

A dynamic graphic of water splashing and dripping, rendered in various shades of blue. The water flows from the top right towards the bottom left, with several droplets and bubbles scattered throughout the scene. The background is a light, gradient blue.

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

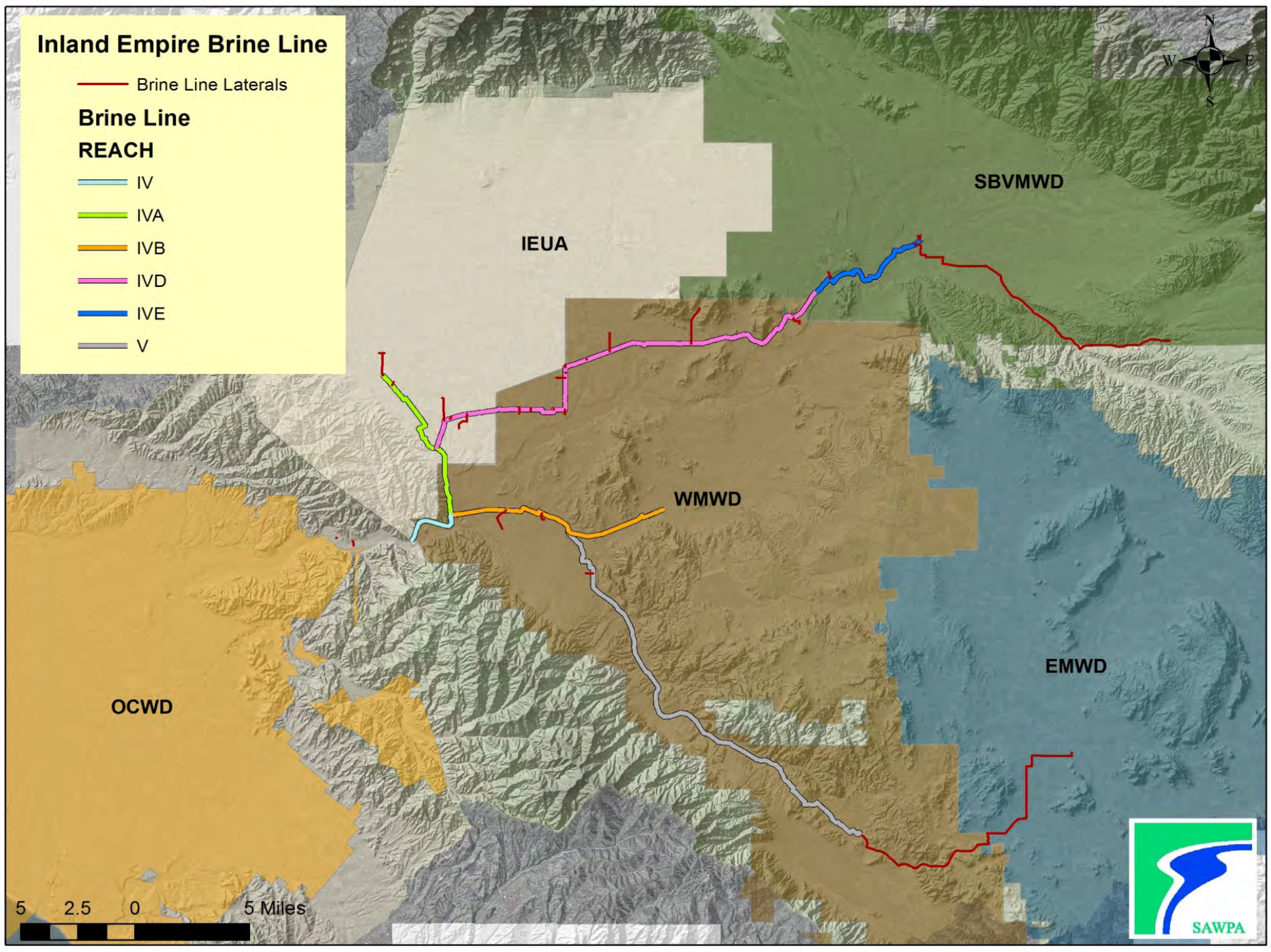
— IVA

— IVB

— IVD

— IVE

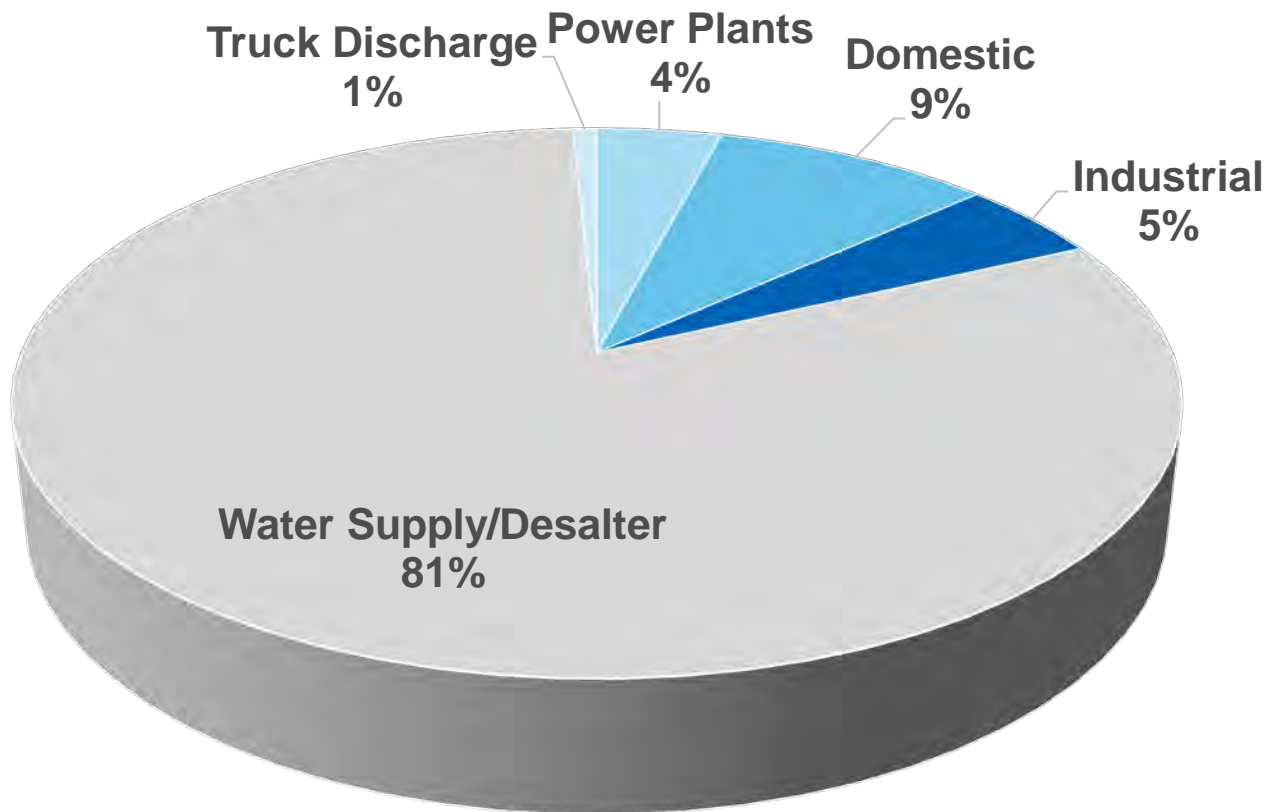
— V



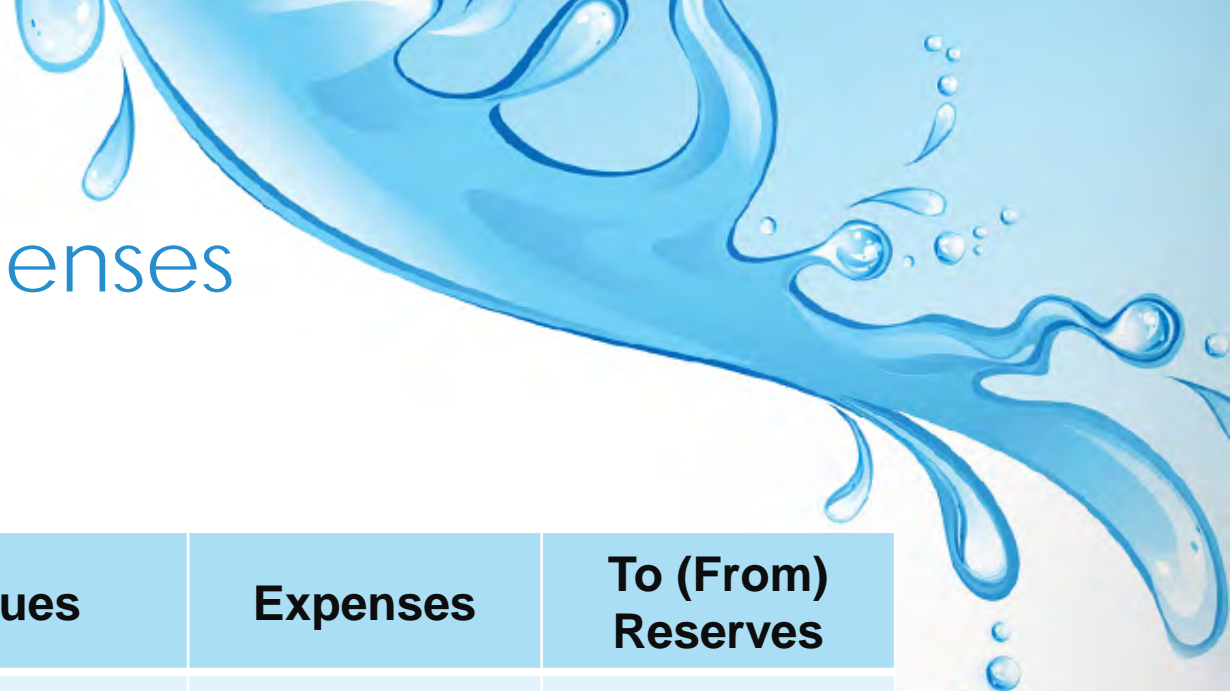
5 2.5 0 5 Miles



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
2021	12,401,418	(12,401,418)	0
2022	12,192,272	(12,192,272)	0
2023	12,071,872	(12,071,872)	0

Budget

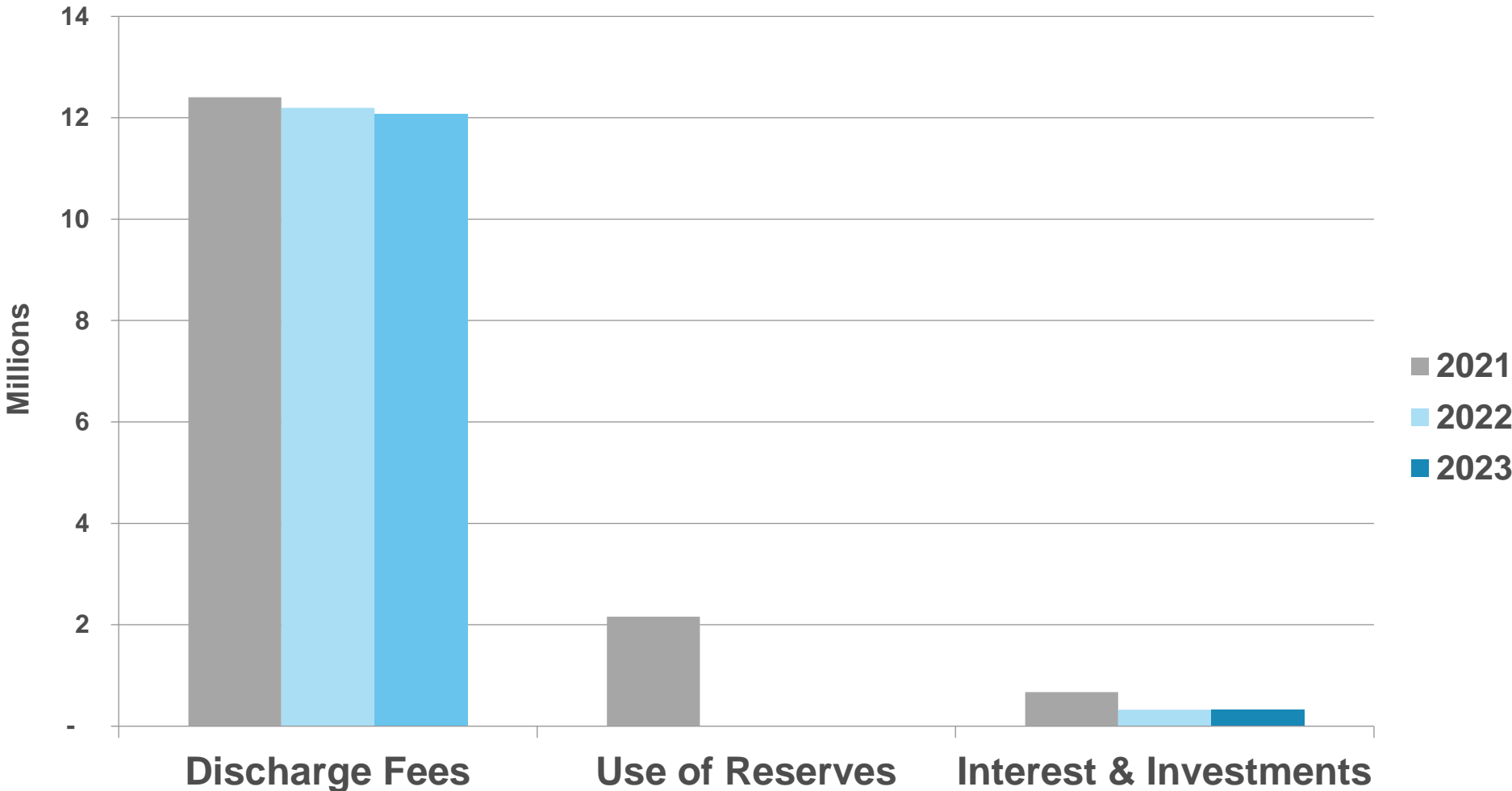
Numbers listed above are for operating revenues and expenses and do not include non-operating/debt service

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



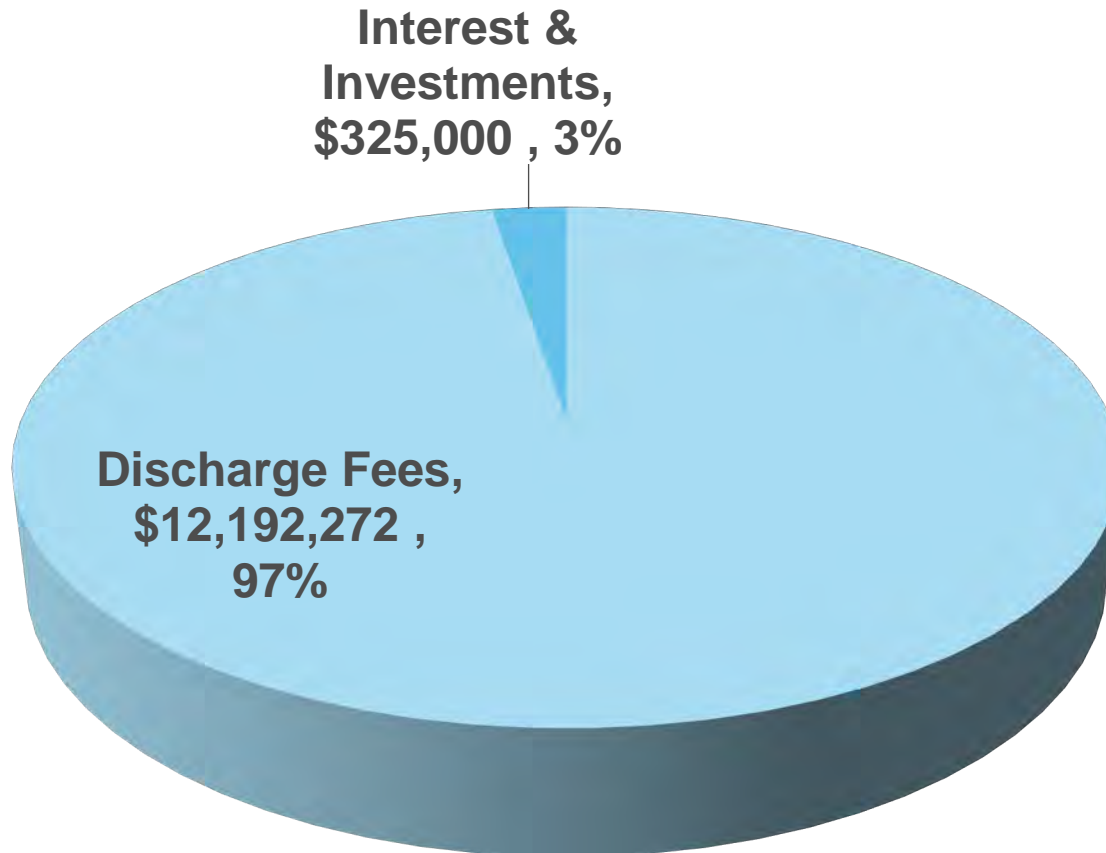
Brine Line Enterprise Revenues

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

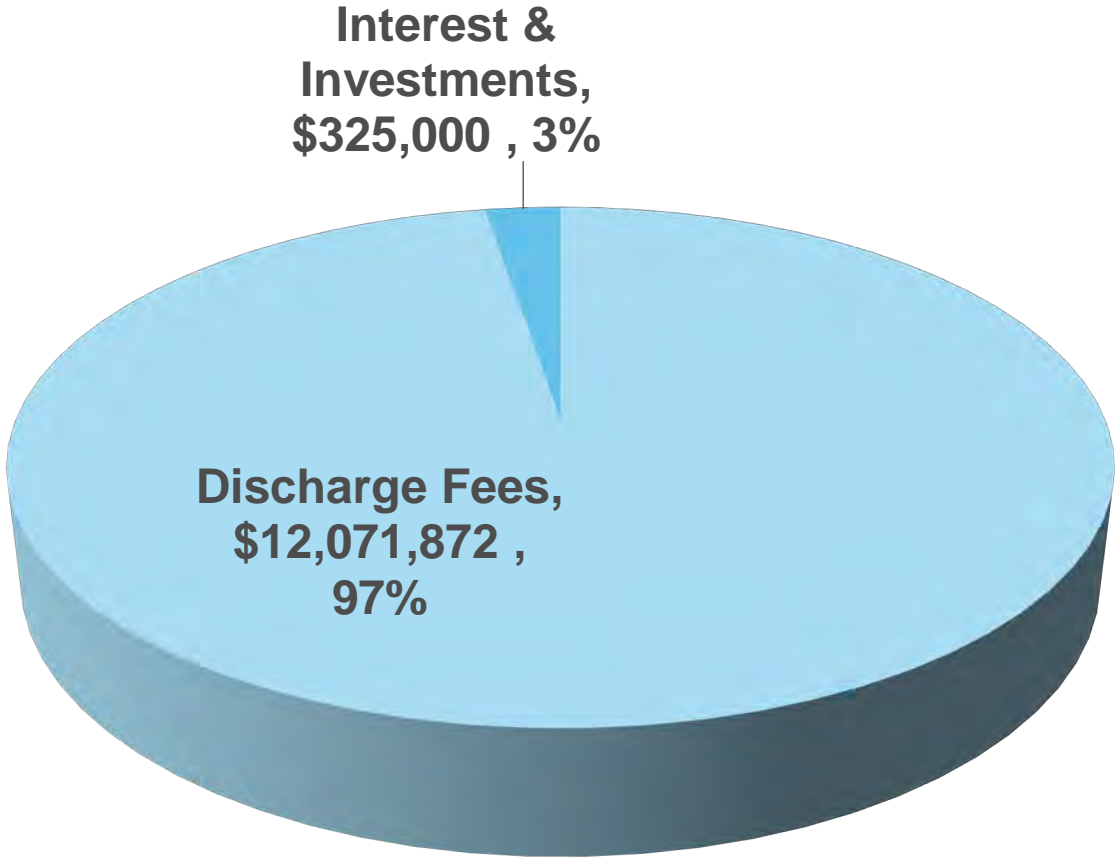
FYE 2022

Brine Line Revenues \$12.5 Million

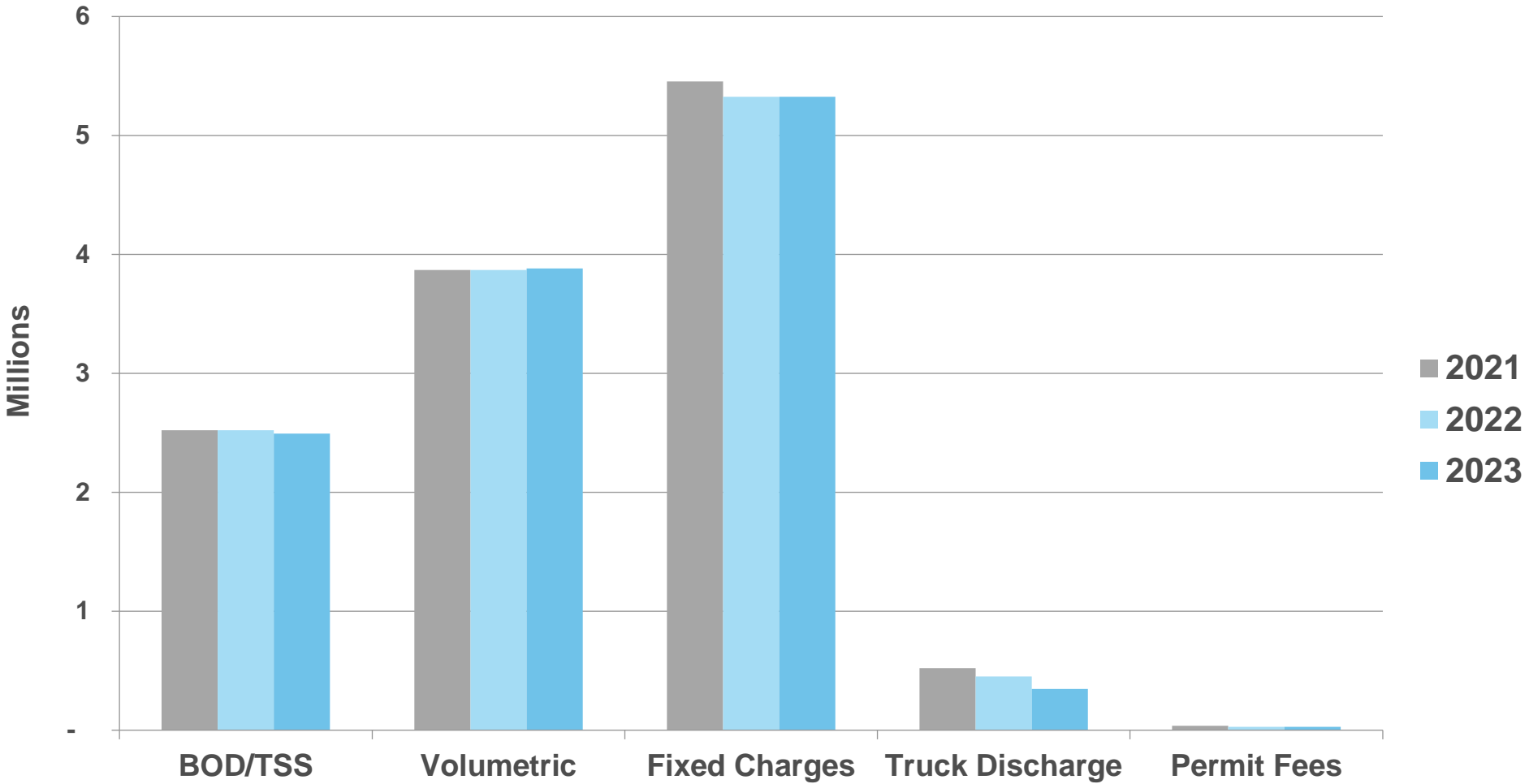


FYE 2023

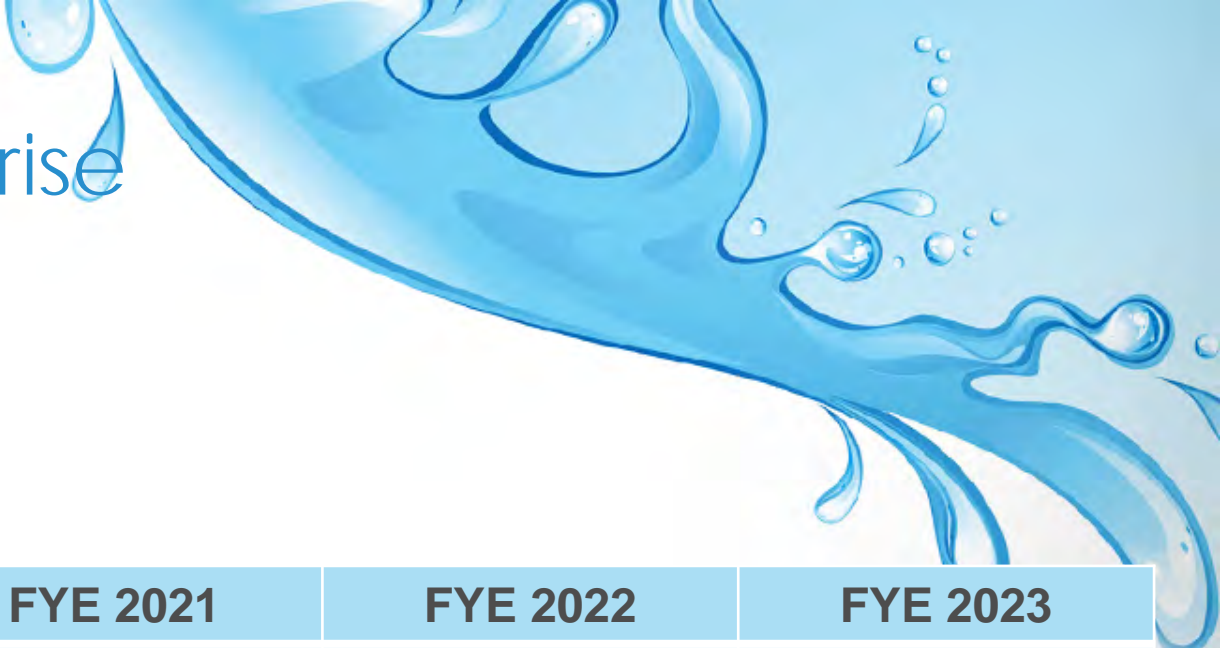
Brine Line Revenues \$12.4 Million



Brine Line Enterprise Discharge Fees



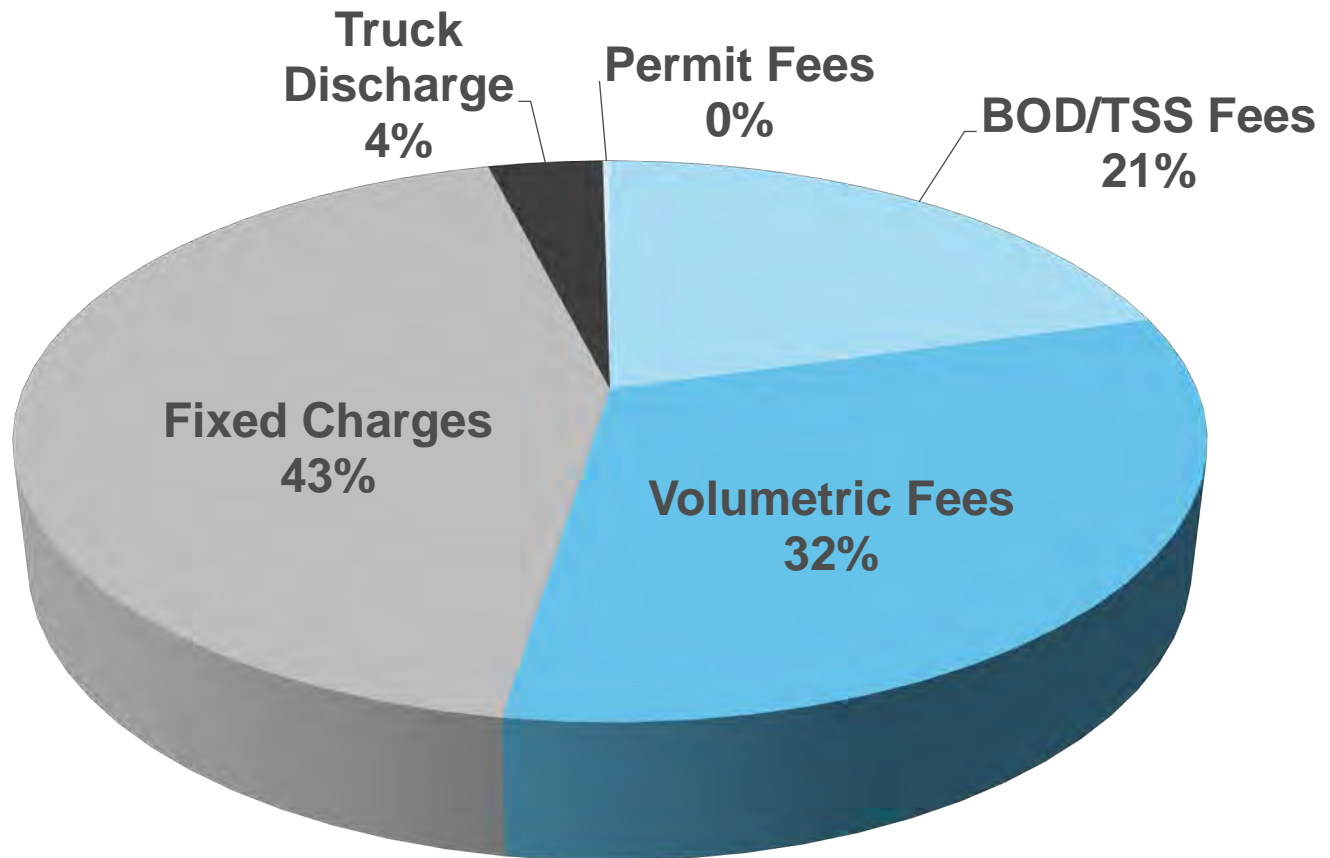
Brine Line Enterprise Discharge Fees



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

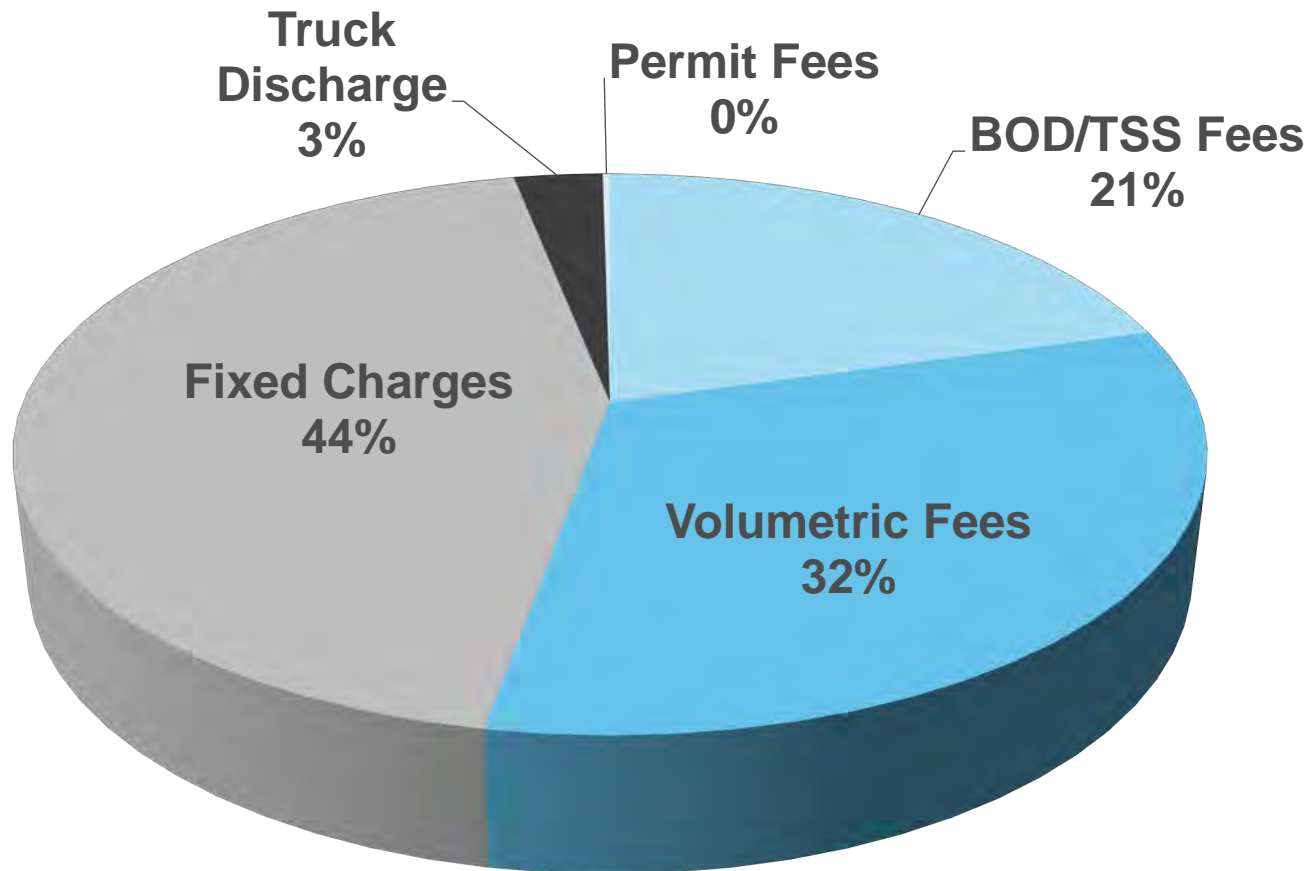
FYE 2022

Discharge Fees \$12.2 Million

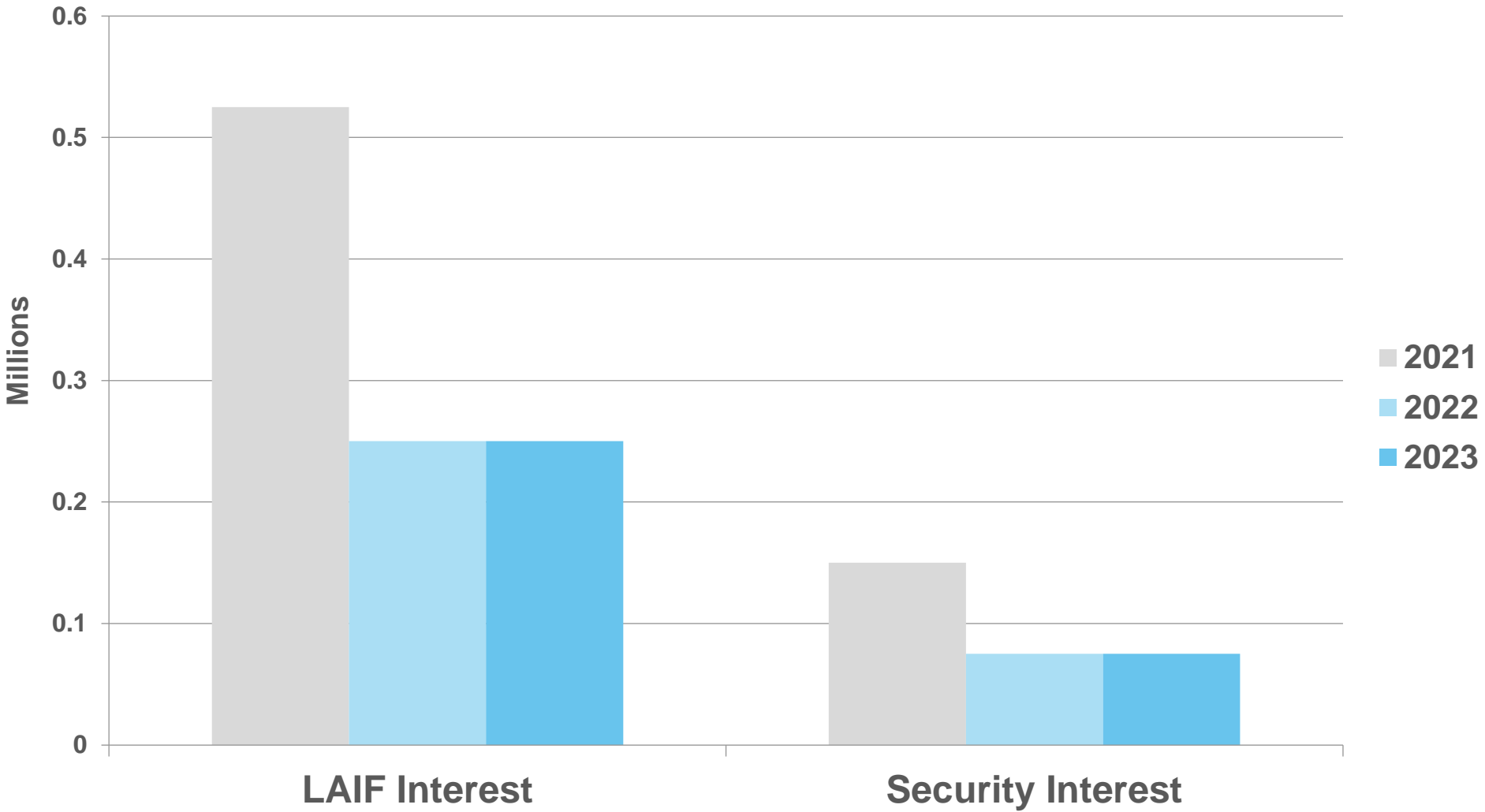


FYE 2023

Discharge Fees \$12.1 Million



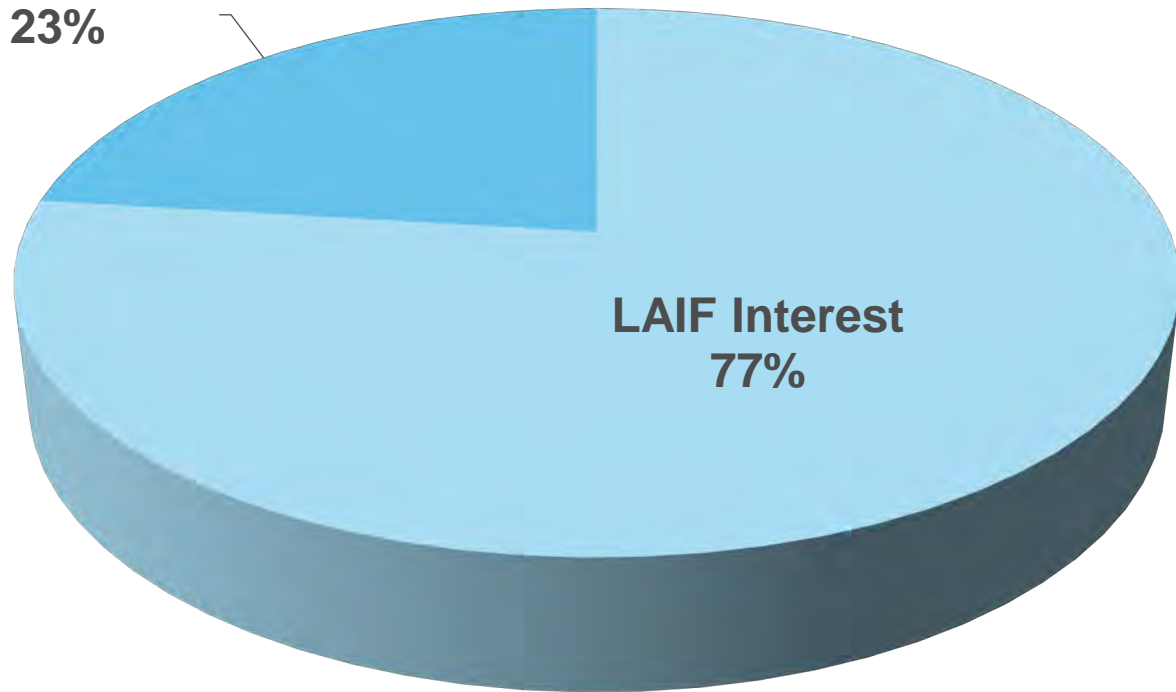
Interest & Investments



FYE 2022 & 2023

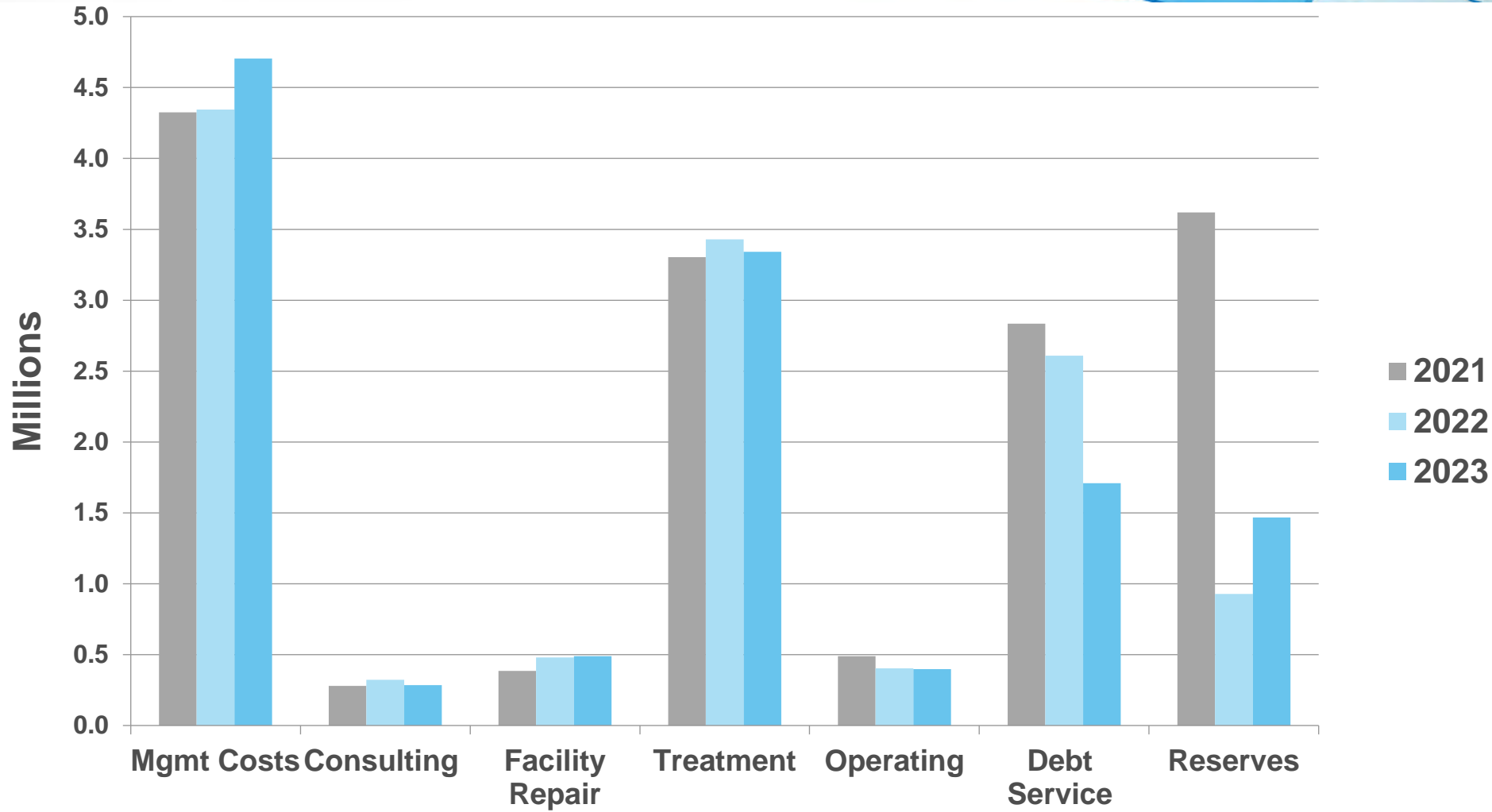
Interest & Investments \$325,000

**Security Interest
23%**

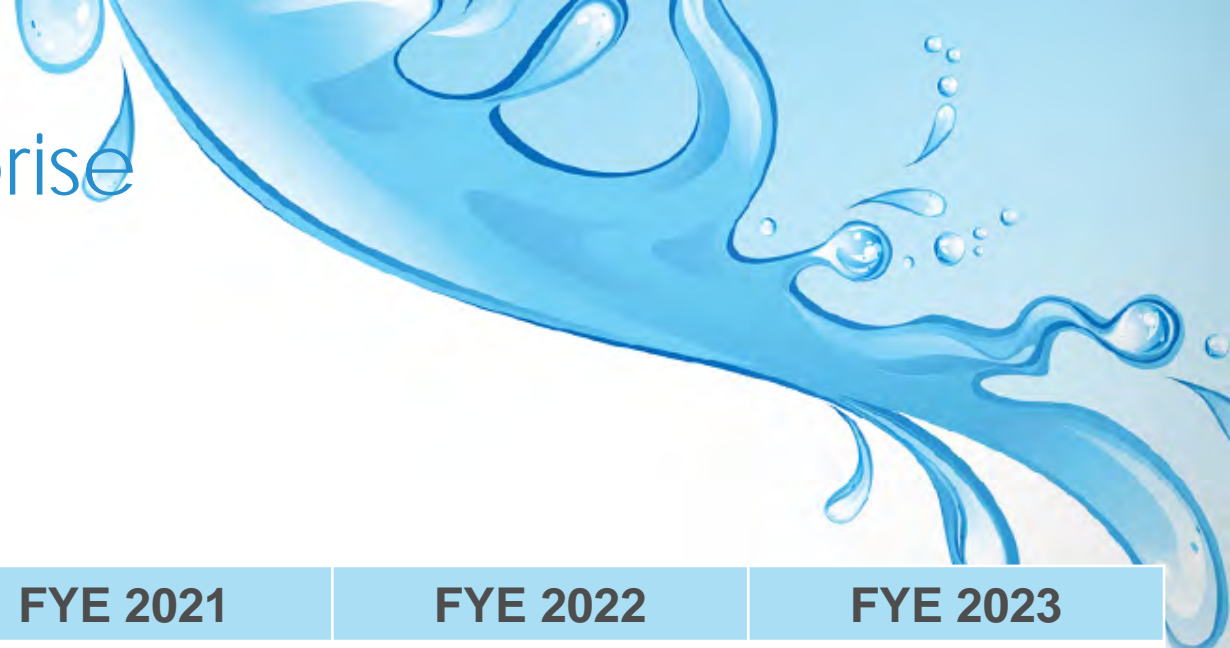


**LAIF Interest
77%**

Brine Line Enterprise Expenses



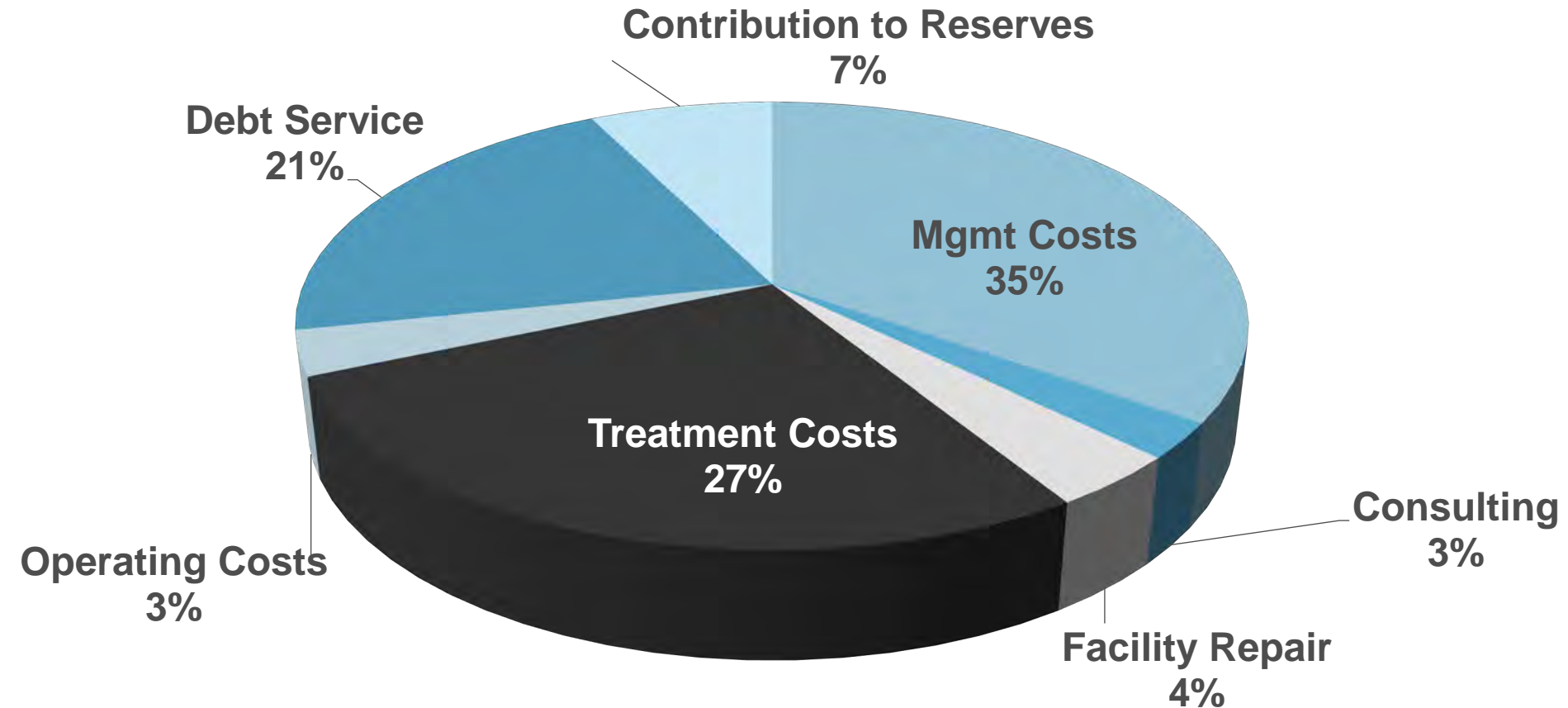
Brine Line Enterprise Expenses



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

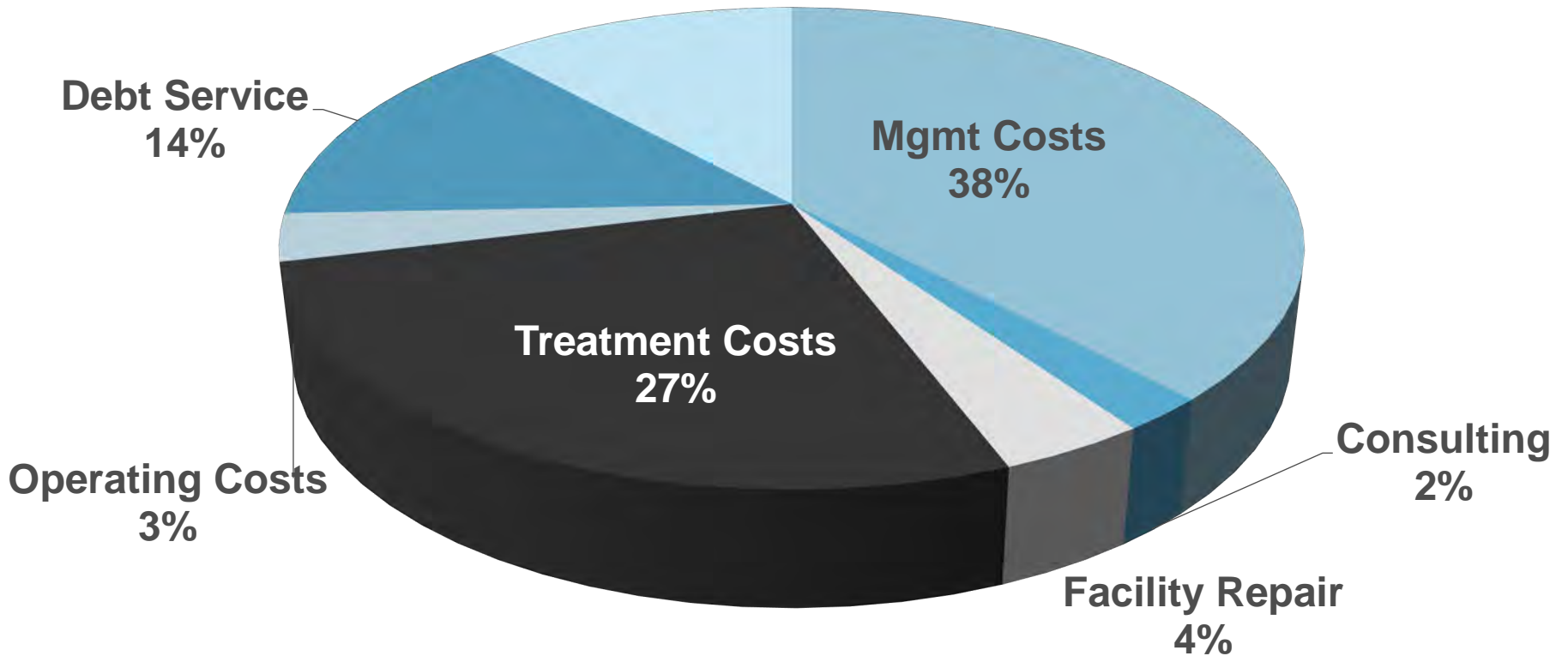
Brine Line Expenses \$12.5 Million



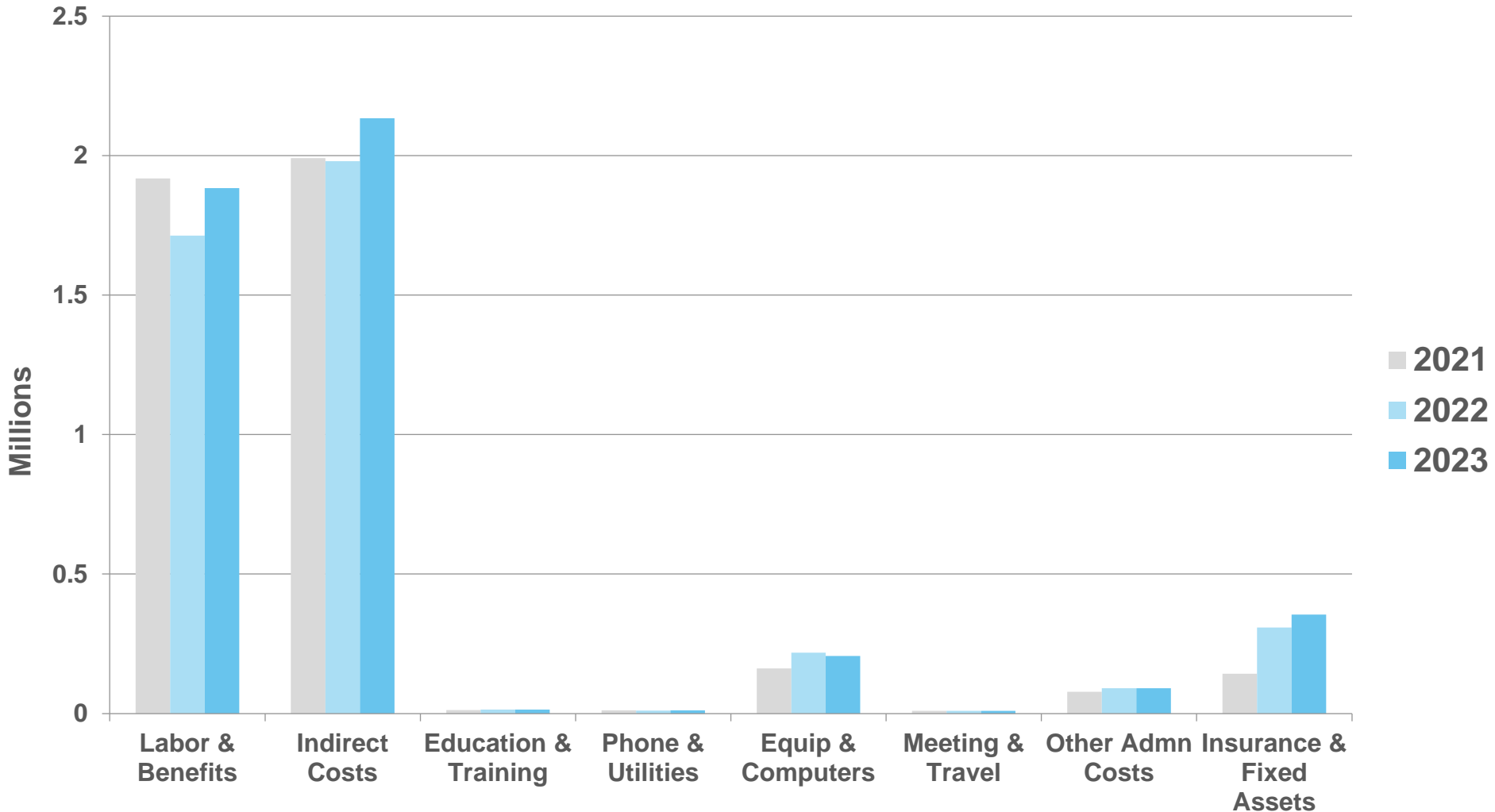
FYE 2023

Brine Line Expenses \$12.4 Million

Contribution to Reserves
12%



Management Costs

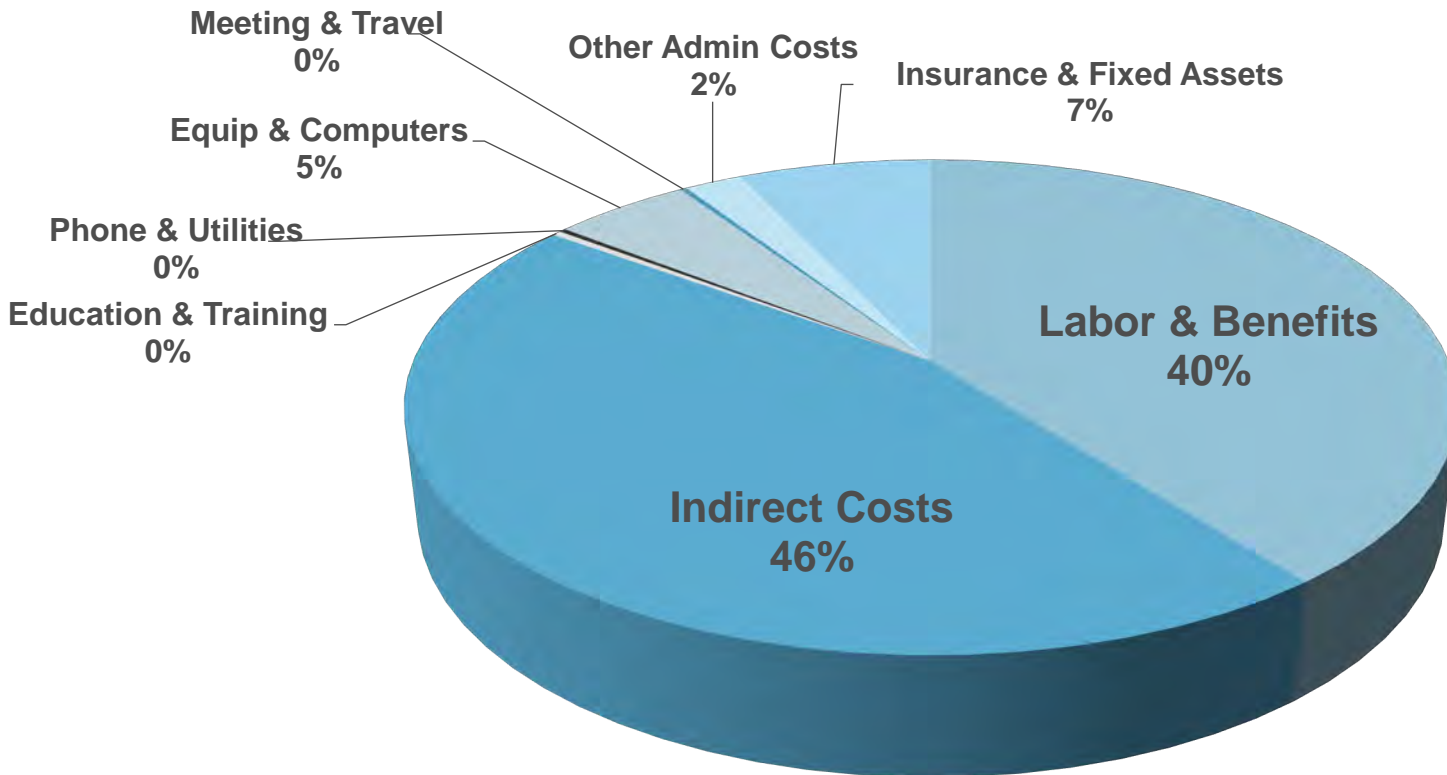


Management Costs

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

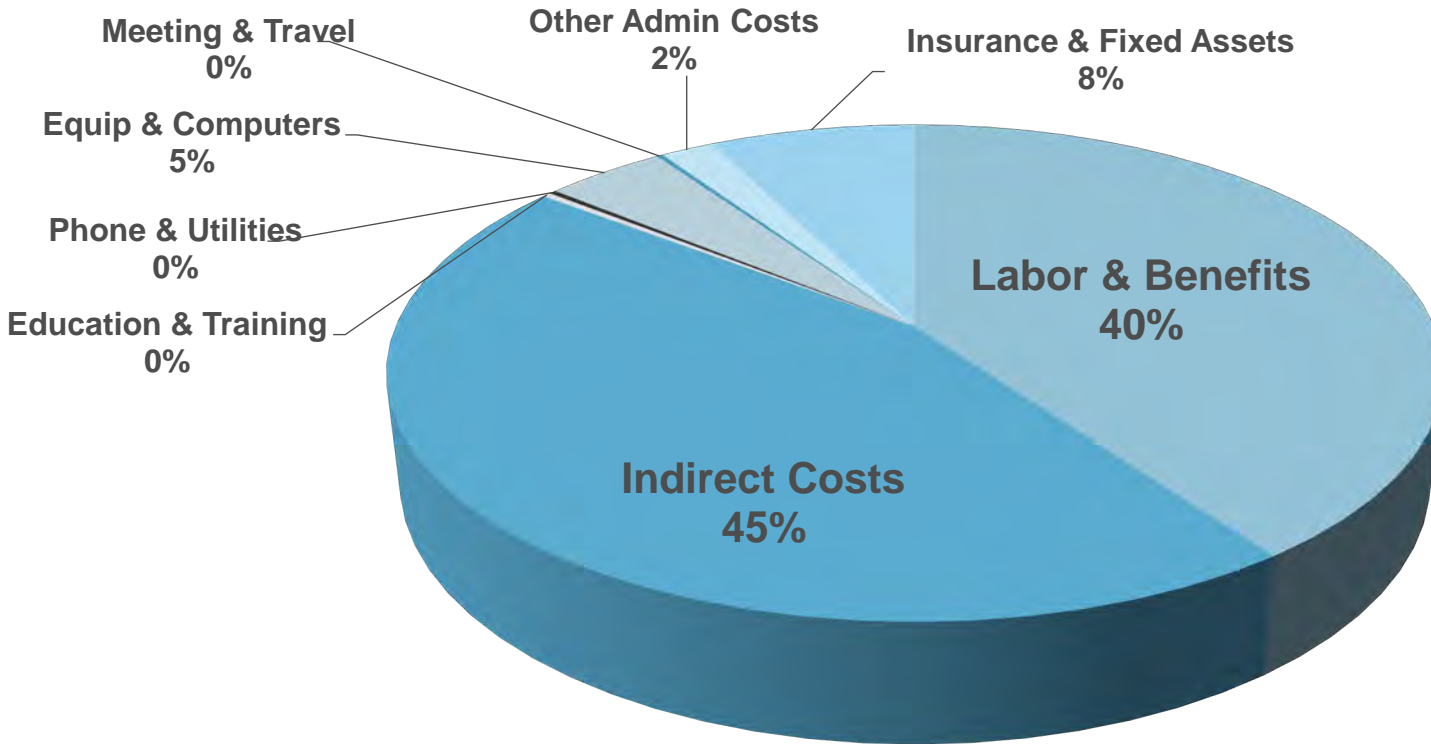
FYE 2022

Management Costs \$4.3 Million



FYE 2023

Management Costs \$4.7 Million

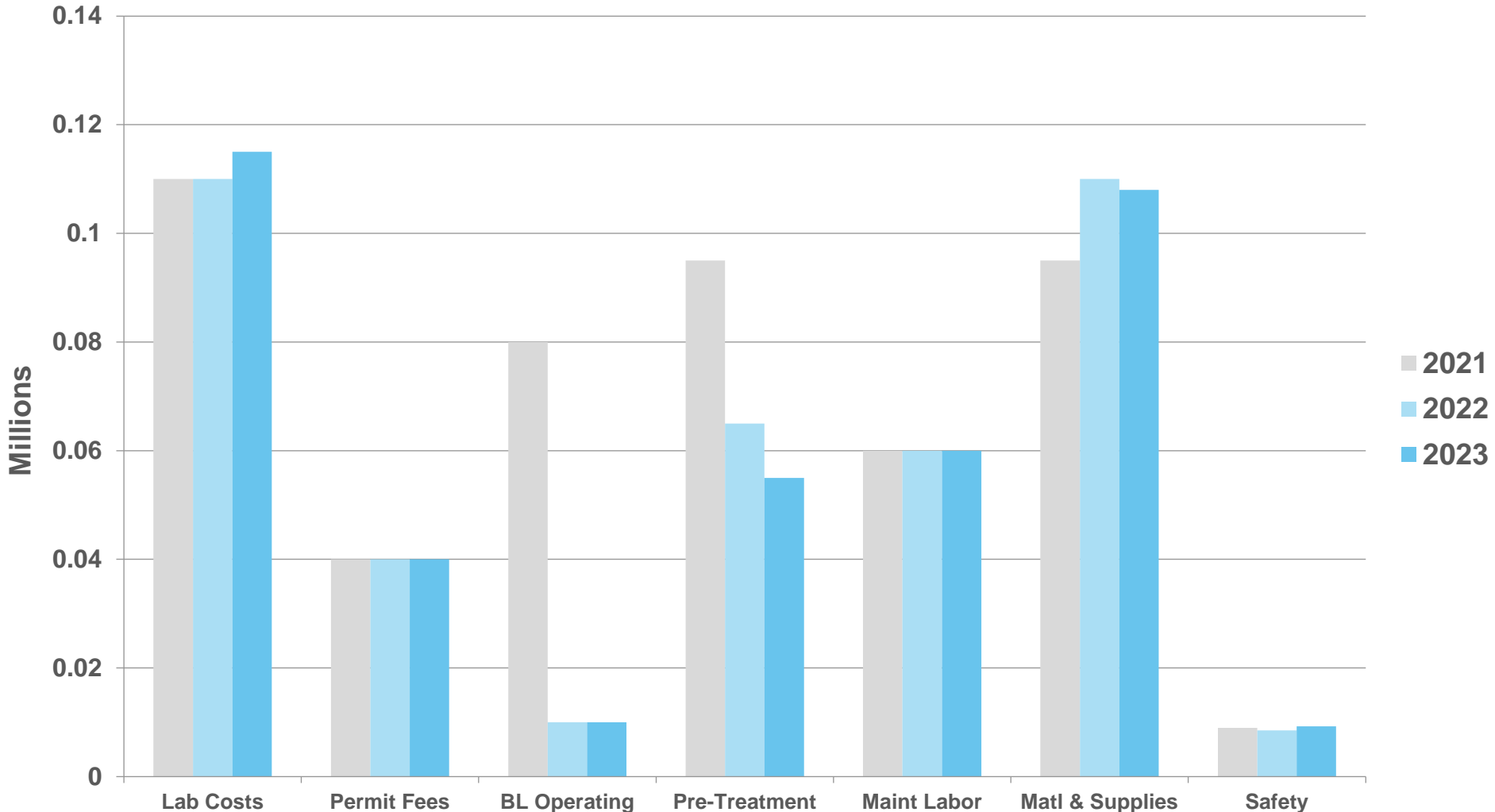


Fixed Asset Purchase

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



Operating Costs



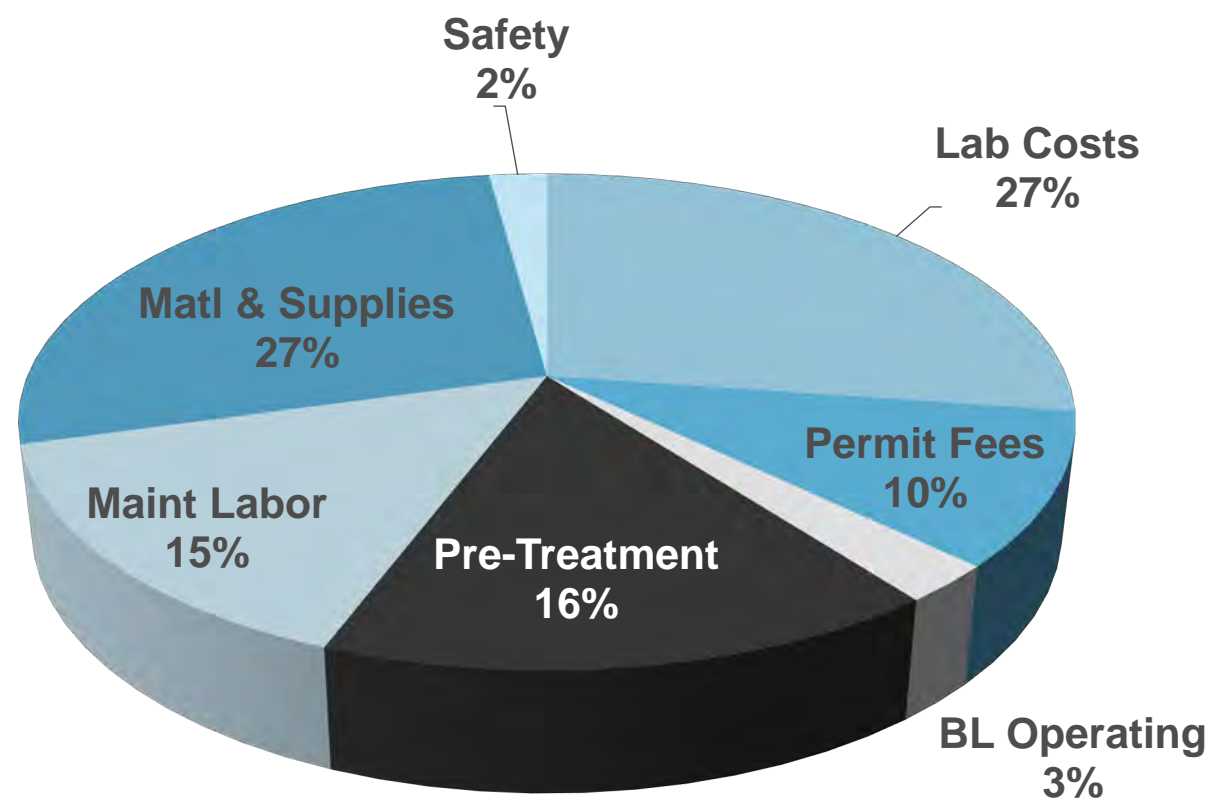
Operating Costs

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



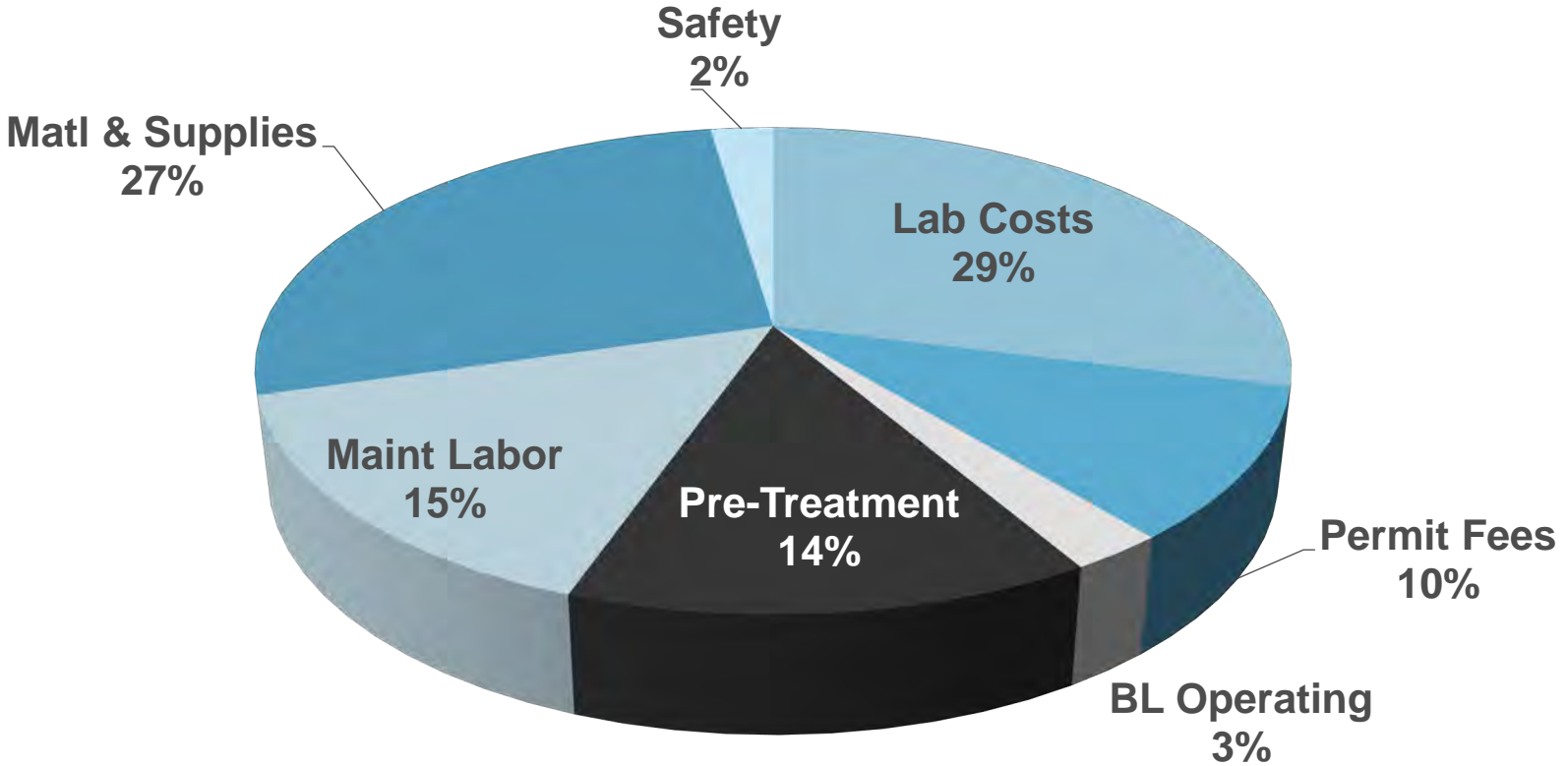
Operating Costs \$403,500



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

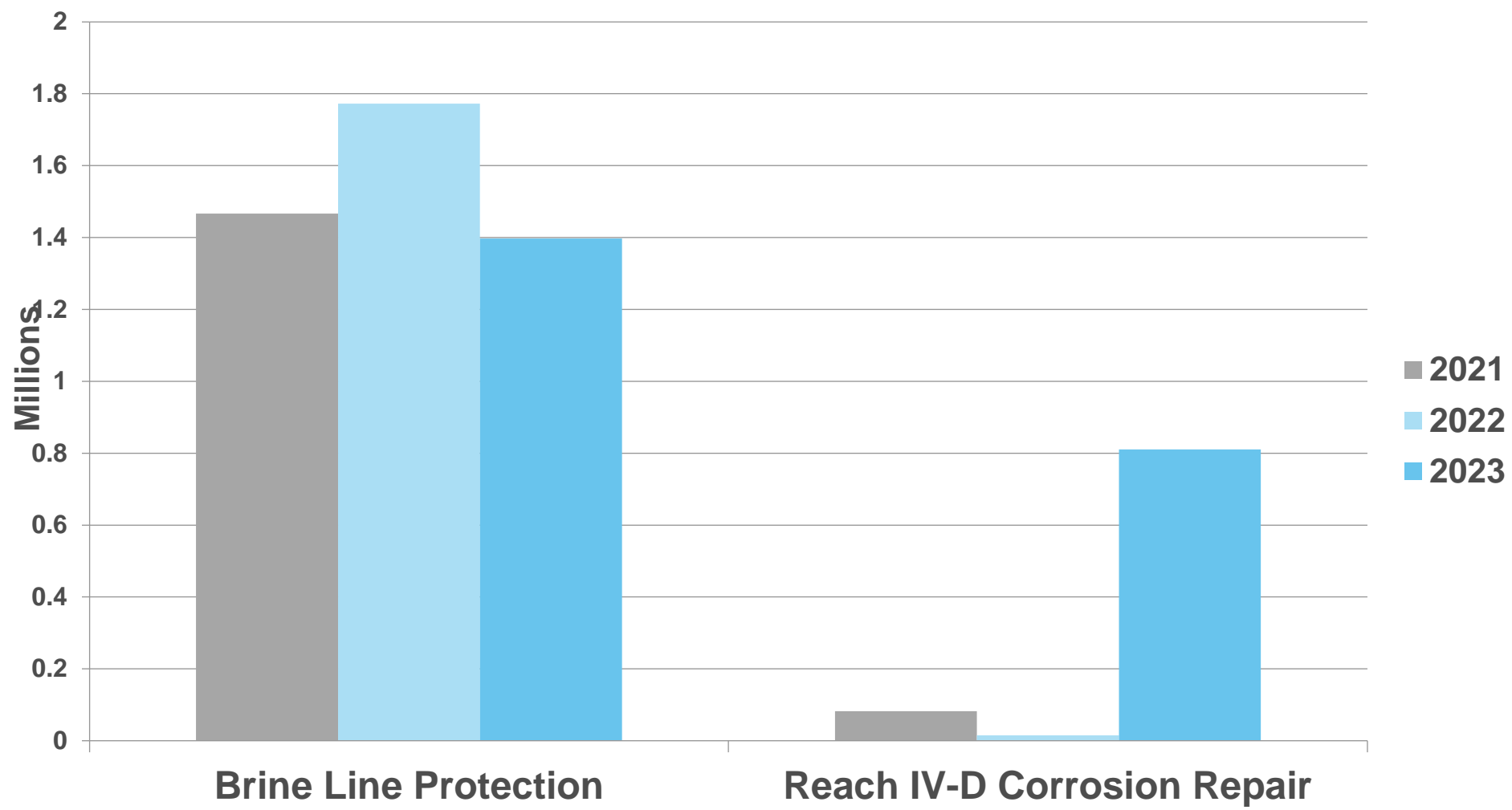
Component	Actual FYE 2021	FYE 2022	FYE 2023
Flow	\$1,018	\$1,018	\$1,049
BOD (per 1,000 lbs.)	\$329	\$329	\$339
TSS (per 1,000 lbs.)	\$460	\$460	\$474
Fixed Pipeline	\$6,654	\$6,654	\$6,654
Fixed Treatment	\$13,505	\$13,505	\$13,505

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	\$47,496,460

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	10.6
% of Indirect Costs paid	59.53%	64.18%	66.07%
Total of Indirect Costs paid	\$2,117,727	\$2,074,282	\$2,281,014



Questions?

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?