



S A W P A

SANTA ANA WATERSHED PROJECT AUTHORITY

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

PURSUANT TO THE PROVISIONS OF EXECUTIVE ORDER N-29-20, THIS MEETING WILL BE CONDUCTED VIRTUALLY. ALL VOTES TAKEN WILL BE AN ORAL ROLL CALL.

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/94656407973 • Meeting ID: 946 5640 7973 	<ul style="list-style-type: none"> • 1 (669) 900-6833 • Meeting ID: 946 5640 7973
* 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.	

AGENDA

TUESDAY, APRIL 6, 2021 – 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 Jasmin A. Hall
Director David J. Slawson (Alt)	Shivaji Deshmukh, General Manager (Alt)
San Bernardino Valley Municipal Water District	Western Municipal Water District
Director T. Milford Harrison, Chair	Director Brenda Dennstedt, Vice Chair
Director Gil Botello (Alt)	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: March 2, 2021 5

Recommendation: Approve as posted.

5. COMMITTEE DISCUSSION/ACTION ITEMS

A. FYE 2022 AND 2023 BRINE LINE FUND DRAFT BUDGET (PA24#2021.6).....9

Presenter: Karen Williams

Recommendation: Review and discuss the draft FYE 2022 and 2023 Brine Line Fund Budget.

B. CAPACITY UTILIZATION PROGRAM AGREEMENT (PA24#2021.7).....55

Presenter: David Ruhl

Recommendation: Approve and authorize the General Manager to execute an agreement for the creation of a Capacity Utilization Program for the Inland Empire Brine Line, subject to minor, non-substantive changes contingent on concurrence by legal counsel.

6. INFORMATIONAL REPORTS

Recommendation: Receive for information.

A. BRINE LINE FINANCIAL REPORT – JANUARY 202175

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, CMC, Clerk of the Board of the Santa Ana Watershed Project Authority declare that on March 30, 2021, 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.

2021 Project Agreement 24 Committee Regular Meetings

Inland Empire Brine Line
 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		February	
1/5/21	Regular Committee Meeting [cancelled]	2/2/21	Regular Committee Meeting
March		April	
3/2/21	Regular Committee Meeting	4/6/21	Regular Committee Meeting
May		June	
5/4/21	Regular Committee Meeting	6/1/21	Regular Committee Meeting
July		August	
7/6/21	Regular Committee Meeting	8/3/21	Regular Committee Meeting
September		October	
9/7/21	Regular Committee Meeting	10/5/21	Regular Committee Meeting
November		December	
11/2/21	Regular Committee Meeting	12/7/21	Regular Committee Meeting

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PROJECT AGREEMENT 24 COMMITTEE
Inland Empire Brine Line
REGULAR MEETING MINUTES
March 2, 2021

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
Jasmin A. Hall, Inland Empire Utilities Agency Governing Board
David J. Slawson, Alternate, Eastern Municipal Water District General Manager

ALTERNATE COMMITTEE MEMBERS PRESENT [Non-Voting]

Gil Botello, Alternate, San Bernardino Valley Municipal Water District Governing Board

COMMITTEE MEMBERS ABSENT

Paul D. Jones, Eastern Municipal Water District General Manager

STAFF PRESENT

Jeff Mosher, Karen Williams, Carlos Quintero, David Ruhl, Dean Unger, Mark Norton, 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 10:31 a.m. by Chair Harrison on behalf of the Santa Ana Watershed Project Authority, 11615 Sterling Avenue, Riverside, California. Pursuant to the provisions of Executive Order N-29-20, this meeting was conducted virtually. All votes taken during this meeting were conducted via oral roll call.

Chair Harrison welcomed Gil Botello as the newly appointed Alternate Committee Member representing the San Bernardino Valley Municipal Water District.

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: February 2, 2021

Chair Harrison called for a motion to approve the February 2, 2021 meeting minutes as posted.

MOVED, approve the February 2, 2021 meeting minutes.

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

5. COMMITTEE DISCUSSION/ACTION ITEMS

A. PRADO RESERVOIR | BRINE LINE MAINTENANCE ACCESS STRUCTURE PROTECTION (PA24#2021.4)

David Ruhl provided an oral presentation. As part of the U.S. Army Corps of Engineers (Corps) Santa Ana River Mainstem Project to increase the flood control storage behind Prado Dam, the Corps is anticipating raising the Prado Dam Spillway by approximately 20 feet. As a result, all brine line maintenance access structures (MAS) will need to be watertight up to the flood storage elevation of 566 feet. Of the 18 MAS on Reach IV-A and Reach IV-D between 556 feet and 566 feet, four are sealed and watertight with no modifications necessary. Fourteen (14) need modification at an estimated cost of \$200,000. Orange County Public Works (OCPW) is responsible for protecting utilities between 556 feet and 566 feet and will pay the cost of the modifications. The work should be completed over the next several months.

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

B. BRINE LINE REACH 4A UPPER CORROSION REPAIRS (PA24#2021.3)

Carlos Quintero provided a PowerPoint presentation contained in the agenda packet on pages 15 - 24. These repairs are part of ongoing brine line preventative repair and maintenance efforts. The Reach 4A Upper Corrosion Repairs occurred in two phases. Phase 1 has been completed at an approximate cost of \$25,000 and included repair of 17 maintenance access structures (MAS) with focus on the ductile iron tee riser and deteriorated PVC liner. Phase 2 is ongoing with an anticipated cost of approximately \$15,000 and includes inspection and repair of 19 maintenance access structures (MAS). Chair Harrison asked why the lined pipe was not able to handle the discharge; Quintero advised this section of the brine line was built in the early 1980s and at that time they may not have been entirely sure what type of facilities would be discharging into the brine line. The material SAWPA is utilizing for lining the ductile iron tees during these repairs is corrosion resistant.

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

C. BRINE LINE SERVICE CONTRACTS | REQUEST FOR PROPOSALS (PA24#2021.5)

Carlos Quintero provided a PowerPoint presentation contained in the agenda packet on pages 65 - 70. SAWPA relies on several outside service providers to perform critical maintenance activities on the brine line requiring specialty equipment SAWPA does not own. Brine line service contracts are generally awarded for a period of two years with an option to renew for one additional year. Responses to the Requests for Proposals (RFPs) will be due April 7, 2021, and authorization of the service contracts exceeding the General Manager's authority will be presented to the Committee during the May 2021 meeting.

MOVED, direct the General Manager to issue Requests for Proposals (RFPs) for the Inland Empire Brine Line service contracts.

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

D. BRINE LINE VIRTUAL TOUR

Carlos Quintero presented a virtual tour of the Inland Empire Brine Line utilizing location photographs and Google Earth. There was discussion regarding a vacant parcel (1.13 acres) SAWPA purchased in the early 1990s as part of the Mission Tunnel construction and whether it should be sold as surplus property.

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

6. INFORMATIONAL REPORTS

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

A. BRINE LINE FINANCIAL REPORT – DECEMBER 2020

7. REQUEST FOR FUTURE AGENDA ITEMS

Chair Harrison suggested the Committee consider whether SAWPA should maintain ownership of the vacant parcel (1.13 acres) discussed during Agenda Item No. 5.D. or if SAWPA should proceed in declaring it surplus property and requested a report brought to the Committee for consideration in the future.

8. CLOSED SESSION

There was no closed session.

9. ADJOURNMENT

There being no further business for review, Chair Harrison adjourned the meeting at 11:55 a.m.

Approved at a Regular Meeting of the Project Agreement 24 Committee on April 6, 2021.

T. Milford Harrison, Chair

Attest:

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PA 24 COMMITTEE MEMORANDUM NO. 2021.6

DATE: April 6, 2021

TO: Project Agreement 24 Committee

SUBJECT: FYE 2022 and 2023 Brine Line Fund Draft Budget

PREPARED BY: Karen Williams, DGM/CFO

RECOMMENDATION

It is recommended that the Commission review and discuss the draft FYE 2022 and 2023 Brine Line Fund Budget.

DISCUSSION

On January 21, 2021, staff presented the FYE 2022 and 2023 Goals and Objectives to the Commission for their review. On March 11, 2021, the first draft FYE 2022 and 2023 Budget was presented to member agencies' financial staff at the Budget Workshop. There were no comments or suggested changes from the member agencies' financial staffs. As per the Budget Schedule, the Budget will be presented to the Commission in three meetings. The OWOW and Roundtable Budgets were presented on March 16, 2021, the General Fund Budget will be presented today at the Commission meeting, and the Brine Line Fund Budget will be presented today to PA24. The combined Comprehensive Budget will be presented on April 20, 2021 and may be approved at that meeting.

As in the past, the FYE 2022 and 2023 is a two-year budget and is being prepared in accordance with the Government Finance Officers Association's (GFOA) recommended guidelines and practices. SAWPA has received the GFOA Distinguished Budget Presentation Award for the last six bi-annual budgets. Staff will submit the FYE 2022 and 2023 Budget for this award program after final adoption.

The following documents are attached for your review and will be discussed in detail at the PA24 Committee meeting:

- ◆ Brine Line Enterprise Budget – FYE 2022 and 2023
- ◆ Brine Line Capital Budget – FYE 2022 and 2023

RESOURCE IMPACTS

Brine Line rates will remain the same for FYE 2022 and will have a 3% increase for flow, BOD and TSS for FYE 2023.

Attachments:

1. PowerPoint Presentation
2. Budget Documents:
 - Brine Line Enterprise Budget – FYE 2022 and 2023
 - Capital Budget – FYE 2022 and 2023

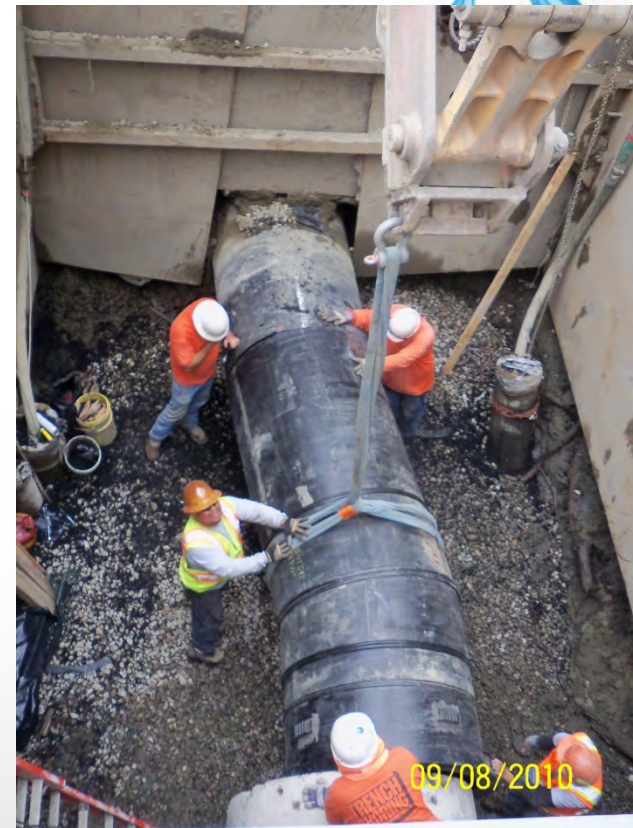
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A large, stylized graphic of a water splash in shades of blue, with various droplets and bubbles, set against a light blue background. The splash originates from the top right and flows towards the bottom left.

SAWPA

FYE 2022 and 2023 Brine Line Draft Budget

Brine Line Operations & Capital Budget





What is the Brine Line?

- The Inland Empire Brine Line (IEBL) is a 73 mile-long regional brine line designed to convey 30 million gallons per day of non-reclaimable waste water from the upper Santa Ana River Basin to the Pacific Ocean for disposal after treatment
- It was built as the fundamental method of salt export for the region
- Pipeline ranges in age from 19 to 47 years
 - Reach 4 was constructed in the mid-70's (around 1974)
 - Reaches 4A and 4B were constructed in the early 1980's (1982)
 - Reaches 4D and 4E were constructed in the early 1990's (1994)
 - Reach 5 was constructed in the early 2000's (2002). Rehab in 2017
- Pipe diameters range from 16 inch to 48 inch

Inland Empire Brine Line

— Brine Line Laterals

Brine Line

REACH

— IV

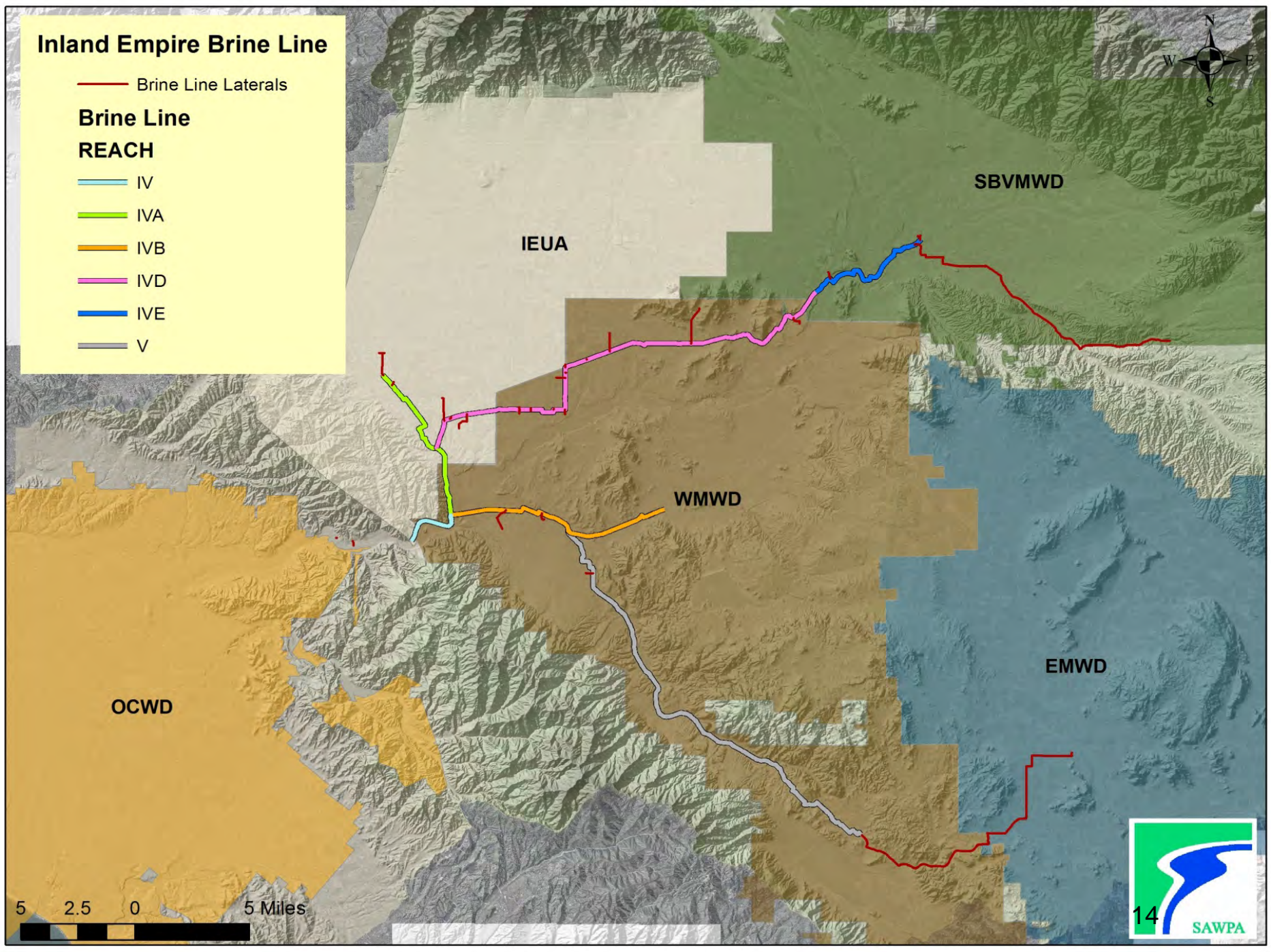
— IVA

— IVB

— IVD

— IVE

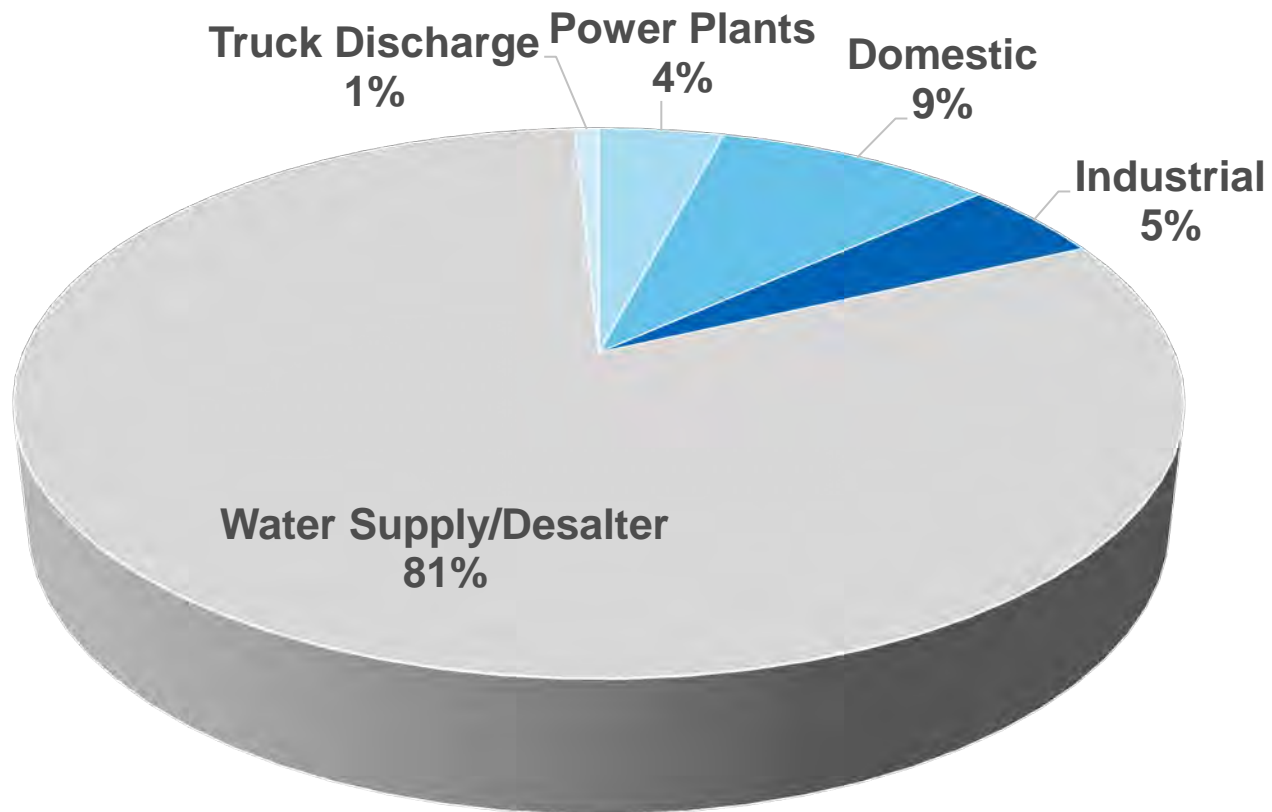
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5 2.5 0 5 Miles



Who Uses the Brine Line?



Historical Revenues & Expenses



	FYE	Revenues	Expenses	To (From) Reserves
	2018	10,894,643	(10,629,700)	264,943
	2019	11,123,310	(10,032,452)	1,090,858
	2020	11,539,517	(10,000,785)	1,538,732
Budget	2021	12,401,418	(12,401,418)	0
	2022	12,192,272	(12,192,272)	0
	2023	12,071,872	(12,071,872)	0

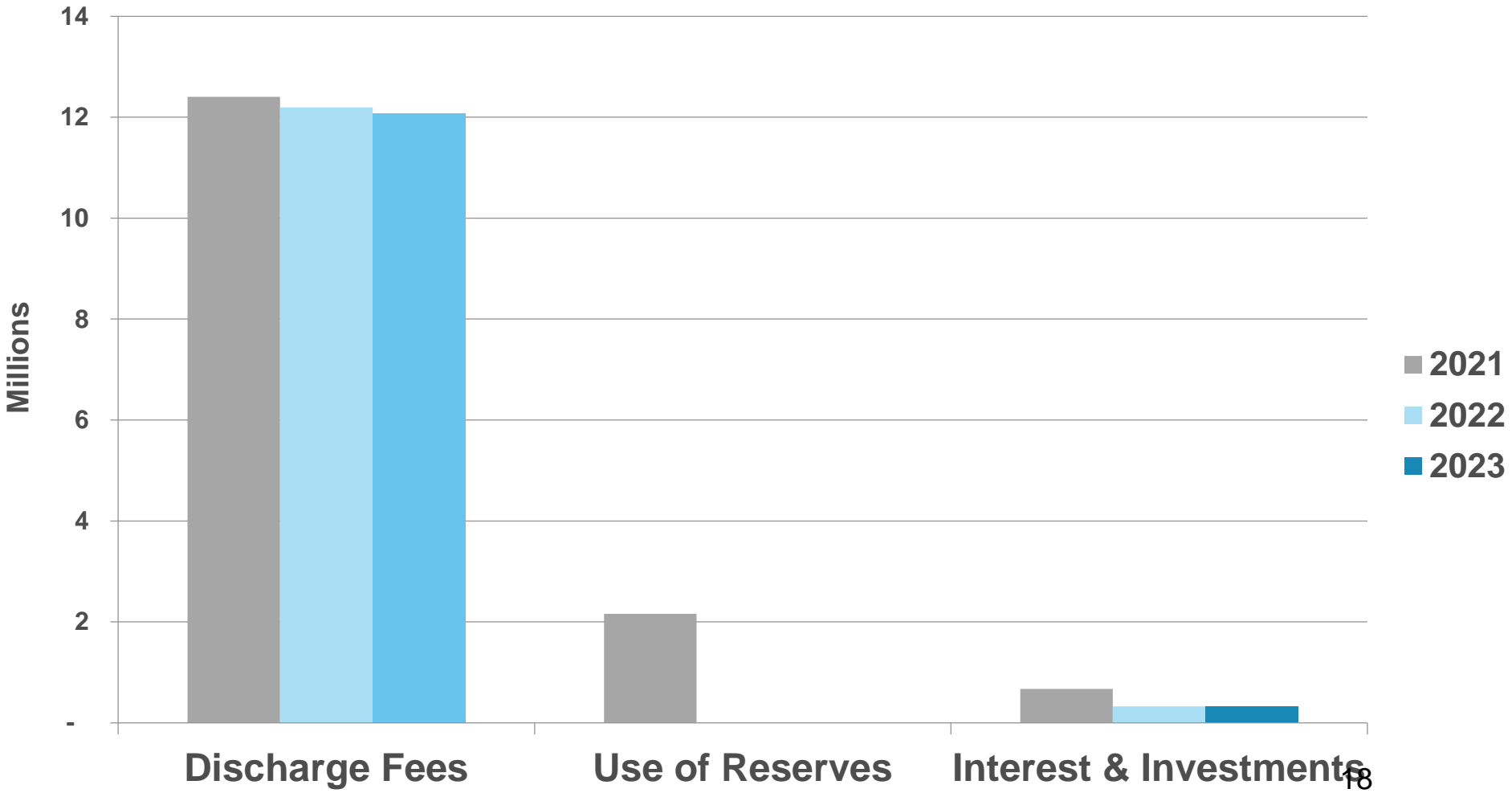
Numbers listed above are for operating revenues and expenses and do not include non-operating/debt service

Historical Flows



	FYE	Total Flows (MGD)
	2018	3,782
	2019	3,718
	2020	4,025
Budget {	2021	3,800
	2022	3,800
	2023	3,700

Brine Line Enterprise Revenue



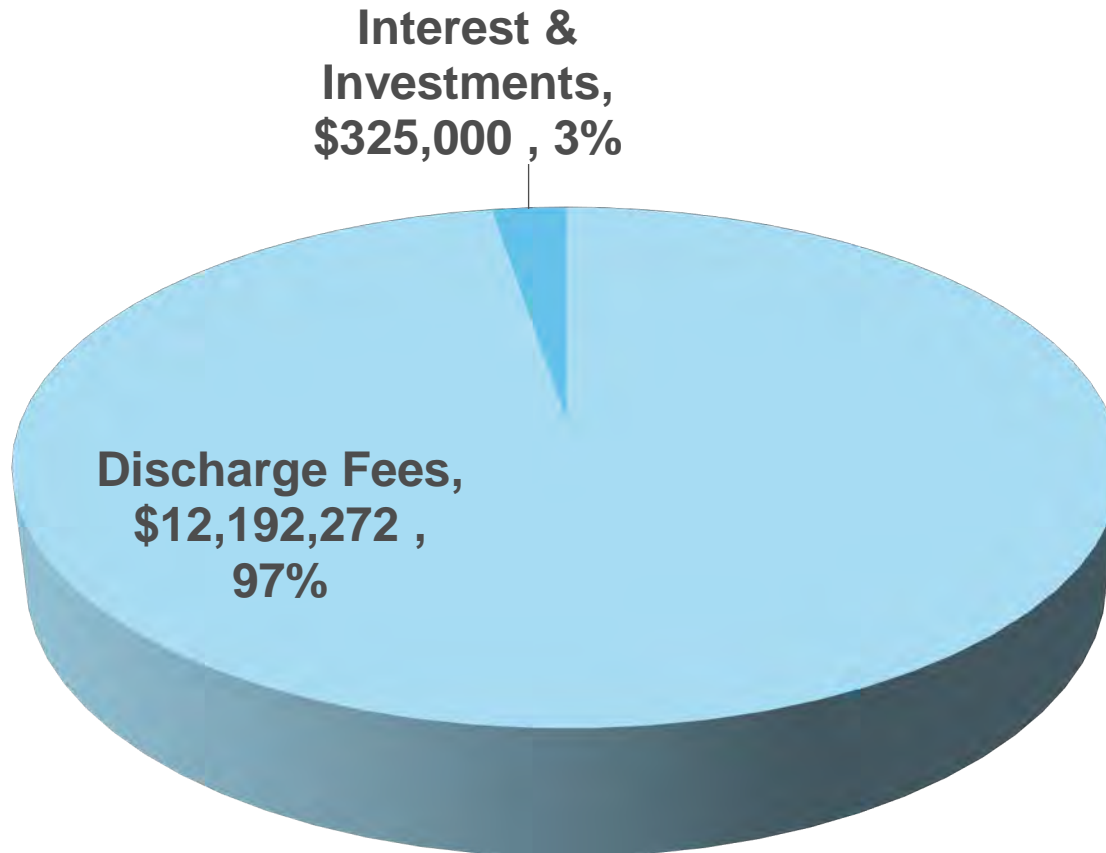
Brine Line Enterprise Revenues

Revenue	FYE 2021	FYE 2022	FYE 2023
Discharge Fees	\$12,401,418	\$12,192,272	\$12,071,872
Other Income (Use of Reserves)	2,160,027	0	0
Interest & Investments	675,000	325,000	325,000
Total	\$15,236,445	\$12,517,272	\$12,396,872

Flow (MGs)	3,800	3,800	3,700
BOD per 1,000 lbs.	1,300	1,300	1,200
TSS per 1,000 lbs.	4,550	4,550	4,400
Truck Discharge (MGs)	40	19	20

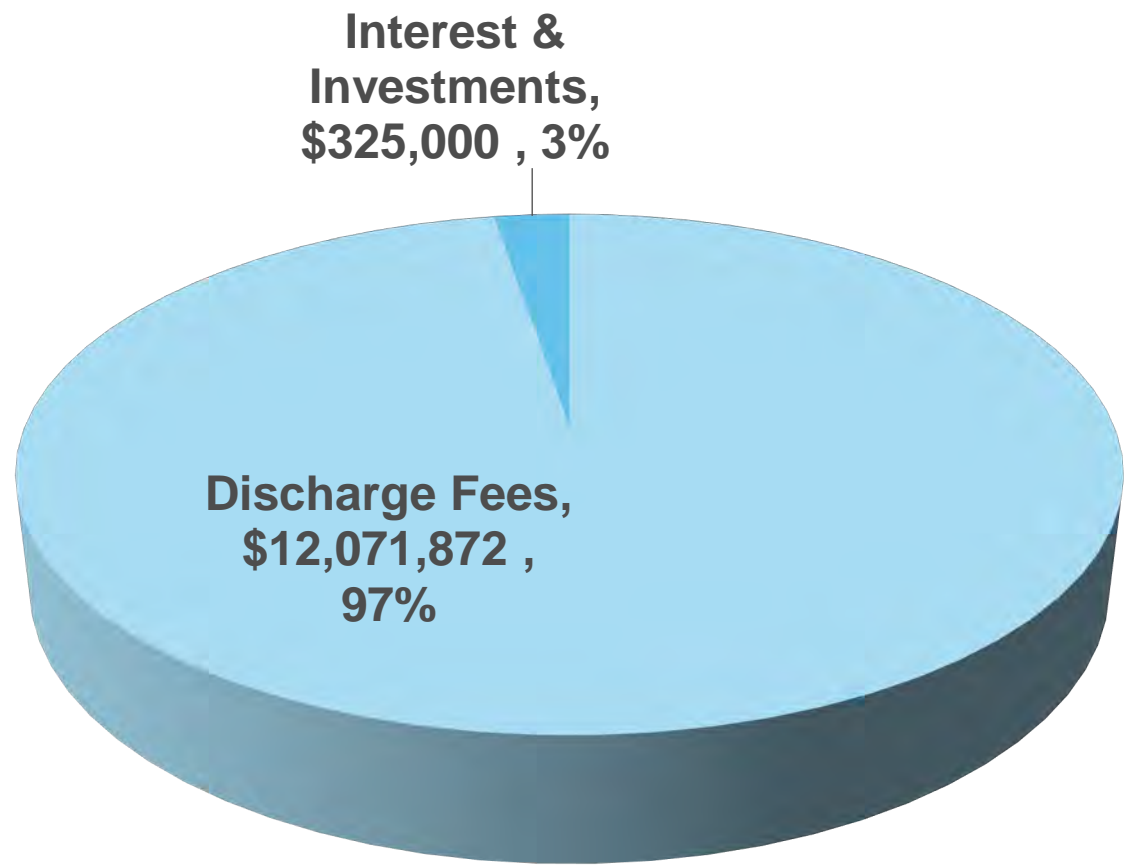
FYE 2022

Brine Line Revenues \$12.5 Million

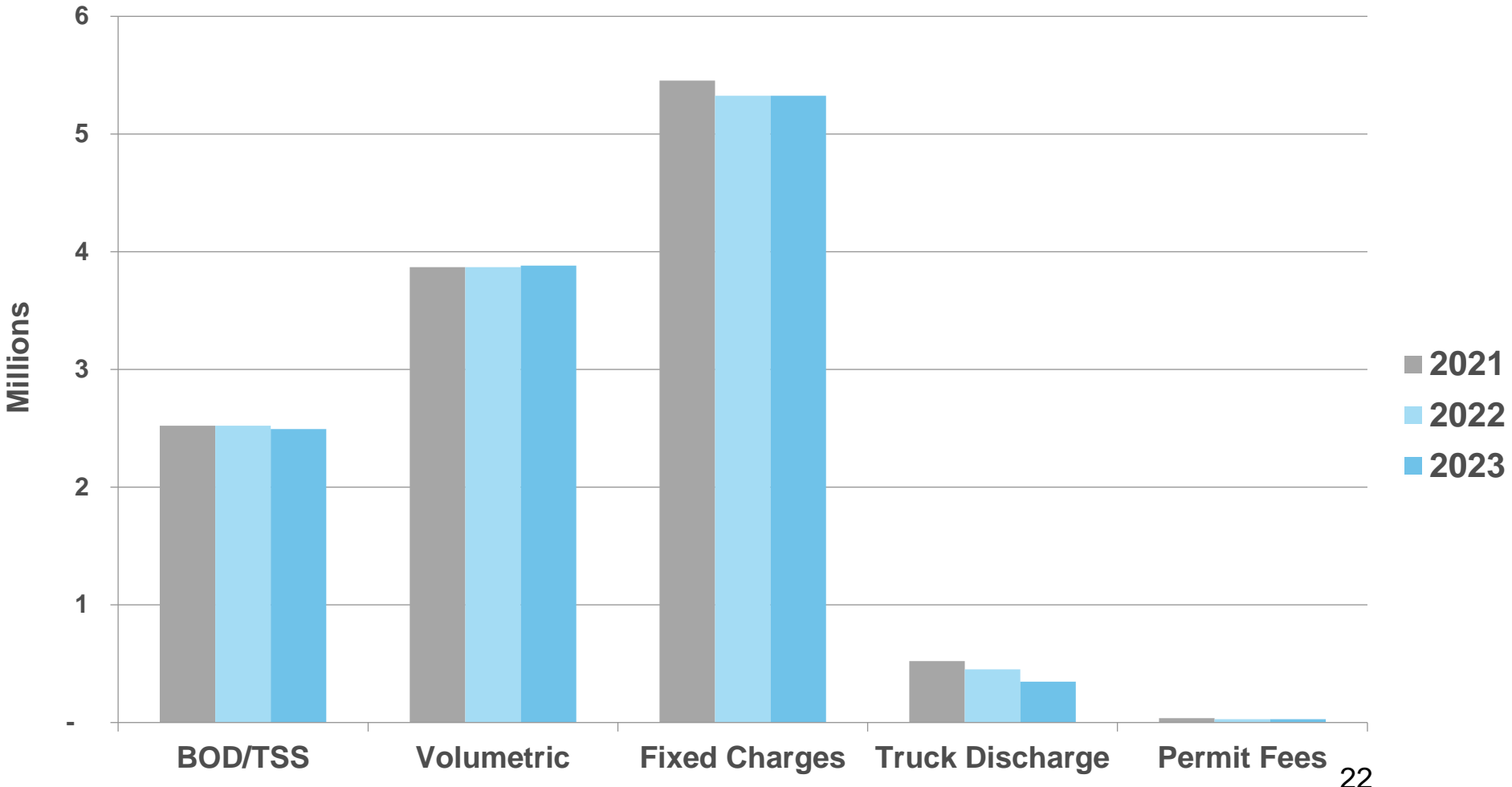




Brine Line Revenues \$12.4 Million



Brine Line Enterprise Discharge Fees



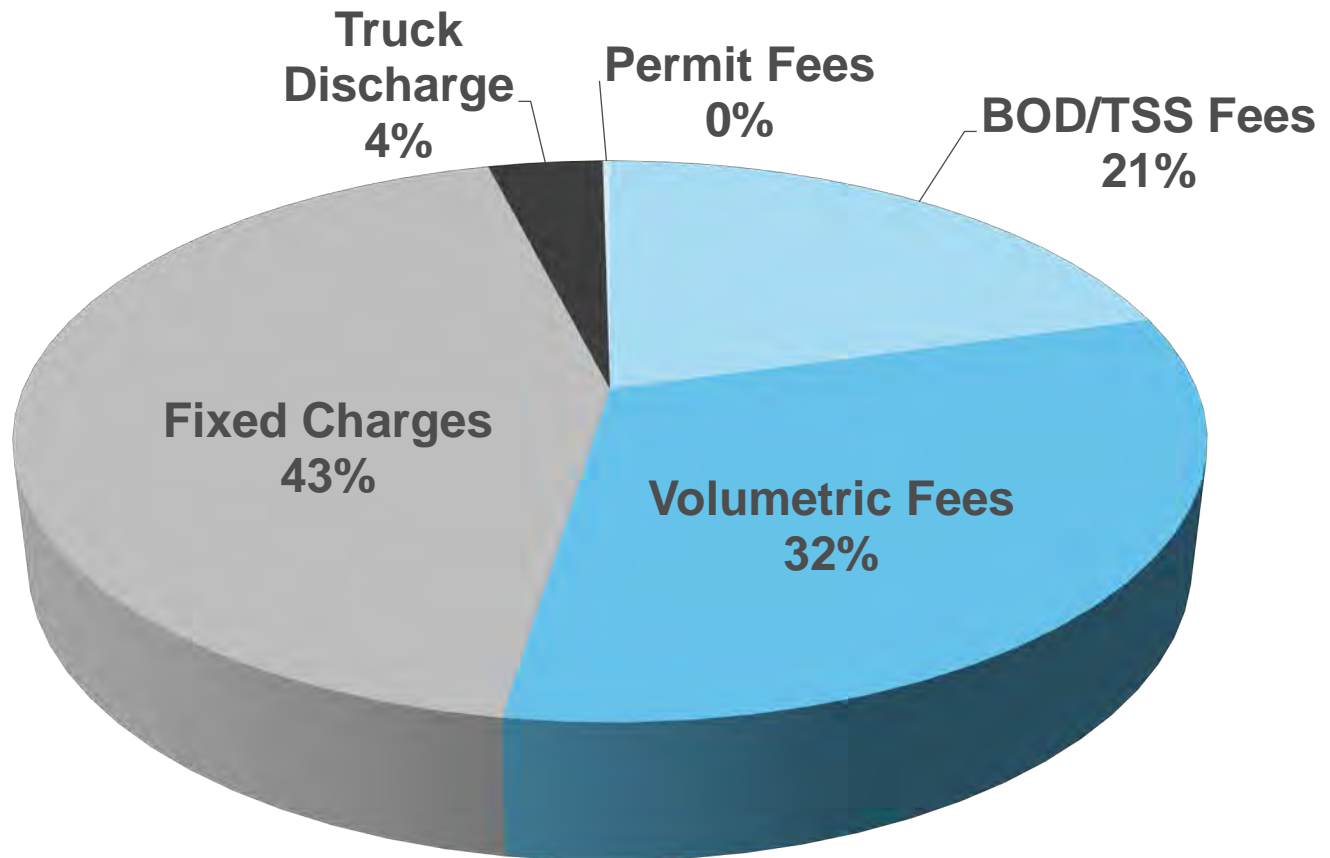
Brine Line Enterprise Discharge Fees



Expense	FYE 2021	FYE 2022	FYE 2023
BOD/TSS Fees	\$2,520,700	\$2,520,700	\$2,492,400
Volumetric Fees	3,868,400	3,868,400	3,881,300
Fixed Charges	5,453,233	5,323,422	5,323,422
Truck Dump Fees	521,000	451,500	346,500
Permit Fees	38,085	28,250	28,250
Total	\$12,401,418	\$12,192,272	\$12,071,872

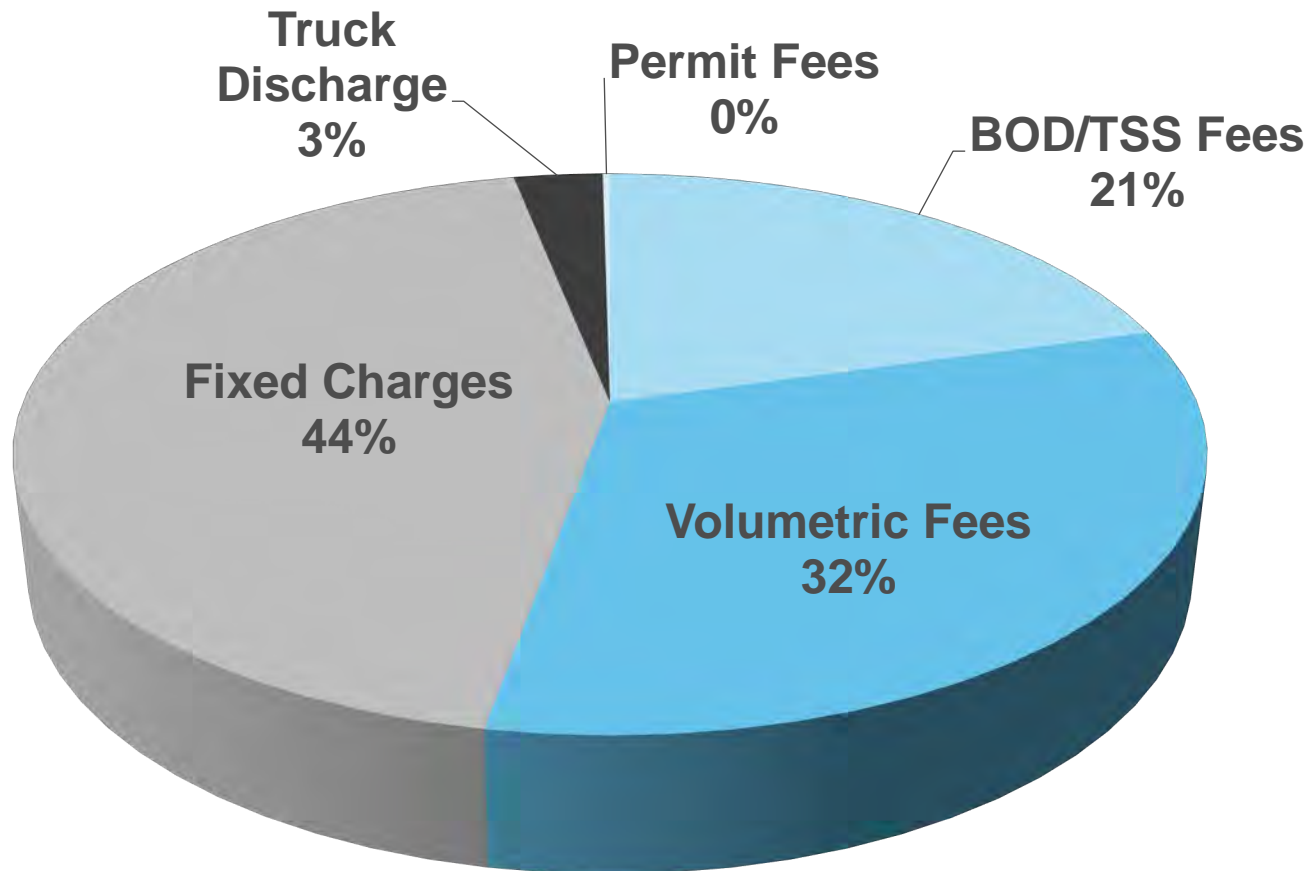
FYE 2022

Discharge Fees \$12.2 Million

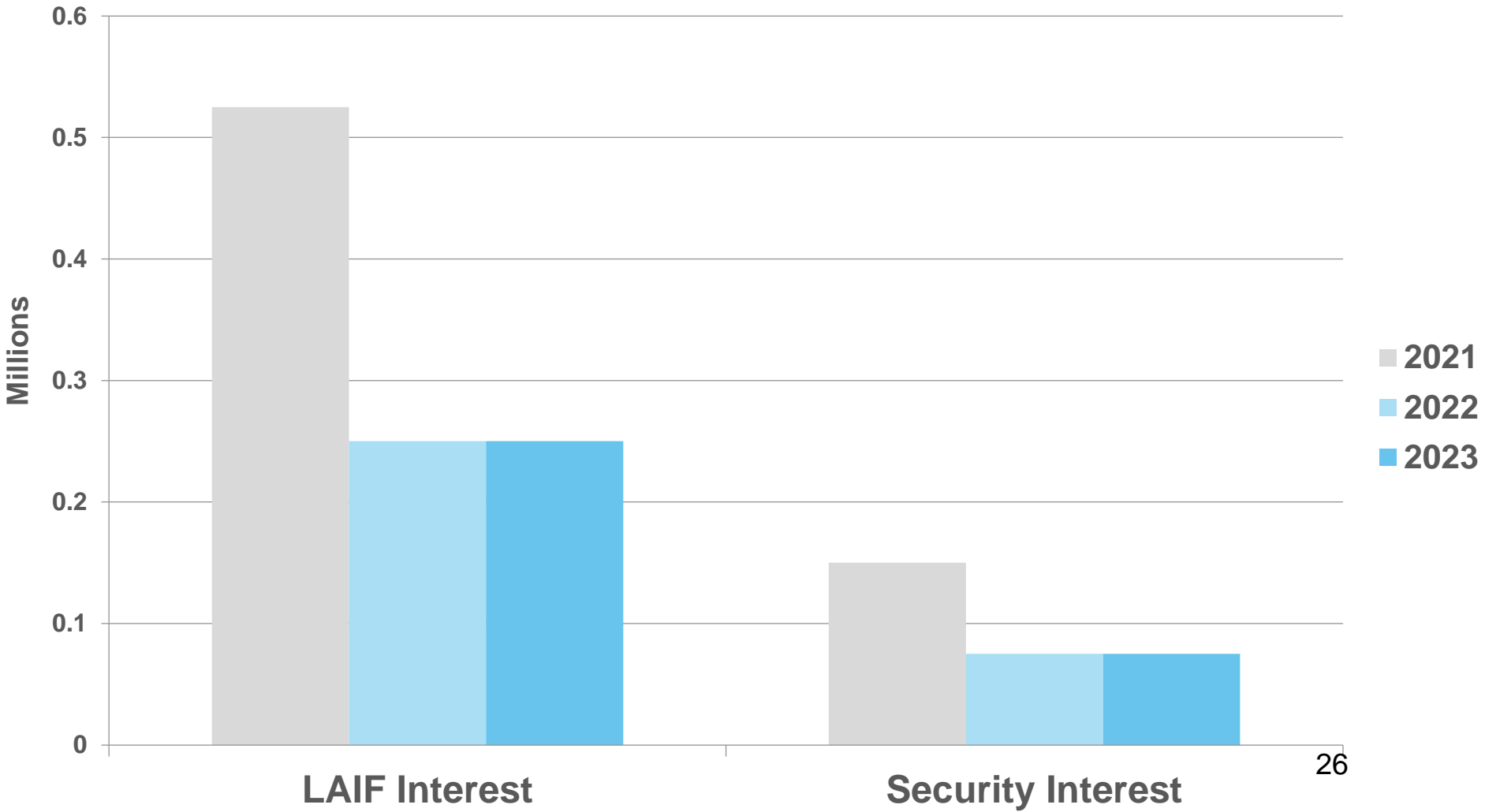


FYE 2023

Discharge Fees \$12.1 Million



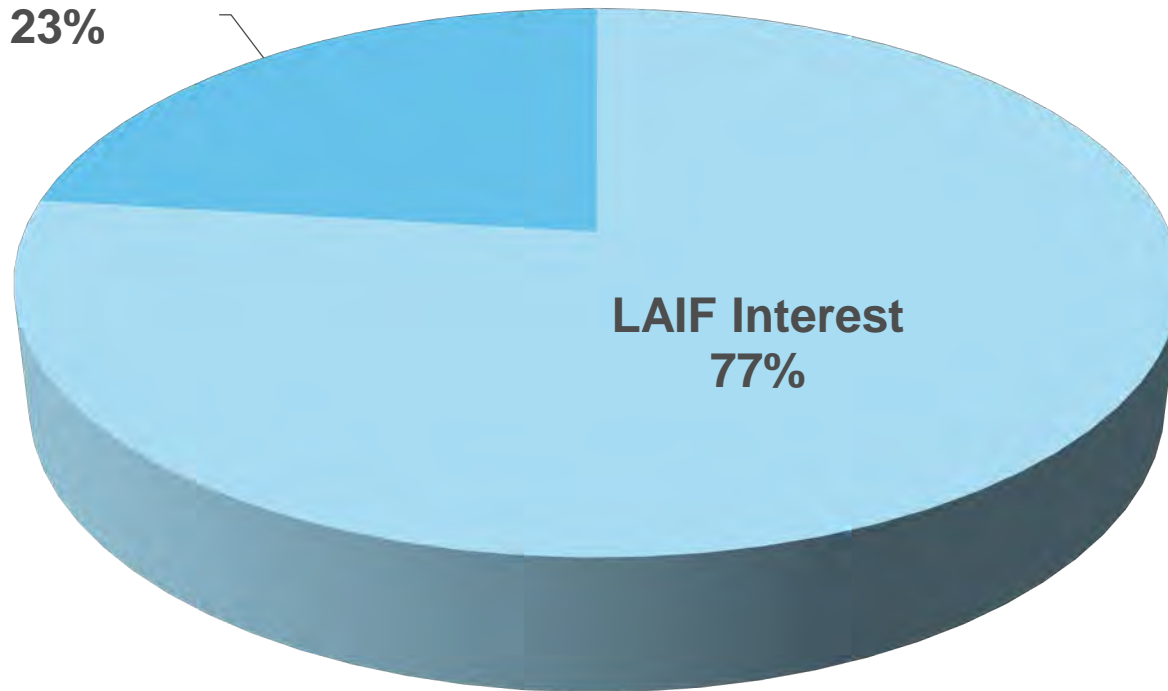
Interest & Investments



FYE 2022 & 2023

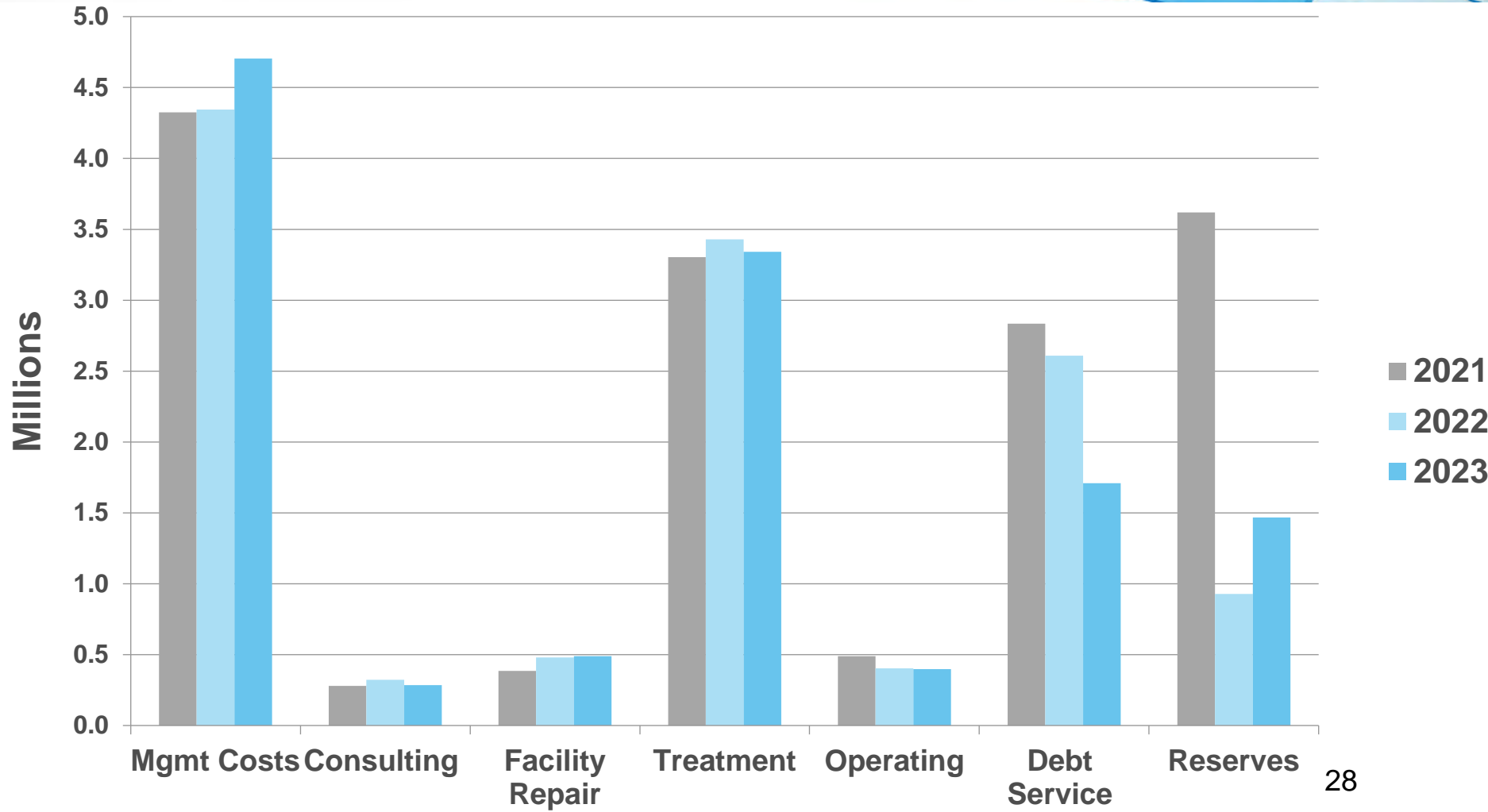
Interest & Investments \$325,000

**Security Interest
23%**



**LAIF Interest
77%**

Brine Line Enterprise Expenses



Brine Line Enterprise Expenses

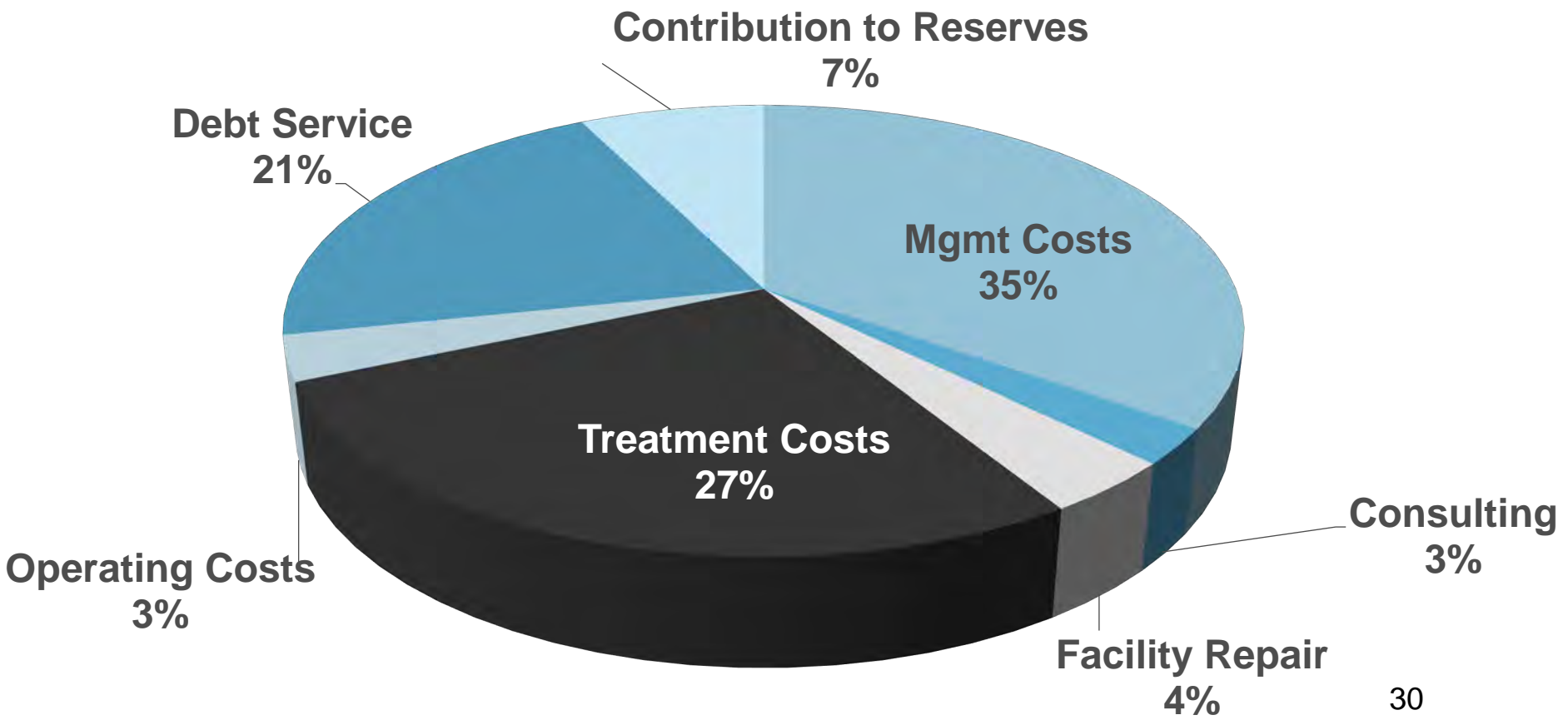


Expense	FYE 2021	FYE 2022	FYE 2023
Management Costs	\$4,324,677	\$4,344,512	\$4,705,203
Consulting	280,000	322,000	285,000
Facility Repair	385,000	480,000	490,000
Treatment Costs	3,303,500	3,430,040	3,342,400
Operating Costs	489,000	403,500	397,250
Debt Service	2,835,027	2,608,439	1,709,476
Reserves	3,619,241	928,781	1,467,543
Total	\$15,236,445	\$12,517,272	\$12,396,872

FYE 2022



Brine Line Expenses \$12.5 Million

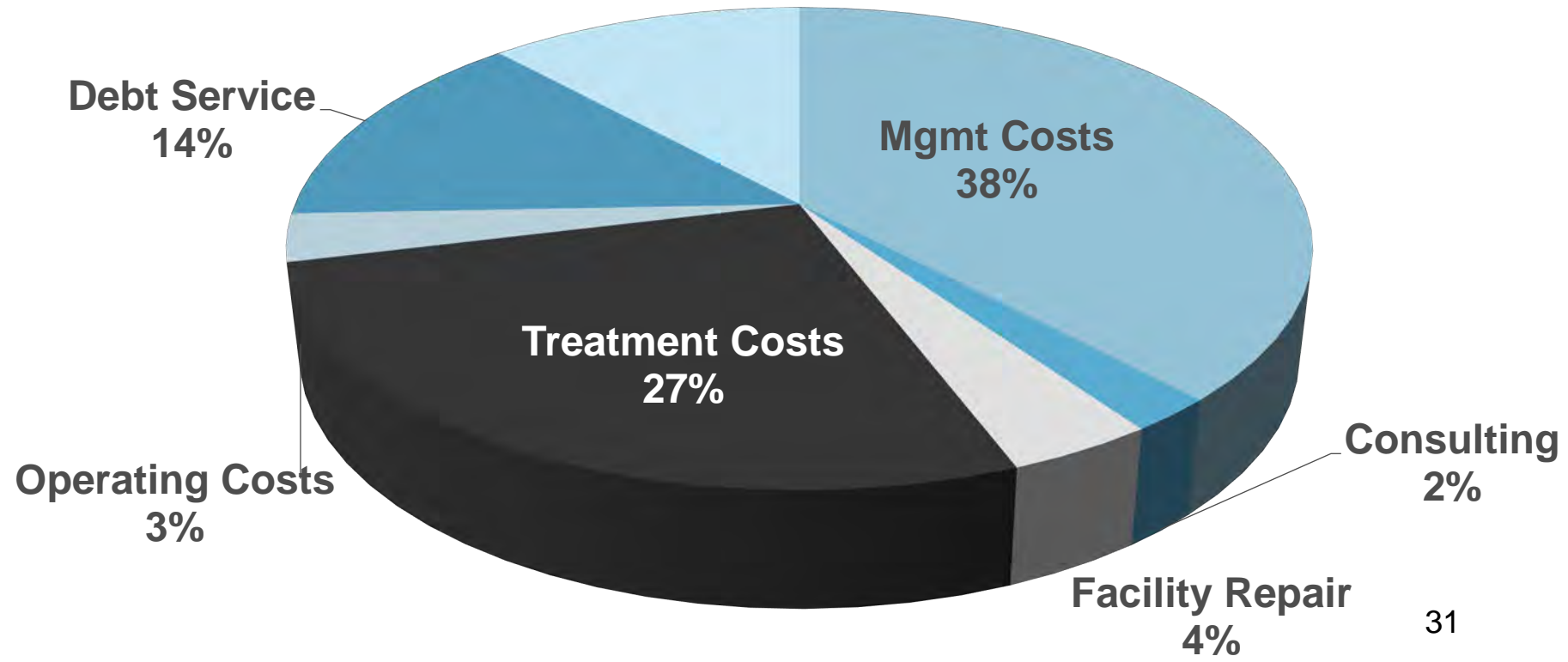


FYE 2023

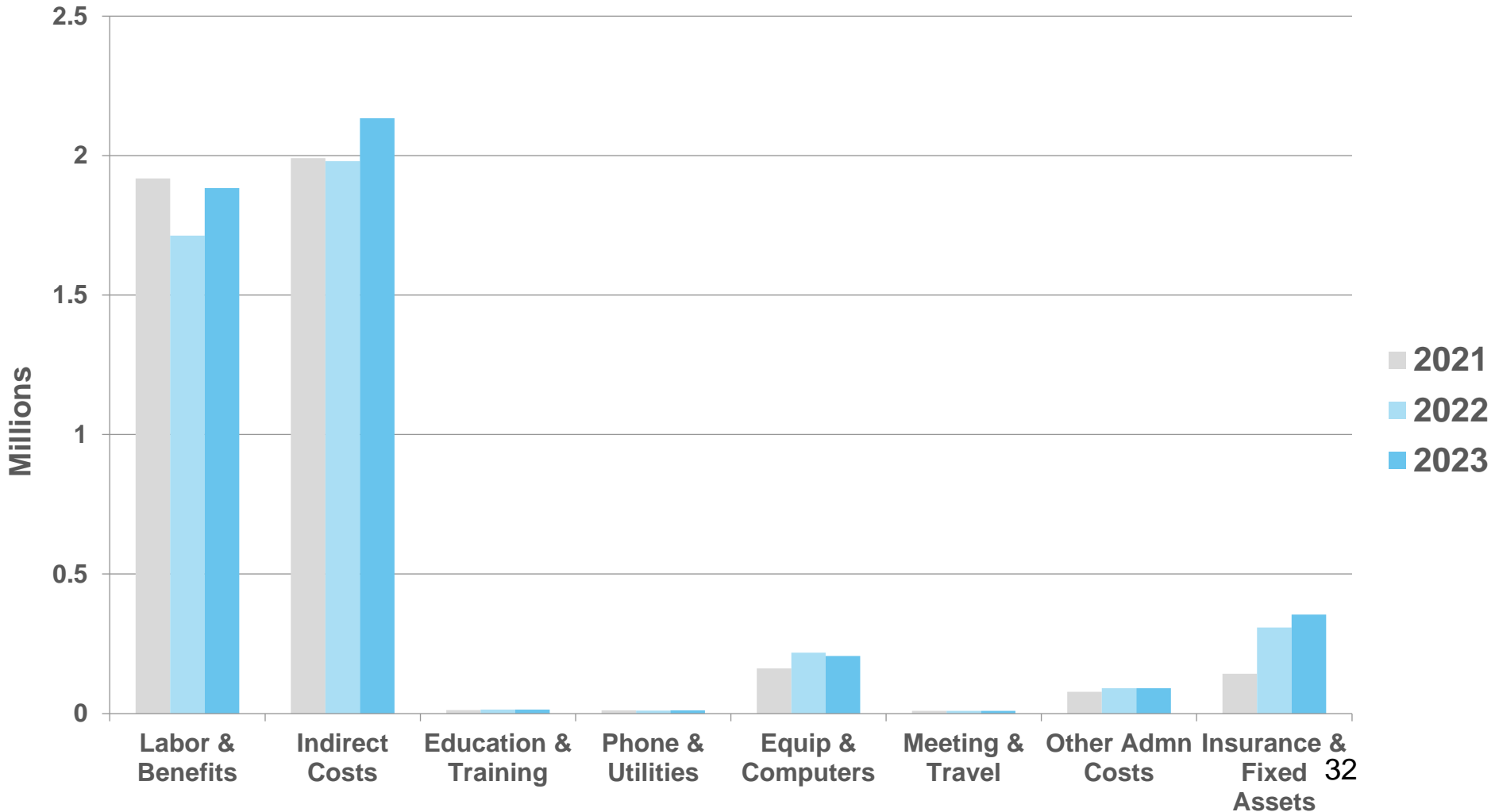


Brine Line Expenses \$12.4 Million

Contribution to Reserves
12%



Management Costs

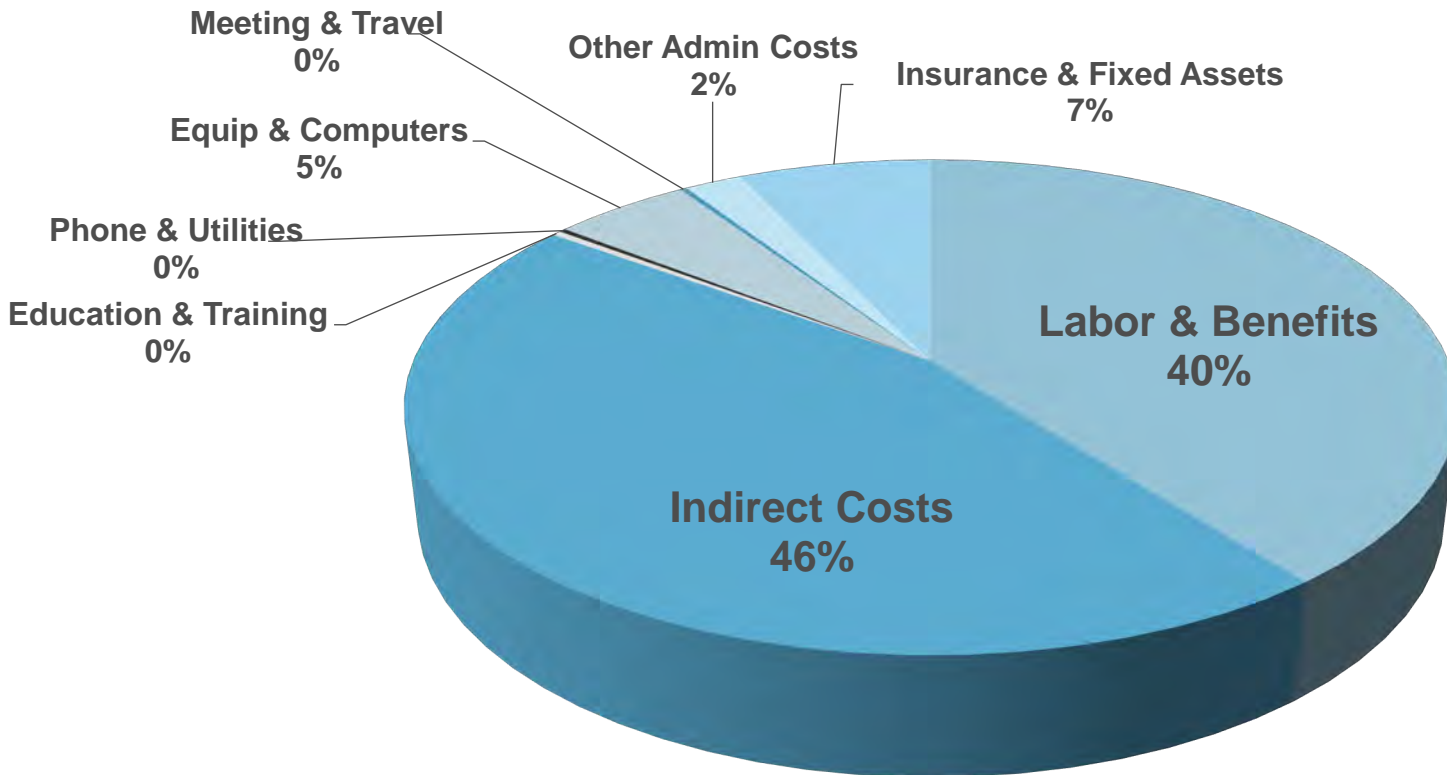


Management Costs

Expense	FYE 2021	FYE 2022	FYE 2023
Labor & Benefits	\$1,918,081	\$1,712,982	\$1,883,403
Indirect Costs	1,990,646	1,979,458	2,133,400
Education & Training	12,500	14,500	14,500
Phone & Utilities	11,700	10,200	11,500
Equip & Computers	161,500	218,000	206,500
Meeting & Travel	10,000	10,000	10,000
Other Admin Costs	77,900	90,900	90,900
Insurance, Rent, FA	142,350	308,472	355,000
Total	\$4,324,677	\$4,344,512	\$4,705,203

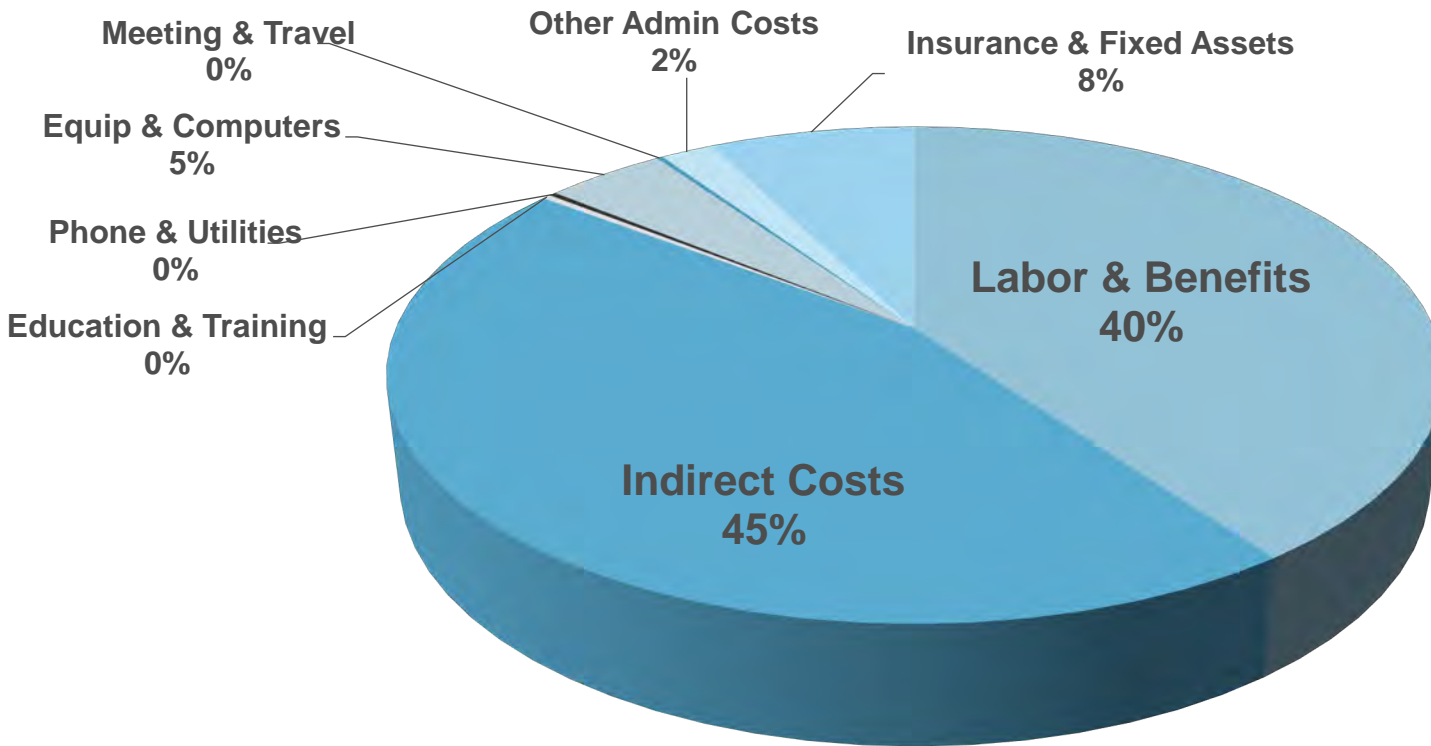
FYE 2022

Management Costs \$4.3 Million



FYE 2023

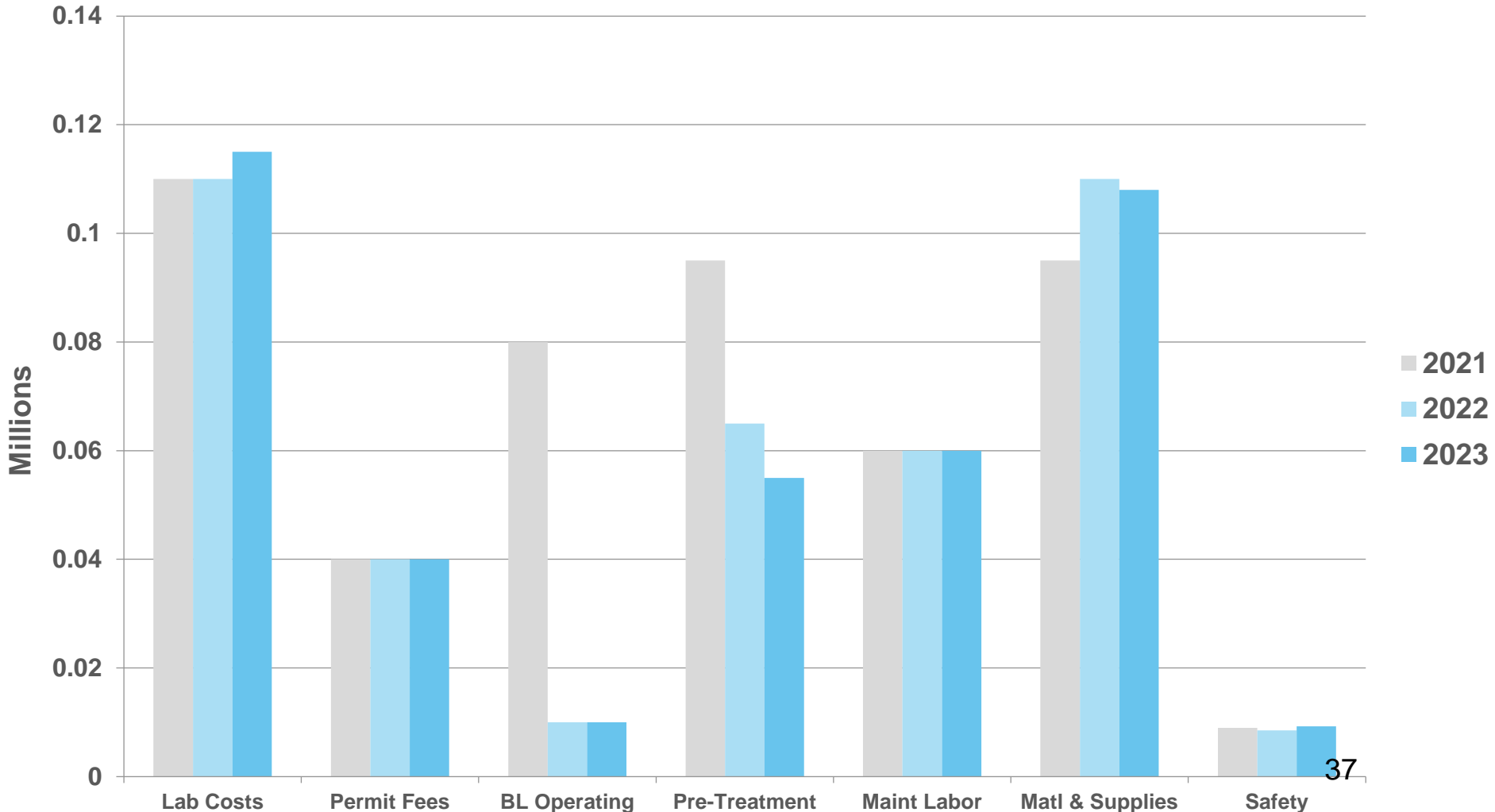
Management Costs \$4.7 Million

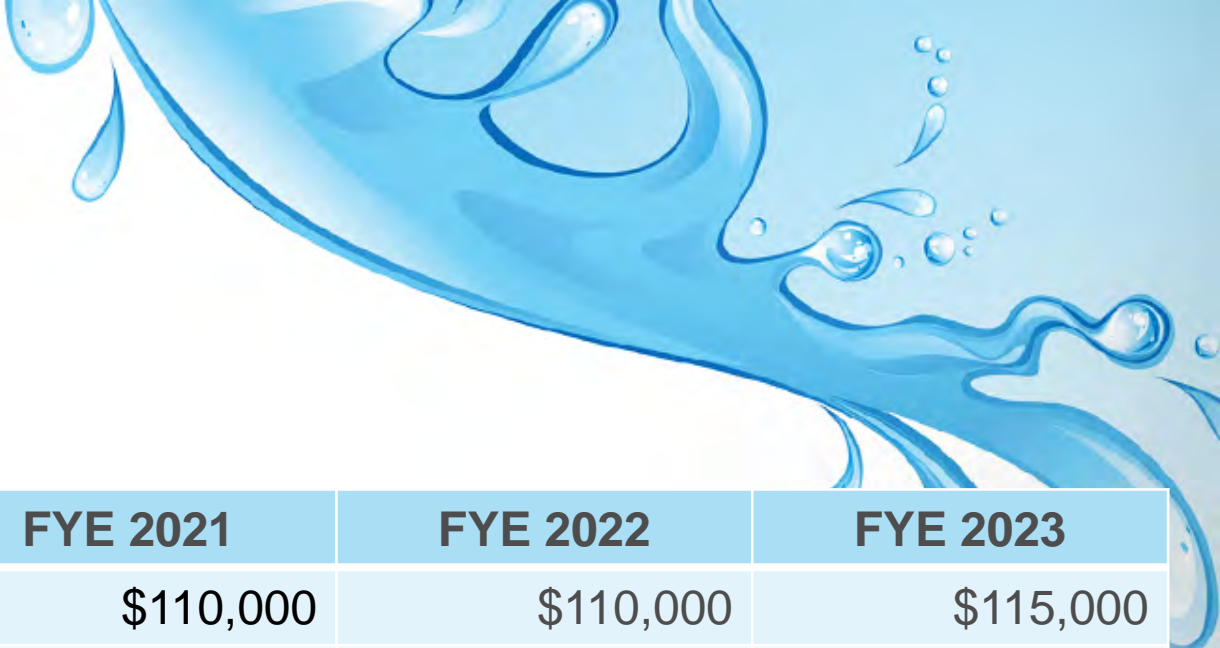


Fixed Asset Purchase

- FYE 2022
 - Purchase Dump Truck (5 cyl.) - \$100,000
- FYE 2023
 - Backhoe, trailer, buckets - \$140,000

Operating Costs





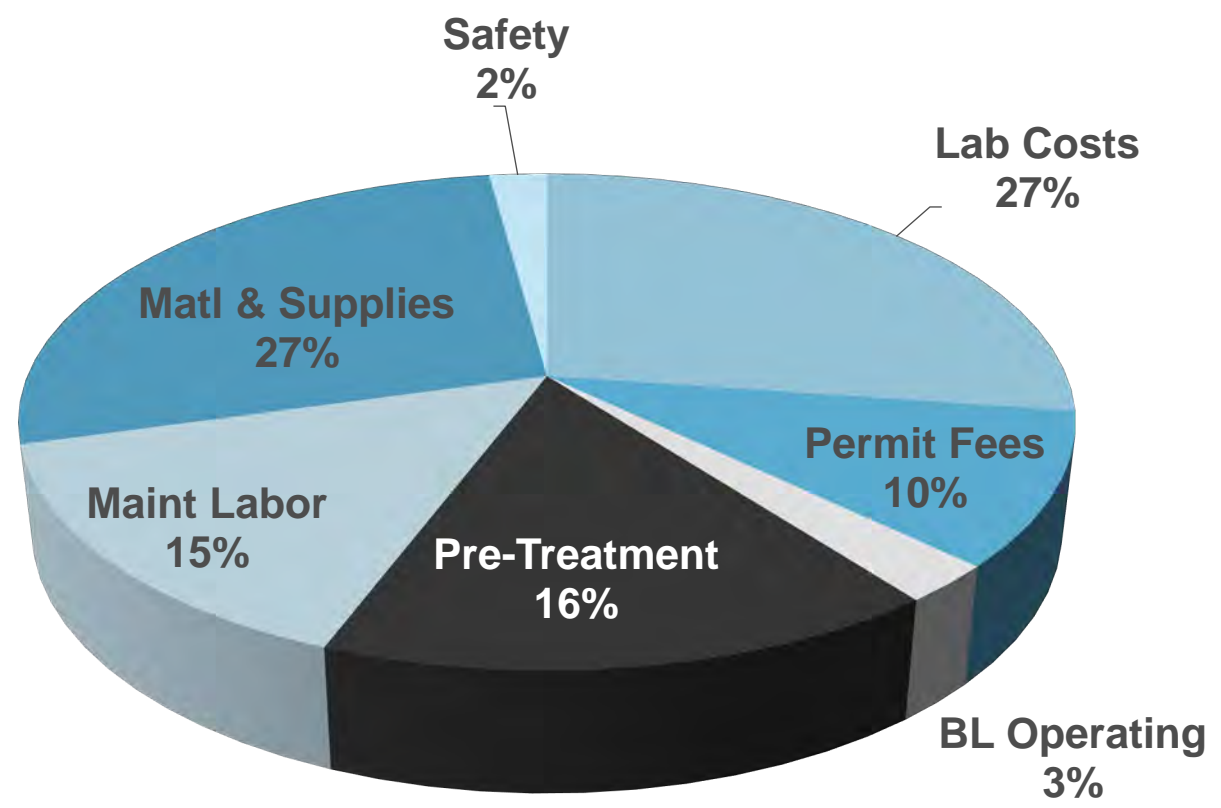
Operating Costs

Expense	FYE 2021	FYE 2022	FYE 2023
Lab Costs	\$110,000	\$110,000	\$115,000
Permit Fees	40,000	40,000	40,000
BL Operating Costs	80,000	10,000	10,000
Permitting/Pre-Treatment	95,000	65,000	55,000
Maintenance Labor	60,000	60,000	60,000
Materials & Supplies	95,000	110,000	108,000
Safety	9,000	8,500	9,250
Total	\$489,000	\$403,500	\$397,250

FYE 2022



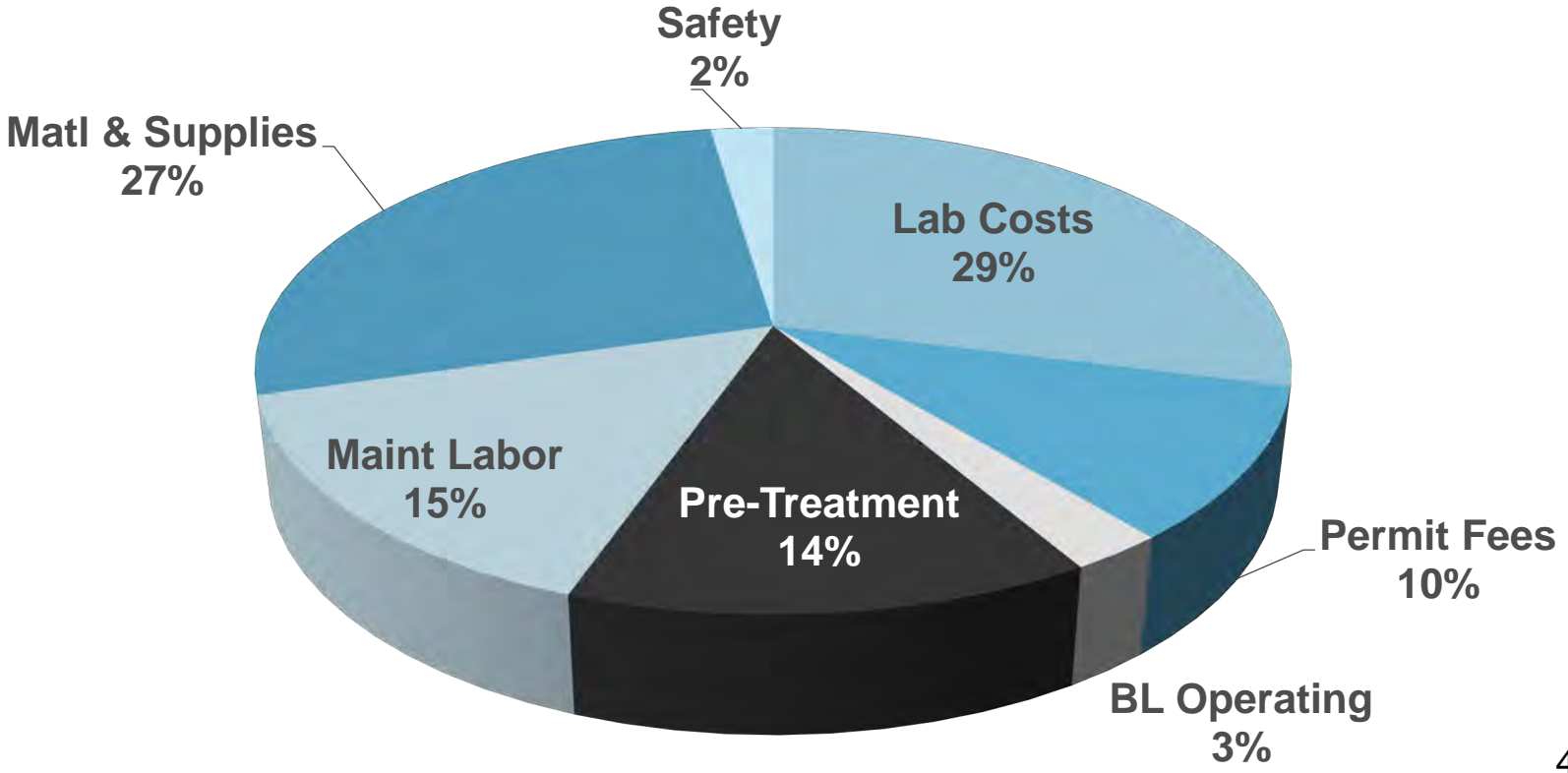
Operating Costs \$403,500



FYE 2023



Operating Costs \$397,250



Debt Service Payments

Debt	2021	2022	2023
Reach V Construction – SRF Loan 1 – 4	\$1,126,278	\$898,964	\$0
Reach IV-A & B Capital Repair – SRF Loan	1,044,273	1,044,273	1,044,273
Reach V Capital Repair – SRF Loan	664,476	665,202	665,202
Total Debt Service Payments	\$2,835,027	\$2,608,439	\$1,709,475

Debt Service Funding



Debt	Interest Rate	Final Payment	Funding Source
Reach V Construction	2.7%	10/05/21	Reserves
Reach IV-A & B Capital Repair	2.6%	12/29/32	Rates
Reach V Capital Repair	1.9%	03/31/48	Rates

Reserve Contributions



Fund	FYE 2021	FYE 2022	FYE 2023
Pipeline Repair/Replacement	\$1,810,491	\$928,781	\$1,467,543
Self Insurance Reserve	100,000	0	0
Debt Service Reserve	1,708,750	0	0
Total Contribution to Reserves	\$3,619,241	\$928,781	\$1,467,543

Proposed Brine Line Rates

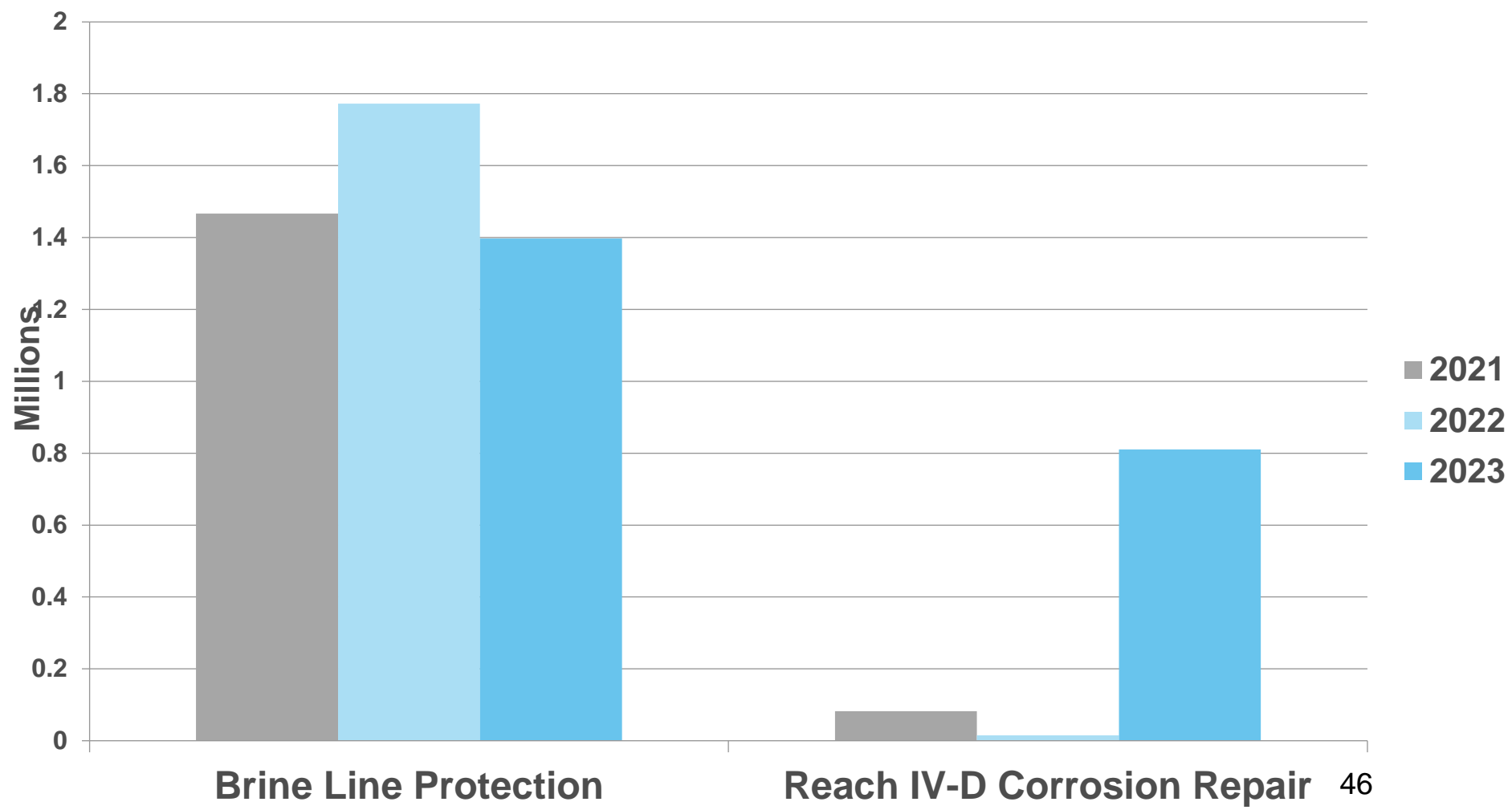
Component	Actual FYE 2021	FYE 2022	FYE 2023
Flow	\$1,018	\$1,018	\$1,049
BOD (per 1,000 lbs.)	\$329	\$329	\$339
TSS (per 1,000 lbs.)	\$460	\$460	\$474
Fixed Pipeline	\$6,654	\$6,654	\$6,654
Fixed Treatment	\$13,505	\$13,505	\$13,505

3% increase based on OC San estimated increases for 2022 and 2023

Reserve Balance (EOY)

Reserve	FYE 2022	FYE 2023
Pipeline Repair/Replacement Reserve	\$19,641,899	\$18,901,512
OC San Rehabilitation Reserve	2,374,235	2,374,235
OC San Future Capacity Reserve	1,839,595	1,839,595
Self-Insurance Reserve	4,487,655	4,487,655
Flow Imbalance Reserve	83,555	83,555
Rate Stabilization Reserve	1,025,765	1,025,765
Debt Service Reserve	3,328,129	3,328,129
Capacity Management Reserve	11,956,015	11,956,015
Operating Reserve	3,500,000	3,500,000
Total Reserves	\$48,236,848	\$47,684,760

Capital Improvement Projects



Capital Project Funding – Use of Reserves



Project	FYE 2021	FYE 2022	FYE 2023
Brine Line Protection	\$1,466,878	\$1,772,064	\$1,397,185
Reach IV-D Corrosion Repairs	82,151	14,818	810,746
Total	\$1,549,029	\$1,786,882	\$2,207,931

Capital Projects



- Fund 320 Brine Line Protection
 - Protection from stormwater/erosion
 - Reach IV-A Upper Pine Avenue siphon/relocation
 - Prado Reservoir MAS modifications
 - Pipeline inspection and condition study
 - Reach IV
 - Reach IV-B DIP
 - Reach V Temescal Canyon Road widening
 - Relocate airvac
 - Protection/relocation
- Fund 327 Reach IV-D Corrosion Repair
 - Condition assessment of 7 miles of pipeline

Brine Line Statistics

Project	FYE 2021	FYE 2022	FYE 2023
Staff Hours for Operations & Capital	22,980	21,120	21,914
Full Time Equivalents (FTE)	11.0	10.1	10.5
% of Indirect Costs paid	59.53%	64.17%	64.73%
Total of Indirect Costs paid	\$2,117,727	\$2,052,022	\$2,281,014



Questions?

SAWPA Brine Line Enterprise Budget
 FYE 2022

	Brine Line Operating Fund 240	Brine Line Debt Service	Total
<u>Source of Funds:</u>			
Discharge Fees	\$ 12,192,272	\$ -	\$ 12,192,272
Financing Proceeds	\$ -	\$ -	\$ -
Grant Proceeds	\$ -	\$ -	\$ -
Member Agency Contributions	\$ -	\$ -	\$ -
Participant Fees	\$ -	\$ -	\$ -
Other Income	\$ -	\$ -	\$ -
Interest & Investments	\$ 325,000	\$ -	\$ 325,000
Total Source of Funds	\$ 12,517,272	\$ -	\$ 12,517,272
<u>Staffing:</u>			
Hours Allocated	20,485	-	20,485
FTE (based on 2080)	9.8	-	9.8
<u>Use of Funds:</u>			
Labor	\$ 1,227,239	\$ -	\$ 1,227,239
Benefits	\$ 485,743	\$ -	\$ 485,743
Indirect Costs	\$ 1,979,458	\$ -	\$ 1,979,458
Education & Training	\$ 14,500	\$ -	\$ 14,500
Consulting & Professional Services	\$ 322,000	\$ -	\$ 322,000
Operating Costs	\$ 3,833,540	\$ -	\$ 3,833,540
Repair & Maintenance	\$ 480,000	\$ -	\$ 480,000
Phone & Utilities	\$ 10,200	\$ -	\$ 10,200
Equipment & Computers	\$ 218,000	\$ -	\$ 218,000
Meeting & Travel	\$ 10,000	\$ -	\$ 10,000
Other Administrative Costs	\$ 90,900	\$ -	\$ 90,900
Other Expense	\$ 2,916,911	\$ (2,608,439)	\$ 308,472
Construction	\$ -	\$ -	\$ -
Debt Service Payments	\$ -	\$ 2,608,439	\$ 2,608,439
Total Use of Funds	\$ 11,588,491	\$ (0)	\$ 11,588,491
<u>Contribution To Reserves:</u>			
Pipeline Repair / Replacement	\$ 928,781	\$ -	\$ 928,781
OCSD Rehabilitation Reserve	\$ -	\$ -	\$ -
Self-Insurance	\$ -	\$ -	\$ -
Debt Service	\$ -	\$ -	\$ -
Total Contributions to Reserves	\$ 928,781	\$ -	\$ 928,781
Total Use of Funds	\$ 12,517,272	\$ (0)	\$ 12,517,272
Net Gain (loss)	\$ (0)	\$ 0	\$ -
Indirect Costs Contribution	61.24%	0.00%	61.24%

SAWPA Brine Line Enterprise Budget
FYE 2023

	Brine Line Operating Fund 240	Brine Line Debt Service	Total
Source of Funds:			
Discharge Fees	\$ 12,071,872	\$ -	\$ 12,071,872
Financing Proceeds	\$ -	\$ -	\$ -
Grant Proceeds	\$ -	\$ -	\$ -
Member Agency Contributions	\$ -	\$ -	\$ -
Participant Fees	\$ -	\$ -	\$ -
Other Income	\$ -	\$ -	\$ -
Interest & Investments	\$ 325,000	\$ -	\$ 325,000
Total Source of Funds	\$ 12,396,872	\$ -	\$ 12,396,872
Staffing:			
Hours Allocated	20,920	-	20,920
FTE (based on 2080)	10.1	-	10.1
Use of Funds:			
Labor	\$ 1,326,650	\$ -	\$ 1,326,650
Benefits	\$ 556,753	\$ -	\$ 556,753
Indirect Costs	\$ 2,133,400	\$ -	\$ 2,133,400
Education & Training	\$ 14,500	\$ -	\$ 14,500
Consulting & Professional Services	\$ 285,000	\$ -	\$ 285,000
Operating Costs	\$ 3,739,650	\$ -	\$ 3,739,650
Repair & Maintenance	\$ 490,000	\$ -	\$ 490,000
Phone & Utilities	\$ 11,500	\$ -	\$ 11,500
Equipment & Computers	\$ 206,500	\$ -	\$ 206,500
Meeting & Travel	\$ 10,000	\$ -	\$ 10,000
Other Administrative Costs	\$ 90,900	\$ -	\$ 90,900
Other Expenses	\$ 2,064,476	\$ (1,709,476)	\$ 355,000
Construction	\$ -	\$ -	\$ -
Debt Service Payments	\$ -	\$ 1,709,476	\$ 1,709,476
Total Use of Funds	\$ 10,929,329	\$ (0)	\$ 10,929,329
Contribution To Reserves:			
Pipeline Repair / Replacement	\$ 1,467,543	\$ -	\$ 1,467,543
Self-Insurance	\$ -	\$ -	\$ -
Debt Service	\$ -	\$ -	\$ -
Total Contributions to Reserves	\$ 1,467,543	\$ -	\$ 1,467,543
Total Use of Funds	\$ 12,396,872	\$ (0)	\$ 12,396,872
Net Gain (loss)	\$ (0)	\$ 0	\$ -
Indirect Costs Contribution	61.80%	0.00%	61.80%

SAWPA Brine Line Capital Budget

FYE 2022

	Brine Line Protection Fund 320	Reach IV-D Corrosion Repair Fund 327	Total
<u>Source of Funds:</u>			
Financing Proceeds	\$ -	\$ -	\$ -
Grant Proceeds	\$ -	\$ -	\$ -
Member Agency Contributions	\$ -	\$ -	\$ -
Participant Fees	\$ -	\$ -	\$ -
Other Income	\$ 1,772,064	\$ 14,818	\$ 1,786,882
Interest & Investments	\$ -	\$ -	\$ -
Total Source of Funds	\$ 1,772,064	\$ 14,818	\$ 1,786,882
<u>Staffing:</u>			
Hours Allocated	575	60	635
FTE (based on 2080)	0.3	0.0	0.3
<u>Use of Funds:</u>			
Labor	\$ 53,864	\$ 4,925	\$ 58,789
Benefits	\$ 21,320	\$ 1,949	\$ 23,269
Indirect Costs	\$ 86,880	\$ 7,944	\$ 94,824
Education & Training	\$ -	\$ -	\$ -
Consulting & Professional Services	\$ 705,000	\$ -	\$ 705,000
Operating Costs	\$ -	\$ -	\$ -
Equipment & Computers	\$ -	\$ -	\$ -
Meeting & Travel	\$ -	\$ -	\$ -
Other Administrative Costs	\$ 5,000	\$ -	\$ 5,000
Other Expenses	\$ -	\$ -	\$ -
Construction	\$ 900,000	\$ -	\$ 900,000
Total Use of Funds	\$ 1,772,064	\$ 14,818	\$ 1,786,882
Net Gain (loss)	\$ -	\$ -	\$ -
Indirect Costs Contribution	2.69%	0.25%	2.93%

SAWPA Brine Line Capital Budget

FYE 2023

	Brine Line Protection Fund 320	Reach IV-D Corrosion Repair Fund 327	Total
<u>Source of Funds:</u>			
Financing Proceeds	\$ -	\$ -	\$ -
Grant Proceeds	\$ -	\$ -	\$ -
Member Agency Contributions	\$ -	\$ -	\$ -
Participant Fees	\$ -	\$ -	\$ -
Other Income	\$ 1,397,185	\$ 810,746	\$ 2,207,931
Interest & Investments	\$ -	\$ -	\$ -
Total Source of Funds	\$ 1,397,185	\$ 810,746	\$ 2,207,931
<u>Staffing:</u>			
Hours Allocated	704	290	994
FTE (based on 2080)	0.3	0.1	0.5
<u>Use of Funds:</u>			
Labor	\$ 71,731	\$ 20,063	\$ 91,794
Benefits	\$ 30,103	\$ 8,420	\$ 38,523
Indirect Costs	\$ 115,351	\$ 32,263	\$ 147,614
Education & Training	\$ -	\$ -	\$ -
Consulting & Professional Services	\$ 475,000	\$ 750,000	\$ 1,225,000
Operating Costs	\$ -	\$ -	\$ -
Equipment & Computers	\$ -	\$ -	\$ -
Meeting & Travel	\$ -	\$ -	\$ -
Other Administrative Costs	\$ 5,000	\$ -	\$ 5,000
Other Expenses	\$ -	\$ -	\$ -
Construction	\$ 700,000	\$ -	\$ 700,000
Total Use of Funds	\$ 1,397,185	\$ 810,746	\$ 2,207,931
Net Gain (loss)	\$ -	\$ -	\$ -
Indirect Costs Contribution	3.34%	0.93%	4.28%

PA 24 COMMITTEE MEMORANDUM NO. 2021.7

DATE: April 6, 2021

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

SUBJECT: Capacity Utilization Program Agreement

PREPARED BY: David Ruhl, Engineering Manager

RECOMMENDATION

That the Project Agreement 24 Committee approve and authorize the General Manager to execute an agreement for the creation of a Capacity Utilization Program for the Inland Empire Brine Line, subject to minor, non-substantive changes contingent on concurrence by legal counsel.

DISCUSSION

The creation of a Lease Capacity Pool was approved by the SAWPA Commission in December 2018. The Lease Capacity Pool allows existing and potential customers to lease Brine Line pipeline and treatment and disposal capacity right without the financial burden of purchasing the capacity right. One (1) million gallons per day (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. Western Municipal Water District and Inland Empire Utilities Agency are the only two Agencies with excess capacity available and able to contribute to the Lease Capacity Pool. Currently, the balance of capacity right in the Lease Capacity Pool is 2.213 MGD of pipeline capacity right and 0.466 MGD of treatment and disposal capacity right.

SAWPA has purchased 17 MGD of treatment and disposal capacity right from Orange County Sanitation District (OC San) and in turn sold this capacity right to Member Agencies and the Chino Desalter Authority in the upper watershed. Currently, the capacity right being utilized in the Brine Line is about 11.0 MGD. Leaving about 6 MGD of unused capacity right. The Lease Capacity Pool was established to allow Member Agencies to contribute non committed capacity to the pool for new customers to the Brine Line. Current contributions from Member Agencies are committed to existing customer leases or are not sufficient to meet requests for capacity. SAWPA does not own any excess capacity, and OC San has informed SAWPA that additional treatment and disposal capacity is not available for purchase until the purchased 17 MGD of treatment and disposal capacity right is utilized. The proposed Capacity Utilization Program would be desirable to make unused capacity right available to Member Agencies, existing customers, and new industrial customers.

The Capacity Utilization Program utilizes the unused portion of capacity right in the Brine Line for customers needing capacity. The purpose and benefits of the program are as follows:

1. Increase the use of the Brine Line for salt removal in the watershed.
2. Make available pipeline capacity right and treatment and disposal capacity right for long term lease by existing and new directly connected customers.
3. Spread the cost of operating the Brine Line over more dischargers to the Brine Line, thereby reducing the rate of increase of Brine Line rates.

4. Provide for the leasing of treatment and disposal capacity right until such time as that capacity right can be purchased by SAWPA from OC San.

All Member Agencies and customers with an existing capacity right will not lose their capacity right and would have the right to continue to discharge to the Brine Line up to their purchased capacity right. SAWPA will purchase additional capacity right at a future time when it is made available or required by OC San. In turn the Member Agency with whom a customer is leasing capacity through the Capacity Utilization Program, would have the option to purchase the capacity from SAWPA through the Member Agency in which they are located. SAWPA has established the reserve fund "OCSD Future Capacity Reserve" to provide future funding to purchase additional treatment and disposal capacity from OC San. Lease revenues would be deposited in this reserve fund.

The Capacity Utilization Program would make available unused pipeline and treatment and disposal capacity rights to the Lease Capacity Pool. Through the program SAWPA would make an initial contribution of 0.5 MGD unused capacity to the Lease Capacity Pool for discharger leases. Additional capacity may be added to the Lease Capacity Pool upon approval of the PA 24 Committee. Member Agency contributions to the Lease Capacity Pool will be utilized first. SAWPA will notify Member Agencies when additional contribution to the Lease Capacity Pool is needed. A discharger lease is between SAWPA and the individual discharger and requires approval by the PA 24 Committee. Discharger leases would follow the terms and conditions of the Lease Capacity Pool Agreement. Lessees would pay regular Brine Line Rates, based on their discharges, and would otherwise be subject to all Pretreatment Program rules and requirements, the same as any other discharger. If SAWPA exceeds the purchased capacity right of 17 MGD and OC San refuses to sell additional treatment and disposal capacity rights to SAWPA, in violation of the 1996 Agreement, then the Discharger Lease Agreement shall terminate. A copy of the Capacity Utilization Program Agreement is attached. The Agreement will require approval by the PA 24 Committee Member Boards.

RESOURCE IMPACTS

The Capacity Utilization Program is intended to provide capacity rights to the Lease Capacity Pool. The Lease Capacity Pool was established to serve new customers, and potentially some existing customers who need additional capacity. By facilitating additional dischargers into the system, fixed costs per MGD may be reduced. Funds to purchase additional capacity from OC San would come from the SAWPA reserve fund "OCSD Future Capacity Reserve" or from a Member Agency in need of capacity or a combination of the two.

Attachments:

1. PowerPoint Presentation
2. Capacity Utilization Program Agreement

Capacity Utilization Program Agreement

David Ruhl, Engineering Manager

Project Agreement 24 Committee | April 6, 2021

Agenda Item No. 5.B.

Capacity Utilization Program Agreement

Recommendation:

Authorize the GM to execute an agreement for creation of a Capacity Utilization Program for the Brine Line, 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 excess capacity
- Member Agencies contribute small quantity to 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				
	WMWD		2.163	0.666
	IEUA		0.05	0.05
Total Contribution			2.213	0.716
Discharger Lease Agreement				
Aug 2020		RBF (1)	0.00	(0.25)
Total Leased Capacity Right			(0.00)	(0.25)
Lease Capacity Pool Balance			2.213	0.466

(1) Rialto Bioenergy Facility

Challenges

- SAWPA has purchased 17 MGD of T & D capacity right
- Only 11 MGD being utilized
- Customers continue to have difficulty obtaining capacity
- Current “Pool” contributions are not sufficient
- Member Agency excess capacity is limited
- SAWPA unable to purchase additional capacity until existing capacity purchased from OC San is utilized

Capacity Utilization Program

- Utilizes the unused portion of capacity right in the Brine Line for customers needing capacity
- All existing customers continue to discharge up to their purchased capacity
- Existing customers will not lose their capacity
- SAWPA will purchase capacity at a future time when available or required by OC San
- Lease revenues deposited in reserve fund to purchase T&D capacity

Program Benefits

- Adds capacity to Lease Capacity Pool
- Increases the use of the Brine Line for salt removal
- Spreads the cost of operating the Brine Line over more dischargers
- Provide for the leasing of capacity right until addition capacity is available for purchase

Agreement

- Initial contribution of 0.5 MGD of pipeline and T&D capacity right to “Pool”
- Member Agency contributions to “Pool” utilized first
- Discharger Lease Agreements follows terms of Lease Capacity Pool Agreement
- If SAWPA exceeds 17 MGD purchased capacity right and in the unlikely event OC San refuses to sell additional capacity, the Lease Agreement will terminate, upon notification

Capacity Utilization Program Agreement

Recommendation:

Authorize the GM to execute an agreement for creation of a Capacity Utilization Program for the Brine Line, subject to minor, non-substantive changes contingent on concurrence by legal counsel.

QUESTIONS?

AGREEMENT BETWEEN
SANTA ANA WATERSHED PROJECT AUTHORITY (SAWPA)
AND
EASTERN MUNICIPAL WATER DISTRICT (EMWD)
INLAND EMPIRE UTILITIES AGENCY (IEUA)
SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT (SBVMWD)
WESTERN MUNICIPAL WATER DISTRICT (WMWD)
FOR THE CREATION OF THE
INLAND EMPIRE BRINE LINE CAPACITY UTILIZATION PROGRAM

This Agreement is made this ___ day of _____, 2021, by and between SAWPA and EMWD, IEUA, SBVMWD, AND WMWD (the Member Agencies). SAWPA and the Member Agencies 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 Inland Empire Brine Line, and Member Agencies and other entities in the upper watershed own 30 million gallons per day (MGD) of pipeline capacity right in the SARI, as defined in various agreements.
- B. Member 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 an additional 13 MGD for a total of 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 for by the Member 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 Member Agencies in the upper watershed. Flow and water quality are defined components of the purchase based upon the maximum flow rate (Million Gallons per Day, 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). Amendment No. 1 to the 1996 Agreement further defines the SAWPA-owned treatment and disposal capacity right as 20,834 lbs/day BOD5 and 19,832 lbs/day TSS.

- D. The 1991 Memorandum of Understanding between SAWPA and OCSD Governing Quality Control of Wastewaters Discharged (1991 MOU) 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 Member Agencies utilize pipeline capacity and treatment and disposal capacity rights for individual dischargers in their respective service areas. Use of those capacity rights requires that the discharger obtain a discharge permit from the applicable Member Agency within which the Discharger operates. Individual dischargers are not allowed to transfer or assign capacity to others.
- F. In 2019, SAWPA and the Member Agencies created a long-term "Lease Capacity Pool" to make available pipeline and treatment and disposal capacity rights for the Member Agencies and individual dischargers within their respective service areas. The Member Agencies may commit pipeline and treatment and disposal capacity rights to the Lease Capacity Pool that are unused and not otherwise committed to an individual discharger. With respect to the Lease Capacity Pool, SAWPA notifies the Member Agencies when an additional contribution to the Lease Capacity Pool is needed to provide capacity rights to an individual discharger. The Member Agencies have the option, if excess capacity is available, to contribute the excess capacity to the Lease Capacity Pool. The Lease Capacity Pool is subject to terms and conditions as defined in the Lease Capacity Pool Agreement between SAWPA and the Member Agencies dated April 11, 2019, that is administered by SAWPA.
- G. As of October 2020, actual flows to the Brine Line are approximately 12 MGD, leaving 5 MGD of unused volumetric treatment capacity. Similarly, BOD5 and TSS actual discharges are approximately 5,100 and 10,500 pounds per day, respectively, leaving 15,700 and 9,300 pounds per day of unused capacity. The balance of available capacity in the Lease Capacity Pool is 0.10 MGD. An additional commitment of 0.30 MGD may be available in the future through Member Agency contributions that would increase the available balance of the Lease Capacity Pool to 0.40 MGD.
- H. SAWPA has from time to time received requests to lease capacity that exceeds the amount of capacity available in the Lease Capacity Pool. OCSD has informed SAWPA that additional treatment and disposal capacity is not available for purchase by SAWPA until the purchased 17 MGD of treatment and disposal capacity right is fully utilized. An option such as the Capacity Utilization Program set forth herein would be desirable to make unused capacity right available to the Member Agencies, and industrial and commercial businesses within their respective service areas.

- I. The purpose of this Agreement is to create an additional option to provide unused capacity for use through the Lease Capacity Pool until such time as additional treatment and disposal capacity rights can be purchased from OCSD, by and through SAWPA.
- J. Individual "Discharger Lease Agreements" between SAWPA and dischargers will set forth the specific terms and conditions for capacity leases. Discharger Lease Agreements shall be consistent with this Agreement and the Lease Capacity Pool Agreement.

COVENANTS

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

1. Creation of Capacity Utilization Program. The Capacity Utilization Program is hereby created to make available unused pipeline and treatment and disposal capacity rights to the Lease Capacity Pool in accordance with the terms and conditions set forth below. This Agreement will not impact the Member Agencies' ability to purchase treatment and disposal capacity, if OCSD makes it available to SAWPA, according to existing policies and procedures.
2. Initial Commitment to Capacity Utilization Program. The initial commitment of unused capacity through the Capacity Utilization Program to the Lease Capacity Pool is 0.50 MGD of pipeline capacity right and treatment and disposal capacity right at a wastewater strength of 100 mg/l BOD and 100 mg/l TSS, also expressed as 417.0 lbs/day BOD and 417.0 lbs/day TSS. Increases to the initial commitment can be made by SAWPA at any time per Section 3, below. SAWPA may withdraw capacity from the Lease Capacity Pool if the capacity is not subject to a Discharger Lease Agreement and upon approval of the PA 24 Committee. SAWPA will maintain a record of increases, withdrawals, and leased capacity from the Lease Capacity Pool, in accordance with the terms specified below.
3. Adding Capacity to the Lease Capacity Pool. The Member Agencies hereby provide SAWPA with a license to use their respective unused pipeline and treatment and disposal capacity rights so that SAWPA may add such unused capacity through the Capacity Utilization Program to the Lease Capacity Pool if there is foreseeable demand, subject to the ultimate limits of total capacity purchased from OCSD and upon approval of the PA 24 Committee.
4. Notification of Need for Additional Contributions of Capacity. SAWPA will notify the Member Agencies when an additional contribution to the Lease Capacity Pool is needed. The Member Agencies' contributions to the Lease Capacity Pool will be utilized first, then SAWPA contributions through the Capacity Utilization Program, as specified in Section 3, above, shall next be used when preparing a Discharger Lease Agreement.

5. Discharger Lease Agreement Terms. A Discharger Lease Agreement between SAWPA and the individual lessee/discharger must be approved by the PA 24 Committee to establish the terms and conditions of the Discharger Lease Agreement. In executing leases of capacity, SAWPA will adhere to the provisions of the Lease Capacity Pool Agreement, Section 3.b. Billing Terms will follow the Lease Capacity Pool Agreement, Section 4.0. Termination terms will include an early termination provision as specified in Section 7 below.
6. Use of Lease Revenues. All revenues from the lease of capacity contributed through the Capacity Utilization Program, as provided in Section 3, above, will be deposited in a restricted Brine Line reserve fund established to purchase capacity at a future time if required to purchase capacity from OCSD. Reserve target levels shall be established in accordance with the SAWPA reserve policy, and as approved by the PA 24 Committee. Monies in that Brine Line reserve fund shall only be used to purchase such additional capacity from OCSD unless otherwise approved by unanimous vote of the SAWPA Commission.
7. No Loss of Capacity Rights. All Member Agencies and individual dischargers with an existing capacity right will not lose their capacity right. If flows in the Brine Line exceed the purchased treatment and disposal capacity right, and when required to by OCSD per the 1996 Agreement, SAWPA will purchase treatment and disposal capacity from OCSD equal to or greater than the commitment to the Lease Capacity Pool through the Capacity Utilization Program, typically in increments of one (1) MGD. Notwithstanding sections 3 and 10 of the Lease Capacity Pool Agreement, in the event that SAWPA exceeds the treatment and disposal capacity right purchased from OCSD (currently 17 MGD), and OCSD refuses to sell additional treatment and disposal capacity rights to SAWPA in violation of the 1996 Agreement, and OCSD refuses to allow SAWPA to exceed the treatment and disposal capacity right purchased from OCSD then, any approved Discharger Lease Agreement utilizing treatment and disposal capacity right leased under the Capacity Utilization Program shall terminate upon notice from SAWPA. The Discharger will be required to remove its leased treatment and disposal capacity flow from the Brine Line and said capacity will revert to the applicable Member Agency.
8. Member Agency Option to Purchase Treatment and Disposal Capacity Right. Member Agencies shall have the option to purchase from SAWPA treatment and disposal capacity rights that are being leased under this Agreement if and when SAWPA is required to purchase such capacity rights from OCSD, the lessee operates in the applicable Member Agency's service area, and upon termination of the individual discharger's Discharge Lease Agreement. The purchase price shall be OCSD's sales price charged to SAWPA for such treatment and disposal capacity rights as set forth in Resolution 2019-8 and any successors thereto.
9. Compliance with Brine Line Ordinance. Individual discharger lessees under the Capacity Utilization Program shall be required to comply with SAWPA Ordinance No. 8, the applicable Member Agency Ordinance and any successors to either or both of such ordinances, including

the requirement for provision of a flow meter installed per the manufacturer's recommendations. A discharge permit is required as specified in the applicable ordinance(s), and this Agreement does not modify any permit processes or requirements. Draft Discharge Lease Agreements may be processed concurrently with permit applications, but in no case will a permit or permit amendment be issued without a Discharge Lease Agreement to provide sufficient capacity, which must be executed and in place.

10. Rights and Responsibilities of Orange County Sanitation District are Retained. The parties to this Agreement understand and agree that OCSD retains its rights and responsibilities, as defined in the 1991 MOU and 1996 Agreement. This Agreement in no way diminishes the effectiveness or reduces the scope of the 1991 MOU and 1996 Agreement.
11. Incorporation of Brine Line Pipeline and Treatment and Disposal Agreements Between SAWPA and the Member Agencies. Except as otherwise expressly provided herein, all of the terms and conditions of existing Brine Line system pipeline and treatment and disposal capacity agreements between SAWPA and the Member Agencies not conflicting with this Agreement are incorporated herein by this reference and shall remain in full force and effect.
12. Term of OCSD Capacity Agreements. This Agreement and all Discharger Lease Agreements shall automatically terminate upon expiration or other termination of the 1996 Agreement, currently April 12, 2046.
13. Amendments and Modifications. The terms of this Agreement may only be amended or modified in writing when executed by all of the signatories hereto. SAWPA and the Member Agencies shall review and amend this Agreement as necessary at least once every five years from the effective date or if requested by one of the Parties.
14. Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original and which collectively shall constitute one document.
15. Effectiveness of Agreement. Subject to Section 12, above, this Agreement will remain in effect unless terminated by SAWPA or by the unanimous consent of all of the Agencies; provided, however, that once the first Discharger Lease Agreement between SAWPA and an individual discharger is executed, this Agreement may only be terminated following the expiration of all Discharger Lease Agreements that utilize capacity contributed to the Lease Capacity Pool through the Capacity Utilization Program, as specified in Section 3, above.
16. 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: General Manager
11615 Sterling Ave.
Riverside, CA 92503
(951) 354-4220

To the Member Agencies:

Eastern Municipal Water District
Attention: General Manager
2270 Trumble Road
Perris, CA 92570

Inland Empire Utilities Agency
Attention: General Manager
6075 Kimball Avenue
Chino, CA 91708

San Bernardino Valley MWD
Attention: General Manager
380 E. Vanderbilt Way
San Bernardino, CA 92408

Western Municipal Water District
Attention: General Manager
14205 Meridian Parkway
Riverside, CA 92518

In witness whereof, SAWPA and the Member Agencies have executed this Agreement as of the day and year first above written:

Eastern Municipal Water District

By: _____

Name: _____

Title: _____

Date: _____

Inland Empire Utilities Agency

By: _____
Name: _____
Title: _____
Date: _____

San Bernardino Valley Municipal Water District

By: _____
Name: _____
Title: _____
Date: _____

Western Municipal Water District

By: _____
Name: _____
Title: _____
Date: _____

Santa Ana Watershed Project Authority

By: _____
Name: _____
Title: _____
Date: _____


Final – 3/26/21

**Santa Ana Watershed Project Authority
PA24 - Brine Line - Financial Report
January 2021**

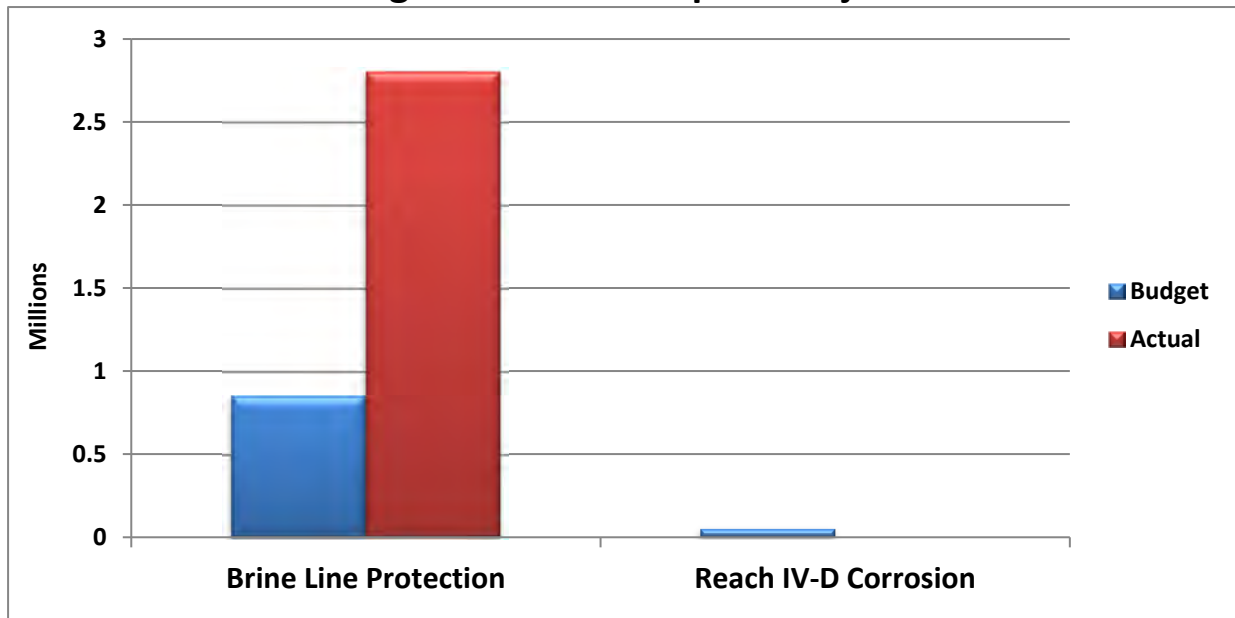
Staff comments provided on the last page are an integral part of this report.

Overview	This report highlights the Brine Line’s key financial indicators for the Fiscal Year-to-Date (FYTD) through January 2021 unless otherwise noted.
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Brine Line - Capital Projects

Budget to Actual – Capital Projects				 Concern
	Annual Budget	FYTD Budget	FYTD Actual	Favorable (Unfavorable) Variance
Brine Line Protection	\$1,466,878	\$855,679	\$2,805,200	(\$1,949,521)
Reach IV-D Corrosion	82,151	47,921	-	47,921
Total Capital Costs	\$1,549,029	\$903,600	\$2,805,200	(\$1,901,600)

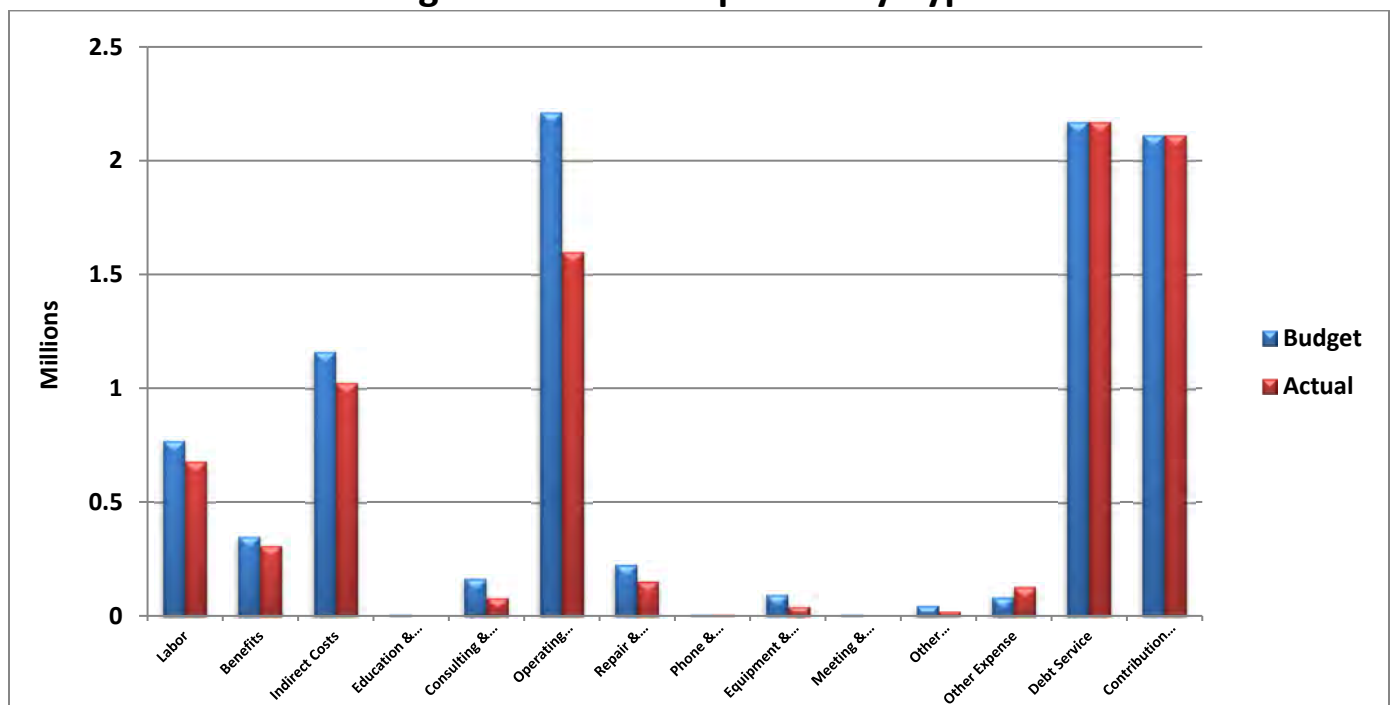
Budget to Actual - Capital Projects



Brine Line – Operating

Budget to Actual - Expenses by Type				 Favorable
	Annual Budget	FYTD Budget	FYTD Actual	Favorable (Unfavorable) Variance
Labor	\$1,320,100	\$770,058	\$679,491	\$90,567
Benefits	597,981	348,822	307,809	41,013
Indirect Costs	1,990,646	1,161,210	1,024,672	136,538
Education & Training	12,500	7,292	7	7,285
Consulting & Prof Svcs	280,000	163,333	82,080	81,253
Operating Costs	3,792,500	2,212,292	1,599,085	613,207
Repair & Maintenance	385,000	224,583	151,082	73,501
Phone & Utilities	11,700	6,825	6,753	72
Equip & Computers	161,500	94,208	43,323	50,885
Meeting & Travel	10,000	5,833	-	5,833
Other Admin Costs	77,900	45,442	23,530	21,912
Other Expense	142,350	83,038	126,349	(43,311)
Debt Service	2,835,027	2,170,850	2,170,551	299
Contribution to Reserves	3,619,241	2,111,224	2,111,224	-
Total	\$15,236,445	\$9,405,010	\$8,325,956	\$1,079,054

Budget to Actual - Expenses by Type



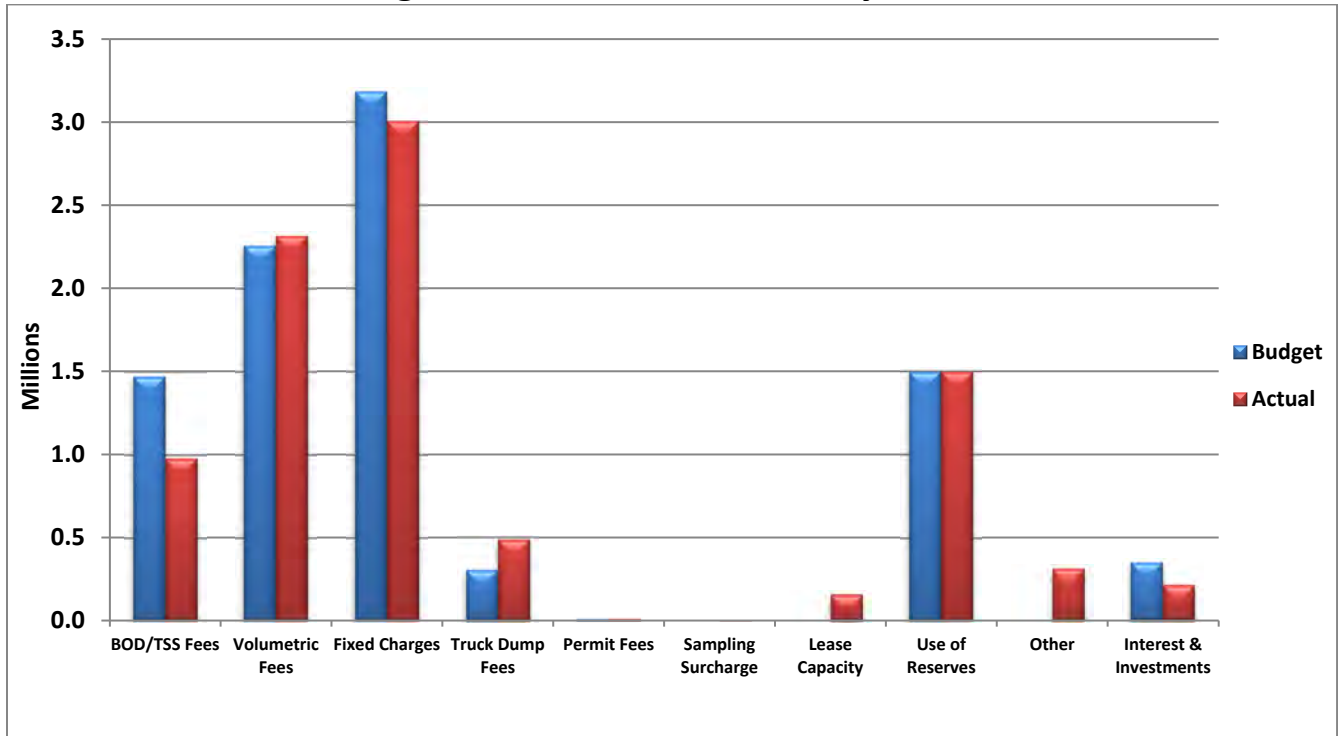
Budget to Actual - Revenues by Source



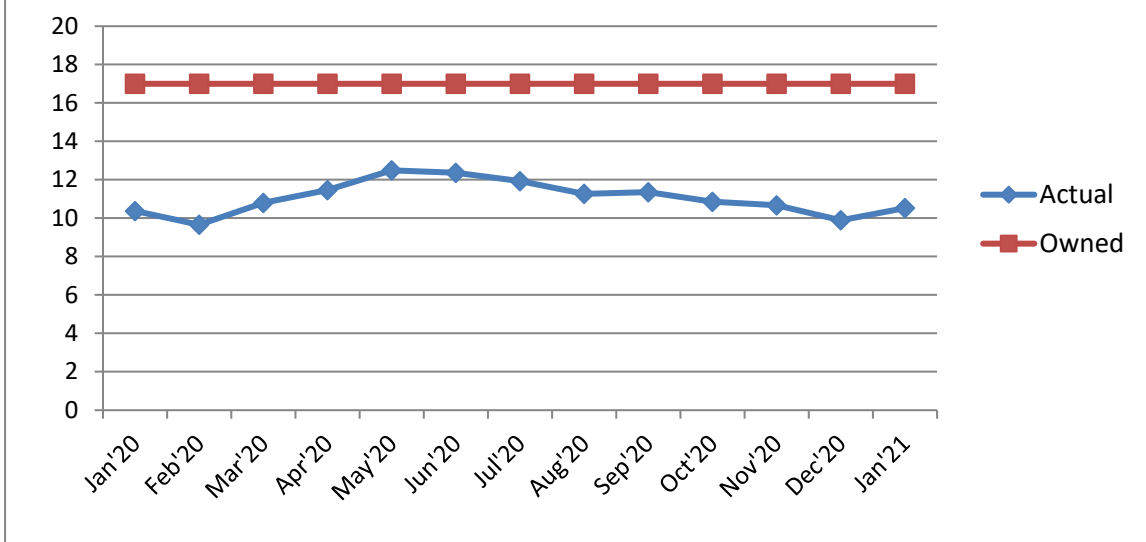
On Track

	Annual Budget	FYTD Budget	FYTD Actual	Favorable (Unfavorable) Variance
BOD/TSS Fees	\$2,520,700	\$1,470,408	\$977,266	(\$493,142)
Volumetric Fees	3,868,400	2,256,567	2,316,009	59,442
Fixed Charges	5,453,233	3,181,053	3,002,883	(178,170)
Truck Dump Fees	521,000	303,917	485,285	181,368
Permit Fees	38,085	8,000	8,850	850
Sampling Surcharge	-	-	3,368	3,368
Lease Capacity Revenue	-	-	154,623	154,623
Use of Reserves	2,160,027	1,495,850	1,495,850	-
Other Revenue	-	-	314,727	314,727
Interest & Investments	675,000	350,000	214,249	(135,751)
Total	\$15,236,445	\$9,065,795	\$8,973,110	(\$92,685)

Budget to Actual - Revenues by Source



Average Daily Flow by Month

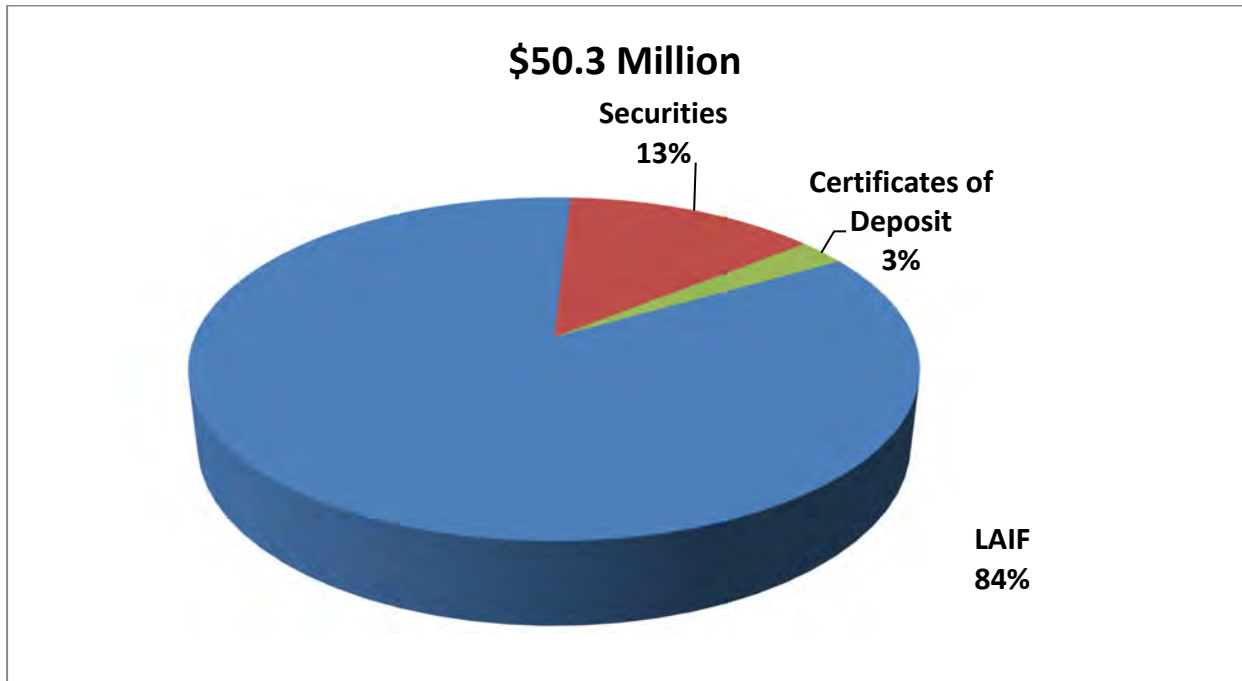


Total Discharge by Agency (in million gallons)

Discharger	Jul '20	Aug'20	Sep'20	Oct'20	Nov'20	Dec'20	Total
Chino Desalter Authority	116.5012	112.1985	111.5921	113.5047	92.4434	101.8909	648.1308
Eastern Municipal Water District	73.2679	76.5411	71.3266	69.7128	45.2323	51.3534	387.4341
Inland Empire Utilities Agency	17.3110	15.2022	15.0274	16.1369	14.3543	12.9822	91.0140
San Bernardino Valley MWD	27.9092	28.2059	24.6697	27.3885	35.2666	38.0272	181.4671
Western Municipal Water District	129.9649	113.2654	114.2837	127.8736	108.1608	99.2837	692.8321
Truck Discharge	3.7416	3.7402	3.6307	3.4223	3.2096	3.0138	20.7582
Total	368.6958	349.1533	340.5302	358.0388	298.6670	306.5512	2,021.6363

Discharger	Jan'21	Feb'21	Mar'21	Apr'21	May'21	Jun'21	Total
Chino Desalter Authority	118.8233						766.9541
Eastern Municipal Water District	72.3041						459.7382
Inland Empire Utilities Agency	13.0486						104.0626
San Bernardino Valley MWD	35.9601						217.4272
Western Municipal Water District	101.7810						794.6131
Truck Discharge	2.9576						23.7158
Total	344.8747						2,366.5110





Total Cash & Investments - January



Reserve Fund Balance – January

	Amount
Self Insurance	\$4,445,989
Debt Retirement	2,616,150
Pipeline Replacement	21,008,064
OCSD Rehabilitation	2,374,235
Capacity Management	11,956,015
Future Capacity	1,830,505
Rate Stabilization	1,025,765
Flow Imbalance	83,555
Brine Line Operating	4,922,835
Total Reserves	\$50,263,113

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.

Capital Projects are 210% above budget. The reason for the budget overage is OCSD sent invoices of \$1,358,656 for the prior fiscal year and the early completion of the Alcoa Dike – Lower Reach IV-B and CRC Lateral Utility Protection Project.