



- **Board of Directors**
One Water and Stewardship Committee

4/11/2023 Board Meeting

9-2

Subject

Update on Chino Basin Program Development with Metropolitan and Inland Empire Utilities Agency

Executive Summary

This letter provides an update on activities pertaining to the Chino Basin Program (CBP). Since 2018, Metropolitan staff has been working with Inland Empire Utilities Agency (IEUA) to facilitate the CBP, a Proposition 1 Water Storage Investment Program. The CBP accomplishes three main goals: stores advanced treated recycled water, allows for environmental pulse flows for fishery benefit, and provides a replacement water supply to facilitate the exchange. Under the proposed program, IEUA would invest in local infrastructure to produce and store 375,000 acre-feet (AF) of advanced treated recycled water to be exchanged over a 25-year term. This stored water would be exchanged for an equivalent portion of Metropolitan's State Water Project (SWP) Table A allocation. To make Metropolitan's water supply whole, an equivalent amount of stored water would be delivered to Metropolitan's distribution system directly or by in-lieu pumping to meet IEUA service area demands. The exchange would only occur during years when the Department of Water Resources (DWR) determines that SWP operations and SWP contractor supplies would not be at risk. As such, the state would not request an exchange in critically dry years. Additionally, Metropolitan and IEUA are exploring the feasibility of a potentially expanded storage and recovery program that could leverage planned CBP infrastructure. Updates on the development of the CBP and the potential storage and recovery program are detailed below.

Details

Background

California's Proposition 1 in 2014 allocated \$7.5 billion for water system investments, with \$2.7 billion dedicated to the implementation of the Water Storage Investment Program (WSIP). The California Water Commission (CWC) selected eight projects to conditionally fund under the WSIP based on their associated public benefits. Inland Empire Utilities Agency's (IEUA) Chino Basin Program (CBP) is among the conditionally funded projects within Metropolitan's region. The CBP's original conditional WSIP funding was \$206.9 million. It has since been increased twice for an inflation adjustment, with the latest funding amount totaling \$215.2 million. In 2021, Metropolitan provided a letter of intent to continue collaborating with IEUA as its potential facilitating SWP contractor. Staff presented updates on the Prop 1 WSIP projects and an overview of the CBP in June 2021 and March 2022. In April 2022, the Board authorized the General Manager to negotiate an agreement consistent with the draft terms of the Metropolitan Water District/Inland Empire Utilities Agency Exchange Agreement. Staff has since been working with IEUA on further developing both the overall program and the Metropolitan/IEUA Exchange Agreement.

Chino Basin Program Overview

The CBP is an innovative advanced treatment, storage, water exchange, and reliability program. The CBP would exchange advanced treated recycled water stored in the Chino Basin for an equivalent amount of SWP supply to provide additional flow to improve fisheries in the Feather River. Under the CBP, IEUA would construct an advanced water treatment facility to treat up to 15,000 AF of recycled water per year. After treatment, the recycled water would be stored in the Chino Basin groundwater basin using distribution facilities and injection

wells constructed as part of the CBP. The CBP would also include the construction of distribution facilities to pump and deliver extracted groundwater to Metropolitan's distribution system and to IEUA's member agencies.

As part of the water exchange agreement with the state, IEUA would agree to store up to 375,000 AF of advanced treated recycled water in the Chino Basin over a 25-year period. The exchange would provide a water supply for pulse flows released from Oroville Reservoir into the Feather River, benefitting both Chinook salmon and the surrounding ecosystem. IEUA and the state would agree to an amount of stored water to be delivered to Metropolitan and its service area in exchange for an equivalent amount of Metropolitan's SWP Table A allocation. That exchanged SWP Table A supply is the physical water supply that would be used for the pulse flows released from Oroville Reservoir into the Feather River.

To complete the exchange, IEUA would extract stored groundwater from the Chino Basin and deliver it to Metropolitan's distribution system directly or by in-lieu pumping to meet IEUA service area demands to substitute for the equivalent amount of SWP Table A allocation. Thus, Metropolitan and its service area would remain whole in terms of water supply. The exchange would only occur during years when the DWR determines that SWP operations and SWP contractor supplies would not be at risk. As such, the state would not request an exchange in critically dry years.

After the program term, the stored water remains under IEUA's ownership and could be used to satisfy local supply. The program also includes an emergency use provision, where up to 40,000 AF of stored Chino Basin water could be borrowed by Metropolitan for use within its service area.

Metropolitan's Role as a Facilitating State Water Contractor

A key component of the CBP requires SWP supplies that are stored in Lake Oroville to be exchanged and used to provide pulse flows in the Feather River. Since IEUA is not an SWP contractor, IEUA requested Metropolitan's participation in the CBP. As such, Metropolitan would agree to facilitate the exchange of SWP supplies and stored water in the Chino Basin and participate in necessary related agreements. Agreement terms will be negotiated to ensure Metropolitan will not be negatively impacted by its participation. The CBP will provide for environmental, local, and regional benefits for multiple parties, including Metropolitan, and is being developed under a tenet of "No Harm," meaning that its development and operation cannot adversely affect any of the parties or participants in the program. This tenet extends to the SWP and its contractors, to Metropolitan and its service area, and to IEUA and its member local agencies.

Program Development

In April 2022, the Board authorized the General Manager to negotiate an agreement consistent with the draft terms presented for the Metropolitan/IEUA Exchange Agreement. Staff has since been working on writing the Metropolitan/IEUA Exchange Agreement and supporting overall CBP activities and program development. Key program milestones since the last update include the following:

- May 2022 – Certification and adoption of the CBP Program Environmental Impact Report was approved by the IEUA Board of Directors. Additionally, IEUA formalized the CBP Partnership with Cucamonga Valley Water District (CVWD), Metropolitan Water District, Jurupa Community Services District (JCSD), and Fontana Water Company (FWC)
- August 2022 – IEUA held the CBP Expo to provide an overview of the various facility components to stakeholders and the public. Metropolitan also participated in the Expo with a booth related to imported supplies and their role in the CBP.
- October 2022 – IEUA finalized the term sheet for the purchase agreement of 3,500 AFY of recycled water from the City of Rialto at a fixed rate for a 50-year term. The preliminary design work also began for the CBP facilities, which consists of the Advance Water Purification Facility, the recycled water interconnection to the City of Rialto, and the injection wells.
- January 2023 – IEUA and Metropolitan held a kick off for the development of the IEUA/Metropolitan Exchange Agreement based on the Board-approved terms. IEUA, CVWD, and FWC also held a kick off meeting for the development of their local partners' CBP term sheet.

Study to Explore Expanded Storage and Recovery Program (Augmented CBP)

In May 2022, Metropolitan co-funded a study with IEUA to explore the feasibility of a larger storage and recovery program that could leverage CBP infrastructure. This expanded storage and recovery program is referred to as Augmented CBP (ACBP) or CBP+. An expanded storage and recovery program could provide additional storage in an otherwise SWP Dependent Area of Metropolitan’s service area. It could also serve as a replacement for the current dry-year yield program, which expires in 2028. The study will examine storage quantities of 100,000 AF, 200,000 AF, and 300,000 AF and identify required infrastructure, potential configurations, and preliminary cost estimates. The study is currently scheduled to be completed by May 2023.

Next Steps

Metropolitan will continue working with IEUA to further develop the CBP. Staff will return for Board approval of all agreements to which Metropolitan is a party, including approval of final MWD/IEUA Exchange Agreement terms. The CWC is expected to award final WSIP funding for the CBP in fall 2023. Additionally, staff will continue to collaborate with IEUA on assessing the findings of the Augmented CBP study results.

Policy

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

By the 1999 Strategic Plan Policy Principles, Metropolitan is a regional provider of water for its service area and a steward of regional infrastructure.

By the General Manager’s Business Plan for FYs 2020/21 and 2021/22, one of Metropolitan’s strategic priorities is to promote sustainability.

By Minute Item 42287, dated February 11, 1997, the Board adopted a set of policy principles on water recycling.


Fiscal Impact

None



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4/3/2023
Date



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General Manager

4/4/2023
Date