 ISSUED BY GOVERNOR GAVIN NEWSOM ON MARCH 17, 2020 ANY COMMITTEE MEMBER MAY CALL INTO THE COMMITTEE MEETING WITHOUT OTHERWISE COMPLYING WITH ALL BROWN ACT’S TELECONFERENCE REQUIREMENTS.

In effort to prevent the spread of COVID-19, the Regional Sewerage Program Policy Committee Meeting will be held remotely by teleconference

Teleconference: 1-415-856-9169/Conference ID: 253 787 211#

This meeting is being conducted virtually by video and audio conferencing. There will be no public location available to attend the meeting; however, the public may participate and provide public comment during the meeting by calling into the number provided above. Alternatively, you may email your public comments to the Recording Secretary Sally H. Lee at shlee@ieua.org no later than 24 hours prior to the scheduled meeting time. Your comments will then be read into the record during the meeting.

Call to Order/Flag Salute

Roll Call

Public Comment

Members of the public may address the Committee on any item that is within the jurisdiction of the Committee; 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. Comments will be limited to three minutes per speaker.

Additions/Deletions 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. **Technical Committee Report** *(Oral)*
   - Regional Contract Negotiations Update

2. **Action Item**
   A. Meeting Minutes for July 2, 2020

3. **Informational Items**
   A. Chino Basin Program Update *(Oral)*
   B. RP-5 Expansion Project Cost Management Overview
   C. Grants Department Semi-Annual Update

4. **Receive and File**
   A. Building Activity Report
   B. 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 – October 1, 2020

6. **Adjournment**

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Recording Secretary (909) 993-1926, 48 hours prior to the scheduled meeting so that the Agency can make reasonable arrangements.

**DECLARATION OF POSTING**

I, Sally H. Lee, Executive Assistant of the Inland Empire Utilities Agency, A Municipal Water District, hereby certify that a copy of this agenda has been posted to the IEUA Website at [www.ieua.org](http://www.ieua.org) and posted in the foyer at the Agency’s main office at 6075 Kimball Avenue, Building A, Chino, CA, on Thursday, August 27, 2020.

_Signed_Sally H. Lee
ACTION ITEM

2A
Regional Sewerage Program
Policy Committee Meeting

MINUTES OF JULY 2, 2020 MEETING

CALL TO ORDER
A meeting of the IEUA/Regional Sewerage Program Policy Committee was held via teleconference on Thursday, July 2, 2020. Chairwoman Tenice Johnson, City of Montclair, called the meeting to order at 3:30 p.m.

PLEDGE OF ALLEGIANCE
Tenice Johnson/City of Montclair led those present via teleconference in the pledge of allegiance to the flag. A quorum was present.

ATTENDANCE via Teleconference

<table>
<thead>
<tr>
<th>Committee Members:</th>
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<tbody>
<tr>
<td>Randall Reed</td>
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<tr>
<td>Eunice Ulloa</td>
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<tr>
<td>Peter Rogers</td>
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<td>Jesse Armendarez</td>
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<td>Kati Parker</td>
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<tr>
<td>Tenice Johnson</td>
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<tr>
<td>Debra Dorst-Porada (Alternate)</td>
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<tr>
<td>Debbie Stone</td>
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<table>
<thead>
<tr>
<th>Others Present:</th>
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<tbody>
<tr>
<td>Dave Crosley</td>
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<tr>
<td>Amanda Coker</td>
</tr>
<tr>
<td>Scott Burton</td>
</tr>
<tr>
<td>Nicole deMoet</td>
</tr>
<tr>
<td>Eduardo Espinoza</td>
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<tr>
<td>Courtney Jones</td>
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<td>Kathy Besser</td>
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Others Present (continued):

<table>
<thead>
<tr>
<th>Name</th>
<th>Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Christiana Daisy</td>
<td>Inland Empire Utilities Agency</td>
</tr>
<tr>
<td>Shivaji Deshmukh</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>Christina Valencia</td>
<td>Inland Empire Utilities Agency</td>
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<tr>
<td>Jerry Burke</td>
<td>Inland Empire Utilities Agency</td>
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<tr>
<td>Javier Chagoyen-Lazaro</td>
<td>Inland Empire Utilities Agency</td>
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<tr>
<td>Elizabeth Hurst</td>
<td>Inland Empire Utilities Agency</td>
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<tr>
<td>Sally H. Lee</td>
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<tr>
<td>Sylvie Lee</td>
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<tr>
<td>Jason Marseilles</td>
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<tr>
<td>Ken Monfore</td>
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<td>Cathleen Pieroni</td>
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<td>Craig Proctor</td>
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<td>Scott Oakden</td>
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<tr>
<td>Daniel Solorzano</td>
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<tr>
<td>Ken Tam</td>
<td>Inland Empire Utilities Agency</td>
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</tbody>
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PUBLIC COMMENTS
There were no public comments.

ADDITIONS/CHANGES TO THE AGENDA
There were no additions or changes to the agenda.

1. TECHNICAL COMMITTEE REPORT
Nicole deMoet/City of Upland provided an update of the Technical Committee’s Board recommendations from the June 25, 2020 meeting. She stated the recommendations included: approval of the IEUA FY 2020/21 Adoption of Regional Wastewater and Recycled Water Budget Amendments, approval of the RP-4 Aeration Basin Wall Repair Construction Contract Award, approval of the RP-5 Expansion Project Construction Contract Award, and approval of the 2020 Land Use Demand Model Update.

Ms. deMoet also provided an update of the Regional Contract Negotiation, stating that the group met four times during the past month. She continued that two of the meetings included Contract Agency representatives only, where the group completed the development of a term sheet from the Collection and Use of Property Taxes, which has not yet been shared with IEUA yet. The two other meetings included members of the Plenary Group and IEUA representatives. The meetings with the Plenary Group covered Governance, the existing work plan, schedule timeline for remaining topics of discussion, and presentations covering potential changes to the EDU.

Committee Member Eunice Ulloa joined the meeting via teleconference.
2. **ACTION ITEMS**
   
A. **APPROVAL OF THE JUNE 4, 2020 POLICY COMMITTEE MEETING MINUTES**

<table>
<thead>
<tr>
<th>Motion: By Debbie Stone/City of Upland and seconded by Peter Rogers/City of Chino Hills to approve the meeting minutes of the June 4, 2020 Regional Policy Committee meeting.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Motion carried by roll call vote: (7:0)</strong></td>
</tr>
</tbody>
</table>

With the following roll call vote:

- **Ayes:** Stone, Rogers, Ulloa, Reed, Armendarez, Dorst-Porada, Johnson
- **Noes:** None
- **Absent:** None
- **Abstain:** None

B. **IEUA PROPOSED RATES AND FEES and FY 2020/21 BUDGET AMENDMENT FOR REGIONAL WASTEWATER and RECYCLED WATER PROGRAMS.**

Christina Valencia/IEUA presented the proposed rates and fees and FY 2020/21 Budget Amendment for the Regional Wastewater and, Recycled Water Programs. She stated that the Regional Committees had previously recommended these items for Board approval, the presentation and request for approval was more focused on the proposed FY 2020/21 Budget Amendment. To ensure full transparency, IEUA General Manager Shivaji Deshmukh recommended the item be brought back to the Regional Committees with the intent of specifically asking for approval of the proposed rates and fees for the Regional Wastewater and Recycled Water programs. Also presented as an information item was the proposed increases to the monthly meter equivalent unit (MEU) rate which supports the Agency’s Water Resources Program and is not part of the Regional Contract or requires recommendation for approval by the Regional Committees. Ms. Valencia continued with an update of the proposed budget amendment and the proposed rates, stating that projected revenue shortfalls as a result of the proposed 12-month deferral of rate increases will be offset through a reduction of $3.5 million (M) in projects and costs that could be deferred with minimal impact to safety and Agency operations. If revenues and expenses occur as planned, reserves for the Regional Wastewater and Recycled Water programs will be reduced by approximately $14M.

Debra Dorst-Porada/City of Ontario asked for clarification of the Water Resources fees shown in the presentation. Ms. Valencia answered that the Water Resources fees supports all long-term planning needed to support regional water resource management, including administration of imported water purchases from Metropolitan Water District and regional water-use efficiency programs to promote conservation and water resiliency. She reminded Ms. Dorst-Porada that the MEU rate does not require the Regional Committees’ approval, but are being shared only as an informational item.

Randall Reed asked for the total amount generated for IEUA by the MEU. Ms. Valencia answered approximately $4M per year and confirmed that the rate recovers the cost of Agency’s staff in addition to the conservation programs.
Ms. Dorst-Porada commented that City of Ontario cannot raise any one fee by three percent, and she cannot promise employees a three percent raise. She added that with such a significant increase, she hopes IEUA will account for and spend the funds carefully, especially since member agencies have had to bear the public discontent with rate increases. IEUA General Manager Shivaji Deshmukh thanked Ms. Dorst-Porada for her comments and affirmed it is a priority to run the Agency as efficiently as possible. He added this is also an opportunity to look at the way IEUA and member agencies collectively message rate payers and how that outreach can be coordinated. Discussion ensued regarding the measures that IEUA, City of Ontario, and other member agencies have taken in order to cut costs due to impacts of COVID-19.

**Motion:** By Debra Dorst-Porada/City of Ontario and seconded by Debbie Stone/City of Upland to recommend the IEUA Board of Directors approve the proposed:

1. Fees and Rates for the Agency’s Regional Wastewater and Recycled Water Programs as follows:
   A. Regional Wastewater connection fee for Fiscal Years (FYs) 2020/21 and 2021/22
   B. One Water connection fee for FYs 2020/21 through 2024/25
   C. Recycled Water rates for direct use and groundwater recharge for FYs 2020/21 and 2021/22; and
2. Approval of the updated FY 2020/21 Budget Amendment for the Regional Wastewater and Recycled Water Programs.

**Motion carried by roll call vote: (7:0)**

With the following roll call vote:

Ayes: Dorst-Porada, Stone, Ulloa, Reed, Rogers, Armendarez, Johnson
Noes: None
Absent: None
Abstain: None

**C. RP-4 AERATION BASIN DIFFUSER REPLACEMENT AND WALL REINFORCEMENT CONSTRUCTION CONTRACT AWARD**

Jerry Burke/IEUA provided a summary of improvements included in the RP-4 Aeration Basin Diffuser Replacement and Wall Reinforcement Construction project. Mr. Burke went over the improvements that will be included in this project. He also gave a brief history of the bidding process for the project and stated that Genesis Construction was the lowest responsive bidder with a bid of just over $4.1M. Mr. Burke also noted the completed phases of the project and the newly proposed expenses, at slightly over $26 million, the project will be below the $28.6M total project budget. He added that if the IEUA Board approves the construction contract to Genesis Construction in July, the project will be completed by September 2021.
**Motion:** By Debra Dorst-Porada/City of Ontario and seconded by Eunice Ulloa/City of Chino to recommend that the IEUA Board of Directors award the construction contract for the Regional Water Recycling Plant No. 4 (RP-4) Aeration Basin Diffuser Replacement and Wall Reimbursement, Project No. EN17110.03, to the lowest, responsive bidder in the amount of $4,102,444.

**Motion carried by roll call vote: (7:0)**

With the following roll call vote:

- Ayes: Dorst-Porada, Ulloa, Reed, Rogers, Armendarez, Stone, Johnson
- Noes: None
- Absent: None
- Abstain: None

**D. RP-5 EXPANSION CONSTRUCTION CONTRACT AWARD**

Mr. Burke stated that the project team has been working on the design for the RP-5 expansion project for the last five years and IEUA is now approaching the largest decision-making milestone for the project, which is the award of the construction contract. Mr. Burke noted the three main goals of the project are to expand the RP-5 liquids treatment, relocate RP-2 to RP-5, and construct a solids treatment facility. Mr. Burke explained the prequalification and bid process, stating that IEUA went through an extensive recruitment process to ensure that project expectations were clear. Mr. Burke went on to discuss details around large discrepancies between the bids and engineer’s initial estimate and how those discrepancies were resolved. He added that alternatives to the project have also been considered, including rejecting all bids to allow for further value-engineering, or phasing out the liquids and solids treatment expansion; however, this would make the project more costly over the long term, as prices keep increasing year after year. Therefore, staff is proposing the Regional Committees recommend the contract award to W.M. Lyles, the lowest responsive and responsible bidder at approximately $330M.

Christina Valencia/IEUA shared details of the project’s financing. She stated staff has been successful in securing two very low-cost loans. The first loan is a State Revolving Fund (SRF) loan for approximately $101M, expected to close in October 2020, and the second is a Water Infrastructure Finance Innovation Act (WIFIA) loan from the EPA, which closed in May and covers about 44 percent of the project cost for $196M and at a fixed interest rate of 0.41 percent. She added, to further reduce the all in cost of the WIFIA loan, the Agency issued short-term notes in the amount of $196M at a fixed interest rate of 0.41 percent to finance construction costs. Total gross savings from the use of the WIFIA loan, SRF loan and short-term notes is estimated to be $186 million and over the life of the loans compared to the cost of issuing traditional bonds.

Ms. Dorst-Porada voiced her concerns over the size of the project, how this will affect rate payers, and emphasized the importance of ensuring everything runs smoothly.
Mr. Reed asked how much this would add to the existing equivalent dwelling unit (EDU). Ms. Valencia stated potentially $1.50 to $2.00 once the project is operational, for the operations and maintenance portion; an estimate for the actual debt-service cost will require a future rate study to include all costs. Mr. Reed stated he would like to know how much the capital adds to the EDU, regardless of the O&M costs. Ms. Valencia stated IEUA will get that information to the Committee.

**Motion:** By Debbie Stone/City of Upland and seconded by Peter Rogers/City of Chino Hills to recommend the Inland Empire Utilities Agency (IEUA) Board of Directors award the construction contract for the Regional Water Recycling Plant No. 5 (RP-5) Expansion, Project Nos. EN19001 and EN19006, to the lowest, responsive bidder W.M. Lyles in the amount of $329,982,900.

**Motion carried by roll call vote: (7:0)**

With the following roll call vote:

Ayes: Stone, Rogers, Ulloa, Reed, Armendarez, Dorst-Porada, Johnson

Noes: None

Absent: None

Abstain: None

3. **INFORMATIONAL ITEMS**

A. **RETURN TO SEWER PILOT STUDY UPDATE**

Ken Tam/IEUA shared a PowerPoint presentation which provided the background and history of work done to reevaluate the definition of the EDU. He explained that the EDU is a calculation used to determine sewer flows to the regional sewer system and is a key factor in allocating capital and O&M costs, which are tied to the rates. The EDU is also used to calculate the recycled water basin entitlement for contracting agencies. Mr. Tam listed the current values used to calculate EDU, and noted that these values require an update, as they have been unchanged since the 1980s. Mr. Tam stated the pilot study is a pathway for IEUA to continue to evaluate the definition of the EDU while awaiting results of the statewide CASA study. Mr. Tam added after reviewing several different studies, the high interest in updating the growth forecasting methodology has culminated in the approval of the Return to Sewer Pilot Study. The pilot study was kick-started in April 2020 and focuses on data from Montclair and Monte Vista Water District, since this information was already available to the project consultant, ARGO. The pilot study is projected to be completed in October 2020 and if the results of the study are promising, the intent is that the study will then be expanded to encompass the entire IEUA service area.

Ms. Dorst-Porada asked what IEUA will do if the study shows that customers are not creating as much wastewater as previously thought and should not be getting charged as much as they are currently paying. General Manager Deshmukh asked Mr. Tam to expand on the elements that make up the EDU. Mr. Tam explained that the EDU is made up of three components: flow, biological oxygen demand (BOD), and total suspended solids (TSS), and added that although the
study may find that flows have come down, people are still producing the same amount of waste (BOD and TSS).

Mr. Reed asked if the increased use of low-flow toilets has already shown a concentration increase at IEUA plants. Mr. Tam answered yes. Mr. Reed asked if the purpose of the study was to have different sewage costs for different homes, based on water consumption. Mr. Deshmukh stated that the intention is not to have it tied to a budget-based system. Mr. Tam added that the study is focused on water consumption then backing out the irrigation portion.

Mr. Tam highlighted the preliminary results, which were presented to the sub-committee. Mr. Reed pointed out that the results are close to what Carollo Engineering already stated. Mr. Tam answered that these numbers are the direct water consumption and the irrigation factor has not yet been subtracted.

Eunice Ulloa/City of Chino asked as Montclair does not accurately reflect the remainder of the service area, will there be any adjustments made to the numbers to make them fit more realistically to the service area. Mr. Tam stated the pilot study is looking at the method of calculating the return to sewer factor and seeing if it is a feasible method, so that it can then be expanded to the rest of the service area.

Mr. Tam continued with status updates of the studies, including delays due to COVID-19, and indicated that the updates to the EDU and rate structure have an anticipated completion date of 2023.

4. RECEIVE AND FILE
   A. BUILDING ACTIVITY REPORT
      The Building Activity Report for April 2020 was received and filed by the Committee.

   B. RECYCLED WATER DISTRIBUTION – OPERATIONS SUMMARY
      The Recycled Water Distribution Operations Summary for May 2020 was received and filed by the Committee.

5. OTHER BUSINESS
   A. IEUA GENERAL MANAGER’S UPDATE
      General Manager Deshmukh began with reiterating five major points made throughout today’s presentation, in terms of finance, that show how IEUA strives to maintain rate efficiencies: 1) rate changes for years three to five were delayed until results from the rate studies are available, 2) due to COVID-19 and in consideration of the challenges experienced by member agencies, currently approved rate changes were delayed for 12 months, 3) low-rate WIFIA loan will provide approximately $200M in financing the RP-5 Expansion Project, 4) short-term interim financing will provide additional savings in financing the RP-5 project, and 5) short-term loans will also provide savings in restructuring existing debt. He added that despite all cost-saving measures, IEUA continues to have expenses, including maintaining appropriate staffing levels and planning for infrastructure to meet growth in the region. Mr. Deshmukh stressed that IEUA has competitive rates and will continue focusing on expenses, as well as working with member agencies.
He continued with the following updates:

- The quarterly capital call report for quarter ending May 31, 2020 will be distributed this week. A call of $6M CCRA (Capital Construction Reimbursement Accounts) is needed to support the projected capital project expenditures through November 2020. This represents less than 7 percent of the $88M CCRA account balance. The last capital call was made in January 2019 for $5.5M and it is anticipated that there will be more frequent capital calls going forward.
- IEUA has been working with the contracting agencies on the financial analysis of Chino Basin Program. An ad-hoc meeting was held with Watermaster to look at updates for CBP and Optimum Basin Program.
- President Parker thanked Chair Tenice Johnson for her service. She stated she was grateful for her time and effort and presented her with a certificate of recognition.

B. COMMITTEE MEMBER REQUESTED AGENDA ITEMS FOR NEXT MEETING

Mr. Reed requested a presentation of the Chino Basin Program (CBP).

COMMITTEE MEMBER COMMENTS

Mr. Reed stated that partnership is not being maintained for the CBP and the Policy Committee needs to be involved in the decision-making process of the program. He noted the CBP has been working with an MOU, but it seems that staff’s comments are not being recognized. He added that the program is being pushed through, but it has not been presented to this committee. Mr. Reed noted previous programs like the dairy digester, which he considers a lost cause, and the solar energy program, which has cost more to buy.

Debra Dorst-Porada stressed the importance of member agencies being a part of the project. She also commented on staffing points made throughout the presentation, stating that City of Ontario is offering incentives for early retirement and only planning on hiring 20 percent of staff back. She stressed that City of Ontario will be running with fewer staff and as efficiently as possible.

Debbie Stone/City of Upland commended staff for their work during this difficult time. She stated that all cities are different and have different needs and expectations. She stated that COVID-19 has changed everything for all of us and every city is trying to prepare for what might come. She agreed that the construction projects will take a lot of money, but these are items that have been pushed back over time for one reason or another and need to be taken care of. She also thanked Chair Johnson for her time and dedication to the Committee.

Chair Tenice Johnson stated it is an honor to pass the chairmanship onto Ms. Stone.

C. NEXT MEETING – AUGUST 6, 2020

6. ADJOURNMENT

The meeting was adjourned at 4:59 p.m.
Transcribed by:

Sally H. Lee, Executive Assistant
INFORMATION
ITEM
3B
RP-5 Expansion Project
Cost Management Overview
EN19001 & EN19006
Regional System Supported by RP-5

- **Support Growth**
  - Can treat sewage from any point in service area
  - Projected 74,000 EDU within 10 years

- **System Redundancy**
  - RP-1 bypass
  - CCWRF bypass
RP-5 Expansion Project

RP-5 Facility

Liquid Expansion

Biosolids Facility
RP-5: Liquids Expansion

- **Liquids Treatment Capacity Increase**
  - Flow treatment capacity from 15 to 22.5 MGD
  - Concentration capacity increase
    - Total Suspended Solids (TSS) 28%
    - Biochemical Oxygen Demand (BOD5) 98%
    - Ammonia - Nitrogen (NH₃-N) 17%

- **Major Improvements**
  - Influent pump station expansion
  - Headworks improvements
  - Two new primary clarifiers
  - Aeration basin improvements
  - New Membrane Bioreactor (MBR) system

New MBR Basin Model
RP-5: Biosolids Facility

- **Replace RP-2 Prior to Decommissioning**
  - Prado Dam Floodplain once spillway raised 20’
  - RP-2 operation since 1960

- **Support Growth**

- **Major improvements**
  - Rotary drum thickening building
  - Digester facilities
  - Centrifuge dewatering building
  - Boiler building
  - Digester gas treatment and flaring
  - REEP Energy Improvements
Cost Management Philosophy

- Risk Reduction During Design
  - Design reviews
  - Prequalification
  - Preselection of Major Equipment
- Project Scope Reductions
- Project Financing
Risk Reduction: Design Reviews

- Operable
- Maintainable
- Constructible

<table>
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<th>Design Reviews</th>
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<td>Contractors</td>
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Risk Reduction: Prequalification

Prequalified Contractors
- W.M. LYLES CO.
- J.F. SHEA Construction

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

Prequalified System Integrators
- Prime Controls
- Rovisys
- TSI
- Wunderlich-Malec
Risk Reduction: Preselected of Major Equipment

**Preselected**
1. Aeration Blowers: Neuros
2. Aeration Diffusers: SSI
3. Centrifuges: Centrisys
4. Coarse Screens: Duperon
5. Fine Screens: EnviroCare
6. MBR: Suez
7. Rotary Drum Thickeners: FKC

**Selection**
- Capital cost
- Life cycle cost
- Experience
- Operation
- Maintenance
- Service & Support
- Exceptions

**Cost of preselected equipment: $22M**

Part of W.M. Lyles $330M bid
## Project Scope Reductions

<table>
<thead>
<tr>
<th>Item</th>
<th>Type</th>
<th>Cost Reduction (Million)</th>
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<tbody>
<tr>
<td>Fine Screens Facility Canopy</td>
<td>Cost Control</td>
<td>$2</td>
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<tr>
<td>Concrete Lining of Emergency Overflow Pond</td>
<td>Cost Control</td>
<td>$4</td>
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<td>Food Waste Receiving Station instead of Upgrades to Solids Handling Facility</td>
<td>Cost Control</td>
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<td>Ultraviolet Disinfection</td>
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<td>Methanol System</td>
<td>Design for 2035</td>
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<td>Two New Generator instead of Three</td>
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<td>Inland Empire Brine Line Collection Station</td>
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<td>Phasing of liquids treatment capacity 22.5 MGD instead of 30MGD</td>
<td>Design for 2035</td>
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<td>Phasing of solids treatment capacity four of digesters instead of six</td>
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<td><strong>Total</strong></td>
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Project Financing
Timeline RP-5 Expansion Financing

- 07/2018: WIFIA Letter of Intent
- 12/2018: SRF Loan Application
- 07/2019: SRF Loan Fundable List $101M
- 08/2019: WIFIA Loan Application
- 05/2020: WIFIA loan closing $196M @ 1.36% for 35 years after construction completion
- 06/2020: Interim financing closing $196M @ 0.41% for 5 years to be paid off with WIFIA loan
- 07/2020: Construction contract award $330M, total project cost $450M.
- 10/2020: SRF loan projected closing
Cost reduction of current financing compared to Public Bond Sale

<table>
<thead>
<tr>
<th></th>
<th>Constant Value</th>
<th>Present Value</th>
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<tbody>
<tr>
<td>WIFIA</td>
<td>$152.8</td>
<td>$74.4</td>
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<td>Interim Financing (2020B)</td>
<td>6.1</td>
<td>4.9</td>
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<tr>
<td>SRF Loan (*)</td>
<td>$27.1</td>
<td>13.0</td>
</tr>
<tr>
<td>TOTAL COST REDUCTION</td>
<td>$186.0</td>
<td>$93.2</td>
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</table>

(*) SRF Loan assumes interest rate of 1.8% versus Bonds cost of 3.2% with amortization of 30 years. The calculation does not include the impact of capitalized interest.
Regional Committee Questions

- Annual debt service ~$12 million.
- ~ $5 million lower than with public bond financing.
- Approximately 50% supported by EDU monthly sewer rate. Estimated impact $1.80 per EDU.
- Remaining 50% supported by wastewater connection fees and property taxes.

(*) WIFIA Loan based on an interest rate of 1.36% and SRF Loan assumes interest rate of 1.8% versus Bonds cost of 3.2% with amortization of 30 years. The calculation does not include the impact of capitalized interest.
QUESTIONS?
INFORMATION
ITEM
3C
Grants Department Semi-Annual Tech/Policy Update
Grant & Loan Funding Programs Overview
2000 – Present

Total Grants + Loans = $677M

- **State Grants**: $255M
  - Recycled Water: $117.2M
  - Wastewater: $196.4M
  - Groundwater: $20.7M
  - Drinking Water: $25.7M

- **Federal Grants**: $58M
  - Recycled Water: $51.5M
  - Wastewater: $50.8M
  - Groundwater: $65.8M
  - Drinking Water: $116.5M

- **Federal Loans**: $196M
  - Water Conservation: $168M
  - Renewable Energy: $3.1M
  - $0.6M

- **State Loans**: $168M
  - Recycling: $10.1M

Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT
Active Grants and Loans

Grant/Loan Agreement Status ($ millions)

- Completed Funding Agreements
- Open Funding Agreements

TOTAL $677.3

Completed Funding Agreements

Open Funding Agreements

Recycled Water: $31.9
Wastewater Treatment: $23.4
Groundwater Management: $10.6
Safe Drinking Water: $65.2
Water Conservation: $0.2

State Grant
Federal Grant
SRF Loan
Federal Loan
# Current Funding Applications

## Applications in Preparation

<table>
<thead>
<tr>
<th>Funding Agency</th>
<th>Project Name</th>
<th>Amount ($M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CWC</td>
<td>Chino Basin Program (CBP)</td>
<td>$206.9</td>
</tr>
<tr>
<td>USBR</td>
<td>Water Efficiency Rebates</td>
<td>$2.0</td>
</tr>
<tr>
<td>USBR</td>
<td>Montclaire Basin Improvements</td>
<td>$0.8</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>$209.7</strong></td>
</tr>
</tbody>
</table>

## Applications Submitted, Pending Award Decision

<table>
<thead>
<tr>
<th>Funding Agency</th>
<th>Project Name</th>
<th>Amount ($M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FEMA/Cal OES</td>
<td>COVID-19 Response Efforts</td>
<td>$0.4</td>
</tr>
<tr>
<td>SWRCB (Loan)</td>
<td>RP-1 Disinfection Improvements</td>
<td>$8.5</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>$8.9</strong></td>
</tr>
</tbody>
</table>

## Awarded, Agreement in Negotiation

<table>
<thead>
<tr>
<th>Funding Agency</th>
<th>Project Name</th>
<th>Amount ($M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SAWPA/DWR</td>
<td>IEUA-JCSD RW Intertie</td>
<td>$2.6</td>
</tr>
<tr>
<td>USBR</td>
<td>Granular Activated Carbon Treatment Facility (Desalter I)</td>
<td>$0.8</td>
</tr>
<tr>
<td>SWRCB (Loan)</td>
<td>RP-5 Expansion</td>
<td>$101.5</td>
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<tr>
<td>SWRCB (Loan)</td>
<td>IEUA-JCSD RW Intertie</td>
<td>$30.5</td>
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<tr>
<td>SWRCB (Loan)</td>
<td>Wineville/Jurupa/RP-3 Basin</td>
<td>$8.8</td>
</tr>
<tr>
<td>SWRCB (Loan)</td>
<td>RP-1 1158 RWPS</td>
<td>$6.7</td>
</tr>
<tr>
<td>SWRCB (Loan)</td>
<td>RP-5 RW Pipeline Bottleneck</td>
<td>$3.1</td>
</tr>
<tr>
<td>SWRCB (Loan)</td>
<td>Montclaire Basin</td>
<td>$1.8</td>
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<tr>
<td>SWRCB (Loan)</td>
<td>Lower Day Basin</td>
<td>$2.9</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>$158.7</strong></td>
</tr>
</tbody>
</table>
Total Loan Savings – Comparison Between Loan and Bond Interest

- **SRF Loan Terms**
  - 30-year at 1.8% (50% of the State general obligation bond rate at 3.6%)

- **EPA WIFIA Loan Terms**
  - 35-year at 1.36%

**Total Interest Savings = $263.3M**

**Interest Costs ($Millions)**

- **Principal**
  - Total Principal = $513.3M
  - SRF LOANS = $316.9M
  - WIFIA = $196.4M

- **Loan Interest**
  - SRF INTEREST @ 1.80% = $96.0M
  - WIFIA INTEREST @ 1.36% = $51.8M

- **Bond Interest**
  - BOND INTEREST @ 3.60% = $411.1M
Grant Program Highlights

• Water Infrastructure Finance and Innovation Act (WIFIA) – RP-5 Expansion Loan
  – Letter of Interest submitted on 7/26/18
  – Agreement executed on 5/27/20
    • Final funding amount = $196.4M

• Drought Contingency Plan (DCP)
  – $200,000 USBR grant
  – Collaborative planning effort with member agencies
  – DCP approved by USBR in April 2020
  – Will benefit IEUA, member agencies in future grant opportunities
RECEIVE AND
FILE
4A
Building Activity Report - YTD Fiscal Year 2019/20

Legend
- Service Area
- Unincorporated

EDU (YTD)
- Residential
  - <=1.0
  - 1.0 - 10.0
  - >10.0
- Commercial
  - <=1.0
  - 1.0 - 10.0
  - >10.0
- Industrial
  - <=1.0
  - 1.0 - 10.0
  - >10.0

HALF MILE GRID: TOTAL EDU's (YTD)

0 0.5 1 15 30 45 75+

TOTAL EDU BY WASTEWATER CONNECTION TYPE (YTD)

<table>
<thead>
<tr>
<th>Contracting Agency</th>
<th>Commercial (EDUs)</th>
<th>Industrial (EDUs)</th>
<th>Residential (EDUs)</th>
<th>Total (EDUs)</th>
<th>Projected Total (EDUs)</th>
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<tbody>
<tr>
<td>Chino</td>
<td>61</td>
<td>40</td>
<td>384</td>
<td>485</td>
<td>70</td>
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<tr>
<td>Chino Hills</td>
<td>43</td>
<td>0</td>
<td>21</td>
<td>64</td>
<td>272</td>
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<tr>
<td>CVWD</td>
<td>82</td>
<td>1</td>
<td>134</td>
<td>217</td>
<td>1240</td>
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<tr>
<td>Fontana</td>
<td>68</td>
<td>11</td>
<td>623</td>
<td>702</td>
<td>595</td>
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<tr>
<td>Montclair</td>
<td>17</td>
<td>0</td>
<td>132</td>
<td>149</td>
<td>407</td>
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<td>Ontario</td>
<td>143</td>
<td>108</td>
<td>1230</td>
<td>1481</td>
<td>2960</td>
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<td>Upland</td>
<td>15</td>
<td>0</td>
<td>315</td>
<td>330</td>
<td>446</td>
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<td>Total</td>
<td>430</td>
<td>160</td>
<td>2839</td>
<td>3429</td>
<td>6390</td>
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Contracting Agency
- YTD Actual
- Projected

Projected

Unincorporated
RECEIVE AND FILE

4B
IEUA RECYCLED WATER DISTRIBUTION – JULY 2020

**TOTAL ALL PLANTS**
Influent: 50.1 MGD
Delivered: 44.3 MGD
Percent Delivered: 88%

**Creek Discharges**
Prado Park (001): 3.6 MGD 342 AFM
RP-1 (002): 2.2 MGD 209 AFM
RP-5 (003): 0.0 MGD 0 AFM
CCWRF (004): 0.0 MGD 0 AFM
Total: 5.8 MGD 551 AFM

**Delivered For Groundwater Recharge**
Storm/Local Runoff: 0.1 MGD 9 AFM
Imported Water (MWD): 0 MGD 0 AFM
SAWCo Transfers: 14.0 MGD 1,330 AFM
Recycled Water: 14.0 MGD 1,330 AFM
Total: 15.2 MGD 1,449 AFM

**Delivered**
- **RP-4**: 8.7 MGD
- **RP-1**: 20.5 MGD
- **CCWRF**: 7.4 MGD
- **RP-5**: 7.7 MGD
### Recycled Water Recharge Actuals - July 2020 (Acre-Feet)

<table>
<thead>
<tr>
<th>Basin</th>
<th>7/1-7/4</th>
<th>7/5-7/11</th>
<th>7/12-7/19</th>
<th>7/20-7/26</th>
<th>7/27-7/31</th>
<th>Month Actual</th>
<th>FY To Date Actual</th>
<th>Deliveries are draft until reported as final.</th>
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<tbody>
<tr>
<td>Ely</td>
<td>66.6</td>
<td>70.9</td>
<td>41.9</td>
<td>30.5</td>
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<td>Banana</td>
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<td>Hickory</td>
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<td>0.0</td>
<td>0.0</td>
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<tr>
<td>Turner 3 &amp; 4</td>
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<td>0.0</td>
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<td>48.8</td>
<td>34.8</td>
<td>33.6</td>
<td>190.2</td>
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<tr>
<td>Brooks</td>
<td>20.1</td>
<td>31.9</td>
<td>8.6</td>
<td>52.3</td>
<td>48.4</td>
<td>161.3</td>
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<td>RP3</td>
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<tr>
<td>Victoria</td>
<td>27.6</td>
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<td>32.4</td>
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<td>0.0</td>
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<tr>
<td>Total</td>
<td>225.2</td>
<td>297.3</td>
<td>252.1</td>
<td>308.9</td>
<td>300.6</td>
<td>1,351.7</td>
<td>1,330</td>
<td>1,123 AF previous FY to day actual</td>
</tr>
</tbody>
</table>

**Notes:**
- Deliveries are draft until reported as final.
- FY To Date Actuals may include additional basins or be updated with final values.

**Charts:**
- Bar chart showing RW GWR deliveries (Acre-Feet) for months from July '20 to June '21.
- Line chart showing total RW GWR deliveries (acre-feet) over days into fiscal year.