



S A W P A

SANTA ANA WATERSHED PROJECT AUTHORITY

11615 Sterling Avenue, Riverside, California 92503 • (951) 354-4220

SPECIAL NOTICE REGARDING CORONAVIRUS DISEASE 2019 (COVID-19) AND PARTICIPATION IN PUBLIC MEETINGS

On March 4, 2020, Governor Newsom declared a State of Emergency resulting from the threat of COVID-19. Governor Newsom issued Executive Order N-25-20 (3-12-20) and Executive Order N-29-20 (3-17-20) which temporarily suspend portions of the Brown Act relative to conducting of public meetings. Subsequent thereto, Governor Newsom issued Executive Order N-33-20 (3-19-20) ordering all individuals to stay at home or at their place of residence. Accordingly, it has been determined that all Board and Committee meetings of the Santa Ana Watershed Project Authority held pursuant to the Brown Act will be conducted virtually, including meetings of the:

- SAWPA Commission
- PA 22, PA 23, and PA 24 Committees
- OWOW Steering Committee

REGULAR MEETING OF THE PROJECT AGREEMENT 24 COMMITTEE TUESDAY, JULY 7, 2020 – 10:00 A.M.

(or immediately following the 9:30 a.m. SAWPA Commission meeting, whichever is earlier)

PUBLIC PARTICIPATION

Public participation is welcome and encouraged. You may participate in the July 7, 2020 meeting of the SAWPA Project Agreement 24 Committee by telephone* and virtually through the Zoom app as follows:

Meeting Access Via Computer (Zoom):	Meeting Access Via Telephone*:
<ul style="list-style-type: none"> • https://sawpa.zoom.us/j/92670013722 	<ul style="list-style-type: none"> • 1 (669) 900-6833
<ul style="list-style-type: none"> • Meeting ID: 926 7001 3722 	<ul style="list-style-type: none"> • Meeting ID: 926 7001 3722

If you are unable to participate by telephone* or virtually, you may also submit your comments and questions in writing for the Committee’s consideration by sending them to publiccomment@sawpa.org with the subject line “Public Comment Item #” (insert the agenda item number relevant to your comment) or “Public Comment Non-Agenda Item”. Submit your written comments by 6:00 p.m. on Monday, July 6, 2020. All public comments will be provided to the Chair and may be read into the record or compiled as part of the record.

***IMPORTANT PRIVACY NOTE: Participation in the meeting via the Zoom app is strongly encouraged.** Please keep in mind: (1) This is a public meeting; as such, the virtual meeting information is published on the World Wide Web and available to everyone. (2) Should you participate remotely via telephone, your telephone number will be your “identifier” during the meeting and available to all meeting participants. Participation in the meeting via the Zoom app is strongly encouraged; there is no way to protect your privacy if you elect to call in to the meeting. The Zoom app is a free download.

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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 THE BROWN ACT'S TELECONFERENCING REQUIREMENTS.

VIRTUAL ACCESSIBILITY FOR THE GENERAL PUBLIC:

Due to the spread of COVID-19, and until further notice, the Santa Ana Watershed Project Authority will be holding all upcoming Board and Committee meetings by teleconferencing and virtually through Zoom.

This meeting will be accessible as follows:

Meeting Access Via Computer (Zoom)*:	Meeting Access Via Telephone*:
<ul style="list-style-type: none"> https://sawpa.zoom.us/j/92670013722 Meeting ID: 926 7001 3722 	<ul style="list-style-type: none"> 1 (669) 900-6833 Meeting ID: 926 7001 3722
<p>*Participation in the meeting via the Zoom app (a free download) is strongly encouraged; there is no way to protect your privacy if you elect to call in by phone to the meeting.</p>	

All votes taken during this meeting will be conducted by oral roll call.

AGENDA

TUESDAY, JULY 7, 2020 – 10:00 A.M.

(or immediately following the 9:30 a.m. SAWPA Commission meeting, whichever is earlier)

REGULAR MEETING OF THE PROJECT AGREEMENT 24 COMMITTEE

Inland Empire Brine Line

Committee Members

Eastern Municipal Water District	Inland Empire Utilities Agency
Paul D. Jones, General Manager	Director Kati Parker
Director David J. Slawson (Alt)	Director Michael Camacho (Alt)
San Bernardino Valley Municipal Water District	Western Municipal Water District
Director T. Milford Harrison, Chair	Director Brenda Dennstedt, Vice Chair
	Craig Miller, General Manager (Alt)

1. CALL TO ORDER | PLEDGE OF ALLEGIANCE (T. Milford Harrison, Chair)

2. PUBLIC COMMENTS

Members of the public may address the Committee on items within the jurisdiction of the Committee; however, no action may be taken on an item not appearing on the agenda unless the action is otherwise authorized by Government Code §54954.2(b).

3. ITEMS TO BE ADDED OR DELETED

Pursuant to Government Code §54954.2(b), items may be added on which there is a need to take immediate action and the need for action came to the attention of the Santa Ana Watershed Project Authority subsequent to the posting of the agenda.

4. APPROVAL OF MEETING MINUTES: June 2, 2020 7

Recommendation: Approve as posted.

5. COMMITTEE DISCUSSION/ACTION ITEMS

A. INLAND EMPIRE BRINE LINE DISCHARGER LEASE AGREEMENT (PA24#2020.14) 11

Presenter: David Ruhl

Recommendation: Approve and authorize the General Manager to execute a Discharger Lease Agreement with Rialto Bioenergy Facility (RBF) to lease 0.25 million gallons per day (MGD) of brine line treatment and disposal capacity right at a wastewater strength of 100 mg/l Biological Oxygen Demand (BOD) and 100 mg/l Total Suspended Solids (TSS) from the Lease Capacity Pool for a period of five (5) years, subject to minor, non-substantive changes contingent on concurrence by legal counsel.

6. INFORMATIONAL REPORTS

Recommendation: Receive for information.

A. BRINE LINE FINANCIAL REPORT – APRIL 2020 29

Presenter: Karen Williams

7. REQUEST FOR FUTURE AGENDA ITEMS

8. CLOSED SESSION

There were no Closed Session items anticipated at the time of the posting of this agenda.

9. ADJOURNMENT

PLEASE NOTE:

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Clerk of the Board at (951) 354-4220. Notification at least 48 hours prior to the meeting will enable staff to make reasonable arrangements to ensure accessibility to this meeting.

Materials related to an item on this agenda submitted to the Committee after distribution of the agenda packet are available for public inspection during normal business hours at the SAWPA office, 11615 Sterling Avenue, Riverside, and available at www.sawpa.org, subject to staff's ability to post documents prior to the meeting.

Declaration of Posting

I, Kelly Berry, Clerk of the Board of the Santa Ana Watershed Project Authority declare that on July 1, 2020, a copy of this agenda has been uploaded to the SAWPA website at www.sawpa.org and posted at SAWPA's office, 11615 Sterling Avenue, Riverside, California.

/s/

Kelly Berry, CMC

2020 Project Agreement 24 Committee Regular Meetings

First Tuesday of Every Month

(Note: All meetings begin at 10:00 a.m., or immediately following the 9:30 a.m. SAWPA Commission meeting, whichever is earlier, unless otherwise noticed, and are held at SAWPA.)

January 1/7/20 Regular Committee Meeting	February 2/4/20 Regular Committee Meeting [cancelled]
March 3/3/20 Regular Committee Meeting	April 4/7/20 Regular Committee Meeting
May 5/5/20 Regular Committee Meeting	June 6/2/20 Regular Committee Meeting*
July 7/7/20 Regular Committee Meeting	August 8/4/20 Regular Committee Meeting
September 9/1/20 Regular Committee Meeting	October 10/6/20 Regular Committee Meeting
November 11/3/20 Regular Committee Meeting	December 12/1/20 Regular Committee Meeting

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PROJECT AGREEMENT 24 COMMITTEE
Inland Empire Brine Line
REGULAR MEETING MINUTES
June 2, 2020

COMMITTEE MEMBERS PRESENT

T. Milford Harrison, Chair, San Bernardino Valley Municipal Water District Governing Board
Brenda Dennstedt, Vice Chair, Western Municipal Water District Governing Board
Kati Parker, Inland Empire Utilities Agency Governing Board
Paul D. Jones, Eastern Municipal Water District General Manager

ALTERNATE COMMITTEE MEMBERS PRESENT [Non-Voting]

David J. Slawson, Alternate, Eastern Municipal Water District Governing Board
Michael Camacho, Alternate, Inland Empire Utilities Agency Governing Board
Craig Miller, Alternate, Western Municipal Water District General Manager

COMMITTEE MEMBERS ABSENT

None

STAFF PRESENT

Rich Haller, Karen Williams, Carlos Quintero, David Ruhl, Dean Unger, Kelly Berry

OTHERS PRESENT

Andrew D. Turner, Lagerlof, LLP

1. CALL TO ORDER | PLEDGE OF ALLEGIANCE

The regular meeting of the PA 24 Committee was called to order at 10:38 a.m. by Chair Harrison on behalf of the Santa Ana Watershed Project Authority, 11615 Sterling Avenue, Riverside, California. The record will reflect this meeting was conducted virtually.

Pursuant to the provisions of Executive Order N-25-30 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 the Brown Act's teleconferencing requirements.

Executive Order N-33-20 issued by Governor Gavin Newsom on March 19, 2020, ordered all individuals to stay at home or at their place of residence. In concert with state and local efforts to prevent the spread of COVID-19, and until further notice, the Santa Ana Watershed Project Authority will be holding all Board and Committee meetings by teleconference and virtually through the Zoom app.

As set forth on the posted meeting agenda, this Committee meeting was accessible to the public by teleconference and through Zoom. Members of the public who were unable to participate by teleconference or virtually were invited to submit comments and questions in writing via email for the Committee's consideration. All votes taken during this meeting were conducted via oral roll call.

2. PUBLIC COMMENTS

There were no public comments; there were no public comments received via email.

3. ITEMS TO BE ADDED OR DELETED

There were no added or deleted items.

4. APPROVAL OF MEETING MINUTES: May 5, 2020

Chair Harrison called for a motion to approve the May 5, 2020 meeting minutes as posted.

MOVED, approve the May 5, 2020 meeting minutes.

Result:	Adopted by Roll Call Vote (Unanimously)
Motion/Second:	Dennstedt/Jones
Ayes	Dennstedt, Harrison, Jones, Parker
Nays:	None
Abstentions:	None
Absent:	None

5. COMMITTEE DISCUSSION/ACTION ITEMS

A. INLAND EMPIRE BRINE LINE ON-CALL SERVICE CONTRACTS (PA24#2020.10)

Carlos Quintero provided a PowerPoint presentation contained in the agenda packet on pages 13– 23. There was no discussion.

MOVED, authorize the General Manager to issue a General Services Agreement and Task Order DOW 240-02 to Downstream Services in the amount of \$210,476.

Result:	Adopted by Roll Call Vote (Unanimously)
Motion/Second:	Parker/Jones
Ayes	Dennstedt, Harrison, Jones, Parker
Nays:	None
Abstentions:	None
Absent:	None

B. INLAND EMPIRE BRINE LINE AIR RELEASE AND VACUUM VALVE PROGRAM (PA24#2020.11)

Carlos Quintero provided a PowerPoint presentation contained in the agenda packet on pages 37 – 54. Maintenance is performed by SAWPA staff annually on all fifty-four valves. There was no discussion.

This item was for informational and discussion purposes; no action was taken on Agenda Item No. 5.B.

C. ALCOA DIKE | LOWER REACH IV-B AND CRC LATERAL UTILITY PROTECTION PROJECT (PA24#2020.12)

David Ruhl provided a PowerPoint presentation contained in the agenda packet on pages 57 – 64. Referencing page 60 in the agenda packet, Committee Member Jones confirmed a floodgate will be installed in the Alcoa Dike at Auburndale Road. SAWPA does not have

prior rights in this area and is accordingly paying for protection of the Brine Line within this portion of the Alcoa Dike project.

MOVED, direct the General Manager to file a Notice of Exemption for the Inland Empire Brine Line Lower Reach IV-B and CRC Lateral Utility Protection Project with the Riverside County Clerk's Office; and, issue a Notice Inviting Bids, upon completion of the Final Plans and Specifications, for the Construction of the Inland Empire Brine Line Lower Reach IV-B and CRC Lateral Utility Protection Project.

Result:	Adopted by Roll Call Vote (Unanimously)
Motion/Second:	Jones/Dennstedt
Ayes	Dennstedt, Harrison, Jones, Parker
Nays:	None
Abstentions:	None
Absent:	None

D. EUCLID AVENUE (REACH IV-A AND IV-D) MAINTENANCE ACCESS STRUCTURE REHABILITATION PROJECT (PA24#2020.13)

David Ruhl provided a PowerPoint presentation contained in the agenda packet on pages 69 – 77. There was no discussion.

MOVED, direct the General Manager to file a Notice of Exemption for the Inland Empire Brine Line Euclid Avenue (Reach IV-A and IV-D) Maintenance Access Structure Rehabilitation Project with the San Bernardino County Clerk's Office; and, issue a Notice Inviting Bids, upon completion of the Final Plans and Specifications, for the Construction of the Inland Empire Brine Line Euclid Avenue (Reach IV-A and IV-D) Maintenance Access Structure Rehabilitation Project.

Result:	Adopted by Roll Call Vote (Unanimously)
Motion/Second:	Parker/Jones
Ayes	Dennstedt, Harrison, Jones, Parker
Nays:	None
Abstentions:	None
Absent:	None

E. SANTA ANA RIVER TRAIL IMPACTS TO BRINE LINE

Carlos Quintero provided a PowerPoint presentation contained in the agenda packet on pages 79 – 86. While coverage over the Brine Line is not an issue, there is concern a bridge might be built over the creek at Aliso Canyon that would not be strong enough for heavy equipment which would restrict SAWPA's ability to perform maintenance on the Brine Line. Committee Member Jones asked about SAWPA's easement rights in this area. Quintero advised at this location SAWPA has an easement obtained in the mid-70s. Quintero noted regular updates will be brought to the committee as the situation develops.

This item was for informational and discussion purposes; no action was taken on Agenda Item No. 5.E.

F. INLAND EMPIRE BRINE LINE RATES | DISCUSSION OF COMMISSION DIRECTION

On May 19, 2020, the Inland Empire Brine Line Rate Resolution went before the Commission for approval but the matter was continued to a future meeting and staff was directed to communicate with and receive comments from Brine Line customers relating to increased rates. Rich Haller outlined the various ways by which Member Agencies communicate with Brine Line customers; many agencies prefer to communicate directly. Committee Member Dennstedt noted her concern is not how the communications occur as long as the communications do occur – it is only fair to the customers that they are part of the process. Committee Member Jones indicated concern EMWD customers might be confused by conflicting information since their rates have already been communicated to their customers. It was confirmed that the May 5, 2020 action taken by the PA 24 Committee will be brought to the Commission on June 16, 2020.

This item was for informational and discussion purposes; no action was taken on Agenda Item No. 5.F.

6. INFORMATIONAL REPORTS

Recommendation: Receive and file the following oral/written reports/updates.

A. BRINE LINE FINANCIAL REPORT – MARCH 2020

7. REQUEST FOR FUTURE AGENDA ITEMS

There were no requests for future agenda items.

8. CLOSED SESSION

There was no closed session.

9. ADJOURNMENT

There being no further business for review, Chair Harrison adjourned the meeting at 11:34 a.m.

Approved at a Regular Meeting of the Project Agreement 24 Committee on July 7, 2020.

T. Milford Harrison, Chair

Attest:

Kelly Berry, CMC
Clerk of the Board

PA 24 COMMITTEE MEMORANDUM NO. 2020.14

DATE: July 7, 2020

TO: Project Agreement 24 Committee
(Inland Empire Brine Line)

SUBJECT: Inland Empire Brine Line Discharger Lease Agreement

PREPARED BY: David Ruhl, Engineering Manager

RECOMMENDATION

Approve and authorize the General Manager to execute a Discharger Lease Agreement with Rialto Bioenergy Facility (RBF) to lease 0.25 million gallons per day (MGD) of brine line treatment and disposal capacity right at a wastewater strength of 100 mg/l Biological Oxygen Demand (BOD) and 100 mg/l Total Suspended Solids (TSS) from the Lease Capacity Pool for a period of five (5) years, subject to minor, non-substantive changes contingent on concurrence by legal counsel.

DISCUSSION

The SAWPA Commission approved the creation of a Lease Capacity Pool in December 2018. The Lease Capacity Pool allows existing and potential dischargers to lease brine line pipeline and treatment and disposal capacity right without the financial burden of purchasing the capacity right. Currently, one (1) MGD of pipeline and treatment and disposal capacity right is valued at approximately \$10.6 Million. SAWPA Member Agencies participate in the Lease Capacity Pool by contributing capacity that is not currently used. Currently, 0.40 MGD of pipeline capacity right and 0.65 MGD of treatment and disposal capacity right have been contributed to the Lease Capacity Pool from Western Municipal Water District (WMWD) and Inland Empire Utilities Agency (IEUA) with one discharger lease with Chino Desalter Authority (CDA) for 0.4 MGD. Table 1 shows contributions by Member Agency to the Lease Capacity Pool, discharger leases and capacity pool balance available for lease.

Table 1: Contributions, Discharger Leases and Lease Capacity Pool Balance

Date	Agency	Lessee	Pipeline Capacity Right (MGD)	Treatment and Disposal Capacity Right (MGD)
Contribution to Lease Capacity Pool				
April 2019	WMWD		0.05	0.05
April 2019	IEUA		0.05	0.05
Sept 2019	IEUA		0.30	0.30
April 2020	WMWD		0.00	0.25
Total Contribution			0.40	0.65
Discharger Lease Agreement				
Sept 2019		CDA	0.40	0.40
Total Leased Capacity Right			0.40	0.40
Lease Capacity Pool Balance			0.00	0.25

Eastern Municipal Water District and San Bernardino Valley Municipal Water District (Valley) have not contributed to the pool since they do not have excess capacity to commit to the pool. Lease revenues are distributed to capacity pool participants based on the capacity contributed regardless of the discharger's location.

RBF is constructing an organics recycling plant in Rialto, California, which will require discharging brine wastewater to the Brine Line. The facility will process up to 1,080 tons per day of a combination of food waste and municipal biosolids. Biogas will be produced and upgraded to renewable natural gas. Remaining solids will be used as a soil amendment. SAWPA and Valley have been working with RBF on several aspects of their discharge permit application to ensure timely completion of their discharge permit. Specifically, their connection to the Brine Line and obtaining the capacity right to discharge to the Brine Line through the proposed discharger lease agreement. Discharge to the Brine Line is anticipated in August 2020.

Due to the potential to discharge high strength brine wastewater, RBF is required to connect to the Brine Line at a gravity location downstream of a long siphon, a section of the Brine Line that is pressurized and has no access. SAWPA does not allow non-brine quality discharges to the siphon due to deposition of materials, no immediate access to clean and visually inspect, operational issues, high cost to clean and impact to upstream dischargers.

Currently, there is an existing lateral and connection to the Brine Line at the siphon. This connection was constructed by the previous owner, EnerTech. RBF on a temporary basis (6 months) will be allowed to discharge lower strength brine wastewater to the siphon while they complete the design and construction of the lateral to the gravity location. If RBF exceeds the lower strength brine wastewater limits established in their permit they will be required to cease discharge to the siphon until they are able to discharge to the gravity location upon completion of the lateral or haul their brine wastewater to a collection station. RBF is responsible for the design, construction, and operation of their lateral.

Recently, RBF submitted a written request to SAWPA to lease 0.25 MGD of treatment and disposal capacity at a wastewater strength of 100 mg/l BOD and 100 mg/l TSS. RBF has sufficient pipeline capacity right but no treatment and disposal capacity. In order to have the requested capacity available in the lease pool, RBF requested WMWD to add 0.25 MGD to the lease pool. WMWD at their April 15, 2020 Board meeting approved the contribution of 0.25 MGD of treatment and disposal capacity at a wastewater strength of 250 mg/l BOD and 250 mg/l TSS. The excess wastewater strength (pound of BOD and TSS) will remain in the Lease Capacity Pool.

The attached Lease Discharger Agreement contains the following pertinent points:

- SAWPA agrees to lease to RBF 0.25 MGD of treatment and disposal capacity right at a wastewater strength of 100 mg/l BOD and 100 mg/l TSS.
- A discharge permit is required to use the leased capacity.
- Effective date of the lease is August 1, 2020.
- RBF will pay SAWPA a Monthly lease charge of \$8,896.88 per month.
- RBF will pay regular brine line rates to Valley (the Agency within which RBF operates and dischargers) for flow, BOD, TSS, Fixed Pipe and Fixed Treatment.

- Term of the lease shall be for a period of five (5) years. Renewal of the lease is only allowed by agreement by SAWPA and RBF and is contingent upon the availability of Capacity in the Lease Capacity Pool.

RESOURCE IMPACTS

Minimal staff costs are necessary to administer the lease capacity pool program. Lease revenues from RBF are distributed to capacity pool participants (WMWD) based on the proportionate share of capacity contributed. SAWPA will receive additional brine line revenue due to additional discharges into the system.

Attachment:

1. PowerPoint Presentation
2. Discharger Lease Agreement

Inland Empire Brine Line Discharger Lease Agreement

PA 24 Committee | July 7, 2020
Item No. 5.A.

Discharger Lease Agreement

Recommendation to Commission:

Approve and authorize the General Manager to execute a Discharger Lease Agreement with Rialto Bioenergy Facility (RBF) to lease 0.25 million gallons per day (MGD) of brine line treatment and disposal capacity right at a wastewater strength of 100 mg/l Biological Oxygen Demand (BOD) and 100 mg/l Total Suspended Solids (TSS) from the Lease Capacity Pool for a period of five (5) years, subject to minor, non-substantive changes contingent on concurrence by legal counsel.

Lease Capacity Pool

- Option to Industrial Customers to lease rather than purchase pipeline capacity and treatment and disposal rights
- Benefits
 - Provides some certainty
 - Easier to obtain
 - Less of a financial challenge to smaller customers
 - Additional revenues for SAWPA and Member Agencies

Lease Capacity Pool

- Member Agencies own some Capacity that is not utilized
- Member Agencies contribute small quantity to capacity pool
- Individual Discharger Lease Agreements
- Discharger obtain permit to discharge
- Discharger pay brine rates, permit fees and lease rate
- Member Agencies receive proportionate share of lease revenues

Lease Capacity Pool

Date	Agency	Lessee	Pipeline Capacity Right (MGD)	Treatment and Disposal Capacity Right (MGD)
Contribution to Lease Capacity Pool				
April 2019	WMWD		0.05	0.05
April 2019	IEUA		0.05	0.05
Sept 2019	IEUA		0.30	0.30
April 2020	WMWD		0.00	0.25
Total Contribution			0.40	0.65
Discharger Lease Agreement				
Sept 2019		CDA	(0.40)	(0.40)
Total Leased Capacity Right			(0.40)	(0.40)
Lease Capacity Pool Balance			0.00	0.25

Rialto Bioenergy Facility

- Process 1,080 tons/day of food waste and municipal biosolids
- Permanent discharge point at gravity location
 - high strength brine wastewater
- Interim temporary discharge point
 - Low strength brine wastewater
- Request to lease Capacity from Lease Capacity Pool



Lease Discharge Agreement

- 0.25 MGD of capacity right (100 mg/l BOD and 100 mg/l TSS)
- A discharge permit is required to use the leased capacity
- Effective date is August 1, 2020
- Monthly lease charge is \$8,897
- RBF will pay regular brine line rates to Valley
- 5 year term, renewal of lease by agreement by both parties



Discharger Lease Agreement

Recommendation to Commission:

Approve and authorize the General Manager to execute a Discharger Lease Agreement with the RBF to lease 0.25 MGD of brine line treatment and disposal capacity right at a wastewater strength of 100 mg/l BOD and 100 mg/l TSS from the Lease Capacity Pool for a period of 5 years, subject to minor, non-substantive changes contingent on concurrence by legal counsel.

QUESTIONS?

INLAND EMPIRE BRINE LINE DISCHARGER LEASE AGREEMENT
BETWEEN
SANTA ANA WATERSHED PROJECT AUTHORITY (SAWPA)
AND
RIALTO BIOENERGY FACILITY, LLC (RBF)

This Lease Agreement is made this 7th day of July, 2020, by and between SAWPA and RBF. SAWPA and RBF are individually and collectively referred to as the Party and Parties, respectively.

RECITALS

- A. The Inland Empire Brine Line (Brine Line) is a wastewater pipeline conveyance system constructed for the transmission of non-reclaimable wastewater. The pipeline extends from the Orange County line into the Upper Santa Ana River Watershed. At the Orange County line, it connects to the Orange County Sanitation District's (OCSD's) Santa Ana River Interceptor (SARI), which conveys wastewater to OCSD's treatment plant in Huntington Beach. SAWPA owns and operates the Brine Line, and Member Agencies and other agencies in the upper watershed (hereafter referred to as the "Agency" or "Agencies") own 30 million gallons per day (MGD) of pipeline capacity right in the SARI as defined in various agreements.
- B. Agencies in the upper watershed also own a treatment and disposal capacity right of 17 MGD and there is an ability to purchase up to 30 MGD in certain wastewater treatment and disposal facilities owned by OCSD. This treatment and disposal right, and the pipeline capacity right referred to in Recital A above, are subject to certain payment obligations and other terms and conditions as defined in the Treatment and Disposal Capacity Agreement with OCSD dated July 24, 1996 (1996 Agreement) that is administered by SAWPA and paid by the Agencies in the upper watershed.
- C. Through the 1996 Agreement SAWPA has purchased 17 MGD of treatment and disposal capacity right from OCSD and in turn sold this capacity right to Agencies in the upper watershed. Flow and water quality are defined components of the purchase based upon the maximum flow rate (in MGD) and strength of Biochemical Oxygen Demand (BOD) (measured as BOD5) and Total Suspended Solids (TSS) presented as milligrams per liter (mg/l) and pounds per day (lbs./day).
- D. The 1991 Memorandum of Understanding between SAWPA and OCSD Governing Quality Control of Wastewaters Discharged continues to define the pretreatment roles and responsibilities for SAWPA and OCSD. SAWPA's Ordinance No. 8, and any successors or amendments thereto, defines the discharge permitting requirements and process that applies to all discharges to the Brine Line.

- E. The Agencies utilize pipeline capacity and treatment and disposal capacity rights for individual dischargers in their service areas. Use of the capacity requires that the discharger obtain a discharge permit from the Agency, as well.
- F. A long-term "Lease Capacity Pool" was created by SAWPA and the Agencies to make available pipeline and treatment and disposal capacity rights. The Lease Capacity Pool is subject to terms and conditions as defined in the Agreement between SAWPA and the Agencies dated April 11, 2019 that is administered by SAWPA.
- G. RBF operates and discharges to the Brine Line in San Bernardino Valley Municipal Water District's (Valley) service area.
- H. RBF has sufficient pipeline capacity right in the Brine Line.
- I. RBF desires to lease treatment and disposal capacity right in the amount of 0.250 MGD (hereafter referred to as "Capacity Right"). SAWPA has evaluated the system capacity availability for RBF's location and found that a 0.250 MGD capacity lease can be accommodated.
- J. SAWPA anticipates having adequate commitments to the Lease Capacity Pool to implement this lease.

NOW THEREFORE, the Parties in consideration of the mutual promises contained in this Lease Agreement do hereby covenant and agree as follows:

1. Leasing of 0.250 MGD of Capacity Right. SAWPA agrees to lease to RBF 0.250 MGD of Capacity Right for the treatment and disposal of Industrial Wastewater to the Brine Line at a wastewater strength of 100 mg/l BOD and 100 mg/l TSS, also expressed as 208.5 lbs./day BOD and 208.5 lbs./day TSS. RBF shall comply with SAWPA Ordinance No. 8 and any successors or amendments thereto and Valley Ordinance No. 75 and any successors or amendments thereto. A discharge permit from Valley is required to use the leased capacity, and this Lease Agreement does not modify any permit processes or requirements. RBF shall install, own, operate and maintain a flow meter for RBF's discharge. Service to RBF is interruptible for O&M activities or in the event of an emergency as allowed by SAWPA's Ordinance No. 8 and any successors or amendments thereto, but SAWPA shall use best efforts to provide advance written notice to RBF before any interruption.
2. Effective Date: The lease of 0.250 MGD of Capacity Right agreed to herein will occur on the first day of the month following the date of the Lease Agreement.
3. Lease Connections. RBF's additional connections to the Brine Line, if any, for the 0.250 MGD of Capacity Right leased under this Lease Agreement shall be submitted for approval in advance to

SAWPA and built at RFB's sole cost and expense. RBF shall obtain all necessary permits as required by SAWPA's Ordinance No. 8, and any successor or amendment thereto, and federal, state and local laws and regulations, prior to making any additional connections to the Brine Line and prior to discharging its 0.250 MGD of flow to the Brine Line allowed under this Lease Agreement.

4. Monthly Lease Charge. RBF shall make lease payments to SAWPA for the 0.250 MGD of Capacity Right being leased under this Lease Agreement in the amount of \$8,896.88 per month. The lease payment is calculated as follows:

$$\text{Monthly Lease Charge} = A \times B \times 365 / 12$$

Where

A = Capacity Right quantity in gallons per day (gpd), 250,000 gpd

B = Lease Rate, \$0.00117 / gallon

Beginning on the first twelve (12) month anniversary of the Effective Date of the Lease Agreement and on each succeeding anniversary date hereafter for the term on the Lease Agreement, the lease rate will escalate annually based on the Consumer Price Index All-Urban (CPI-U) for Los Angeles-Long Beach-Anaheim, as published by the United States Department of Labor, Bureau of Labor Statistics in mid – January of each year relating to the prior calendar year. In the event the CPI-U decreases, the lease rate will remain unchanged.

5. Lease Payment and Deposit. SAWPA will invoice RBF on the Effective Date for the 1st month's lease charge and a deposit in the amount of one (1) month's lease charge. Subsequently, SAWPA will invoice the monthly lease charge on the first day of each month. Payment shall be made by RBF within ten (10) days' upon receipt of an invoice from SAWPA.
6. Brine Line Rates. In addition to the payment required for the lease of the Capacity Right reference above, RBF shall pay Valley the rates established by Valley for brine line discharges in their service area for Flow, BOD, TSS, Fixed Pipe and Fixed Treatment including any minimum costs attributable to the treatment and disposal capacity being leased under this Lease Agreement. Payment for these costs shall be made by RBF upon receipt of an invoice from Valley and the payment terms established by Valley for brine line discharges in their service area.
- a. If the discharge during any month exceeds RBF's owned capacity and the Capacity Right leased for flow, BOD, or TSS, a surcharge for the month will be applied based on the maximum daily use. If a surcharge is applied for three consecutive months, RBF shall be required to modify the Lease Agreement increasing the Capacity Right leased. The surcharge will be based on the unit lease prices (flow, BOD, TSS) applied for the entire month. Flow will be based on the actual daily flow information. BOD and TSS will be

based on the average of samples taken during the previous 12 month period. In the event of missing data, an average value will be used as determined by SAWPA.

7. Term of Lease. The term of the Lease shall be for a period of five (5) years from the Effective Date. Renewal of the Lease Agreement is only allowed by agreement by both Parties and is contingent upon the availability of capacity in the Lease Capacity Pool. Upon expiration of the term RBF shall then remove its 0.250 MGD of flow from the Brine Line.
8. Termination. This Lease Agreement may be terminated as follows:
 - a. Automatically, when this Lease Agreement expires as described above.
 - b. On the last day of the month, upon written notice provided to SAWPA by RBF by the first day of the same month.
 - c. For cause in the event that RBF fails to perform in accordance with, and is in default under, this Lease Agreement, including failure to pay the monthly lease charge or Brine Line rates. However, SAWPA shall first provide written notice of such nonperformance and default to RBF, and if RBF fails to correct or cure the default or nonperformance within thirty (30) days of the date of mailing of that notice, RBF's 0.250 MGD of leased Capacity Right shall terminate on the thirtieth (30th) day after such notice was delivered or sent, and RBF shall remove its 0.250 MGD of flows from the Brine Line within fourteen (14) days from the expiration of the foregoing thirty (30) day deadline.
 - d. For cause if RBF's permit for discharge to the Brine Line is revoked, withdrawn, or suspended.
9. Rights and Responsibilities of Orange County Sanitation District Are Retained. The Parties to this Lease Agreement understand and agree that OCSD retains its rights and responsibilities as defined in the 1991 MOU and 1996 Agreement. This Lease Agreement in no way diminishes the effectiveness or reduces the scope of the 1991 MOU and 1996 Agreement.
10. Amendments and Modifications. The terms of this Lease Agreement may only be amended or modified in writing and signed by the Parties.
11. No Third Party Beneficiaries. There are no intended third party beneficiaries of any right or obligation assumed by the Parties under this Lease Agreement. This Lease Agreement cannot be assigned nor can any right or obligation hereunder be subleased to any other party or entity without both Parties to this Lease Agreement agreeing to such assignment or sublease in writing.
12. Counterparts. This Lease Agreement may be signed in counterparts, each of which shall constitute an original and which collectively shall constitute one document.

13. Entire Agreement. This Lease Agreement contains the entire agreement between the Parties and supersedes any prior oral or written statements or agreements or representations between the Parties.

14. Notice. Except as otherwise provided herein, all notices and other communications required or permitted hereunder shall be in writing, and shall be delivered in person, by E-mail, or sent by certified mail, return receipt requested, and shall be deemed received upon actual receipt or 72 hours after deposit in the mail of the United States Postal Service, postage prepaid and addressed as follows:

To SAWPA:

Santa Ana Watershed Project Authority (SAWPA)
Attention: Rich Haller, General Manager
11615 Sterling Avenue
Riverside, CA 92503
Rhaller@sawpa.org
(951) 354-4220

To RBF:

Rialto Bioenergy Facility, LLC
Attention: Yaniv Scherson, Vice President
5780 Fleet Street, Suite 310
Carlsbad, CA 92008

With a copy to: legal-usa@anaergia.com

In witness whereof, SAWPA and RBF have executed this Lease Agreement as of the date and year first above written:

Rialto Bioenergy Facility, LLC

By: _____
Yaniv Scherson
Vice President

Date: _____

Santa Ana Watershed Project Authority

By: _____
Richard E. Haller P.E.
General Manager

Date: _____

**Santa Ana Watershed Project Authority
PA24 - Brine Line - Financial Report
April 2020**

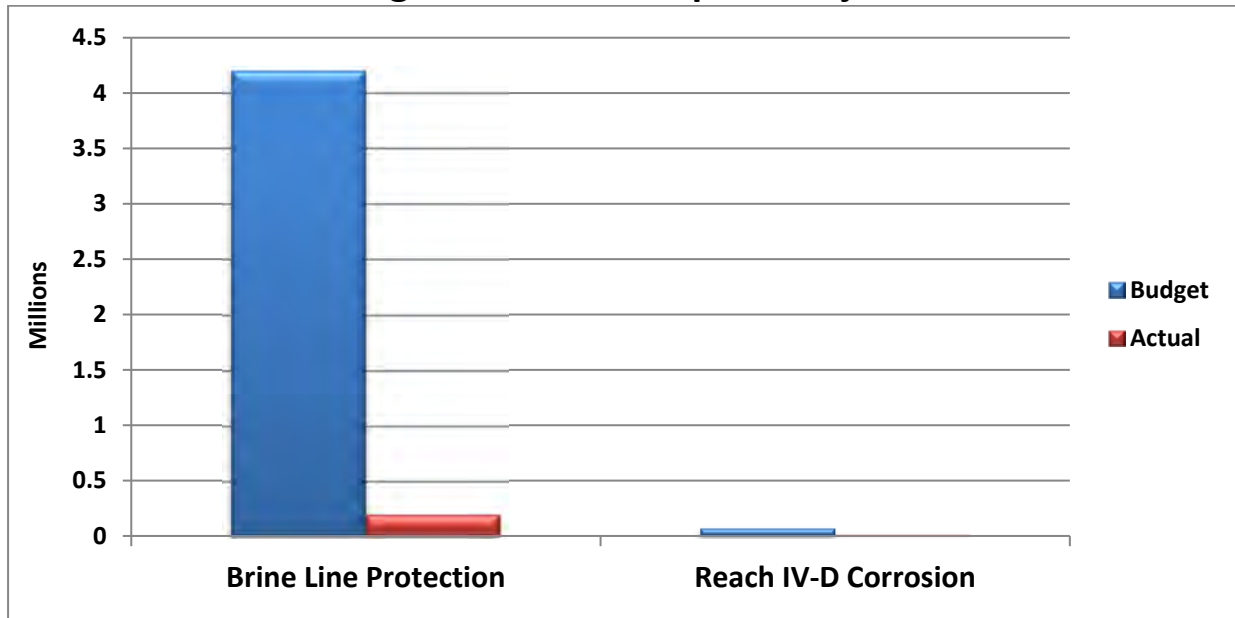
Staff comments provided on the last page are an integral part of this report.

Overview	This report highlights the Brine Line’s key financial indicators for the Fiscal Year-to-Date (FYTD) through April 2020 unless otherwise noted.
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Brine Line - Capital Projects

Budget to Actual – Capital Projects	Favorable			
	Annual Budget	FYTD Budget	FYTD Actual	Favorable (Unfavorable) Variance
Brine Line Protection	\$5,041,923	\$4,201,603	\$199,851	\$4,001,752
Reach IV-D Corrosion	76,211	63,509	10,082	53,427
Total Capital Costs	\$5,118,134	\$4,265,112	\$209,933	\$4,055,179

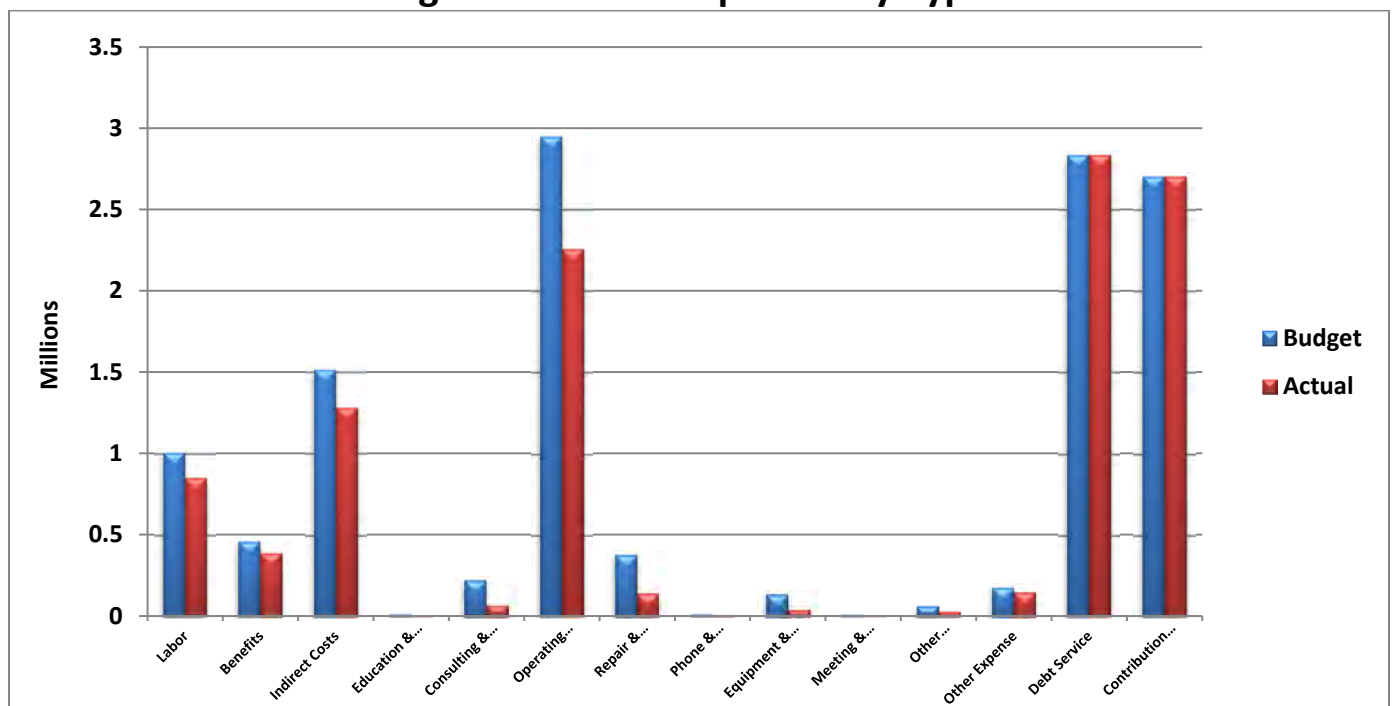
Budget to Actual - Capital Projects



Brine Line – Operating

Budget to Actual - Expenses by Type				 Favorable
	Annual Budget	FYTD Budget	FYTD Actual	Favorable (Unfavorable) Variance
Labor	\$1,206,933	\$1,005,778	\$851,469	\$154,309
Benefits	550,510	458,758	388,270	70,488
Indirect Costs	1,816,182	1,513,485	1,281,460	232,025
Education & Training	12,000	10,000	2,720	7,280
Consulting & Prof Svcs	265,000	220,833	70,718	150,115
Operating Costs	3,537,600	2,948,000	2,256,878	691,122
Repair & Maintenance	450,000	375,000	143,144	231,856
Phone & Utilities	11,000	9,167	6,239	2,928
Equip & Computers	156,500	130,417	39,622	90,795
Meeting & Travel	10,000	8,333	1,962	6,371
Other Admin Costs	72,900	60,750	29,439	31,311
Other Expense	199,250	176,042	147,714	28,328
Debt Service	2,835,027	2,835,027	2,835,753	(726)
Contribution to Reserves	3,244,227	2,703,523	2,703,523	-
Total	\$14,367,130	\$12,455,113	\$10,758,911	\$1,696,202

Budget to Actual - Expenses by Type



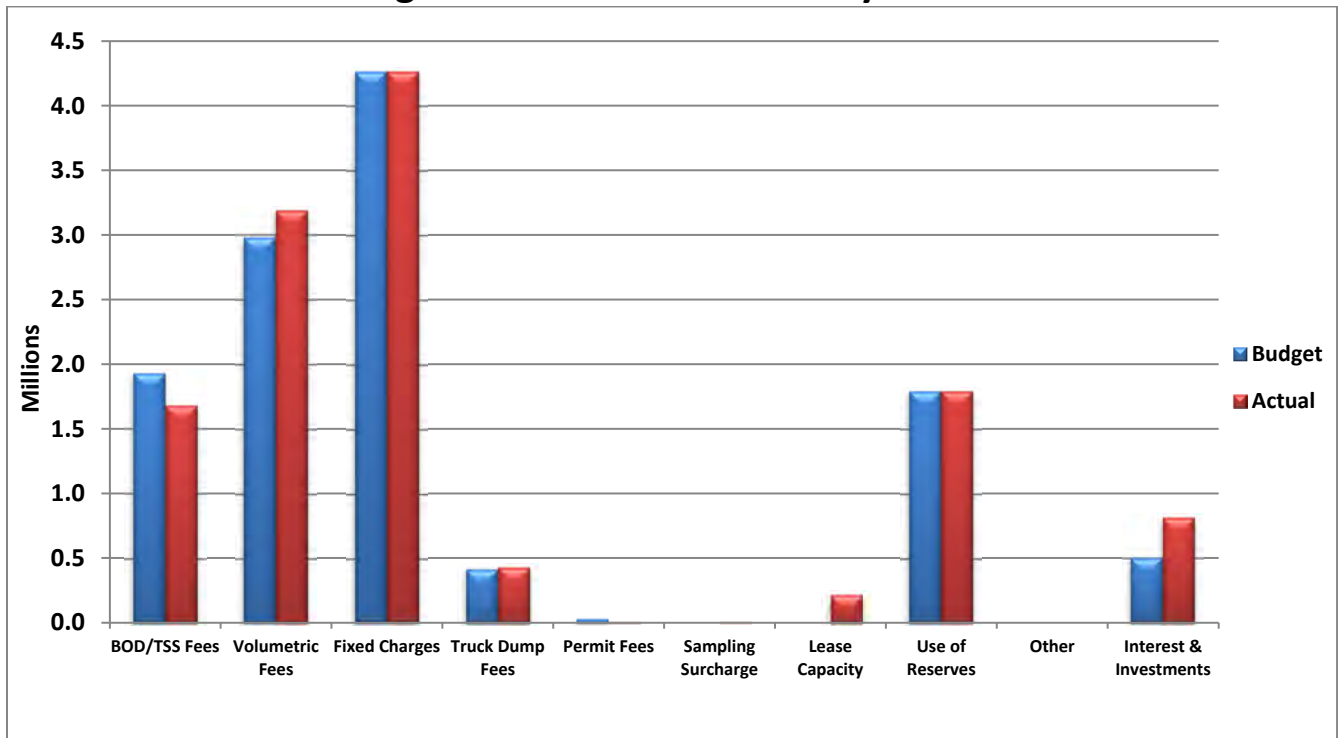
Budget to Actual - Revenues by Source



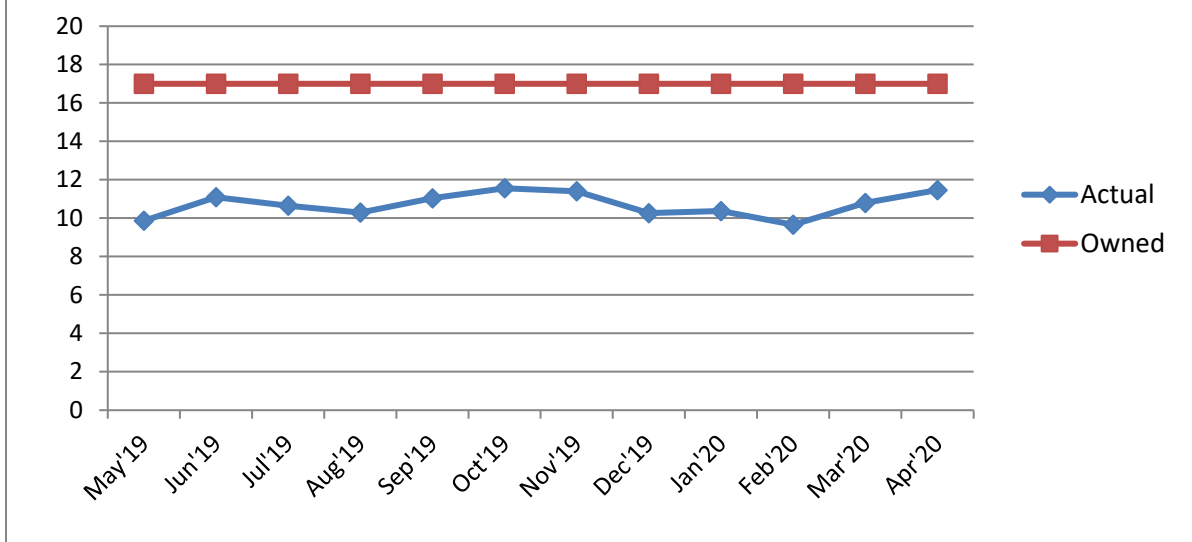
On Track

	Annual Budget	FYTD Budget	FYTD Actual	Favorable (Unfavorable) Variance
BOD/TSS Fees	\$2,308,200	\$1,923,500	\$1,676,579	(\$246,921)
Volumetric Fees	3,573,350	2,977,792	3,186,334	208,542
Fixed Charges	5,118,528	4,265,440	4,265,440	-
Truck Dump Fees	496,000	413,333	426,234	12,901
Permit Fees	36,025	30,021	9,100	(20,921)
Sampling Surcharge	-	-	7,059	7,059
Lease Capacity Revenue	-	-	215,472	215,472
Use of Reserves	1,790,027	1,790,027	1,790,027	-
Other Revenue	-	-	334	334
Interest & Investments	1,045,000	500,000	808,397	308,397
Total	\$14,367,130	\$11,900,113	\$12,384,976	\$484,863

Budget to Actual - Revenues by Source



Average Daily Flow by Month

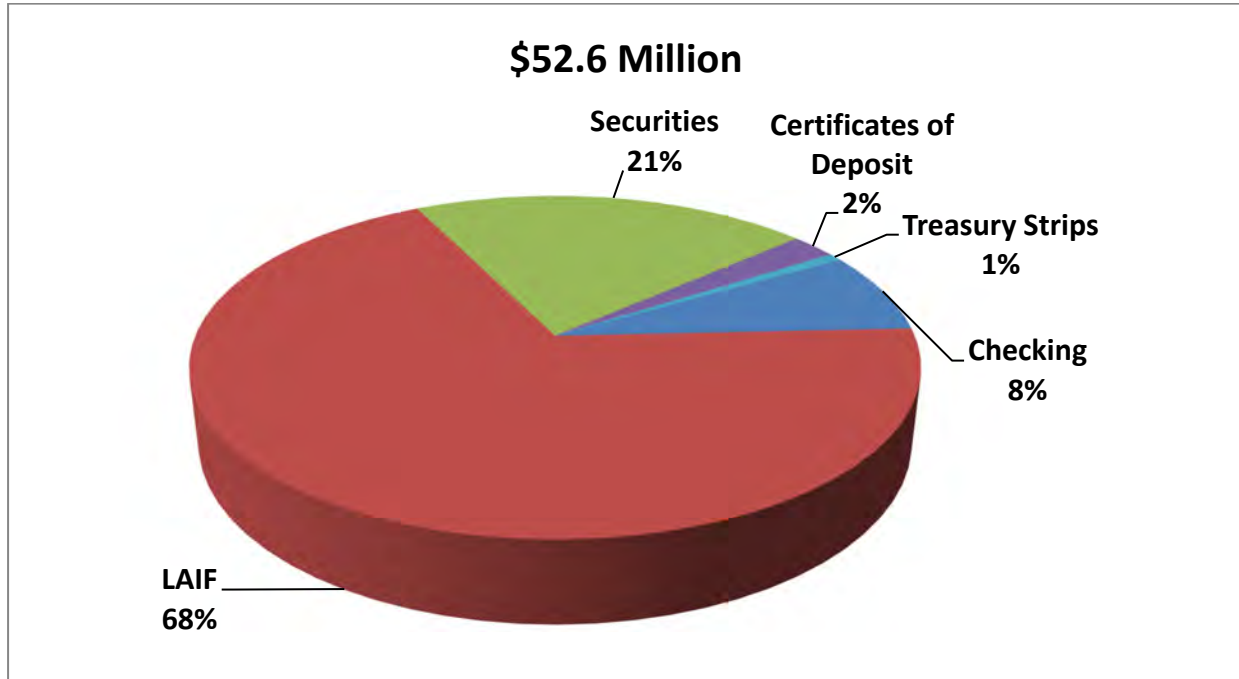


Total Discharge by Agency (in million gallons)

Discharger	Jul '19	Aug '19	Sep '19	Oct '19	Nov '19	Dec '19	6 Month Total
Chino Desalter Authority	76.3642	81.0245	108.2049	125.7369	130.5940	123.9218	645.8463
Eastern Municipal Water District	70.8916	70.0966	71.9713	76.8378	73.3792	56.0144	419.1909
Inland Empire Utilities Agency	17.6180	17.8426	16.2993	18.5452	20.3483	18.4636	109.1170
San Bernardino Valley MWD	26.1114	25.6140	24.3135	25.5259	25.5015	26.0097	153.0760
Western Municipal Water District	125.6778	111.3223	118.5591	108.7548	112.5143	91.3404	668.1687
Truck Discharge	2.7080	2.6838	2.6175	2.7303	2.2921	2.2833	15.3150
Total	319.3710	308.5838	341.9656	358.1309	364.6294	318.0332	2,010.7139

Discharger	Jan '20	Feb '20	Mar '20	Apr '20	May '20	Jun '20	Year Total
Chino Desalter Authority	116.1585	100.4608	111.0748	127.8082	0.00	0.00	1,101.3487
Eastern Municipal Water District	46.6572	47.2998	63.6969	71.1265	0.00	0.00	647.9612
Inland Empire Utilities Agency	17.4426	16.6445	14.3043	12.8851	0.00	0.00	170.3935
San Bernardino Valley MWD	21.5742	20.8120	24.5125	26.0766	0.00	0.00	246.0513
Western Municipal Water District	96.4909	111.7791	96.6214	102.8433	0.00	0.00	1,075.9034
Truck Discharge	2.2697	2.2414	2.7467	2.9489	0.00	0.00	25.5217
Total	300.5931	299.2377	312.9465	343.6886	0.00	0.00	3,267.1798





Total Cash & Investments - April



Reserve Fund Balance – April

	Amount
Self Insurance	\$4,339,041
Debt Retirement	3,473,852
Pipeline Replacement	22,317,623
OCS D Rehabilitation	3,706,357
Capacity Management	11,869,104
Future Capacity	1,817,199
Rate Stabilization	1,018,308
Flow Imbalance	87,829
Brine Line Operating	3,993,053
Total Reserves	\$52,622,366

Legend

<u>Compared to Budget</u>		
	Ahead or Favorable	Above +5% Favorable Revenue or Expense Variance
	On Track	+5% to -2% Variance
	Behind	-3% to -5% Variance
	Concern	Below -5% Variance

Staff Comments

For this month's report, the item(s) explained below are either "behind", a "concern", or have changed significantly from the prior month.

- 1) Capital Projects are 95% below budget. While the OCSD Rock Removal Project is almost complete, we have not received invoices from OCSD. It is anticipated that all projects will be on track with the budget at the end of the fiscal year.