



S A W P A

SANTA ANA WATERSHED PROJECT AUTHORITY
11615 Sterling Avenue, Riverside, California 92503 • (951) 354-4220

NOTICE AND AGENDA

PURSUANT TO THE PROVISIONS OF AB 361, THIS MEETING WILL BE CONDUCTED VIRTUALLY WITH THE OPPORTUNITY FOR PUBLIC COMMENT. 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/86437558823 • Meeting ID: 864 3755 8823 	<ul style="list-style-type: none"> • 1 (669) 900-6833 • Meeting ID: 864 3755 8823
* Participation in the meeting via the Zoom app (a free download) is strongly encouraged.	

TUESDAY, JUNE 21, 2022 – 10:00 A.M.

(or immediately following the 9:30 a.m. SAWPA Commission meeting)

SPECIAL MEETING OF THE PROJECT AGREEMENT 24 COMMITTEE

Inland Empire Brine Line

Committee Members

Eastern Municipal Water District	Inland Empire Utilities Agency
Joe Mouawad, General Manager	Director Marco Tule
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 Mike Gardner, 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. CLOSED SESSION

A. CONFERENCE WITH LEGAL COUNSEL – EXPOSURE TO LITIGATION – PURSUANT TO GOVERNMENT CODE SECTION 54956.9(d)(2)

Number of Potential Cases: One

5. COMMITTEE DISCUSSION/ACTION ITEMS

A. NEW LATERAL CONSTRUCTION AND COST SHARE AGREEMENT (PA24#2022.8).....5

Presenter: David Ruhl

Recommendation: Authorize the General Manager to execute the following:

1. New Lateral Construction and Cost Share Agreement with San Bernardino Valley Municipal Water District (Valley) and Rialto Bioenergy Facility Inc. (RBF) and to proceed accordingly, and
2. Amendment No. 1 to the Inland Empire Brine Line Lease Discharger Agreement with RBF.

6. INFORMATIONAL REPORTS

Recommendation: Receive for information.

A. BRINE LINE FINANCIAL REPORT – APRIL 202235

Presenter: Karen Williams

7. REQUEST FOR FUTURE AGENDA ITEMS

8. 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, Sara Villa, Clerk of the Board of the Santa Ana Watershed Project Authority declare that on June 16, 2022, 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.

2022 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	
1/4/22	Regular Committee Meeting [cancelled]	2/1/22	Regular Committee Meeting
March		April	
3/1/22	Regular Committee Meeting [cancelled]	4/5/22	Regular Committee Meeting
May		June	
5/3/22	Regular Committee Meeting [cancelled]	6/7/22	Regular Committee Meeting
July		August	
7/5/22	Regular Committee Meeting	8/2/22	Regular Committee Meeting
September		October	
9/6/22	Regular Committee Meeting	10/4/22	Regular Committee Meeting
November		December	
11/1/22	Regular Committee Meeting	12/6/22	Regular Committee Meeting

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PA 24 COMMITTEE MEMORANDUM NO. 2022.8

DATE: June 21, 2022

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

SUBJECT: New Lateral Construction and Cost Share Agreement

PREPARED BY: David Ruhl, Engineering Manager

RECOMMENDATION

That the Project Agreement 24 Committee authorize the General Manager to execute the following:

1. New Lateral Construction and Cost Share Agreement with San Bernardino Valley Municipal Water District (Valley) and Rialto Bioenergy Facility Inc. (RBF) and to proceed accordingly; and
2. Amendment No. 1 to the Inland Empire Brine Line Lease Discharger Agreement with RBF.

DISCUSSION

Rialto Bioenergy Facility, Inc. (RBF) owns and operates a waste-to-energy facility in the City of Rialto. The facility will process up to 1,080 tons per day of a combination of food waste and municipal biosolids. Biogas is produced and upgraded to renewable natural gas. The process produces a highly saline wastewater that needs to be discharged to the Brine Line.

In July 2020, RBF obtained treatment and disposal capacity rights in the Brine Line through SAWPA's capacity lease program. In December 2020, Valley District and SAWPA, issued a wastewater discharge permit (permit) to RBF allowing discharge to the Brine Line from their facility.

RBF's permit included a special condition that allows RBF to discharge temporarily into the Brine Line Reach IV-E siphon until RBF designs and constructs a new lateral to the Brine Line with a connection downstream of the siphon. SAWPA does not allow connections to long siphons due to operational issues including deposition of materials, lack of access and potential impacts to upstream dischargers.

In June 2021, RBF requested to meet and discuss with SAWPA staff the possibility of a cost share arrangement for construction of the new lateral that would benefit SAWPA and the operation and maintenance of the Brine Line. Upon extensive investigation by SAWPA staff and collaboration with Valley it was determined that the new lateral, if owned and operated by SAWPA, can provide opportunities for future dischargers to connect to the Brine Line and other benefits to the Brine Line such as operational flexibility, avoided maintenance costs and increased reliability by minimizing disruptions to upstream dischargers during maintenance or emergency events.

A cost share approach has been developed in which SAWPA owns and operates the new lateral, and RBF, SAWPA and Valley share the costs. The new lateral is about 5,000 linear feet

in length, 8-inch or 12-inch in diameter that connects from RBF's existing lateral to the existing 36-inch Brine Line on Aqua Mansa Road.

The attached New Lateral Construction and Cost Share Agreement contain the following pertinent points:

1. SAWPA will prepare plans and specifications and bid the new lateral with two alternatives, as an 8-inch pipeline and a 12-inch pipeline.
2. SAWPA will administer the construction contract.
3. The cost share percentages for construction of the new lateral are RBF (82%), SAWPA (4.5%) and Valley (13.5%)
4. The cost share percentages for updating the design to SAWPA's design standards, preparing plans and specification is SAWPA (25%) and Valley (75%).
5. RBF to pay their cost share in five (5) installments. The first payment due upon execution of the agreement, with four (4) annual installments thereafter.
6. RBF to pay interest of 3% on their unpaid balance.
7. RBF parent company (Anaergia) will provide a Guaranty Agreement to SAWPA that guarantees the faithful performance of RBF's payment obligations.
8. SAWPA will amend the Discharger Lease Agreement where RBF will pay its cost share as additional rent to SAWPA. Also amend the Discharger Lease Agreement to extend RBF's capacity lease an additional (5) years. A copy of the Amendment No. 1 to the Lease Agreement is attached.
9. SAWPA will retain 25% of future discharger connection fees and 75% of the connection fees will be reimbursed to Valley.

Preliminary Cost Summary

The estimated construction and design costs for an 8 -inch lateral is \$1,628,000 and for a 12-inch lateral is \$1,862,000. Based on these estimated construction costs, the cost share for an 8-inch lateral and 12-inch lateral is as follows:

Lateral Size	SAWPA Costs (4.5%)*	Valley District Costs (13.5%)*	RBF Costs (82%)	Total Costs
8"	\$81,460	\$244,380	\$1,302,160	\$1.628M
12"	\$130,960	\$392,880	\$1,302,160**	\$1.826M

*Also includes additional design and bidding costs.

** RBF would not pay any additional construction costs for upsizing to 12-inch lateral,

Proposed Schedule

The proposed schedule for design, construction and PA 24 Committee actions is as follows:

- PA 24 Committee approve cost share agreement Jun 2022
- SAWPA prepare plans and specifications Jul 2022 – Oct 2022
- PA 24 Committee direct staff to advertise for bids Nov 2022
- Bid Process Nov 2022 – Jan 2023
- PA 24 Committee award construction contract Feb 2023
(Decision to construct 8" or 12" lateral)
- Construction Feb 2023 – Jun 2023

RESOURCE IMPACTS

Design and Construction costs would be paid from Brine Line Reserves (Pipeline Replacement Reserve). Cost share payments received from RBF and Valley would be deposited back to the Pipeline Replacement Reserve. SAWPA's capital cost is estimated at \$130,960 (Reserves). Annual O&M cost is estimated at \$11,000 per year and will be included in the Fiscal Year 24 Budget Fund 240 (Brine Line Enterprise).

Attachments:

1. PowerPoint Presentation
2. New Lateral Construction and Cost Share Agreement
3. Discharger Lease Agreement Amendment No. 1

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Inland Empire Brine Line New Lateral Construction and Cost Share Agreement

David Ruhl, Engineering Manager
Project Agreement 24 Committee
June 21, 2022| Item No. 5.A.

New Lateral Construction and Cost Share Agreement

Recommendation:

Authorize the General Manager to execute the following:

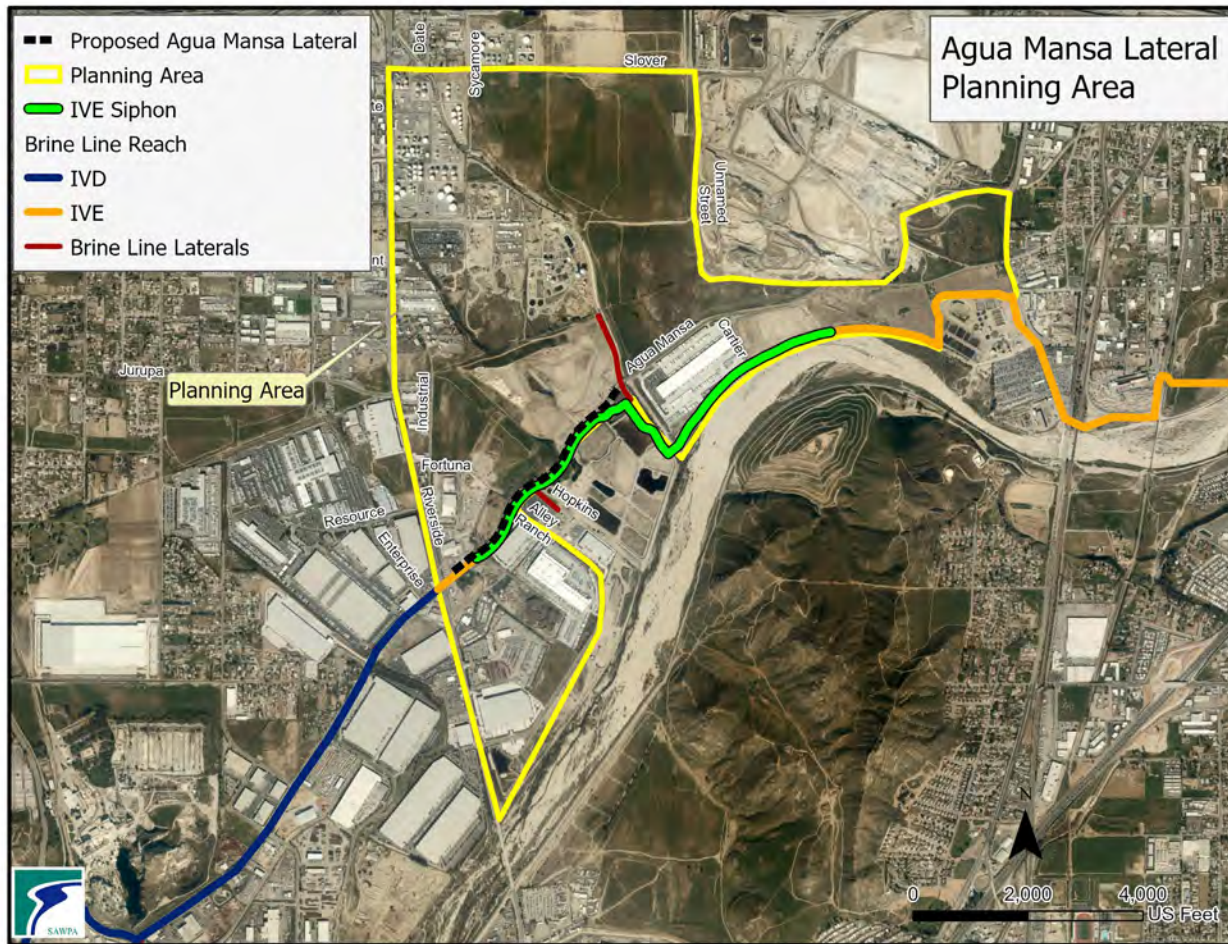
1. New Lateral Construction and Cost Share Agreement with San Bernardino Valley Municipal Water District and Rialto Bioenergy Facility Inc. and to proceed accordingly; and
2. Amendment No. 1 to the Inland Empire Brine Line Discharger Lease Agreement with RBF.

Rialto Bioenergy Facility

- Process 1,080 tons/day of food waste and municipal biosolids
- Lease capacity from Lease Pool
- Discharge permit issued Dec 2020
- Interim temporary discharge point
 - Low strength brine wastewater
- Permanent discharge point at gravity location through new lateral
 - High strength brine wastewater



Cost Share - Benefits



- Opportunity for future dischargers to connect to the Brine Line
- Operational flexibility
- Increased reliability
- Avoided maintenance costs

New Lateral Construction and Cost Share Agreement

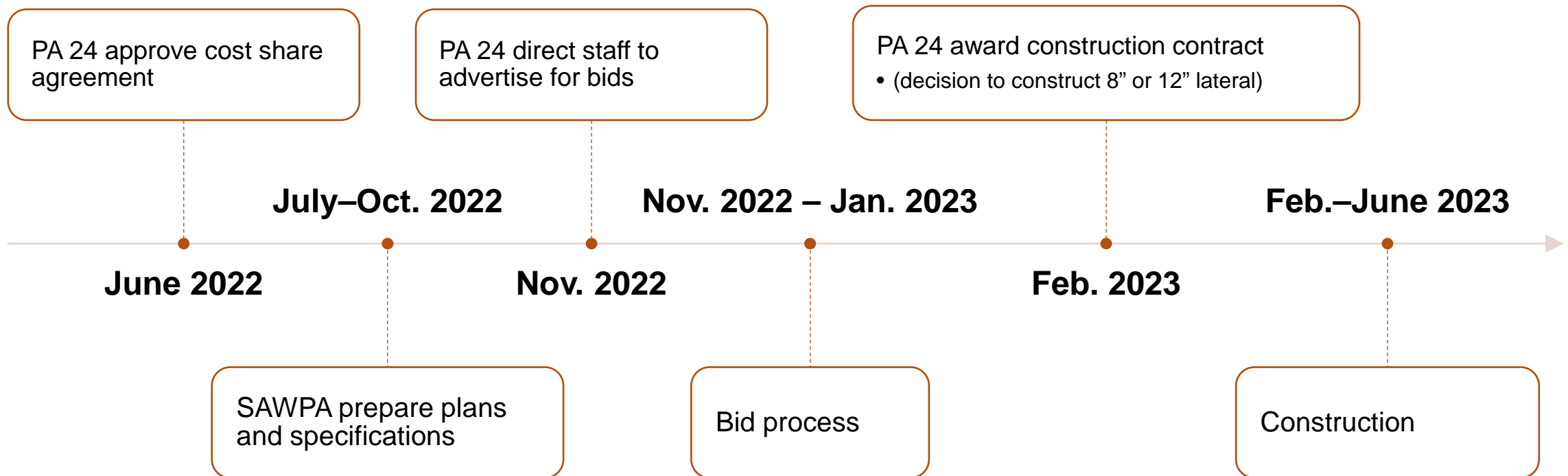
- SAWPA own and operate new lateral
- Cost Share

	<u>Construction</u>	<u>Design</u>
▪ RBF	82.0%	N/A
▪ SAWPA	4.5%	25%
▪ Valley	13.5%	75%

- SAWPA prepare plans and specifications
- SAWPA bid lateral with two alternatives (8" pipeline and 12" pipeline)
- RBF pay their cost share in 5 installments. 1st payment due upon execution of agreement, 4 annual installments thereafter
- RBF to pay 3% interest on unpaid balance
- RBF parent company (Anaergia) provide payment Guaranty
- Amend RBF Discharger Lease Agreement
- SAWPA distribute future connection fees (SAWPA 25% / Valley 75%)



Schedule



Preliminary Budget and Cost Summary

- Preliminary costs based on estimated design and construction costs
- SAWPA and Valley costs include additional design and bidding costs
- RBF would not pay any additional construction costs for upsizing to 12-inch lateral
- Final cost summary based on actual design and construction costs
- Design and construction costs paid from Brine Line Reserves (Pipeline Replacement Reserve)
- Cost share payments returned to Brine Line Reserves
- Estimated annual O&M costs \$11,000/year

Lateral Size	SAWPA Costs (4.5%)	Valley Costs (13.5%)	RBF Costs (82%)	Total Costs
8"	\$81,460	\$244,380	\$1,302,160	\$1.628M
12"	\$130,960	\$392,880	\$1,302,160	\$1.826M

New Lateral Construction and Cost Share Agreement

Recommendation:

Authorize the General Manager to execute the following:

1. New Lateral Construction and Cost Share Agreement with San Bernardino Valley Municipal Water District and Rialto Bioenergy Facility Inc. and to proceed accordingly; and
2. Amendment No. 1 to the Inland Empire Brine Line Discharger Lease Agreement with RBF.

Questions?

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**INLAND EMPIRE BRINE LINE
NEW LATERAL CONSTRUCTION AND COST SHARE AGREEMENT**

This INLAND EMPIRE BRINE LINE NEW LATERAL CONSTRUCTION AND COST SHARE AGREEMENT (“**Agreement**”) is entered into as of _____, 2022 (“**Effective Date**”), by and among the Santa Ana Watershed Project Authority (“**SAWPA**”), San Bernardino Valley Municipal Water District (“**Valley District**”), and Rialto Bioenergy Facility, LLC (“**RBF**”). SAWPA, Valley District and RBF are sometimes referred to herein individually, as “**Party**”, and collectively, as the “**Parties**”.

RECITALS

WHEREAS, Valley District is one of five (5) member agencies of SAWPA and owns capacity rights for discharges into the Inland Empire Brine Line (“**Brine Line**”).

WHEREAS, SAWPA is responsible for managing the Brine Line.

WHEREAS, SAWPA delegates some of its authority to manage the Brine Line to Valley District for permitting of dischargers in Valley District’s service area.

WHEREAS, RBF owns a waste-to-energy facility in the City of Rialto, within Valley District’s service area, that needs to dispose of non-reclaimable wastewater from their facility to the Brine Line.

WHEREAS, RBF has obtained Brine Line pipeline capacity rights from the City of Rialto, by agreement dated March 23, 2021 and leased treatment and disposal capacity rights from SAWPA under separate lease agreement dated July 7, 2020 (“**Lease Agreement**”).

WHEREAS, SAWPA prohibits connections to long siphons due to deposition of materials, lack of access, operational issues and potential impacts to upstream dischargers.

WHEREAS, on December 7, 2020, Valley District and SAWPA, issued a Wastewater Discharge Permit to RBF allowing discharge of non-reclaimable wastewater produced from its new waste-to-energy facility to the Brine Line - Permit Number D1130-1 (“**Discharge Permit**”).

WHEREAS, the Discharge Permit included a special condition that allows RBF to discharge temporarily into the Brine Line Reach IVE siphon (“**Siphon**”), using RBF’s existing lateral (“**Existing Lateral**”) and an existing connection (“**Existing Connection**”), (Collectively “**Temporary Discharge**”). (Special Condition VIII.A – Interim Discharge Plan), while RBF constructs a new lateral connection to the Brine Line (“**New Lateral**”). The New Lateral will connect the Existing Lateral to the Brine Line downstream of the Siphon.

WHEREAS, due to delays by the Cities of Rialto and Colton in issuing permits for the New Lateral, RBF requested an extension of the Temporary Discharge to the Siphon. On May 13, 2021, SAWPA issued an extension of the Temporary Discharge to the Siphon and an

Administrative Compliance Order (“**Order**”) to RBF relating to the Discharge Permit. As part of the Order, RBF was required to cease discharge to the Siphon on or before November 9, 2021. Due to certain delays caused by SAWPA, on November 4, 2021, SAWPA issued an extension of the Temporary Discharge to the Siphon as well as the Order until May 9, 2022.

WHEREAS, the Parties recognize that the New Lateral provides opportunities including, but not limited to for future dischargers to connect to the New Lateral, benefits in the operations and maintenance of the Brine Line and ability to minimize disruptions to upstream dischargers during maintenance or emergency events.

WHEREAS, the Parties have determined that SAWPA is able to construct, own and operate the New Lateral due to SAWPA’s Brine Line experience and qualifications and a cost share arrangement (“**Cost Share**”) to pay for the design, construction, operation and maintenance, repair and replacement of the New Lateral is warranted and appropriate.

WHEREAS, under separate Guaranty Agreement dated _____, 2022, Anaergia Services LLC, guarantees to SAWPA the faithful performance of RBF’s payment obligations under this Agreement. The Guaranty Agreement is attached as Exhibit A.

WHEREAS, RBF will be able to discharge up to 250,000 gallons per day to the Brine Line through the New Lateral as stated in their Discharge Permit and Lease Agreement.

WHEREAS, the provisions of the current Discharge Permit and Order, as extended, will remain in place until the New Lateral is constructed, operating and RBF is no longer discharging to the Siphon.

NOW, THEREFORE, in consideration of the terms and conditions set forth in this Agreement, the Parties agree to the following.

TERMS OF AGREEMENT

1. SAWPA will construct the New Lateral to allow RBF’s Temporary Discharge to be removed from the Siphon and connected to the Brine Line at a new location downstream of the Siphon. The Parties agree to a Cost Share to pay for the New Lateral to accommodate future flows in the region and to redirect the flow from RBF’s waste-to-energy plant from its current discharge point into a siphon into the New Lateral. The New Lateral generally consists of an 8-inch pipeline approximately 5,000 lineal feet along Agua Mansa Road adjacent to Reach IVE.

SAWPA shall:

- a. Obtain all necessary permits, CEQA or other approvals necessary for completion of the New Lateral.
- b. Prepare or cause to be prepared plans and specifications for the New Lateral, in accordance with SAWPA standards.

- c. Issue a Notice Inviting Bids for construction of the New Lateral with two alternates, as an 8-inch pipeline and a 12-inch pipeline.
- d. Advertise, award, and administer a prevailing wage public works construction contract for the New Lateral.
- e. Construct or cause to be constructed the New Lateral in accordance with the New Lateral plans approved by SAWPA.
- f. Inspect or cause to be inspected the construction of the New Lateral.
- g. Pay Cost Share as described in Paragraph 2.
- h. Own the New Lateral.
- i. Operate, maintain and repair the New Lateral.
- j. Prepare and submit invoices to Valley District quarterly and RBF annually.
- k. Submit a final accounting of the costs to the Parties within sixty (60) days after filing a notice of completion.

Valley District shall:

Pay Cost Share as described in Paragraph 2, within thirty (30) days upon receipt of SAWPA's itemized invoices.

RBF shall:

- a. Provide to SAWPA all pertinent information for the New Lateral design prepared by RBF, including permitting documentation, CAD files, underground utility information, potholing data and geotechnical data.
- b. Allow SAWPA access to RBF's Existing Lateral and pipeline easements for investigation and construction of the New Lateral.
- c. Allow SAWPA to utilize a portion of the Existing Lateral for O&M and emergency activities.
- d. Pay additional rent under an amendment to the Lease Agreement by way of cost recovery to SAWPA for the cost of installation of the New Lateral ("Additional Rent"). The Additional Rent shall correspond to the Cost Share as described in Paragraph 2
- e. Comply with requirements of the Discharge Permit.
- f. Continue to operate and maintain the Existing Lateral.

Timing of the New Lateral:

SAWPA intends to complete the New Lateral within one year of the date of the Agreement. The Parties shall not be responsible to the other for damages resulting from delays in the performance of obligations hereunder resulting from action of the elements, fire, flood, "Acts of God", strikes, lockouts, pandemics, permit delays or any other such causes beyond said Party's reasonable control.

2. Cost Share.

a. The actual cost of design and construction of the New Lateral will be paid by the Parties. Costs incurred prior to execution of this Agreement are not included in the Cost Share. The Cost Share percentages allocated to the Parties for design and construction are as shown in Table 1 (8-inch Lateral). If SAWPA and Valley District decide to construct a 12-inch lateral, the Cost Share percentages paid by the Parties for design and construction are as shown in Table 2 (12-inch lateral).

b. Table 1. Cost Share percentages for 8-inch lateral.

Item	SAWPA	Valley District	RBF
Construction (Contractor cost for 8-inch lateral and contractor approved change orders)	4.5%	13.5%	82%
“Construction Management Costs” (engineering during construction, construction management, inspection, record drawings and permit fees).	4.5%	13.5%	82% (RBF’s aggregate rent increase in respect of cost recovery for Construction Management Costs shall not exceed \$65,000). If the Construction Management Costs exceed \$65,000 those costs shall be paid by SAWPA and Valley District consistent with the cost share percentages under Design.
Design is for both an 8-inch and 12-inch lateral (final design, plans and specifications and bidding)	25%	75%	Not Applicable

c. Table 2. Cost Share percentages for 12-inch lateral.

Item	SAWPA	Valley District	RBF
Construction (Contractor bid amount for 8-inch lateral and contractor approved change orders)	4.5%	13.5%	82%
“Construction Management Costs” (engineering during construction, construction management, inspection, record drawings and permit fees).	4.5%	13.5%	82% (RBF’s aggregate rent increase in respect of cost recovery for Construction Management Costs shall not exceed \$65,000). If the Construction Management Costs exceed \$65,000 those costs shall be paid by SAWPA and Valley District consistent with the cost share percentages under Design.
Additional construction cost for 12-inch lateral. This cost is the difference between the contractor cost for the 12-inch lateral and the contractor bid amount for the 8-inch lateral.	25%	75%	Not Applicable
Design is for both an 8-inch and 12-inch lateral (final design, plans and specifications and bidding)	25%	75%	Not Applicable

3. Program Financing Costs. The annual interest rate on installment payments is 3% on the unpaid balance.

4. Payment and Payment Terms.

Valley District:

Valley District shall pay its total Cost Share in quarterly payments to SAWPA. Invoices will include costs incurred during the quarter multiplied by the Cost Share. Payment is due within 30 days upon receipt of an invoice from SAWPA.

RBF:

SAWPA and RBF agree to enter into an amendment to the Lease Agreement to provide for additional rent as outlined in this section. Additional Rent amount will be paid in five (5) installments (“**Installment**”) and will be based on contracted award until final accounting is completed. The Installment amounts will be determined and paid as follows:

a. At execution of Agreement:

Installment 1. Total estimated construction cost for the 8-inch lateral multiplied by the Cost Share from Paragraph 2 divided by five (5). Example calculation based on current cost estimate: $(\$1,588,000 \times 82\%) / 5 = \$260,432$.

b. Subsequent years:

If construction is not complete:

Installment 2 – 5. The Installment amount will be equal to Installment 1 (e.g., \$260,432) plus financing cost.

If the final accounting of the costs for the 8-inch lateral is complete:

Installment 2 – 5. The Installment amount will be calculated the same as Installment 1 except the final actual construction cost will be used to calculate the Installment amount instead of the estimated construction cost [(final actual construction cost x 82% / 5) plus financing cost]. A minor charge or credit may apply to account for the difference in the estimated Installment amount and the final Installment amount.

If SAWPA and Valley District decide to construct a 12-inch Lateral and if the final accounting of the costs for the 12-inch lateral is complete, Installment 2-5 will be calculated as follows:

Installment 2 – 5. The Installment amount will be calculated the same as for the 8-inch lateral except the final actual construction cost will be used to calculate the Installment amount instead of the estimated construction cost. Per Paragraph 2, Table 2, the “final actual construction cost” is the Contractor bid amount for the 8-inch lateral, contractor approved change orders, and Construction Management Costs [(final actual construction cost x 82% / 5) plus financing cost]. A minor charge or credit may apply to account for the difference in the estimated Installment amount and the final Installment amount.

5. Future Capacity Reimbursement. If SAWPA develops a connection fee for future discharger connections to the New Lateral, 25% of the connection fee will be retained by SAWPA and 75% of the revenue from the connection fee will be reimbursed to Valley District.

6. Discharge Permit Amendment. SAWPA and Valley District will amend the Discharge Permit to amend the Table 2 -Interim Discharge BOD and TSS Limitations to 30 mg/L Monthly Average Discharge Limitation for both TSS and BOD with a Daily Maximum Discharge Limitation of 100 mg/l for both TSS and BOD.

7. Indemnification.

a. RBF Indemnity.

RBF shall indemnify Valley District and SAWPA against and agrees to hold Valley District and SAWPA harmless of and from all third party liabilities, obligations, actions, suits, proceedings or claims, and all costs and expenses, including reasonable attorney's fees (collectively, "**Claims and Costs**"), for tangible property damage or personal injury, to the extent resulting from any negligence or willful misconduct by RBF.

b. Valley District Indemnity.

Valley District shall indemnify RBF and SAWPA against and agrees to hold RBF and SAWPA harmless of and from all third party Claims and Costs for tangible property damage or personal injury, to the extent resulting from negligence or willful misconduct by Valley District.

c. SAWPA Indemnity.

SAWPA shall indemnify RBF and Valley District against and agrees to hold RBF and Valley District harmless of and from all third party Claims and Costs for tangible property damage or personal injury resulting from negligence or willful misconduct by SAWPA.

8. Rights and Responsibilities of Orange County Sanitation District ("**OC San**") are retained. The Parties to this Agreement understand and agree the OC San retains its rights and responsibilities as defined in the 1991 MOU between SAWPA and OC San and the 1996 Treatment and Disposal Capacity Agreement between SAWPA and OC San. This Agreement in no way diminishes the effectiveness or reduces the scope of the 1991 MOU and the 1996 Agreement.

9. Governing Law and Jurisdiction. The existence, validity, construction, operation and effect of this Agreement and all of its terms and provisions shall be determined in accordance with the laws of the State of California. Any action at law or in equity brought by any of the Parties for the purpose of enforcing a right or rights provided for by this Agreement

shall be tried exclusively in the superior court in the County of San Bernardino, State of California, and the Parties hereby waive all provisions of law providing for a change of venue in such proceedings to any other county.

10. Notices. Service of any notices, bills, invoices or other documents required or permitted under this Agreement, except for routine communications, shall be sufficient if sent by one Party to the other by electronic mail or United States mail, postage prepaid and addressed as follows:

RBF:

Rialto Bioenergy Facility, LLC.
ATTN: Jeremy Metts, Vice President
705 Palomar Airport Road, Suite 200
Carlsbad, CA 92011

SAWPA:

Santa Ana Watershed Project Authority
ATTN: General Manager
11615 Sterling Avenue
Riverside, CA 92503

Valley District:

San Bernardino Valley Municipal Water District
ATTN: General Manager
380 East Vanderbilt Way
San Bernardino, CA 92408

11. Severability. Each provision, term, condition, covenant, and/or restriction, in whole and in part, in this Agreement shall be considered severable. In the event any provision, term, condition, covenant, and/or restriction, in whole and/or in part, in this Agreement is declared invalid, unconstitutional, or void for any reason, such provision or part thereof shall be severed from this Agreement and shall not affect any other provision, term, condition, covenant, and/or restriction, of this Agreement and the remainder of the Agreement shall continue in full force and effect.
12. Entire Agreement. This Agreement contains the entire understanding between the Parties, and supersedes any prior understanding and/or written or oral agreements between them, respecting the subject matter of this Agreement. There are no representations, agreements, arrangements, or understandings, oral or written, by and between the Parties relating to the subject matter of this Agreement, that are not fully expressed herein.
13. Further Acts. Each Party agrees to perform any further acts and to execute and deliver any documents which may be reasonably necessary to carry out the provisions of this Agreement.
14. Assignment. Neither Party may assign its rights or obligations under this Agreement, whether by operation of law or otherwise, without the prior written consent of the other Party. Any attempted or purported assignment in violation of this section will be null and

void. Subject to the foregoing, this Agreement shall bind and inure to the benefit of the Parties and their respective successors and permitted assigns.

15. Incorporation of Recitals. Each and every one of the Recitals set forth above is a material part of this Agreement and is hereby incorporated by reference into and made part of this Agreement by this reference.

16. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and such counterparts shall constitute one and the same instrument. Four (4) duplicate originals of this Agreement shall be executed each of which shall be deemed to be an original.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have entered into this Agreement as of the Effective Date.

Dated: _____, 2022.

SANTA ANA WATERSHED PROJECT
AUTHORITY

By: _____

Name: _____

Its: _____

Dated: _____, 2022.

SAN BERNARDINO VALLEY MUNICIPAL
WATER DISTRICT

By: _____

Name: _____

Its: _____

Dated: _____, 2022.

RIALTO BIOENERGY FACILITY, LLC.

By: _____

Name: _____

Its: _____

GUARANTY

In consideration of Santa Ana Watershed Project Authority's ("SAWPA's") agreement, pursuant to that certain Inland Empire Brine Line New Lateral Construction And Cost Share Agreement of even date herewith between SAWPA, San Bernardino Valley Municipal Water District ("Valley District"), and Rialto Bioenergy Facility, LLC ("RBF") ("Brine Line Construction and Cost Share Agreement"), to make certain financial accommodations to RBF, RBF member ANAERGIA SERVICES LLC, a Delaware limited liability company (hereinafter referred to as "Guarantor"), agrees with SAWPA as follows (capitalized terms used in this Guaranty without definition having the meanings given to them in the Brine Line Construction and Cost Share Agreement):

1. The term "Obligations" means RBF's obligation to pay, as and when due under the Lease Agreement, as amended pursuant to the Brine Line Construction and Cost Share Agreement (as so amended, "Amended Lease"), that portion of the rent due under the Amended Lease constituting the Additional Rent, representing RBF's Cost Share percentage of the cost of installation of the New Lateral, and payable in five Installments in accordance with the Brine Line Construction and Cost Share Agreement.

2. Guarantor unconditionally and irrevocably guarantees to SAWPA the full, prompt and faithful payment when due of each and all of the Obligations.

3. This Guaranty is absolute and irrevocable, and shall remain in full force and effect with respect to the Obligations until finally and irrevocably paid in full.

4. Any of the Obligations may be amended, modified, waived, or increased (whether or not beyond any dollar limitation hereunder), further agreements may be entered into between SAWPA and RBF, SAWPA may provide additional goods or services or credit to RBF or increase or decrease the dollar value of such goods, services or credit, and further obligations (including, without limitation, the provision or pledging of security to SAWPA for any obligation), indebtedness and liabilities may be entered into or incurred from time to time by RBF and without further authorization from or notice to Guarantor and no such action shall terminate, release, impair, reduce, discharge, diminish or in any way affect any of the obligations of Guarantor hereunder or any other guaranty, surety, or other security furnished by Guarantor or give Guarantor any recourse or defense against SAWPA. SAWPA need not inquire into the power of RBF or the authority of its officers, directors, partners or agents acting or purporting to act in its behalf.

5. With respect to all Obligations, this is a guaranty of payment and performance and not of collection, and Guarantor waives and agrees not to assert or take advantage of:

(a) any right to require SAWPA to proceed against RBF or any other person or to resort to, proceed against or exhaust any security held by it at any time or to pursue any other remedy in its power before proceeding against any Guarantor;

(b) demand, presentment, protest and notice of any kind including, without limiting the generality of the foregoing, notice of nonperformance, protest, dishonor and acceptance of this Guaranty, notice under Section 9611 of the California Commercial Code, and notice of the existence, creation or incurring of any new or additional indebtedness or obligation or of any action or non-action on the part of RBF, SAWPA, a guarantor under this or any other instrument, or creditor of RBF or any other person whomsoever, in connection with any of the Obligations or any collateral for any of the Obligations or in connection with any of the Obligations; and

(c) any suretyship defenses and suretyship rights of every nature otherwise available under California law and the laws of any other state or jurisdiction, including, without limitation (but subject to Section 12 below with respect to the rights of subrogation and reimbursement that are the subject matter thereof), all defenses and rights arising under Sections 2787 through 2855 of the California Civil Code (the "Suretyship Provisions") and any successor provisions to those Sections. Without limiting the generality of the foregoing, Guarantor acknowledges his, her or its understanding that the Suretyship Provisions provide various partial or complete defenses to the recovery by SAWPA from Guarantor and/or grant Guarantor rights the enforcement of which could reduce or eliminate entirely Guarantor's liability hereunder to SAWPA. Among the defenses and rights contained in the Suretyship Provisions are the following: (1) Section 2809 of the Civil Code, which provides, in part, that the obligation of a surety must not be either larger in amount or in other respects more burdensome than that of the principal; (2) Section 2810 of the Civil Code, which provides, in part, that a surety is not liable if for any reason other than the mere personal disability of the principal there is no liability upon the part of the principal at the time of execution of the contract, or the liability of the principal thereafter ceases; (3) Section 2819 of the Civil Code, which provides, in part, that a surety is exonerated if the creditor alters the original obligation of the principal without the consent of the surety; (4) Section 2845 of the Civil Code, which provides, in part, that a surety is exonerated to the extent that the creditor fails to proceed against the principal, or to pursue any other remedy in the creditor's power which the surety cannot pursue and which would lighten the surety's burden; (5) Section 2846 of the Civil Code, which provides that a surety may compel his principal to perform the obligation when due; (6) Section 2847 of the Civil Code, which provides, in part, that if a surety satisfies the principal obligation, or any part thereof, the principal is obligated to reimburse the surety for the amounts paid by the surety; (7) Section 2848 of the Civil Code, which provides, in part, that a surety, upon satisfaction of the obligation of the principal is entitled to enforce remedies which the creditor then has against the principal; (8) Section 2849 of the Civil Code, which provides, in part, that a surety is entitled to the benefit of security held by the creditor for the performance of the principal obligation held by the creditor; (9) Section 2850 of the Civil Code, which provides, in part, that whenever the property of a surety is hypothecated with property of the principal, the surety is entitled to have the property of the principal first applied to the discharge of the obligation; and (10) Section 2822 of the Civil Code, which provides, in part, for a right to have the principal designate the portion of any obligation to be satisfied by the surety in the event that the principal provides partial satisfaction of such obligation.

6. All existing and future indebtedness of RBF to Guarantor ("Intercompany Obligations") is subordinated to all Obligations hereby guaranteed. In the event of any default in the payment of any of the Obligations when due, then, for so long as such default continues, Guarantor shall not accept any payment from RBF of any indebtedness owed to it by RBF, and, if any such amount is received in violation of this provision, shall promptly turn such amount over to the SAWPA, for application to payment of the Obligations.

7. Guarantor agrees to pay all attorneys' fees (including without limitation, reasonably allocated fees of in-house counsel) and all other costs and expenses which may be incurred by SAWPA in the enforcement of this Guaranty against Guarantor.

8. This Guaranty is not assignable by Guarantor without SAWPA's consent. This Guaranty shall inure to the benefit of SAWPA and its successors and assigns, including the assignees of any Obligations, and bind the heirs, executors, administrators, successors and permitted (if any) assigns of Guarantor. This Guaranty is assignable by SAWPA with respect to all or any portion of the Obligations, and when so assigned Guarantor shall be liable to the assignees under this Guaranty without in any manner affecting the liability of Guarantor hereunder with respect to any Obligations retained by SAWPA.

9. The existence, validity, construction, operation and effect of this Guaranty and all of its terms and provisions shall be determined in accordance with the laws of the State of California. Any action at law

or in equity brought by SAWPA or Guarantor for the purpose of enforcing a right or rights provided for by this Guaranty shall be tried exclusively in the superior court in the County of San Bernardino, State of California, and each of SAWPA and Guarantor hereby waives all provisions of law providing for a change of venue in such proceedings to any other county.

10. Except as provided in any other written agreement now or at any time hereafter in force between SAWPA and Guarantor, this Guaranty shall constitute the entire agreement of Guarantor with SAWPA with respect to the subject matter hereof and no representation, understanding, promise or condition concerning the subject matter hereof shall be binding upon SAWPA unless expressed herein.

11. All notices, demands, requests and other communications required or permitted hereunder shall be in writing and shall be delivered in the manner provided for notices in the Brine Line Construction and Cost Sharing Agreement, except that notices to Guarantor shall be sent to the address of Guarantor appearing below Guarantor's signature on this Guaranty (or to such new address as Guarantor may designate hereafter in a notice to SAWPA).

12. Until all of the Obligations guaranteed hereby have been satisfied in full, (i) Guarantor shall have no right of subrogation or reimbursement from RBF which Guarantor may have as a result of any payment by Guarantor under this Guaranty, and (ii) waives any right to enforce any remedy which SAWPA now has or may hereafter have against RBF as a result of such payment by Guarantor under this Guaranty and waives any right under section 2849 of the California Civil Code and any other benefit of or right to participate in any security now or hereafter held by SAWPA.

13. All amounts payable by Guarantor hereunder shall be paid without set-off or counterclaim and without any deduction or withholding whatsoever unless and to the extent that Guarantor shall be prohibited by law from doing so, in which case Guarantor shall pay to SAWPA such additional amount as shall be necessary to ensure that SAWPA receives the full amount it would have received if no such deduction or withholding had been made.

14. If any portion of this Guaranty is held to be unenforceable by a court of competent jurisdiction, the remainder of this Guaranty shall remain in full force and effect.

IN WITNESS WHEREOF, the undersigned Guarantor has executed this Guaranty on _____, 2022.

GUARANTOR: LLC

Signature

Title

Printed Name of Person Signing for Guarantor

705 Palomar Airport Road, Suite 200
Carlsbad, CA 92011 USA
Ph: _____

AMENDMENT NUMBER 1
TO
INLAND EMPIRE BRINE LINE DISCHARGER LEASE AGREEMENT
BETWEEN
SANTA ANA WATERSHED PROJECT AUTHORITY (SAWPA)
AND
RIALTO BIOENERGY FACILITY, LLC (RBF)

This Amendment Number 1 is made this ____ day of ____, 2022 by and between SAWPA and RBF amending their existing Inland Empire Brine Line Lease Agreement dated July 7, 2020.

RECITALS

- A. Whereas, SAWPA and RBF entered into a Lease Agreement dated July 7, 2020 under which SAWPA leases to RBF 0.250 MGD of Capacity Right for the treatment and disposal of Industrial Wastewater to the Brine Line ("**Lease Agreement**"), and
- B. Whereas, Section 3 of the Lease Agreement authorizes RBF to construct additional Lease Connections to the Brine Line at its sole cost and expense, and
- C. Whereas, on December 7, 2020, SAWPA and the San Bernardino Valley Municipal Water District ("**Valley District**") issued a Wastewater Discharge Permit to RBF allowing discharge of non-reclaimable wastewater produced from RBF's new waste-to-energy facility into the Brine Line – Permit D1130-1 ("**Discharge Permit**") and
- D. Whereas, in accordance with the Discharge Permit, RBF was required to design and construct a New Lateral that connects to the Brine Line downstream of the Siphon, and
- E. Whereas, SAWPA and Valley District have agreed that the New Lateral can accommodate new industrial dischargers into the New Lateral so they have decided that SAWPA will construct, own and operate the New Lateral in accordance with a cost sharing agreement between SAWPA, Valley District and RBF dated ____, 2022 ("**Cost Sharing Agreement**"), and
- F. Whereas, the Cost Sharing Agreement provides that RBF will pay its Cost Share as additional rent to SAWPA under an amendment to this Lease Agreement, and

NOW, THEREFORE, in consideration of the terms and conditions set forth in this Amendment Number 1 to the Lease Agreement, SAWPA and RBF agree to the following"

TERMS OF AMENDMENT No. 1 to Lease Agreement

- 1. Additional Rent – New Lateral. RBF shall pay to SAWPA additional rent for the construction of the New Lateral. The amount of the New Rent is identified in the Cost Sharing Agreement and will be paid in five (5) installments pursuant to Section 4 of the Cost Sharing Agreement.
- 2. Term of Lease. The term of the Lease Agreement was for a period of five (5) years, with this Amendment Number 1, the Term of Lease is extended for an additional period of five (5) years.

3. Entire Amendment Number 1. This Lease Amendment Number 1 contains all of the changes to the Lease Agreement, all other terms and conditions of the Lease Agreement are unchanged.

In witness whereof, SAWPA and RBF have executed this Amendment number 1 as of the date and year first written above.

Rialto Bioenergy Facility, LLC

By: _____

Date: _____

Santa Ana Watershed Project Authority

By: _____


Date: _____

**Santa Ana Watershed Project Authority
PA24 - Brine Line - Financial Report
April 2022**

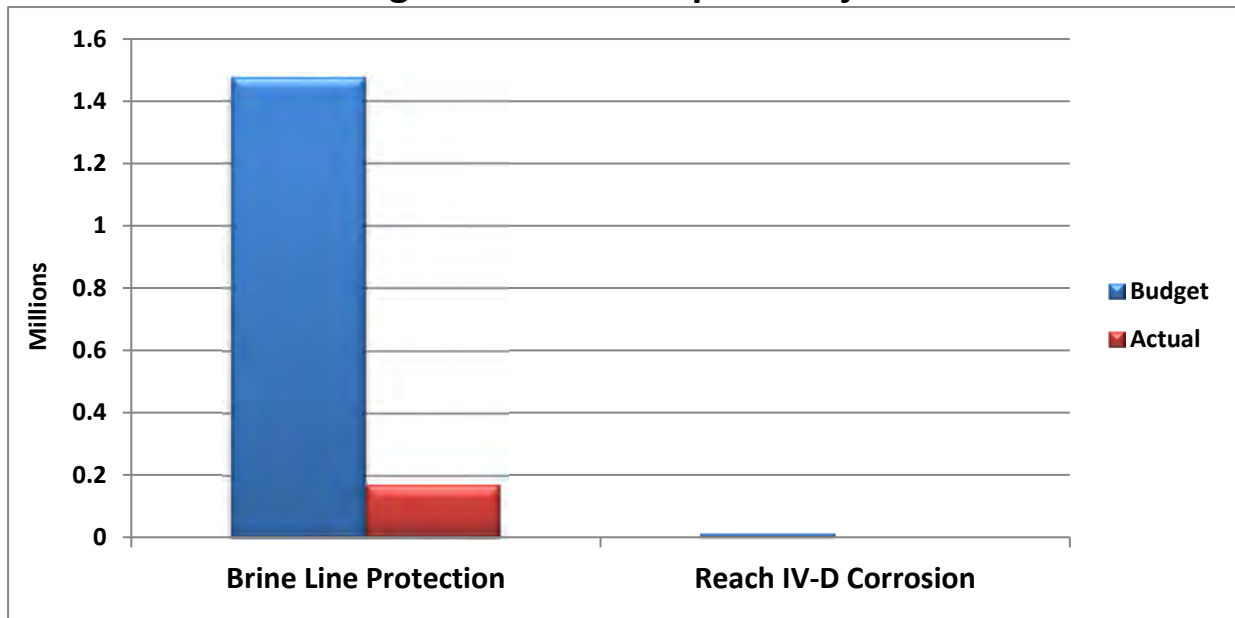
Staff comments provided on the last page are an integral part of this report.

Overview	This report highlights the Brine Line’s key financial indicators for the Fiscal Year-to-Date (FYTD) through April 2022 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	\$1,772,064	\$1,476,720	\$170,888	\$1,305,832
Reach IV-D Corrosion	14,818	12,348	-	12,348
Total Capital Costs	\$1,786,882	\$1,489,068	\$170,888	\$1,318,180

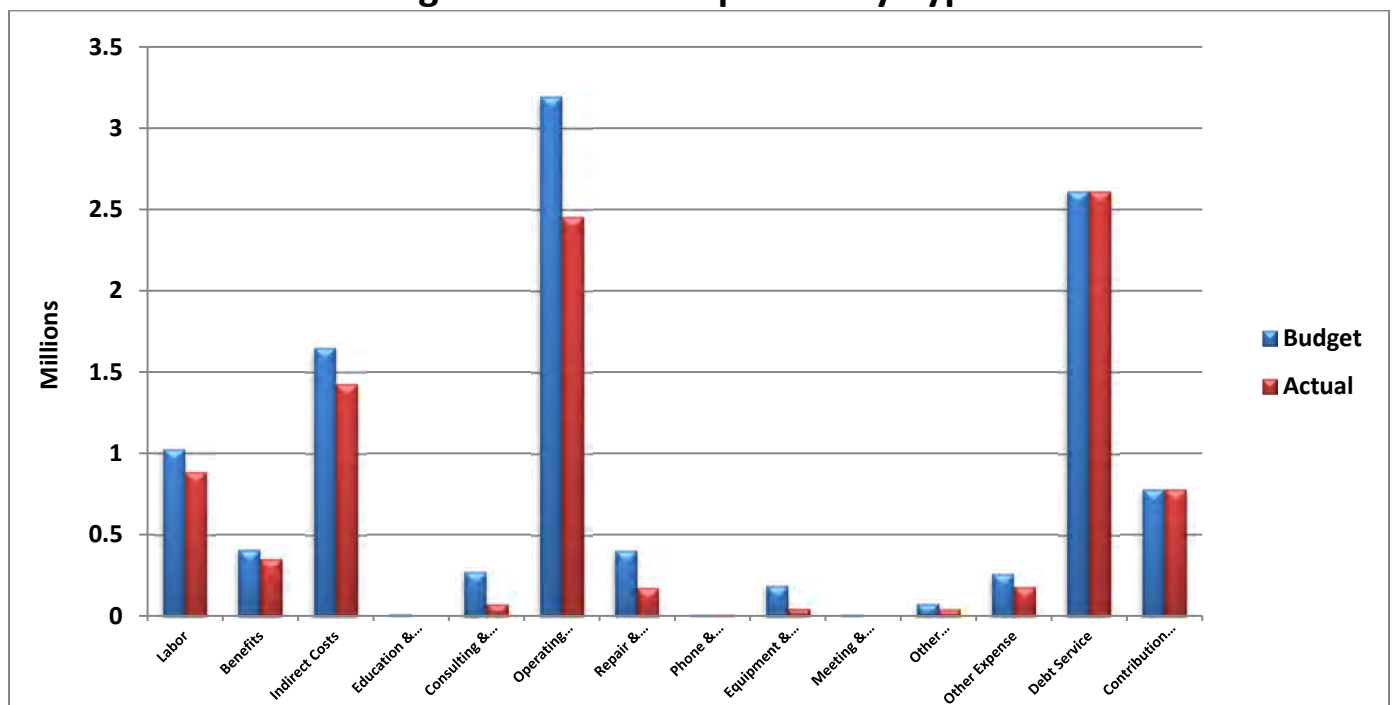
Budget to Actual - Capital Projects



Brine Line – Operating

Budget to Actual - Expenses by Type				 Favorable
	Annual Budget	FYTD Budget	FYTD Actual	Favorable (Unfavorable) Variance
Labor	\$1,227,239	\$1,022,699	\$884,236	\$138,463
Benefits	485,743	404,786	350,157	54,629
Indirect Costs	1,979,458	1,649,548	1,426,272	223,276
Education & Training	14,500	12,083	1,196	10,887
Consulting & Prof Svcs	322,000	268,333	76,875	191,458
Operating Costs	3,833,540	3,194,617	2,455,653	738,964
Repair & Maintenance	480,000	400,000	174,510	225,490
Phone & Utilities	10,200	8,500	9,494	(994)
Equip & Computers	218,000	181,667	46,736	134,931
Meeting & Travel	10,000	8,333	-	8,333
Other Admin Costs	90,900	75,750	43,184	32,566
Other Expense	308,472	257,060	176,753	80,307
Debt Service	2,608,439	2,608,439	2,608,439	-
Contribution to Reserves	928,781	773,984	773,984	-
Total	\$12,517,272	\$10,865,799	\$9,027,489	\$1,838,310

Budget to Actual - Expenses by Type



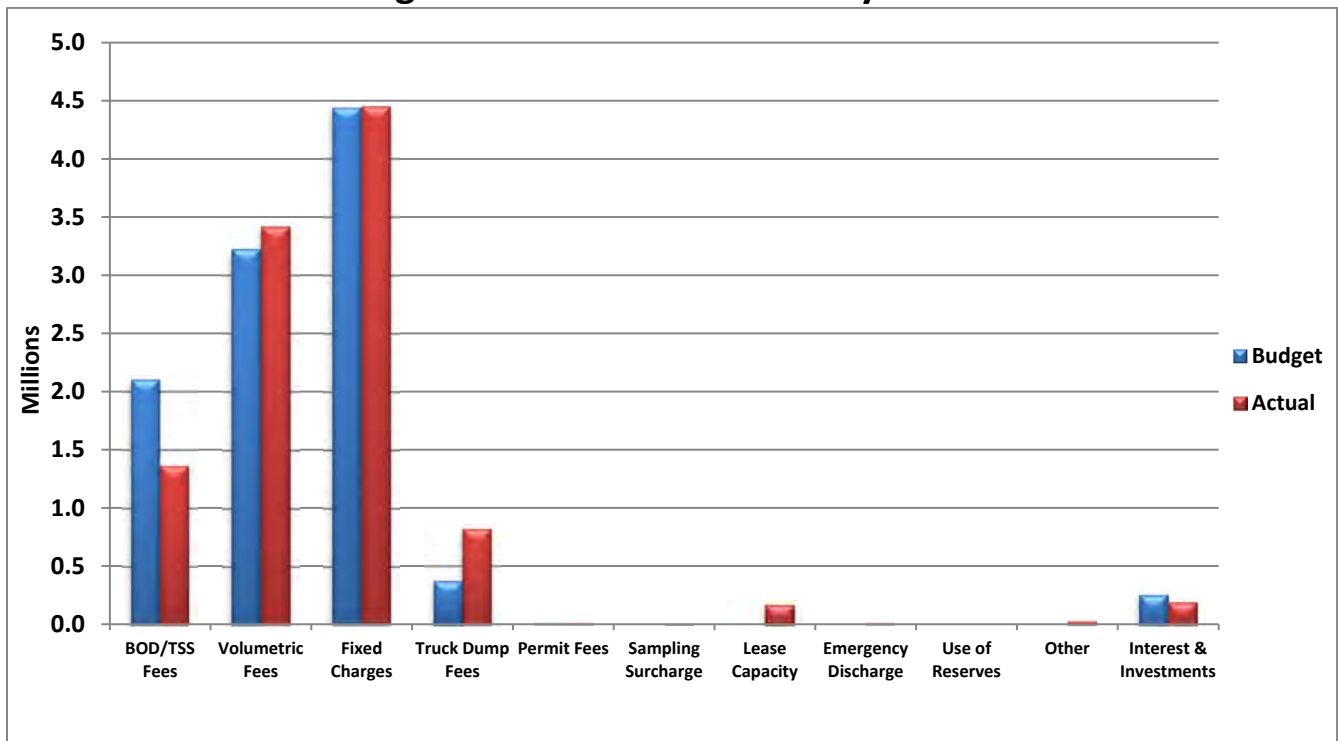
Budget to Actual - Revenues by Source



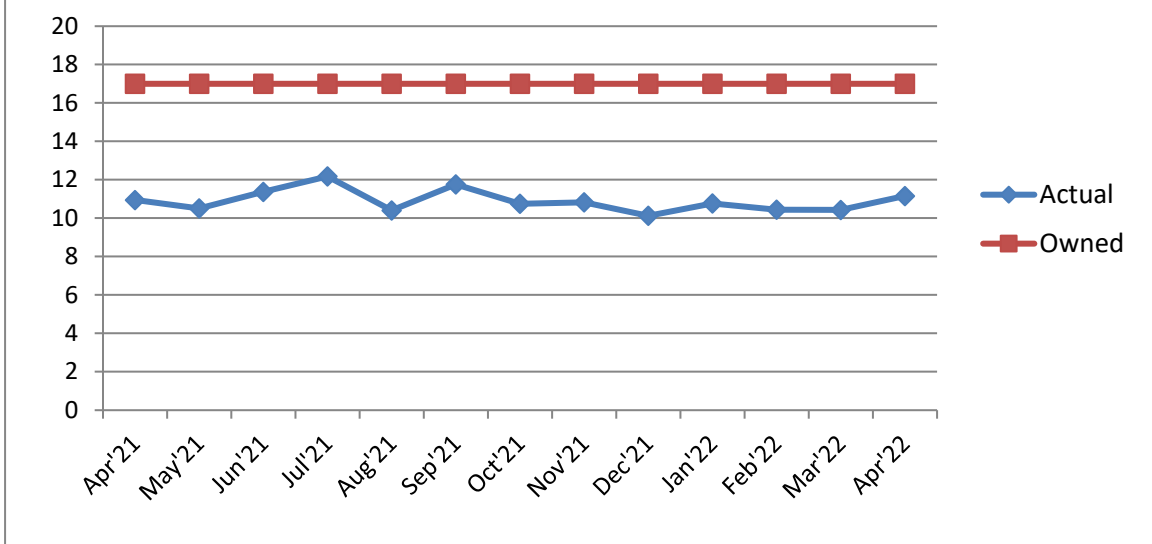
On Track

	Annual Budget	FYTD Budget	FYTD Actual	Favorable (Unfavorable) Variance
BOD/TSS Fees	\$2,520,700	\$2,100,583	\$1,361,322	(\$739,261)
Volumetric Fees	3,868,400	3,223,667	3,415,395	191,728
Fixed Charges	5,323,422	4,436,185	4,446,881	10,696
Truck Dump Fees	451,500	376,250	817,522	441,272
Permit Fees	28,250	8,000	8,800	800
Sampling Surcharge	-	-	6,867	6,867
Lease Capacity Revenue	-	-	169,041	169,041
Emergency Discharge Fees	-	-	9,528	9,528
Use of Reserves	-	-	-	-
Other Revenue	-	-	27,990	27,990
Interest & Investments	325,000	250,000	190,245	(59,755)
Total	\$12,517,272	\$10,394,685	\$10,453,591	\$58,755

Budget to Actual - Revenues by Source



Average Daily Flow by Month

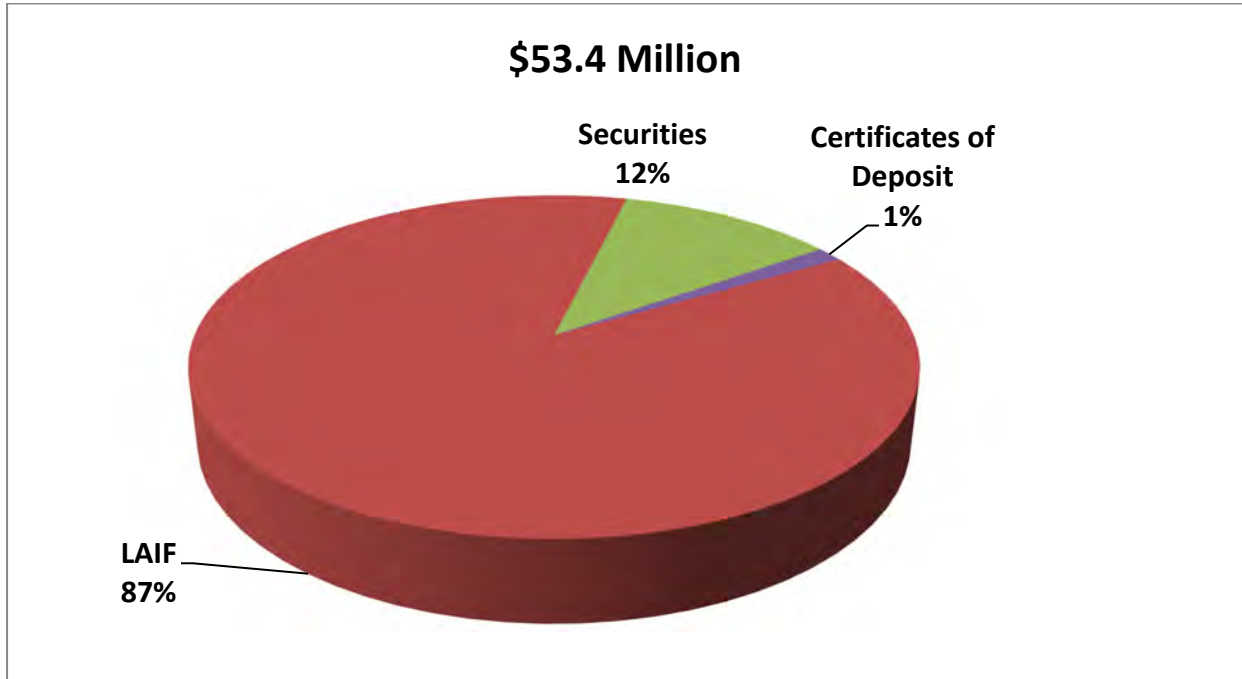


Total Discharge by Agency (in million gallons)

Discharger	Jul '21	Aug'21	Sep'21	Oct'21	Nov'21	Dec'21	Total
Chino Desalter Authority	117.5422	96.8761	101.6842	107.3994	96.4638	90.9258	610.8915
Eastern Municipal Water District	80.8025	70.5889	73.3217	72.6882	74.7951	66.2692	438.4656
Inland Empire Utilities Agency	14.7045	14.2407	13.9934	14.1440	12.8594	13.1268	83.0688
San Bernardino Valley MWD	38.6734	36.0184	34.3989	35.0538	33.5751	32.6578	210.3774
Western Municipal Water District	146.1551	121.6238	124.9316	111.3215	92.6044	97.0833	693.7197
Truck Discharge	3.6981	3.9032	4.2652	3.7407	3.5243	3.5298	22.6613
Total	401.5758	343.2511	352.5950	344.3476	313.8221	303.5927	2,059.1843

Discharger	Jan'22	Feb'22	Mar'22	Apr'22	May'22	Jun'22	Total
Chino Desalter Authority	112.4660	98.8086	108.8246	110.5872			1,041.5779
Eastern Municipal Water District	77.7934	50.5208	77.9107	85.5344			730.2249
Inland Empire Utilities Agency	12.0825	11.8219	13.4538	13.3747			133.8017
San Bernardino Valley MWD	34.0079	28.0517	21.0902	29.4321			322.9593
Western Municipal Water District	104.0672	109.4461	101.8863	113.9928			1,123.1121
Truck Discharge	4.0161	4.1305	3.9478	3.9393			38.6950
Total	344.4331	302.7796	327.1134	356.8605			3,390.3709





Total Cash & Investments - April



Reserve Fund Balance – April

	Amount
Self Insurance	\$4,352,284
Debt Retirement	2,829,589
Pipeline Replacement	22,575,004
OC San Rehabilitation	2,389,658
Capacity Management	12,033,687
Future Capacity	1,842,396
Rate Stabilization	1,032,428
Flow Imbalance	84,572
Brine Line Operating	6,299,196
Total Reserves	\$53,438,814

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 89% below budget. It is expected that the projects will be on budget by the end of the year.

Total costs to date for the December 18, 2021 brine line spill are \$195,534. We have received \$27,523 reimbursement from our insurance.