



SAWPA

SANTA ANA WATERSHED PROJECT AUTHORITY

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

This meeting will be conducted in person at the addresses listed below. As a convenience to the public, members of the public may also participate virtually using one of the options set forth below. Any member of the public may listen to the meeting or make comments to the Committee using the call-in number or Zoom link below. However, in the event there is a disruption of service which prevents the Authority from broadcasting the meeting to members of the public, the meeting will not be postponed or rescheduled but will continue without remote participation. The remote participation option is provided as a convenience to the public and is not required. Members of the public are welcome to attend the meeting in-person.

Meeting Access Via Computer (Zoom):	Meeting Access Via Telephone:
<ul style="list-style-type: none"> • https://sawpa.zoom.us/j/81451581333 	<ul style="list-style-type: none"> • 1 (669) 900-6833
<ul style="list-style-type: none"> • Meeting ID: 814 5158 1333 	<ul style="list-style-type: none"> • Meeting ID: 814 5158 1333

REGULAR MEETING OF THE PROJECT AGREEMENT 24 COMMITTEE TUESDAY, AUGUST 6, 2024 – 10:00 A.M.

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

Santa Ana Watershed Project Authority
11615 Sterling Avenue
Riverside, CA 92503

and

Hotel La Jolla, Curio Collection
by Hilton, Room #510
7955 La Jolla Shores Drive
La Jolla, CA 92037

Committee Members

Eastern Municipal Water District	Inland Empire Utilities Agency
Joe Mouawad, 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 Mike Gardner, Vice Chair
Director Gil Botello (Alt)	Craig Miller, General Manager (Alt)

AGENDA

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

3. 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).

Members of the public may make comments in-person or electronically for the Committee's consideration by sending them to publiccomment@sawpa.gov with the subject line "Public Comment". Submit your electronic comments by 5:00 p.m. on Monday, August 5, 2024. All public comments will be provided to the Chair and may be read into the record or compiled as part of the record. Individuals have a limit of three (3) minutes to make comments and will have the opportunity when called upon by the Committee.

4. 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.

5. CONSENT CALENDAR

All matters listed on the Consent Calendar are considered routine and non-controversial and will be acted upon by the Committee by one motion as listed below.

- A. APPROVAL OF MEETING MINUTES: JULY 2, 20245**
Recommendation: Approve as posted.

6. COMMITTEE DISCUSSION/ACTION ITEMS

- A. INLAND EMPIRE BRINE LINE RESERVE FUNDS REVIEW (PA24#2024.16).....9**

Presenter: Karen Williams

Recommendation: That the Project Agreement 24 Committee approve the following:

1. For R-01 Brine Line Operating Reserve set target to \$2,291,108 based on 25% of total operating expenses of \$9,164,430 for FYE 2025 (increase of \$111,449) and continue to accrue interest, and
2. For R-07 Pipeline and Replacement and Capital Investment Reserve set the minimum and target limits to \$18,884,000 and \$46,364,000 based on the new CIP amount of \$69 million, based on Engineering's review, and
3. Approve the funding levels (as of June 30, 2024) above the target levels and continue to accrue interest in FYE 2025 for the following reserve funds:
 - a. R-02 Brine Line Debt Service Reserve
 - b. R-04 Pipeline Capacity Management Reserve
 - c. R-05 OC Future Treatment & Disposal Capacity Reserve

- B. INLAND EMPIRE BRINE LINE MASTER PLAN UPDATE (PA24#2024.17).....35**

Presenter: David Ruhl

Recommendation: Receive and file.

7. INFORMATIONAL REPORTS

Recommendation: Receive for information.

- A. BRINE LINE FINANCIAL REPORT – MAY 202475**

Presenter: Karen Williams

- B. GENERAL MANAGER REPORT**

Presenter: Jeff Mosher

- C. COMMITTEE MEMBERS COMMENTS**

- D. CHAIR'S COMMENTS/REPORT**

8. COMMITTEE MEMBER REQUESTS FOR FUTURE AGENDA ITEMS

9. CLOSED SESSION

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

10. 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 July 31, 2024, a copy of this agenda has been uploaded to the SAWPA website at www.sawpa.gov and posted at SAWPA's office, 11615 Sterling Avenue, Riverside, California.

2024 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 1/2/24 Regular Committee Meeting [cancelled]	February 2/6/24 Regular Committee Meeting
March 3/5/24 Regular Committee Meeting	April 4/2/24 Regular Committee Meeting
May 5/7/24 Regular Committee Meeting [cancelled] 5/14/24 Special Committee Meeting	June 6/4/24 Regular Committee Meeting
July 7/2/24 Regular Committee Meeting	August 8/6/24 Regular Committee Meeting
September 9/3/24 Regular Committee Meeting	October 10/1/24 Regular Committee Meeting
November 11/5/24 Regular Committee Meeting	December 12/3/24 Regular Committee Meeting

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PROJECT AGREEMENT 24 COMMITTEE
Inland Empire Brine Line
REGULAR MEETING MINUTES
July 2, 2024

COMMITTEE MEMBERS PRESENT

T. Milford Harrison, Chair, San Bernardino Valley Municipal Water District Governing Board
Mike Gardner, Vice Chair, Western Municipal Water District Governing Board
David Slawson, Alternate, Eastern Municipal Water District Governing Body
Shivaji Deshmukh, Alternate, Inland Empire Utilities Agency General Manager

COMMITTEE MEMBERS ABSENT

Jasmin A. Hall, Inland Empire Utilities Agency Governing Board
Joe Mouawad, Eastern Municipal Water District General Manager

ALTERNATE COMMITTEE MEMBERS PRESENT [Non-Voting]

Gil Botello, San Bernardino Valley Municipal Water District Governing Board

STAFF PRESENT

Jeff Mosher, Karen Williams, David Ruhl, Dean Unger, John Leete, Shavonne Turner, Daniel Vasquez, Melissa Bustamonte, Zyanya Ramirez

OTHERS PRESENT

Andrew D. Turner, Lagerlof, LLP; Derek Kawaii, Western Municipal Water District

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 T. Milford Harrison on behalf of the Santa Ana Watershed Project Authority, 11615 Sterling Avenue, Riverside, California.

2. ROLL CALL

3. PUBLIC COMMENTS

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

4. ITEMS TO BE ADDED OR DELETED

There were no added or deleted items.

5. CONSENT CALENDAR

A. APPROVAL OF MEETING MINUTES: JUNE 4, 2024

Recommendation: Approve as posted.

MOVED, to approve the Consent Calendar as posted.

Result:	Adopted by Roll Call Vote
Motion/Second:	Gardner/Deshmukh
Ayes:	Deshmukh, Gardner, Harrison, Slawson
Nays:	None
Abstentions:	None
Absent:	Hall, Mouawad

6. COMMITTEE DISCUSSION/ACTION ITEMS

A. INLAND EMPIRE BRINE LINE REACH IV CONDITION ASSESSMENT STATUS UPDATE (PA24#2024.14)

Daniel Vasquez provided a presentation titled Reach IV Condition Assessment Status Update, contained in the agenda packet on pages 11-21.

The condition assessment on Reach IV, identified as necessary in a 2021 Criticality Assessment by Dudek, was carried out by Woodard and Curran (W&C) in February 2024. This included manned-entry inspections at three maintenance access structures and CCTV inspection of approximately 11,123 feet of pipe. The findings showed the Reach IV pipeline to have an intact liner with no significant degradation, minor debris buildup, and minor discoloration and bubbling at a few joints. The overall condition was rated at Level 1, indicating minimal damage.

A major highlight was the collaboration efforts from the dischargers during the shutdown for the assessment, which was instrumental in the success of the operation. The member agencies played a crucial role, facilitating the inspections and contributing to cost savings by avoiding the need for a bypass. The pipeline is estimated to have a remaining useful life of 20 years, with recommendations for no near-term actions, mid-term re-inspections within 10 years, and long-term plans contingent on future assessments.

Next steps include distributing the draft report to the member agencies for review, presenting the final report to the PA 24 Committee, and developing a plan for the mid-term shutdown and associated work.

The Committee expressed their gratitude to everyone involved in the successful completion of the assessment.

This item was for informational and discussion purposes; no action was taken on Agenda Item No. 6.A.

B. INLAND EMPIRE BRINE LINE REACH IV-D CONDITION ASSESSMENT STATUS UPDATE (PA24#2024.15)

David Ruhl provided a presentation titled Inland Empire Brine Line Reach IV-D Condition Assessment, contained in the agenda packet on pages 25-34.

The PA 24 Committee authorized Woodard and Curran (W&C) to perform a condition assessment on Reach IV-D, following recommendations from the 2018 Reach IV-D Rehabilitation Work Plan and its 2019 update. Conducted over 30 hours beginning February 27, 2024, the assessment included cleaning and CCTV inspection of nearly seven miles of the Brine Line, as well as man-entry inspections at seven locations. The shutdown of the Reach IV-D and Reach IV-E dischargers was essential for the assessment. Preliminary findings indicate that the pipe segments and maintenance access structures are in a similar condition as previous assessments, with moderate deterioration in unlined concrete surfaces but no exposed rebar. The lined concrete remains well-protected and in good condition.

The preliminary recommendations suggest completing minor PVC T-Lock liner repairs and additional CCTV inspections within 1-2 years, with a mid-term reinspection in 5-10 years. For the long-term, a phased rehabilitation approach using Cured-in-Place Pipe (CIPP) lining is advised, addressing the most deteriorated segments first within 10-15 years, followed by the remainder in 20+ years.

The next steps include reviewing the draft report, distributing it to member agency staff for feedback, and presenting the final report to the PA 24 Committee. The Committee expressed gratitude to all involved for their collaboration during the shutdown, which was crucial for the assessment's success. Additionally, there is an ongoing need to plan for major rehabilitation as part of the Capital Improvement Plan (CIP), with funding discussions scheduled for August.

This item was for informational and discussion purposes; no action was taken on Agenda Item No. 6.B.

7. INFORMATIONAL REPORTS

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

A. BRINE LINE FINANCIAL REPORT – APRIL 2024

B. GENERAL MANAGER REPORT

Jeff Mosher stated that the assessment reports presented today will be reviewed with the General Managers in the near future and will be brought back to the Committee in August.

C. COMMITTEE MEMBERS COMMENTS

Committee member, Dave Slawson stated that the company that purchased Rialto Bioenergy Facility after the bankruptcy covered the entire remaining cost share of \$1.2 million. They continue to operate with a permit through OC Sanitation District.

D. CHAIR'S COMMENTS/REPORT

There were no comments/reports from the Chair.

8. COMMITTEE MEMBER REQUESTS FOR FUTURE AGENDA ITEMS

There were no requests for future Agenda items.

9. CLOSED SESSION

There was no Closed Session.

10. ADJOURNMENT

There being no further business for review, Committee Chair T. Milford Harrison adjourned the Regular meeting at 10:58 a.m.

Approved at a Regular Meeting of the Project Agreement 24 Committee on August 6, 2024.

T. Milford Harrison, Chair

Attest:

Sara Villa, Clerk of the Board

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PA 24 COMMITTEE MEMORANDUM NO. 2024.16

DATE: August 6, 2024

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

SUBJECT: Inland Empire Brine Line Reserve Funds Review

PREPARED BY: Karen Williams, Deputy General Manager/Chief Financial Officer

RECOMMENDATION

That the Project Agreement 24 Committee:

1. For R-01 Brine Line Operating Reserve set target to \$2,291,108 based on 25% of total operating expenses of \$9,164,430 for FYE 2025 (increase of \$111,449) and continue to accrue interest,
2. For R-07 Pipeline and Replacement and Capital Investment Reserve set the minimum and target limits to \$18,884,000 and \$46,364,000 based on the new CIP amount of \$69 million, based on Engineering's review, and
3. Approve the funding levels (as of June 30, 2024) above the target levels and continue to accrue interest in FYE 2025 for the following reserve funds:
 - a. R-02 Brine Line Debt Service Reserve
 - b. R-04 Pipeline Capacity Management Reserve
 - c. R-05 OC Future Treatment & Disposal Capacity Reserve

DISCUSSION

SAWPA's Reserve Policy was established to ensure that sufficient funding is available for current operating, capital, and debt service needs. The Reserve Policy describes how and why specific reserves are established and maintained to provide SAWPA's member agencies with assurance that reserve balances will be maintained at prudent and fiscally responsible levels. SAWPA currently maintains six (6) distinct reserve funds that pertain to the Brine Line. The six (6) reserve funds are as follows:

- R-01 Brine Line Operating Reserve
- R-02 Brine Line Debt Retirement Reserve
- R-04 Pipeline Capacity Management Reserve
- R-05 OC San Future Treatment & Disposal Capacity Reserve
- R-06 OC San Pipeline Rehabilitation Reserve
- R-07 Brine Line Replacement and Capital Investment Reserve

As per the approved Reserve Policy, funding above the target levels in the reserve funds will be discussed and approved with the PA 24 Committee and the Commission annually and during the biennial budget adoption process. For those reserve funds under the target level, staff will involve member agencies in reviewing the timing for each reserve to achieve its target. During the FYE 2024 and 2025 budget process, contributions to the two reserve funds that are under the target levels were reviewed and contribution amounts were approved for the next two years. There are three reserves

that are over the target levels set in the Reserve Policy. The following table shows each reserve level on June 30, 2024, the minimum balance, target, and the amount over or under the target.

Reserve Fund Balances as of June 30, 2024

Reserve Fund	No.	Balance @ 06/30/2024	Minimum Balance	Target	Amount Over/(Under) Target	Comments
Brine Line Operating	R-01	\$2,288,059	\$2,291,108	\$2,291,108	(\$3,049)	Interest through 06/30/2024
Debt Retirement	R-02	3,011,686	\$1,709,476	\$1,709,476	\$1,302,210	1.5x annual debt plus interest through 06/30/2024
Pipeline Capacity Management	R-04	\$12,808,111	\$3,894,181	\$9,735,454	\$3,072,657	Funds from pipeline capacity sales plus interest
OC San Future Treatment and Disposal Capacity	R-05	1,960,963	\$1,842,396	\$1,842,396	\$118,567	Target set at 06/30/2022 balance. Interest through 06/30/2024
OC San Pipeline Rehabilitation	R-06	\$2,880,674	\$2,425,147	\$7,250,000	(\$4,369,326)	Budget contributions in FYE 2024 and 2025 (\$325,309, \$155,786)
Pipeline Replacement and Capital Investment	R-07	\$34,346,201	\$18,884,000	\$46,364,000	(\$12,017,799)	Budget contributions in FYE 2024 and 2025 (\$1.9 million each year)
Totals		\$57,295,694	\$31,046,308	\$69,192,434	(\$11,896,740)	

R-01 Brine Line Operating

The target set for this reserve was \$2,179,659 for FYE 2024. The target level set for this reserve is 25% of total operating expenses each year. Interest is earned each quarter and is based on the average monthly balance. It is recommended that the target level for this reserve be changed to \$2,291,108 based on budgeted operating expenses of \$9,164,430 for FYE 2025.

R-02 Debt Retirement

The target set for this reserve is \$1,709,476. The target level set for this reserve is equivalent to the annual debt service payments and is required per the SRF Loan agreements. Interest is earned each quarter and is based on the average monthly balance. Currently, this reserve is over the target.

Staff recommendation: Allow this reserve fund to continue to earn interest and keep a balance over the target level.

In the 10-year CIP there are over \$69 million in projects that may qualify for SRF loan funding. If we were to receive an SRF Loan in the amount of \$22.8 million for the Reach IV-D Corrosion Repair project, the annual debt service payment would be \$1,278,798. This amount would need to be in the Debt Retirement Reserve. The total required amount for the reserve would be \$2,988,274. By continuing to earn interest each quarter the reserve amount would grow over time and no additional contributions would be needed.

R-04 Pipeline Capacity Management

The target set for this reserve is \$9,735,454. The target level set for this reserve is equal to 25% of the annual average CIP project costs associated with managing pipeline capacity. Interest is earned each quarter and is based on the average monthly balance. Currently, this reserve is over the target.

Staff recommendation: Allow this reserve be allowed to continue to earn interest and keep a balance over the target level.

The current balance of \$12,808,111 is from pipeline capacity sales to Eastern Municipal Water District and Western Municipal Water District, and interest earned. Until more is known regarding the future costs of this project, all funds should remain in this reserve account.

R-05 OC San Future Treatment & Disposal Capacity

The target set for this reserve is \$1,842,396. The target level set for this reserve was the June 30, 2022, reserve balance. Interest is earned each quarter and is based on the average monthly balance. Funds in this reserve are from treatment capacity purchases from San Bernardino Valley Municipal Water District. These funds will be used to purchase treatment & disposal capacity from OC Sanitation District. The current price to purchase 1 MGD of treatment & disposal capacity is \$7.4 million. Currently, this reserve is over the target.

Staff recommendation: s Allow this reserve to continue to earn interest and keep a balance over the target level.

R-06 OC San Pipeline Rehabilitation

The target set for this reserve is \$7,250,000. The target level set for this reserve is based on SAWPA's share of future OC San capital project costs. Currently this reserve is at \$2,880,674, which is below

the target level. During the FYE 2024 and 2025 budget process, contributions to this reserve were set at \$325,309 and \$155,786. Interest is earned each quarter and is based on the average monthly balance. This reserve and future contributions will be reviewed during the FYE 2026 and 2027 budget process.

R-07 Brine Line Replacement and Capital Investment

The target set for this reserve is \$42,911,000. The target level set for this reserve is based on three components (Resiliency, CIP, and Renew and Replacement) and is reviewed each year. After the review by Engineering, the new maximum target needs to be set to \$46,364,000 based on the current CIP. Currently this reserve is at \$34,346,201, which is below the target level. During the FYE 2024 and 2025 budget process, contributions to this reserve were set at \$1.9 million each year. Interest is earned each quarter and is based on the average monthly balance. This reserve and future contributions will be reviewed during the FYE 2026 and 2027 budget process

RESOURCE IMPACTS

There are no resource impacts at this time.

Attachments:

1. Approved Updated SAWPA Reserve Policy
2. Presentation

SANTA ANA WATERSHED PROJECT AUTHORITY

RESERVE POLICY

POLICY STATEMENT

A key element of prudent financial planning is to ensure that sufficient funding is available for current operating, capital, and debt service needs. Additionally, fiscal responsibility requires anticipating the likelihood of, and preparing for, unforeseen events. The Santa Ana Watershed Project Authority (“SAWPA”) desires to identify and provide a calculation methodology and/or maintained level of all existing and future needs of the agency where reserve funds are required and/or necessary. The SAWPA Commission and the Project Agreement 24 Committee (PA 24) realizes the importance of reserves in providing reliable service to its member agencies, financing long-term capital projects, and the funding of emergencies, should they arise. In this context, SAWPA will at all times strive to have sufficient funding available to meet its operating, capital, and debt service obligations. Funds will be accumulated and maintained to allow SAWPA to fund expenditures in a manner consistent with SAWPA’s long range financial plan and the Capital Improvement Plan (“CIP”), and avoid significant rate fluctuations due to changes in cash flow requirements.

The Commission and PA 24 may designate specific reserve accounts and maintain minimum reserve balances consistent with statutory obligations that it has determined to be in the best interest of SAWPA. The Policy directives outlined in this document are intended to ensure SAWPA has sufficient funds to meet current and future needs. The Commission and PA 24 will annually review the level of reserve funding. Considerations to continue or the establishment of a new reserve will be determined based on the following criteria:

- ◆ Reason for the reserve.
- ◆ Availability and source of funds to continue, replenish or establish the reserve.
- ◆ Operating expenditure levels approved within the biennial budget process.
- ◆ Future capital expenditure and debt service requirements of the agency.
- ◆ Commission and PA 24 approval of the reserve policy.

SAWPA recognizes the importance of operating an agency or company with a sound business plan in place that provides for unanticipated/emergency costs should they arise within a budgeted fiscal year. In keeping SAWPA’s member agencies’ best interest in mind, these costs would be set aside to avoid, once a biennial budget has been approved, a request for additional funding from member agencies within a fiscal year.

It is staff’s intent through this policy to describe how and why specific reserves are established and maintained at SAWPA and to provide SAWPA’s member agencies with assurance that reserve balances will be maintained at prudent and fiscally responsible levels.

DEFINITIONS

This policy describes the reserves to be maintained in connection with: i) the Inland Empire Brine Line (Brine Line) and ii) the General Fund. In general, there are two types of reserve fund classifications:

- I. **RESTRICTED FUNDS:** Restrictions on the use of these funds are imposed by an outside source such as creditors, grantors, contributors, laws, or regulations governing use. These funds are specifically governed by a written contract with SAWPA or outlined within the debt covenants of a debt financing.
- II. **UNRESTRICTED FUNDS:** These funds have no externally imposed use restrictions. The use of Unrestricted Funds is at the discretion of the SAWPA Commission and PA 24. Unrestricted Funds are designated for a specific purpose, which is determined by the Commission and PA 24. The Commission and PA 24 also have the authority to redirect the use of these funds as the needs of SAWPA change.

The restricted and unrestricted funds can further be subdivided into Capital Funds and Liquidity (Operating) Funds. The Capital Funds are designated for specific purposes and utilized primarily to fund capital and asset replacement costs. The Liquidity Funds are established to safeguard SAWPA's financial viability and stability and are funded from accumulated net revenues.

Further, for internal control purposes, SAWPA accumulates, maintains, and segregates its reserves into the following categories:

- ◆ *Restricted and Designated Reserves* – Reserves that are designated for a particular purpose and whose use is restricted to only that purpose. The Restricted and Designated Reserves consist of the Debt Retirement Reserve (R-02).
- ◆ *Board Designated Reserves* – Reserves earmarked for the purpose of funding items such as new capital facilities, repair or replacement of existing facilities, and general operating reserves designated for a specific purpose and use by the Commission and PA 24. The Board Designated Reserves are comprised of the following reserve accounts: Brine Line Operating Reserves (R-01), Debt Retirement Reserve (R-02), Pipeline Capacity Management Reserve (R-04), OC San Future Treatment and Disposal Capacity Reserve (R-05), OC San Pipeline Rehabilitation Reserve (R-06) Pipeline Replacement and Capital Investment Reserve (R-07), General Fund Operating Reserve (R-10), and General Fund Building Reserve (R-11).
- ◆ *Board Restricted (Obligated) Reserves* – Reserves set aside to meet financial commitments for services not yet fulfilled and purchases that will take place in the future. These reserves consist of the Capital Improvement Construction Reserve (R-12).
- ◆ *Contractually Restricted Reserves* – Funds held to satisfy limitations set by external requirements established by creditors, grant agencies or contributors, or law. Examples include stipulated bond covenants, capital improvement fees, and service deposits. These reserves consist of the Debt Retirement Reserve (R-02).

GENERAL PROVISIONS

SAWPA will maintain its operating and capital funds in designated accounts in a manner that ensures its financial soundness and provides transparency to its member agencies. The fund balance minimum and target levels are intended to maintain SAWPA's fiscal strength and flexibility and adequately provide for:

- ◆ Compliance with applicable statutory requirements.
- ◆ Financing of future capital projects and repair and replacement of existing assets.
- ◆ Cash flow requirements.
- ◆ Economic uncertainties, local disasters, and other financial hardships or downturns in the local or national economy.
- ◆ Contingencies or unforeseen operating or capital needs.

In the context of funding future capital projects and maintaining and replacing existing assets, in each instance, SAWPA will analyze the benefits and tradeoffs of utilizing pay-as-you-go (cash financed) and/or debt financing and determine the optimal funding strategy or combination of funding strategies. The analysis should consider SAWPA's current and projected operating and capital positions, as well as the impact of inflation, depreciation, the cost of service, and other factors on the operations of SAWPA and its Capital Improvement Plan (CIP).

Through a variety of policy documents and plans, including the Brine Line CIP, the long-range financial plan, and the Brine Line Financial Study and Rate Model, the Commission and PA 24 have set forth a number of long-term goals for SAWPA. A fundamental purpose of SAWPA's policy documents and plans is to link what must be accomplished with the necessary resources to successfully do so.

SAWPA has established and will maintain the reserves outlined in the following sections. A principal tenet of SAWPA's Reserve Policy shall be the crediting of interest income to specific funds. Unless otherwise stated in this Reserve Policy, interest derived from reserve balances will be credited to the reserve account from which it was earned. Reserve balances will be reviewed by the Chief Financial Officer ("CFO") on a monthly basis, as well as biennially during the budget review process in order to determine how reserve balances compare with the budgeted projections and how they measure against the goals outlined in this Policy. The CFO will involve member agencies in reviewing SAWPA's long range financial plan during the biennial budget process to determine if the current annual funding amounts for each reserve, if applicable, should be raised, lowered, or maintained.

The minimum level established for each reserve represents the baseline financial condition that is acceptable to SAWPA from risk and long-range financial planning perspectives. The target level established represents the goal amount to be held in each reserve fund at any time. The maximum level funding for the reserves are these target levels. The target level may at times be above the target level due to the accumulation of funds to meet SAWPA's operating, capital and debt service obligations. Funding above the target level in the reserve will be discussed and approved with the Commission and PA24 annually and during the biennial budget adoption process. SAWPA will involve member agencies in reviewing the timing for each reserve to achieve its target. Maintaining reserve funding at appropriate levels is a prudent, ongoing

business process that consists of an iterative, dynamic assessment and application of various funding alternatives. These alternatives (either alone or in combination with each other) include, but are not limited to: rates, loans and grants, debt financing, investment of funds, and levels of capital expenditures.

The Commission or PA 24 shall approve any reallocation of funds or any transfers among reserve funding.

SPECIFIC PROVISIONS

SAWPA will maintain the following reserves at or above the respective minimum levels, with a goal of achieving the respective target levels (if applicable):

- 1.) Brine Line Operating Reserve (R-01): The Brine Line Operating Reserve is established to cover temporary cash flow deficiencies that occur as a result of timing differences between the receipt of operating revenue and expenditure requirements. The reserve is utilized as needed to pay outstanding Brine Line Enterprise expenditures prior to the receipt of anticipated operating revenues. The reserve is also intended to mitigate the effects of occasional shortfalls in revenue due to a number of events such as weather factors (wet weather or drought events and natural disasters), increased water conservation, poor regional economic conditions, and unplanned or unexpectedly large rate adjustments/increases. This reserve may also be utilized in the event that a meter error occurs and the discharger is over-billed.

Minimum Level – Funding shall at a minimum be equal to 90 days (i.e., 25%) of SAWPA’s Brine Line Enterprise total annual operating expenditures. If SAWPA elects to issue variable rate debt, the minimum required balance in this reserve might need to be higher.

Target Level – Same as minimum level.

Events and Conditions Prompting the Use of the Reserve – This reserve is utilized as needed to pay outstanding Brine Line Enterprise expenditures prior to the receipt of anticipated operating revenues, to mitigate the effects of occasional revenue shortfalls, and to refund dischargers in the event that a meter error occurs and the discharger is over-billed.

Funding Source – Primary source of funding is through Brine Line Rates. Funding may be provided through reallocation of funds or any transfers among reserves as approved by PA 24.

Periodic Review Dates for Balances – Reviewed and recalibrated through the normal biennial budget and annual rate-setting process. Funding above the target level in the reserve will be discussed with PA 24 during the biennial budget adoption process.

- 2.) Debt Retirement Reserve (R-02) – This reserve was initially established with funds received from SAWPA’s member agencies for the purchase of pipeline capacity (30 MGD) in the Brine Line system to provide future funding on debt service payments for SRF loans

required to build the Brine Line system. Treasury-strips (“T-Strips”) were purchased with maturities to match annual principal and interest payments due on the long-term debt associated with the State loans. This reserve will be maintained and/or adjusted at levels set forth in future “bond covenants” or other debt obligation instruments as approved by PA 24.

Minimum Level – Funding shall at a minimum equal the amount stipulated in any formal loan agreements and/or bond covenants. Additionally, SAWPA shall meet or exceed all required debt service coverage ratios as stipulated in any formal loan agreements and/or bond covenants.

Target Level – Same as minimum level.

Additionally, SAWPA shall target a debt service coverage ratio equal to the higher of:

- ◆ 1.5 times the highest annual debt service; or
- ◆ The highest annual debt service times the sum of the minimum debt service coverage ratio plus 0.25

Events and Conditions Prompting the Use of the Reserve – This reserve is utilized as needed to pay when due debt service payments on SAWPA’s obligations. The PA 24 shall take action to approve annual debt service obligations of the Agency as presented in the biennial budget. Any other use (debt obligations approved and entered into following adoption of the biennial budget) shall require prior PA 24 approval before the expense of funds from this reserve.

Funding Source – Primary source of funding is through Brine Line Rates. Funding may be provided through reallocation of funds or any transfers among reserves as approved by PA 24.

Periodic Review Dates for Balances – Reviewed by staff on a semi-annual basis (i.e., every interest and/or principal payment date) and as part of the biennial budget process.

3.) Pipeline Capacity Management Reserve (R-04) – This reserve was established to set aside 100% of the funding derived from pipeline capacity sales to provide funds for future pipeline capacity needs within the Brine Line. As the pipeline reaches capacity, other alternatives will be needed to ensure the ability to discharge and achieve salt balance within the Santa Ana Watershed. All of the funding derived from pipeline capacity sales will be deposited and maintained in this reserve.

Minimum Level – Funding shall at a minimum equal 25% of annual average CIP project costs associated with managing pipeline capacity. These projects may involve Brine Line flow concentration, flow reduction, or other alternative solutions to ensure sufficient capacity.

Target Level – The target funding level shall equal 2.5 times the minimum level.

Events and Conditions Prompting the Use of the Reserve – This reserve is to be utilized to cover costs required to manage capacity within the pipeline, including the cost to further concentrate Brine Line flows, reduction of flows to meet capacity needs, additional pipeline capacity, additional CIP, and other changes as appropriate.

Funding Source – Funding derived from pipeline capacity sales and through Brine Line Rates. Funding may be provided through reallocation of funds or any transfers among reserves as approved by PA 24.

Periodic Review Dates for Balances – Reviewed as part of the biennial budget process. Funding above the target level in the reserve will be discussed with PA 24 during the biennial budget adoption process.

- 4.) OC San Future Treatment and Disposal Capacity Reserve (R-05) – This reserve is established to provide future funding as it becomes necessary for SAWPA to acquire (purchase) additional treatment and disposal capacity (minimum of 1 MGD increments) in the OC San treatment plant facility. As incremental treatment plant capacity is purchased by member agencies from SAWPA at an agreed upon rate set by SAWPA resolution, funds would be deposited into this reserve account which can then be used by SAWPA to purchase treatment and disposal capacity from OC San.

Reserve levels will depend on the rate of growth and capacity sales. As capacity purchases are made by member agencies, funds will be deposited in this reserve so that its balance will be sufficient to cover anticipated additional treatment and disposal capacity purchases as and when they come due. Capacity lease revenue may also be deposited in this reserve to provide funding for future purchases of treatment and disposal capacity from OC San required to serve Brine Line lessees.

Minimum Level – Funding shall at a minimum equal the sum of past reserve contributions from member agencies not yet spent by SAWPA to purchase additional treatment and disposal capacity from OC San.

Target Level – Same as minimum level.

Events and Conditions Prompting the Use of the Reserve – This reserve may only be utilized to purchase additional treatment capacity in the OC San plant as approved by PA 24. Any other use of this reserve shall not occur without prior authorization from PA 24.

Funding Source – Funding derived from treatment and disposal capacity sales, capacity lease revenues and Brine Line Rates. Funding may be provided through reallocation of funds or any transfers among reserves as approved by PA 24.

Periodic Review Dates for Balances – Reviewed as part of the biennial budget process. Funding above the target level in the reserve will be discussed with PA 24 during the biennial budget adoption process.

- 5.) OC San Pipeline Rehabilitation Reserve (R-06) – This reserve was established to fund SAWPA's share of capital costs associated with its proportionate share of capacity right

ownership in the Santa Ana Regional Interceptor (SARI) Line maintained by OC San. Since these costs are expected to vary significantly in timing and size, an approach has been developed to normalize these expenditures into equal annual payments. The objective is for SAWPA to make equal annual contributions (adjusted for inflation) into this interest earning reserve fund, and then make withdrawals from this fund when payments to OC San for the SARI Line come due. According to the Brine Line Financial Study, this approach will mitigate significant capital cost spikes for SAWPA.

Minimum Level – Funding shall at a minimum equal 2% of SAWPA’s estimated share of SARI Line asset value.

Target Level – The target funding level shall equal the higher of the following:

- ◆ The minimum level
- ◆ $[\% \text{ certainty of OC San's project costs}] \times [\text{SAWPA share in project}] \times [\% \text{ of project cost to be cash financed}]$

Events and Conditions Prompting the Use of the Reserve – This reserve is utilized as needed to pay when due SAWPA’s share of OC San SARI Line capital costs.

Funding Source – Primary source of funding is through Brine Line Rates. Funding may be provided through reallocation of funds or any transfers among reserves as approved by PA 24.

Periodic Review Dates for Balances – Reviewed and recalibrated through the normal biennial budget and if OC San revises its SARI Line capital costs. Funding above the target level in the reserve will be discussed with PA 24 during the biennial budget adoption process.

6.) Pipeline Replacement and Capital Investment Reserve (R-07): This reserve was established to provide capital replacement funding as the Brine Line system’s infrastructure (pipe) deteriorates over its expected useful life. This reserve is also intended to provide cash on hand for planned capital projects and emergency repairs. Maintaining this reserve serves two major purposes: i) provides a means of tracking funds designated for capital investment (such as capital revenues, depreciation funding, grants, etc.) and ensuring that they are used for their intended purpose and facilitating compliance with any applicable requirements, and ii) provides protection against the risk of cost overruns related to its capital improvement program.

Minimum Level – Funding shall at a minimum equal the sum of the following three components:

- ◆ Resiliency Component: Asset value times the lowest non-zero percentage of high and very high probability of failure (PoF) and consequence of failure (CoF) per SAWPA’s most recent Brine Line Criticality Assessment
- ◆ CIP Component: Annual average cash financed project costs in the 10-year inflated CIP

- ◆ **Renewal & Replacement (R&R) Component:** The sum of the following formula calculated individually for each pipeline reach:

$$[10\% \text{ equity financing}] \times [\text{asset value}] \div [75\text{-year replacement period}] \times [\text{age of reach in years}]$$

Target Level – The target funding level shall equal the sum of the following three components:

- ◆ **Resiliency Component:** The minimum of:
 - 1) Asset value times half of the highest percentage of high and very high PoF and CoF per SAWPA’s most recent Brine Line Criticality Assessment
 - 2) \$5 million
- ◆ **CIP Component:** 2.5 times the annual average cash financed projects in the 10-year inflated CIP
- ◆ **Renewal & Replacement Component:** The sum of the following formula calculated individually for each pipeline reach:

$$[25\% \text{ equity financing}] \times [\text{asset value}] \div [75\text{-year replacement period}] \times [\text{age of reach in years}]$$

Events and Conditions Prompting the Use of the Reserve – Through the biennial budget process, staff shall recommend anticipated asset replacement projects. The PA 24 shall take action to approve recommended project appropriations from this reserve. This reserve shall be utilized to cover out of pocket insurance losses experienced by SAWPA. Any reimbursement received by SAWPA from the insurance company as a result of a submitted claim shall be deposited back into the reserve as replenishment for the loss. Should emergency replacement be necessary during any fiscal year, PA 24 ~~the~~ may take action to amend the budget and appropriate needed funds as required by such emergency. In addition, in certain circumstances SAWPA may elect to fund one-time operating expenditures related to specific projects through the use of this reserve rather than rate increases.

Funding Source – Primary source of funding is through Brine Line Rates. Funding may be provided through reallocation of funds or any transfers among reserves as approved by PA 24.

Periodic Review Dates for Balances – Reserve balances and projected replacement projects will be reviewed by staff and PA 24 during the preparation and approval of the biennial budget and on an as-needed basis in the case of emergencies. Funding above the target level in the reserve will be discussed with PA 24 during the biennial budget adoption process.

7.) General Fund Operating Reserve (R-10) – Established to provide cash flow for unbudgeted and/or unexpected expenditures and to mitigate potential delays between the time when expenditures are incurred and the time when revenues are received. This reserve also holds accrued employee vacation and sick time funds owed to SAWPA employees.

Minimum Level – None.

Target Level – A prudent target level will be equal to 180 days of SAWPA’s General Fund total budgeted operating expenditures. This reserve will be funded only based on realized efficiencies in the General Fund resulting in actual year-end expenditures being under budget.

Events and Conditions Prompting the Use of the Reserve – This reserve is designated to maintain working capital for current operations and to meet routine cash flow needs. Upon Commission approval, this reserve may be routinely utilized by staff to cover temporary cash flow deficiencies caused by timing differences between revenues and expenditures and extraordinary decreases in revenues and unexpected increases in expenditures. This reserve is also used to pay accrued employee vacation and sick time per the SAWPA Employee Manual.

Funding Source – Primary source of funding is from member agency contributions.

Periodic Review Dates for Balances – Reviewed during the preparation and approval of the biennial budget process. Funding above the target level in the reserve will be discussed with the Commission during the biennial budget adoption process.

8.) General Fund Building Reserve (R-11) - Established to provide for the accumulation of funds towards a building reserve set aside to cover major repair/maintenance work on SAWPA’s Headquarters Office unless directed otherwise by Commission action during the biennial budget process.

Minimum Level – Funding shall be at a minimum amount equal \$300,000 at all times.

Target Level – None.

Events and Conditions Prompting the Use of the Reserve – This reserve is designated to maintain a building repair and replacement reserve. Upon Commission approval, this reserve may be routinely utilized by staff for building-related purposes.

Funding Source – Primary source of funding is from member agency contributions.

Periodic Review Dates for Balances – Reviewed during the preparation and approval of the biennial budget process.

9.) Capital Improvement Construction Reserve (R-12) – This is a restricted reserve established to set aside 100% of the funding derived from the construction fund money proceeds of a bond issue required to support specific capital projects identified and approved by PA 24 in SAWPA’s CIP. The use of these proceeds is restricted by conditions set in the respective legal bond documents.

Minimum Level – None. The balance in this reserve will be determined based on the amount of construction fund moneys generated as part of the bond proceeds and the spend-down requirements for the particular CIP project being financed.

Target Level – Same as minimum level.

Events and Conditions Prompting the Use of the Reserve – The use of this reserve is for the sole purpose of paying for those capital expenditures identified within the SAWPA Commission approved CIP Program budget. Specific construction fund proceeds will be spent on applicable projects. The reserve will be depleted as the approved capital projects are completed. In the event that SAWPA has more than one bond issue outstanding, separate sub-funds will be created within this reserve with bond proceeds from each debt issue deposited in that issue’s respective sub-account. Sub-accounts will be kept segregated at all times.

Funding Source – Proceeds from bond issuance. Funding may also be provided through reallocation of funds or any transfers among reserves as approved by PA 24.

Periodic Review Dates for Balances – Reviewed by staff on semi-annual basis whenever SAWPA has issued bonds and this reserve has a balance.

INVESTMENT GUIDELINES

It has been SAWPA’s practice to rely primarily on a pay-as-you-go (pay-go) strategy and some use of SRF loans to fund capital improvements and replacement of existing assets. Maintaining a balance between debt and pay-go sources may provide an added benefit to SAWPA in terms of allowing for a more optimal investment strategy. In the context of these policies and in circumstances where such balance is present, the investment portfolio can be separated into short and long portfolios to maximize investment returns. The balance in the Liquidity (Operating) Funds should be kept in short-term investments. Moneys in the Capital Funds, however, may be invested for a longer horizon as the funds are needed in the later years.

DELEGATION OF AUTHORITY

The Commission and PA 24 have sole authority to amend or revise this Reserve Policy. Through approval of this Policy, the Commission and PA 24 have established written procedures and guidelines for staff to follow in the management of SAWPA’s Reserves.



Inland Empire Brine Line Reserve Funds Review

Karen Williams, Deputy General Manager/ Chief Financial Officer
PA24 Committee Meeting
August 6, 2024

Recommendation:

It is recommended that the PA Committee:

1. For R-01 Brine Line Operating Reserve set target to \$2,291,108 based on 25% of total operating expenses of \$9,164,430 for FYE 2025 (increase of \$111,449) and continue to accrue interest, and
2. For R-07 Pipeline and Replacement and Capital Investment Reserve set the minimum and target limits to \$18,884,000 and \$46,364,000 based on the new CIP amount of \$69 million, based on Engineering's review, and
3. Approve the funding levels (as of June 30, 2024) above the target levels and continue to accrue interest in FYE 2025 for the following reserve funds:
 - a. R-02 Brine Line Debt Service Reserve
 - b. R-04 Pipeline Capacity Management Reserve
 - c. R-05 OC Future Treatment & Disposal Capacity Reserve

Brine Line Reserve Policy

- The updated Reserve Policy was approved by:
 - PA 24 on November 1, 2022
 - SAWPA Commission on December 20, 2022
- As per the approved Reserve Policy:
 - Funding above the target level in the reserve will be discussed and approved with the PA 24 and the Commission annually and during the biennial budget adoption process.
 - For those reserves under the target level, staff will involve member agencies in reviewing the timing for each reserve to achieve the target.
- Staff will bring the evaluation of reserves above the targets to PA 24 and the Commission in August each year.

Reserve Balances as of 06/30/2024 (including 4th Qtr. Interest)

Fund	06/30/2024 Ending Balance	Minimum (2025)	Target (2025)	Over or Under Target	Amount Over or (Under) Target	Comment
R-01 Brine Line Operating	\$2,288,059	\$2,291,108	\$2,291,108	Under	(\$3,049)	Interest through 06/30/2024
R-02 Debt Retirement	\$3,011,686	\$1,709,476	\$1,709,476	Over	\$1,302,210	Interest through 06/30/2024
R-04 Pipeline Capacity Management	\$12,808,111	\$3,894,181	\$9,735,454	Over	\$3,072,657	Funds from pipeline capacity sales
R-05 OC San Future Treatment and Disposal Capacity	\$1,960,963	\$1,842,396	\$1,842,396	Over	\$118,567	Target set at 06/30/22 balance Interest through 06/30/24
R-06 OC San Pipeline Rehabilitation	\$2,880,674	\$2,425,147	\$7,250,000	Under	(\$4,369,326)	Contributions for FYE 2024 and 2025 are \$325,309 and \$155,786
R-07 Pipeline Replacement and Capital Investment	\$34,346,201	\$18,884,000	\$46,364,000	Under	(\$12,017,799)	Contributions for FYE 2024 and 2025 are \$1.9 million each year
Resiliency Component		\$2,338,000	\$5,000,000	--	--	--
CIP Component		\$2,438,000	\$6,094,000	--	--	--
R&R Component		\$14,108,000	\$35,270,000	--	--	--
Total - Unrestricted	\$55,586,218	\$29,336,832	\$67,482,958	--	--	--
Total – Restricted (R-02)	\$1,709,476	\$1,709,476	\$1,709,476	--	--	--
Total	\$57,295,694	\$31,046,308	\$69,192,434	--	--	-- 26

R-01 Brine Line Operating

- Target: \$2,179,659 (25% of FYE 2024 budgeted operating costs).
- Interest earned in 2024: \$108,400
- Balance at 06/30/2024: \$2,288,059

Recommendation:

- Set Target at: \$2,291,108 (25% of FYE 2025 budgeted operating costs)
- Continue to accrue interest in 2025, which will bring balance to target level.

R-02 Debt Retirement

- Target: \$1,709,476 (1x annual debt service payment)
- Interest earned in FYE 2024: \$112,257
- Balance at 06/30/2024: \$3,011,686

Recommendation:

- Keep Target: \$1,709,476 (1x annual debt service payment)
- Keep the \$3,011,686 balance in this reserve and continue to accrue interest.
- 10-year CIP of \$69 million that qualifies for SRF Loans:
 - Reach IV-D Corrosion Repair SRF Loan of \$22.8 million
 - Estimated annual loan payment of \$1,278,798
 - \$2,988,274 is 1x annual debt service payment reserve requirement

R-04 Pipeline Capacity Management

- Target: \$9,735,454
- Interest earned in FYE 2024: \$477,406
- Balance at 06/30/2024: \$12,808,111

Recommendation:

- Keep Target: \$9,735,454
- Keep the \$12,808,111 balance in this reserve and continue to accrue interest until more information is known on the future costs of this project.
- Funds in this account are from pipeline capacity sales to EMWD and WMWD, and interest earned.

R-05 OC San Future Treatment and Disposal Capacity

- Target: \$1,842,396
- Interest earned in 2024: \$73,092
- Balance at 06/30/2024: \$1,960,963

Recommendation:

- Keep Target: \$1,842,396
- Keep the \$1,960,963 in this reserve and continue to accrue interest.
- The current price for 1 MG of treatment & disposal capacity is \$7.4 million. Funds in this reserve will be used to purchase additional treatment capacity.
- Funds in this reserve are from SBVMWD treatment capacity purchases and interest earned.

R-06 OC San Pipeline Rehabilitation

- Target: \$7,250,000
- Interest earned in 2024: \$106,725
- Contributions in 2024: \$325,309
- Balance at 06/30/2024: \$2,880,674

Recommendation:

- Keep Target: \$7,250,000
- Continue to contribute to this fund
 - FYE 2025 contribution = \$155,786.

R-07 Pipeline Replacement and Capital Investment

• Target (Resiliency, CIP, and Renew and Replacement):	\$46,364,000
• Interest earned in 2024:	\$1,306,175
• Transfers from excess Operating Reserve:	\$141,358
• Contributions in 2024:	\$1,900,000
• RBF loan payment:	\$1,443,906
• SBVMWD Capital Contributions – Agua Mansa:	\$214,649
• Use of reserves in 2024	(\$3,108,842)
• Balance at 06/30/2024	\$34,346,201

Recommendation:

• Keep Target:	\$46,364,000
• Continue to contribute to this fund. <ul style="list-style-type: none">▪ FYE 2025 contribution = \$1,900,000	
• Use of \$1,870,013 in FYE 2025 budget	
• Additional SBVMWD Capital Contributions – Agua Mansa	\$562,152

Recommendation:

It is recommended that the PA Committee:

1. For R-01 Brine Line Operating Reserve set target to \$2,291,108 based on 25% of total operating expenses of \$9,164,430 for FYE 2025 (increase of \$111,449) and continue to accrue interest, and
2. For R-07 Pipeline and Replacement and Capital Investment Reserve set the minimum and target limits to \$18,884,000 and \$46,364,000 based on the new CIP amount of \$69 million, based on Engineering's review, and
3. Approve the funding levels (as of June 30, 2024) above the target levels and continue to accrue interest in FYE 2025 for the following reserve funds:
 - a. R-02 Brine Line Debt Service Reserve
 - b. R-04 Pipeline Capacity Management Reserve
 - c. R-05 OC Future Treatment & Disposal Capacity Reserve

Questions?

PA 24 COMMITTEE MEMORANDUM NO. 2024.17

DATE: August 6, 2024

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

SUBJECT: Inland Empire Brine Line Master Plan Update

PREPARED BY: David Ruhl, Executive Manager of Engineering and Operations

RECOMMENDATION

Receive and file.

DISCUSSION

The purpose of the Brine Line Master Plan is to determine how best to manage and implement the growth and expansion of the Brine Line in a manner that best serves the Santa Ana River Watershed, Member Agencies, and Brine Line dischargers. The Master Plan also has the purpose of addressing infrastructure needs to convey and manage increasingly higher salinity discharges, as well as increasing regulatory requirements.

The objectives of the master plan are to identify the potential regional market for future dischargers, evaluate the capacity of the Brine Line system under a variety of anticipated flow conditions, and develop system improvements to address identified deficiencies. In addition, the master plan identifies potential capacity management activities that may be implemented to maximize regional use of the Brine Line.

In November 2022, the PA 24 Committee approved a contract with Dudek to prepare the Brine Line Master Plan. In December 2023, staff provided an update on master plan activities to the PA 24 Committee. The information provided below is organized by section of the master plan and provides an update on activities, summary of the work, and key findings.

Hydraulic Model Update and Calibration. The hydraulic model was updated and calibrated to fully represent the existing Brine Line system.

Market Assessment, Member Agency Coordination, and Future Growth Projections.

Member Agency and stakeholder meetings were conducted over a one-year period from February 2023 through February 2024. Information was obtained on the brine management needs of each agency including groundwater desalination, wastewater desalination and industries that have a high salinity discharge.

Information obtained from the stakeholder meetings was used to quantify the discharge projections over a defined period. Discharge projections were broken down into the Near – Term (1 – 10 years), Long – Term (11 – 35 years) and Build – Out (greater than 35 years). Table 1 shows the discharger projections by flow type and planning period.

Table 1: Discharge Projections by Flow Type and Planning Period

Flow Type	Current June 2023		Near – Term 2024 - 33		Long – Term 2033 - 58		Build – Out 2058	
	Volume	Percentage	Volume	Percentage	Volume	Percentage	Volume	Percentage
Potable Water Production	10.1	74%	11.6	62%	16.9	63%	19.1	59%
Wastewater Desalination	1.0	7%	4.5	24%	5.9	22%	7.2	22%
Industrial	1.7	12%	1.9	10%	2.3	9%	2.9	9%
Power Generation	0.5	4%	0.6	3%	0.6	2%	0.7	2%
Dry Weather Flow Diversions	0.0	0%	0.0	0%	1.0	4%	2.0	7%
Domestic	0.3	2%	0.3	2%	0.3	1%	0.4	1%
Total	13.5 MGD		18.8 MGD		27.0 MGD		32.3 MGD	

Key findings with respect to the market assessment and future growth expectations include:

- Potable water production and RO concentrate from groundwater desalters and ion exchange desalters maintain the largest discharge to the Brine Line by volume for all planning periods.
- Wastewater desalination, which includes RO treatment of recycled water for discharge or indirect potable recharge increases by 500% over the planning period.
- Dry weather flow diversions that have a high salinity is a potential discharge to the Brine Line in the long term.
- Industrial discharges have a moderate increase while power generation and domestic flows remain about the same through the planning period.
- Additional treatment and disposal capacity will be required to accommodate future growth. It is projected that further capacity purchases will be needed in 2026, 2034, 2042, and 2051.
- Future growth in two (2) Member Agency services areas is expected to exceed their current capacity in the Brine Line.

Existing and Future Brine Line System Capacity Analysis. Existing and future system conditions were modeled utilizing the calibrated hydraulic model, growth projections and planning periods previously defined.

Key findings with respect to existing and projected Brine Line discharges include:

- Critical infrastructure was identified on Reach IV, Reach IV-A lower and Reach IV-D.
- The Brine Line system has the capacity for the projected flow conditions. However, real-time monitoring of critical segments should be implemented to proactively manage and mitigate surcharging and overflows.
- Dischargers will need to reduce maximum flows and manage discharges more consistently to stay within their allocated capacities.

Capacity Management (30 MGD System), and Long-Term Planning Efforts. Potential long-term initiatives to improve management and performance of the Brine Line system were investigated and identified, including a reliability and redundancy analyses, real-time data collection, brine minimization and anticipated PFAS regulations and PFAS treatment options for the Brine Line system.

To improve system reliability and reduce impacts on dischargers during outages a system of storage reservoirs was investigated. The proposed plan includes seven reservoirs, strategically spaced throughout the system. These reservoirs would facilitate Brine Line shutdowns for maintenance and provide additional system capabilities, such as capturing dry weather stormwater flows and potentially supporting future brine minimization efforts.

To enhance monitoring and control of the Brine Line system a Supervisory Control and Data Acquisition (SCADA) based system was investigated. This system would provide remote, automated flow and water quality data collection, reducing staff time and improving compliance efforts.

With projected tributary flows expected to exceed the 30-mgd capacity limitation to OC San by approximately 2065, brine minimization strategies were investigated. These include potential implementation of secondary brine concentration processes at groundwater desalination facilities and advanced treatment technologies like Flow Reversal Reverse Osmosis (FRRO) and Ceramic Membrane with Electrodialysis Reversal (EDR).

As regulatory pressure for PFAS management intensifies, various treatment processes to remove PFAS from the Brine Line were investigated, including Novel Adsorbent Systems, Electro-oxidation, and Granular Activated Carbon.

Key findings and recommendations with respect to capacity management and long-term planning efforts include:

- Brine minimization is necessary by 2065.
- In-line centralized brine concentration approach was not considered to be feasible. However, advancements in treatment technologies and treatment requirements for emerging constituents of concern could change this finding.
- It may be more economical to remove PFAS from a few select dischargers rather than treating the Brine Flow at a centralized treatment facility.
- Evaluate the viability of point source PFAS treatment using a smaller scalable system, after performing PFAS sampling from individual dischargers.
- Conduct future study to more thoroughly assess the feasibility of Brine Line storage reservoirs.
- Conduct future studies and pilot projects to evaluate brine management technologies.
- Conduct a pilot study to better understand and manage PFAS concentrations in the Brine Line.

Multi-Use Benefits for the Future. The Brine Line is a pivotal component of SAWPA's multi-use benefit system. It transports brine from desalination and water recycling facilities and regional industrial discharges to the ocean, providing an environmentally responsible and cost-effective solution for brine disposal. This system helps mitigate environmental impacts, improve water quality, and support groundwater recharge, stormwater capture, and water reuse. The

Brine Line system also promotes water conservation, public awareness, and regulatory compliance, reinforcing its role as a critical multi-use benefit infrastructure.

In exploring future opportunities, SAWPA has investigated integrating renewable energy technologies within the Brine Line system, including in-pipe hydroelectric facilities and green hydrogen production from brine flows. While current feasibility indicates limited immediate opportunities for power generation, ongoing research and development could unlock future potential.

Future Facilities, Improvements & Expansion. A prioritized list of recommended Brine Line improvement projects and their estimated costs will be developed and organized into a 10-year CIP. Work on this task is continuing and will be presented in the draft report.

Policy Considerations. As brine discharges increase, SAWPA faces the challenge of maintaining and/or expanding the Brine Line system. To address this a variety of policy measures may be necessary to improve brine management and efficiency. These policies would address environmental, economic, and regulatory considerations to ensure sustainable and equitable brine management.

Key policy areas for consideration include:

- **Environmental Policies.** Enhancing monitoring and reporting capabilities for continuous monitoring of brine discharges. Limits on brine discharge concentrations and constituents may be needed, particularly with emerging concerns (i.e., PFAS). Policies are intended to promote projects that restore and protect natural habitats, mandate advanced brine treatment technologies, and support stricter permitting processes for industries discharging brine.
- **Economic Policies.** Current practices require dischargers to bear the cost of facilities necessary for brine disposal, which can be cost-prohibitive. SAWPA may consider cost-sharing mechanisms, financial assistance programs, and infrastructure investments to upgrade brine treatment facilities. Incentives for sustainable brine management practices and revised fee structures to encourage reduction in brine discharge volumes may also be explored.
- **Regulatory Policies.** Updating permitting processes to include more requirements for brine management can help control Brine Line flows. Enhancing interagency collaboration and establishing a regional task force to coordinate efforts and share best practices can improve compliance and enforcement. Policies are intended to support innovative salinity control measures and advanced desalination or demineralization technologies.

Next Steps and Schedule

The next steps and schedule for completion of the Master Plan is as follows:

- | | |
|---|-------------------------|
| • Draft Master Plan | August 2024 |
| • Member Agency and stakeholder review period | August – September 2024 |
| • Member Agency workshop | September 2024 |
| • Incorporate comments / Final Draft | October 2024 |
| • Final Report to PA 24 | November 5, 2024 |

RESOURCE IMPACTS

Sufficient funds for consultant services are included in the Fiscal Year 25 Budget Fund 240 (Brine Line Enterprise).

Attachments:

1. PowerPoint Presentation

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Inland Empire Brine Line Master Plan Update

David Ruhl, Executive Manager of Engineering and Operations

PA 24 Committee Meeting

August 6, 2024



Purpose and Objectives

Master Plan Purpose and Objectives

Purpose

- Management and implementation of needed improvements to support ongoing growth and expansion of the Brine Line, that best serves SAWPA, it's member agencies, and Brine Line dischargers
- Address infrastructure needs to convey and manage increasingly higher salinity discharges, as well as address increasingly regulatory requirements

Objectives

- Identify the regional market for brine management needs
- Evaluate the capacity of the Brine Line system
- Develop system improvements to address identified deficiencies
- Identify potential capacity management activities that may be implemented to maximize regional use of the Brine Line



Report Organization

Master Plan Report Organization

- **Market Assessment & Future Flow Projections**
 - Summarizes ownership capacities, anticipated growth in the Brine Line service area, and discharger loadings used to develop existing and future capacity analysis scenarios.
- **Hydraulic Model Update & Calibration**
 - Describes updates to and calibration of the existing Brine Line hydraulic model to recent (June 2023) flow monitoring data
- **Brine Line System Capacity Analysis**
 - Presents the results of the capacity analyses performed on the Brine Line system under existing, near-term, long-term, buildout, and ownership discharge conditions
- **Capacity Management & Long-Term Planning Efforts**
 - Summarizes potential long-term initiatives to improve management and performance of the Brine Line system, including reliability and redundancy analyses, real-time data collection, and brine minimization. Also addresses current and anticipated PFAS regulations and PFAS treatment options for the Brine Line system.
- **Brine Line Multi-Use Benefits**
 - Describes how the Brine Line system is a multi-use benefit to the entire Santa Ana Watershed, enabling groundwater desalination, advanced recycled water treatment, industrial non-reclaimable water disposal, and a variety of other community-wide benefits
- **Future Facilities, Improvements & Expansion**
 - Presents a prioritized list of recommended Brine Line improvement projects and their estimated costs, organized into a 10-year CIP



Market Analysis and Future Flow Projections

Market Analysis and Future Flow Projections

Member Agency / Stakeholder Meetings

Date	Agency
February 23, 2023	San Bernardino Valley Municipal Water District
February 23, 2023	San Bernardino Municipal Water Department
February 23, 2023	City of Redlands
February 23, 2023	East Valley Water District
March 8, 2023	Eastern Municipal Water District
March 16, 2023	Western Municipal Water District
March 30, 2023	Inland Empire Utilities Agency
March 19, 2023	Chino Basin Desalter Authority
May 4, 2023	City of Corona
June 12, 2023	Elsinore Valley Municipal Water District
June 15, 2023	Jurupa Community Services District
June 15, 2023	Yucaipa Valley Water District
June 21, 2023	City of Colton
June 22, 2023	Riverside County Flood Control District
July 13, 2023	City of Beaumont
August 16, 2023	City of Chino
August 17, 2023	Temescal Valley Water District
August 17, 2023	City of Riverside
August 24, 2023	Rubidoux Community Services District
February 28, 2024	Rancho California Water District

Market Analysis and Future Flow Projections

Discharge Scenarios

- Existing Discharge Analysis June 2023
- Near-Term Discharge Analysis (2024 – 2033)
- Long-Term Discharge Analysis (2034 – 2048)
- Build-Out Discharge Analysis (beyond 2048)

Market Analysis and Future Flow Projections

Discharge Projections by Flow Type

Flow Type	Current June 2023		Near – Term 2024 - 2033		Long – Term 2034 - 2048		Build – Out >2048	
Potable Water Production	10.1	74%	11.6	62%	16.9	63%	19.1	59%
Wastewater Desalting	1.0	7%	4.5	24%	5.9	22%	7.2	22%
Industrial	1.7	12%	1.9	10%	2.3	9%	2.9	9%
Power Generation	0.5	4%	0.6	3%	.6	2%	0.7	2%
Stormwater (Dry Weather Flow)	0.0	0%	0.0	0%	1.0	4%	2.0	7%
Domestic	0.3	2%	0.3	2%	0.3	1%	0.4	1%
Total	13.5 MGD		18.8 MGD		27.0 MGD		32.3 MGD	

Market Analysis and Future Flow Projections

Potential Projects and Discharge Amount by Agency

Future Brine Line Discharger / Project	Discharge Amount (gpd)
EMWD	
Perris II Desalter Expansion	900,000
Ranch California Water District	2,000,000
Industrial	125,000
IEUA	
Chino Basin Program / New Industrial	150,000
Intertie with NRS	Undefined
SBVMWD	
YVWD	
YVWD	1,161,000
Regional Recycled Water Facilities Project	1,550,000
Industrial	100,000
WMWD	
Rubidoux CSD Desalter Facility	2,000,000
Riverside County Flood Control District DWF	2,000,000
Elsinore Valley MWD IPR	1,200,000
Temescal Valley Water District IPR	225,000
Temescal Desalter	250,000
JCSD Desalter	4,000,000
City of Riverside Recycled Water Desalination Plant	1,000,000
Industrial	160,000

Market Analysis and Future Flow Projections

Key information / concerns (1 of 2)

- Ownership capacity:

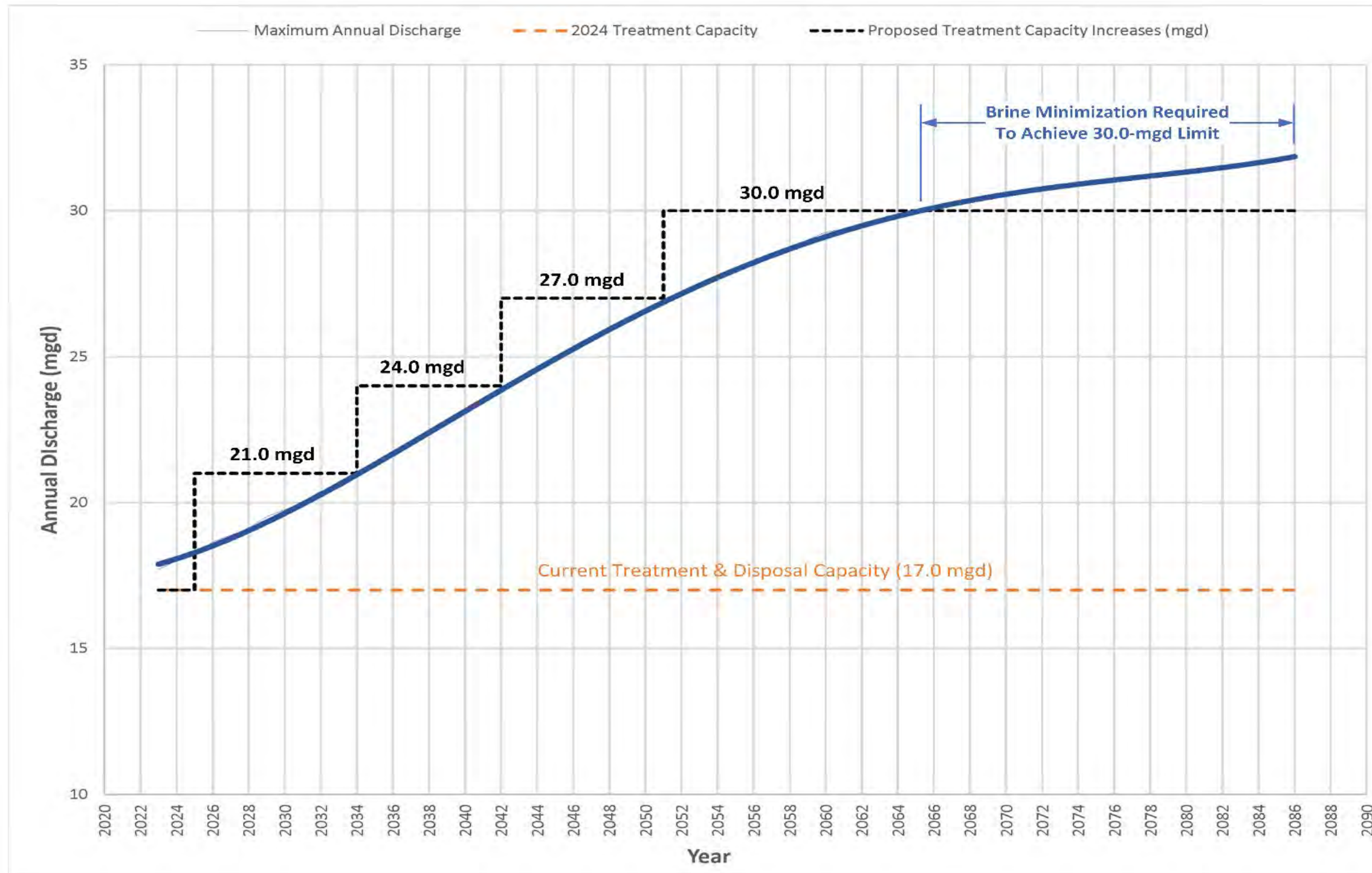
Agency	Current Ave / Max Flows (mgd)	Treatment and Disposal Capacity (mgd)	Pipeline Capacity (mgd)	Projected Future Need (mgd)
CDA	3.35 / 3.67	3.35	3.670	3.67
EMWD	3.53 / 4.04	3.548*	5.946	7.0
IEUA	0.48 / 1.61	2.25	4.130	1.1
SBVMWD	1.56 / 2.02	1.639	7.738	4.8
WMWD	4.60 / 6.42	6.213	11.084	15.7
Total	13.52 / 17.76	17.0	32.568	32.27

* EMWD leases 0.5 MGD of T&D capacity for a total T&D Capacity of 4.048 mgd

- Capacity Management: **Dischargers will need to reduce maximum flows** and manage discharges more consistently
 - Average Flow 13.5 mgd / Maximum Flow 17.7 mgd
 - Available Treatment and Disposal Capacity 17 mgd

Market Research and Future Flow Projections

Key information / concerns (2 of 2)

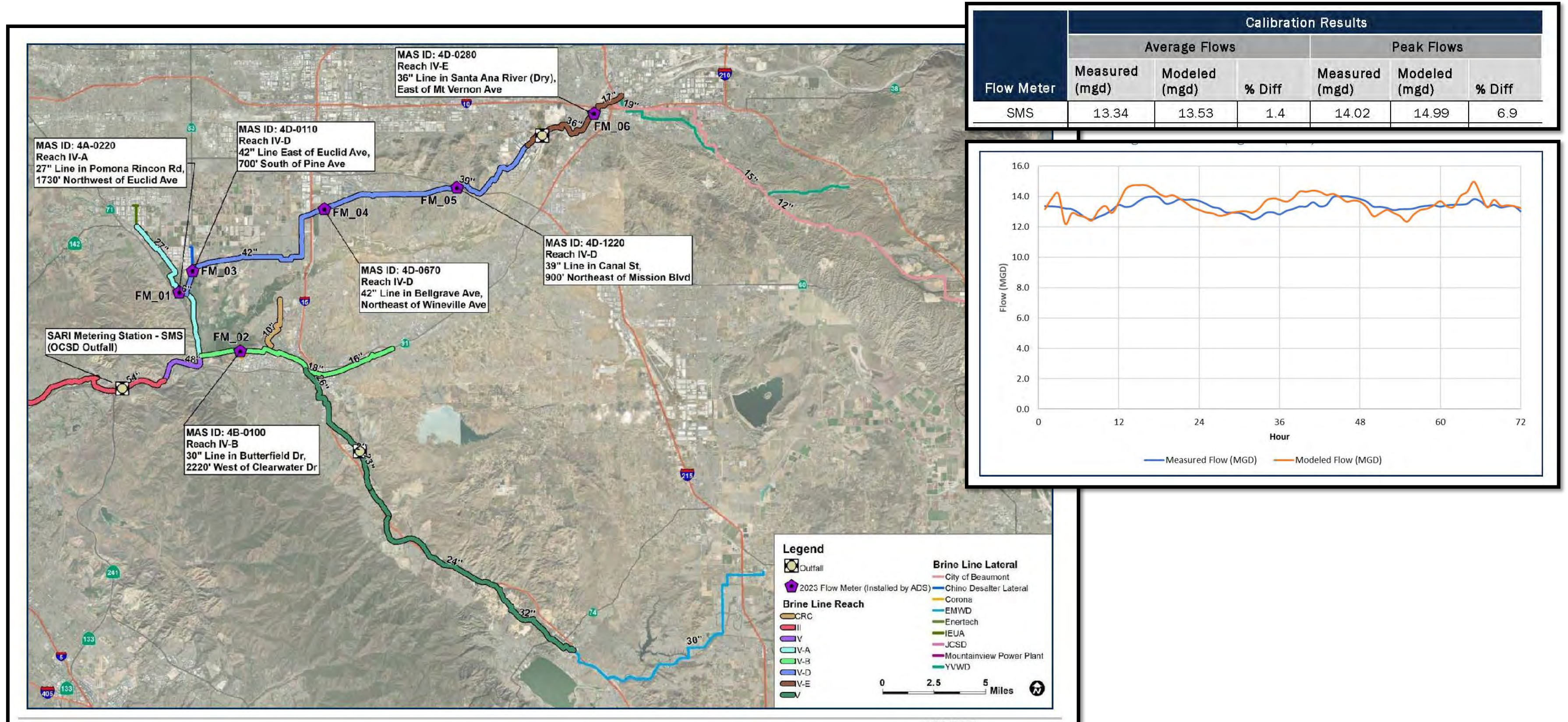


Future investments:
Treatment and disposal capacity purchases will be needed in 2026, 2034, 2042, and 2051



Hydraulic Model Development and Calibration

Hydraulic Model Development and Calibration





Brine Line System Capacity Analysis

Brine Line System Capacity Analysis

Key findings

Existing Discharge Capacity (June 2023)

- All gravity flow pipelines maintained a d/D below 0.75
- Pressures and velocities remain within design limits

Near-Term Discharge Capacity (2023-2033)

- Same as existing discharge capacity.

Long-Term Discharge Capacity (2034-2058)

- Portions of Reaches IV-D, IV-A, and IV are projected to exceed d/D criteria
- Maximum pressures and velocities remain within design limits, though closer to thresholds.

Buildout Discharge Capacity (Beyond 2058)

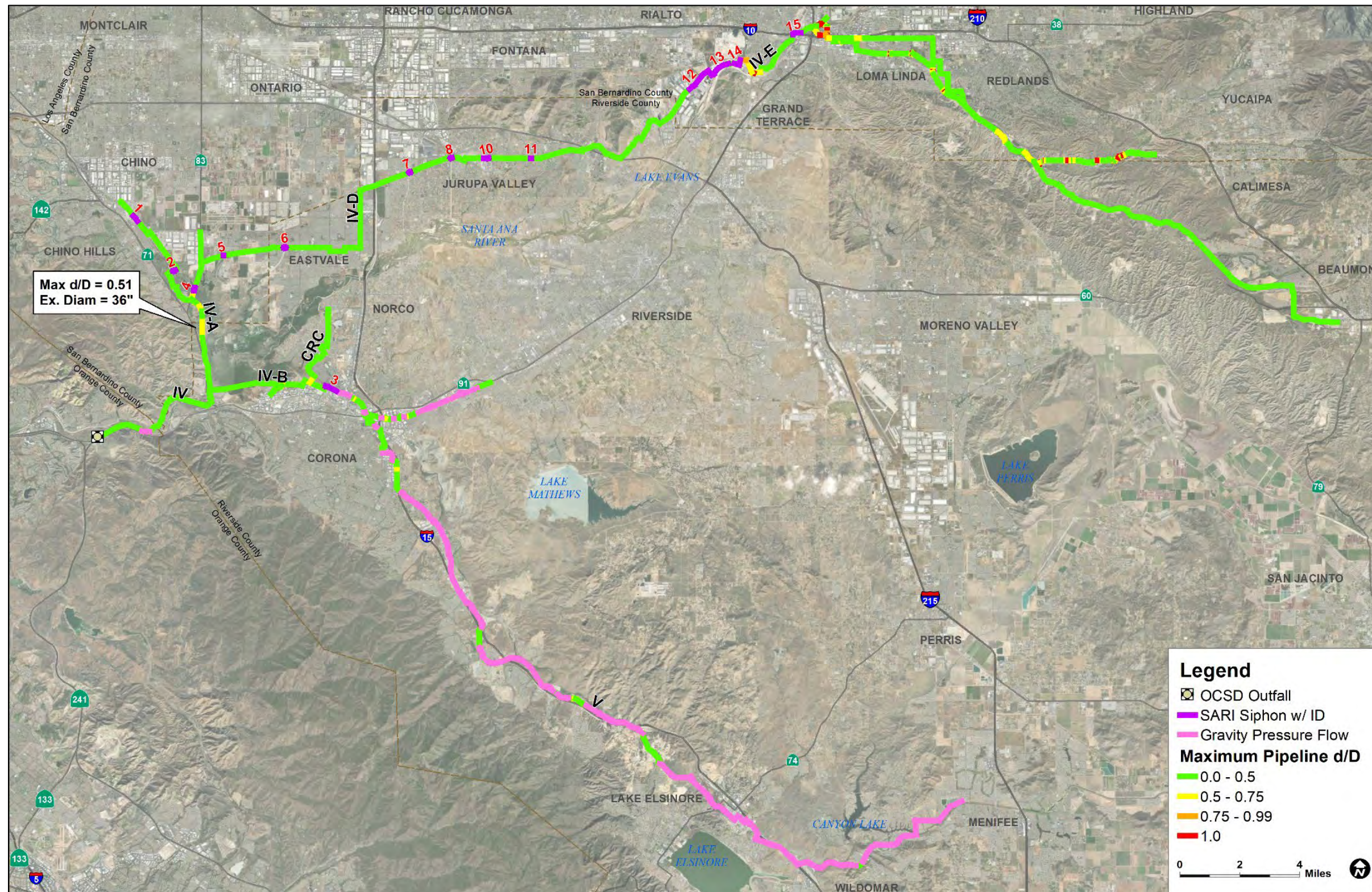
- Additional segments are expected to exceed d/D criteria, with increased risks of surcharging and overflows.
- Higher flows necessitate potential infrastructure improvements to prevent system deficiencies.

Ownership Discharge Capacity

- Similar to Long-Term and Buildout scenarios, specific segments are projected to exceed the d/D criterion, requiring monitoring and potential upgrades.
- Maximum pressures and velocities remain within acceptable ranges but approach critical limits.

Brine Line System Capacity Analysis

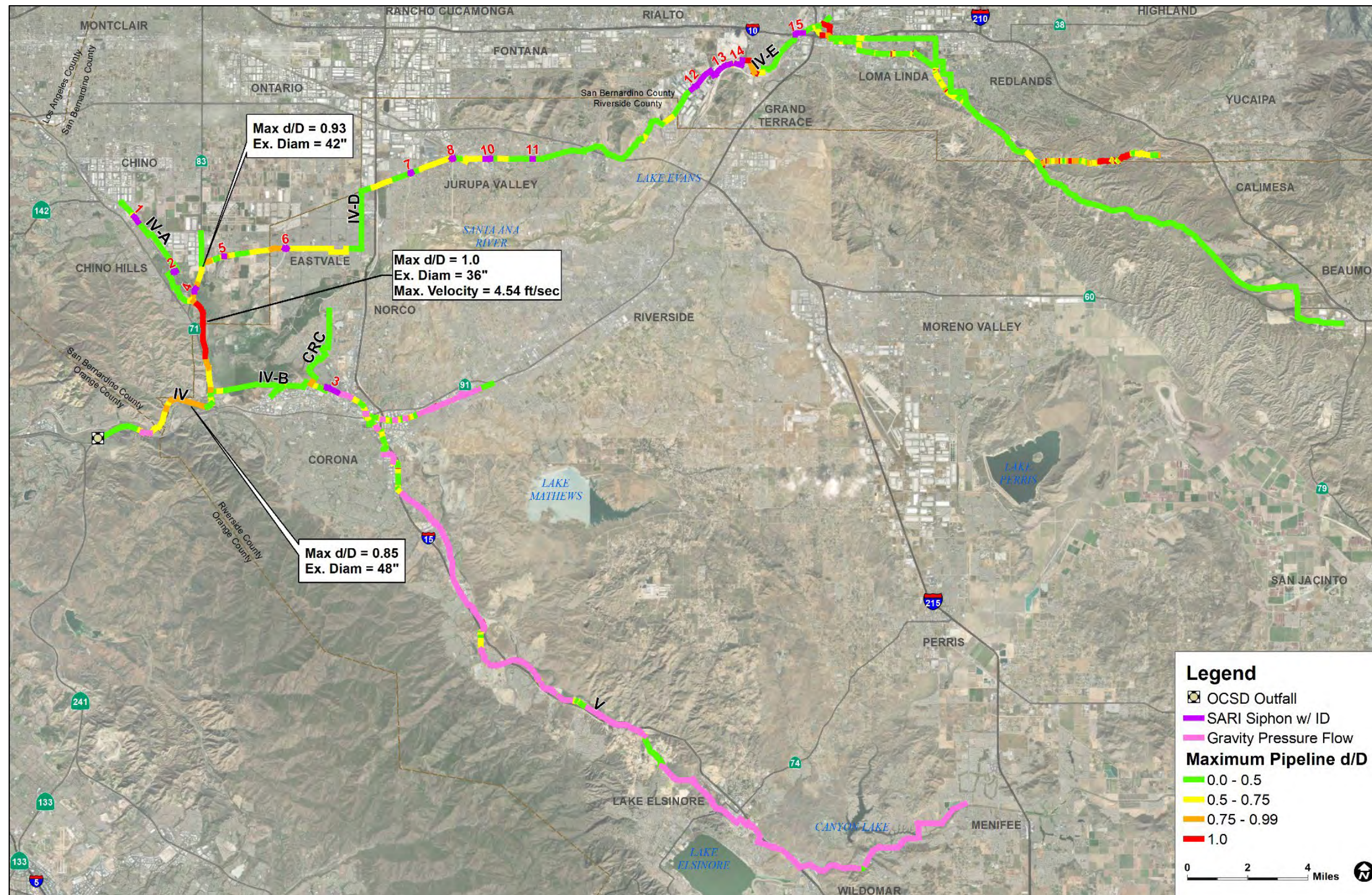
Existing Maximum Discharge Scenario – Max Pipeline d/D



- Existing Discharge Capacity (June 2023)
 - All gravity flow pipelines maintained a d/D below 0.75
 - Pressures and velocities remain within design limits

Brine Line System Capacity Analysis

Build-out Maximum Discharge Scenario – Max Pipeline d/D



- Buildout Discharge Capacity (Beyond 2058)
 - Portions of Reaches IV-D, IV-A, and IV are projected to exceed d/D criteria
 - Increase in risks of surcharging and overflows.
 - Higher flows necessitate potential infrastructure improvements to prevent system deficiencies.

Brine Line Capacity Analysis

Anticipated improvements to address findings

- Critical infrastructure was identified on Reach IV, Reach IV – lower (Prado inundation area) and Reach IV-D
- Implement smart manhole covers for real-time monitoring of critical segments to proactively manage and mitigate potential overflows and system failures
- Continue to evaluate and monitor segments that flow 75% to 100% full

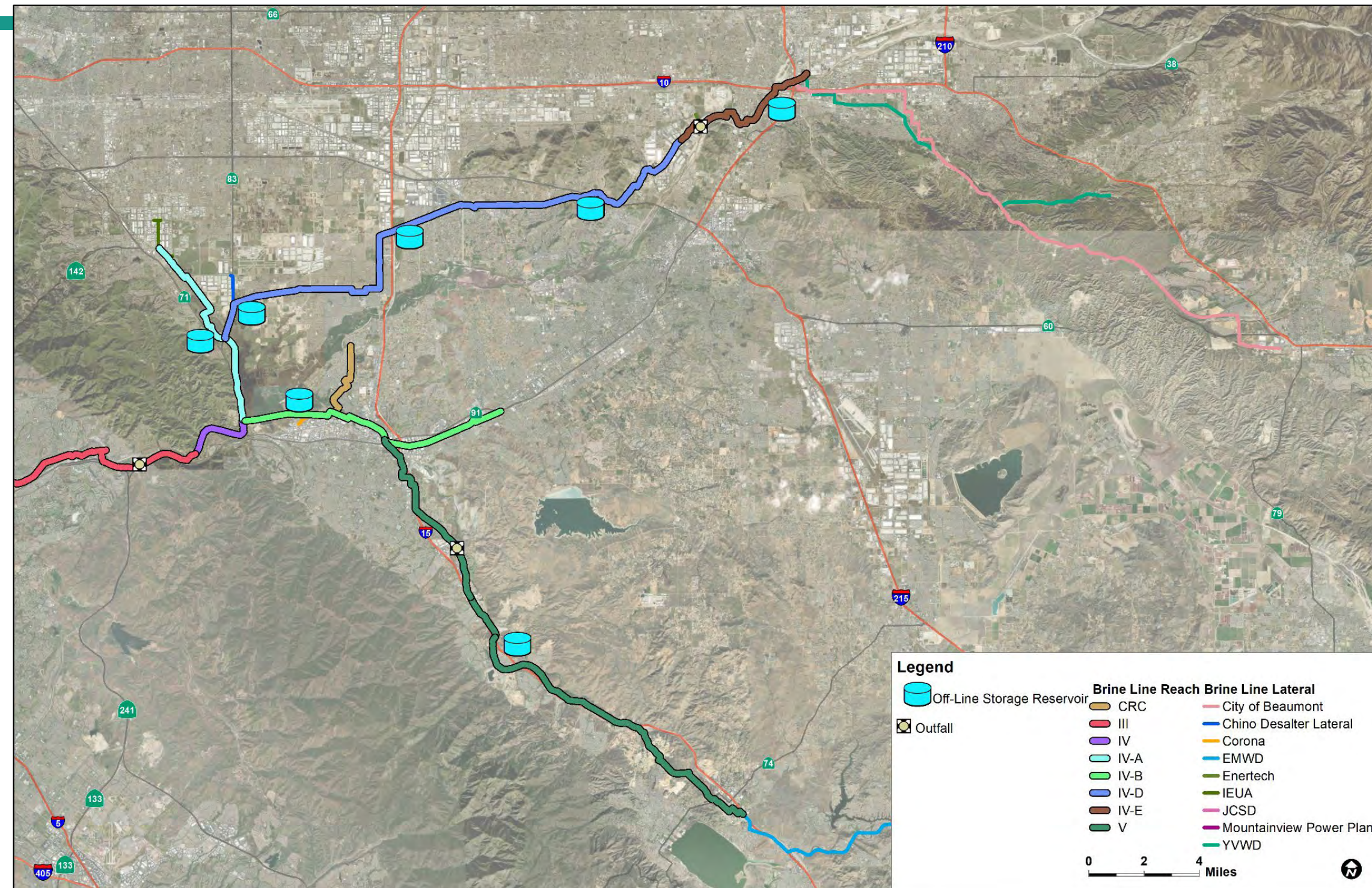


Capacity Management and Long-Term Planning Efforts

Capacity Management and Long-Term Planning Efforts

Reliability and Redundancy

- Improve system reliability and reduce impacts on dischargers during outages
- Facilitate Brine Line shutdowns for maintenance, system improvements, evaluation or potentially system failure
- Provide additional system capabilities, such as capturing DWF and supporting brine minimization efforts
- Off-line storage reservoirs
 - Seven (7) reservoirs, capable of storing a minimum 8 – hours of Brine Line flow
 - Future study to more thoroughly assess feasibility



Capacity Management and Long-Term Planning Efforts

Enhanced Monitoring and Control

- Provide remote, automated flow and water quality data collection
 - Data collection and transmittal devices installed at each discharger location and at each in-line flow monitoring location
 - Increase ability to monitor, operate and control the Brine Line system
 - Reducing staff time
 - Improving compliance efforts by recording potential discharge violations and facilitating future pretreatment enforcement
 - Understanding of each discharger's flow and strength characteristics will allow for a more equitable distribution of costs between dischargers
 - Allow for ability to resolve capacity exceedance issues
 - Allows for maintenance of the Brine Line hydraulic model
 - Identify potential Inflow and Infiltration

Phase	Description of Work
1	Construction and installation of Master Station, operator workstation, setup, integration of programming and automation
2	Construction and installation of first 12 discharger sites with the highest flow
3	Construction and installation of next 12 discharger sites with medium flow
4	Construction and installation of last 12 discharger sites with low flow
5	Construction and installation of up to five (5) in-line flow monitoring stations

Capacity Management and Long-Term Planning Efforts

Brine Minimization

- Manage maximum flows and oversold capacity
 - Brine Line projected total flow will exceed the 30 MGD Brine Line discharge limitation to OC San
 - SAWPA Member Agencies own 32.5 MGD of pipeline capacity
- Pursue implementation of a secondary brine concentration processes at desalination facilities
- In-line downstream centralized brine concentration approach was not considered to be feasible
 - Advancements in treatment technologies and treatment requirements for emerging constituents of concern could change this conclusion
- Emerging brine management technologies
- Future studies and pilot projects to evaluate brine management technologies

Capacity Management and Long-Term Planning Efforts

Address increasing regulatory requirements – PFAS (1 of 2)

- PFAS present in Brine Line

Parameter	Result	Ave	Units
Perfluorooctanoic Acid (PFOA)	89 – 130	106	ng/L
Perfluorooctanesulfonic Acid (PFOS)	97 – 170	136	ng/L

- Future regulation of OC San’s biosolids and ocean discharge?
- OC San has provided advanced notice of possible PFAS limits
- Investigate PFAS treatment options for brine flows
 - No specific regulations for PFAS in wastewater currently
 - Two scenarios for PFAS effluent limits (5x PFAS MCL and 10x PFAS MCL)
 - 15 MGD capacity

Item	Alternative 1: Novel Adsorbent Media	Alternative 2: EOX Systems	Alternative 3: Granular Activated Carbon
10 Year Capital Net Present Worth	\$70 – \$83 million	\$109 – \$129 million	\$39 – \$46 million
10 Year O&M Net Present Worth	\$674 – \$796 million	\$3.3 – \$3.9 billion	\$62 – \$73 million
Total 10 Year Net Present Worth	\$744 – \$879 million	\$3.4 – \$4 billion	\$100 – \$118 million

Capacity Management and Long-Term Planning Efforts

Address increasing regulatory requirements – PFAS (2 of 2)

Key findings and recommendations

- It may be more economical to remove PFAS from a few select dischargers rather than treating the entire Brine Line flow at a centralized treatment facility.
 - Assess dischargers that would be expected to have higher PFAS concentrations
- Evaluate the viability of point source PFAS treatment using a smaller scalable system, after performing PFAS sampling from individual dischargers.
- Future studies
 - Near-term: Continue to monitor PFAS regulations as they pertain to wastewater disposal and operations at OC San
 - Long-term: Conduct a pilot study to better inform estimates of PFAS treatment requirements and costs



Multi-Use Benefits for the Future

Multi-Use Benefits for the Future

- Brine Line is a multi-use benefit system
 - Supports a variety of water recycling and desalination activities
- Improve system reliability and reduce impacts on dischargers during outages
- Integrating renewable energy technologies within the Brine Line system
 - In-pipe hydroelectric facilities
 - Green hydrogen production from brine flows
- Capture of dry weather runoff

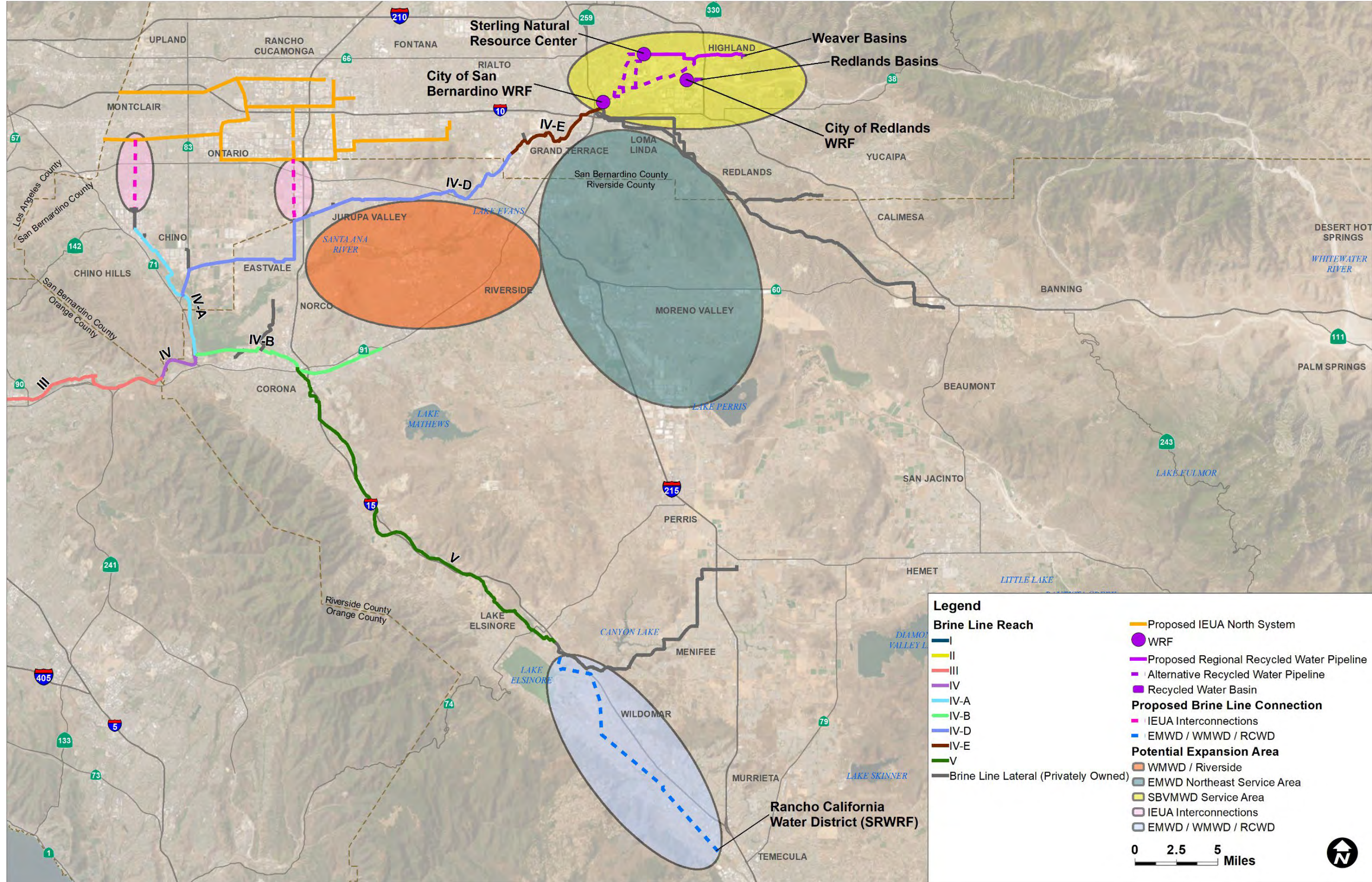


Future Facilities, Improvements and Expansion

Future Facilities, Improvements and Expansion

- Pipeline Capacity Improvement Projects
- Operation and Maintenance Projects
- System Monitoring Projects
- Expansion Areas
 - EMWD / WMWD Service Area: Southern Riverside County Regional Brine Line
 - IEUA Service Area: Intertie with North System and Chino Basin Program
 - SBVMWD Service Area: Regional Recycled Water Facilities Project
 - WMWD Service Area: City of Riverside Recycled Water Desalination Plant
- On-going or Future Project Evaluations
 - Brine Minimization
 - PFAS Management
 - Green Hydrogen

Future Facilities, Improvements and Expansion





Policy Considerations

Policy Considerations

- **Environmental and Regulatory Policies**

- With increasing regulatory requirements and the potential for emerging constituents of concern, SAWPA may be faced with the need to establish stricter limits on concentration and/or constituents in brine discharges
- Enhancing interagency collaboration and establishing a regional work group to coordinate efforts and share best practices can improve compliance and enforcement.

- **Economic Policies**

- Many agencies and industries have expressed concerns that the construction of brine conveyance facilities can be cost prohibitive.
- SAWPA and its Member Agencies may consider future mechanisms for cost-sharing and or funding facilities that provide a regional benefit to the watershed

Master Plan Next Steps and Schedule

- Complete Draft Master Plan
 - Develop list of improvement projects and costs
 - Develop CIP
 - Member Agency and stakeholders review
 - Member Agency stakeholder workshop
 - Incorporate comments and recirculate revised draft
 - Final Draft Report to PA24 Committee
- August 2024
- August – September 2024
- September 2024
- October 2024
- November 2024

Questions?

**Santa Ana Watershed Project Authority
PA24 - Brine Line - Financial Report
May 2024**

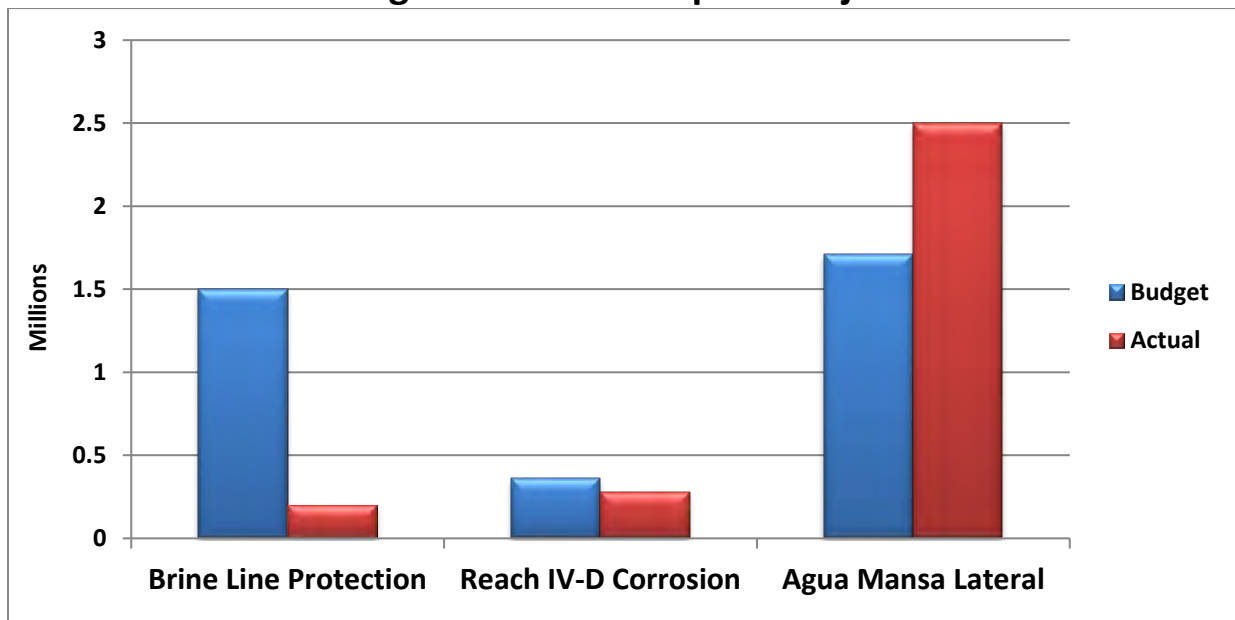
Staff comments provided on the last page are an integral part of this report.

Overview	This report highlights the Brine Line’s key financial indicators for the Fiscal Year-to-Date (FYTD) through May 2024 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	\$ 1,639,115	\$1,502,522	\$196,654	\$1,305,868
Reach IV-D Corrosion	391,577	358,946	279,134	79,812
Agua Mansa Lateral	1,862,445	1,707,241	2,498,319	(791,078)
Total Capital Costs	\$3,893,137	\$3,568,709	\$2,974,107	\$594,602

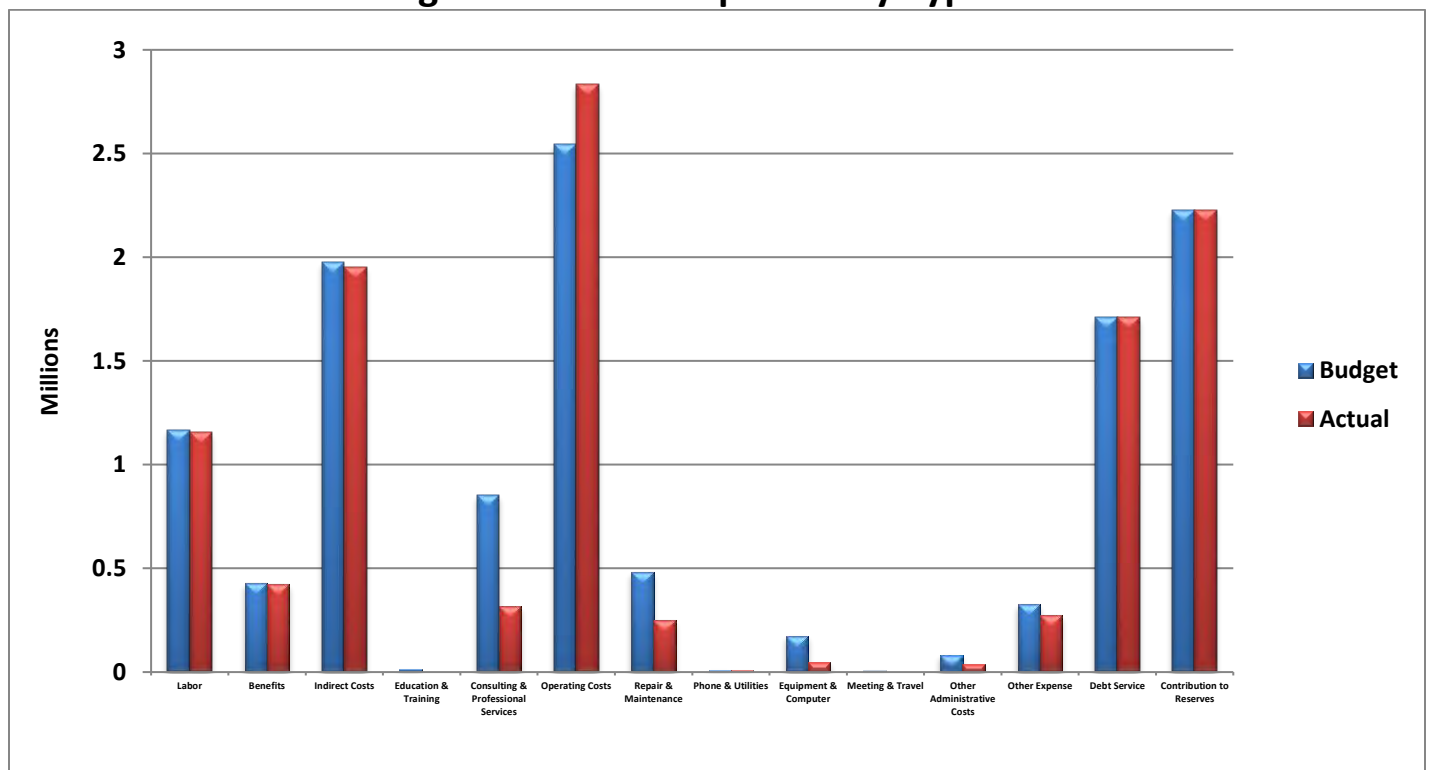
Budget to Actual - Capital Projects



Brine Line – Operating

Budget to Actual - Expenses by Type				 Favorable
	Annual Budget	FYTD Budget	FYTD Actual	Favorable (Unfavorable) Variance
Labor	\$1,274,437	\$1,168,234	\$1,154,798	\$13,436
Benefits	467,548	428,586	423,811	4,775
Indirect Costs	2,155,749	1,976,104	1,953,917	22,187
Education & Training	14,500	13,292	108	13,184
Consulting & Prof Svcs	930,000	852,500	314,349	538,151
Operating Costs	2,776,349	2,544,987	2,832,517	(287,530)
Repair & Maintenance	525,080	481,323	248,954	232,369
Phone & Utilities	12,000	11,000	8,390	2,610
Equip & Computers	188,706	172,981	47,975	125,006
Meeting & Travel	7,000	6,417	579	5,838
Other Admin Costs	89,915	82,422	38,437	43,985
Other Expense	355,551	325,922	272,794	53,128
Debt Service	1,709,476	1,709,476	1,709,476	-
Contribution to Reserves	2,225,309	2,225,309	2,225,309	-
Total	\$12,731,620	\$11,998,553	\$11,231,414	\$767,139

Budget to Actual - Expenses by Type



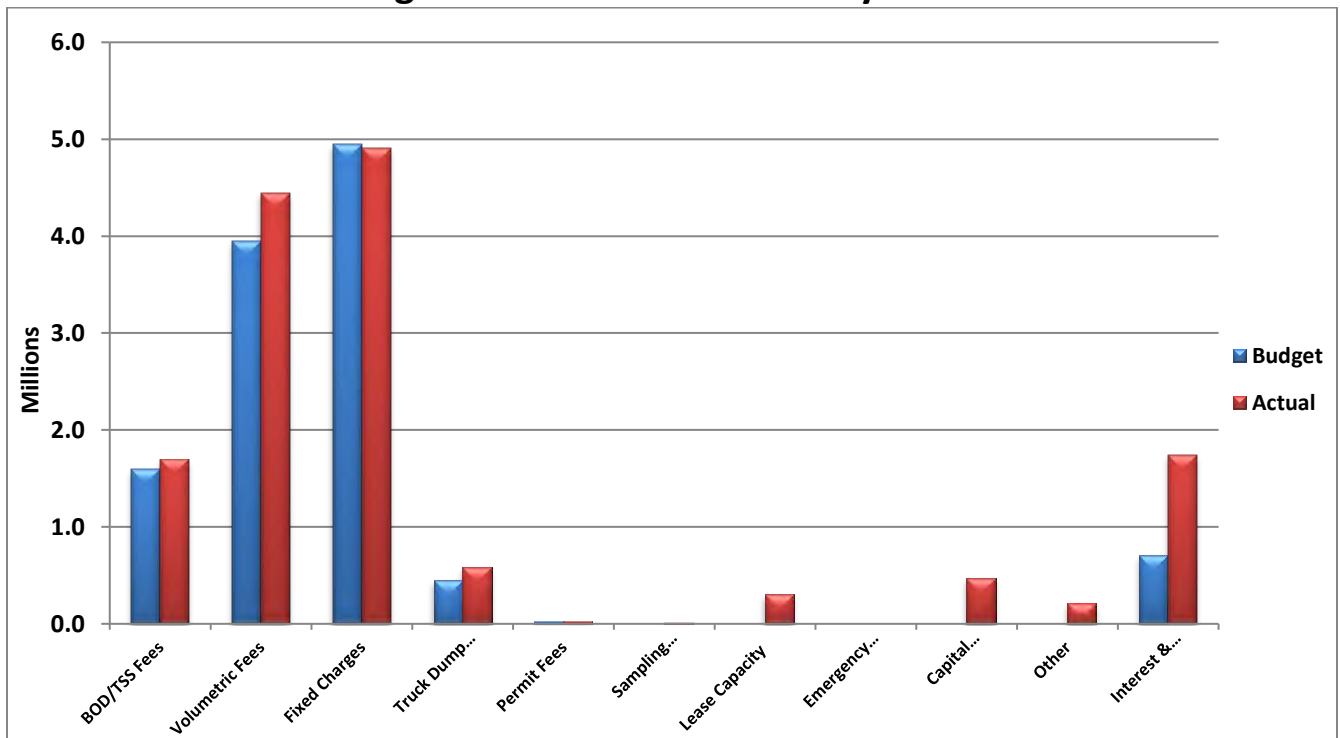
Budget to Actual - Revenues by Source



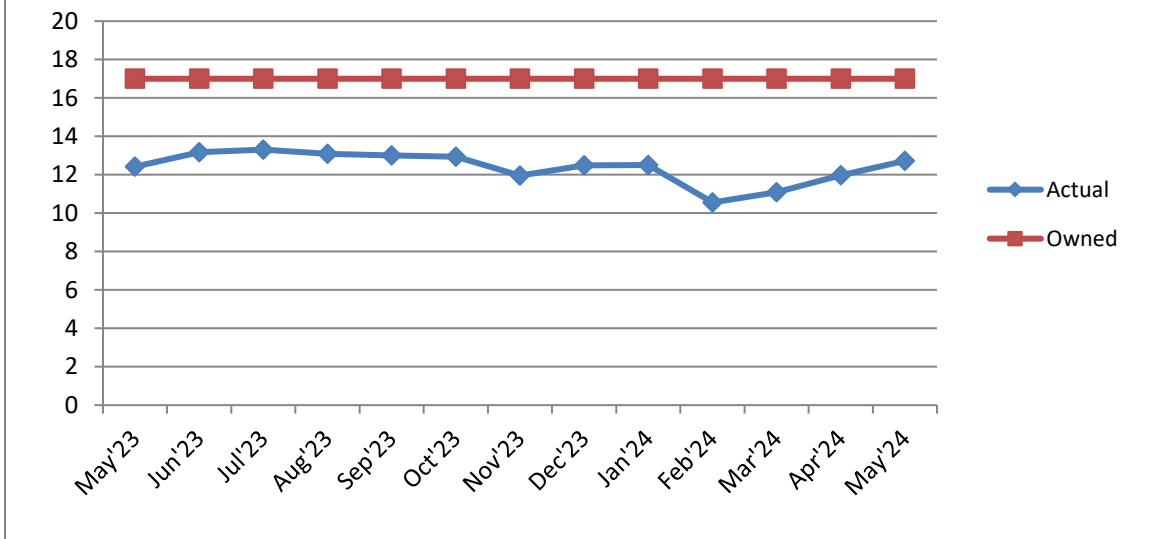
Favorable

	Annual Budget	FYTD Budget	FYTD Actual	Favorable (Unfavorable) Variance
BOD/TSS Fees	\$1,738,500	\$1,593,625	\$1,693,505	\$99,880
Volumetric Fees	4,308,095	3,949,087	4,445,871	496,784
Fixed Charges	5,396,025	4,946,356	4,909,217	(37,139)
Truck Dump Fees	492,400	451,367	585,139	133,772
Permit Fees	26,600	24,383	27,700	3,317
Sampling Surcharge	-	-	11,150	11,150
Lease Capacity Revenue	-	-	302,494	302,494
Emergency Discharge Fees	-	-	567	567
Use of Reserves	-	-	-	-
Capital Contributions	-	-	475,081	260,432
Other Revenue	-	-	212,217	214,649
Interest & Investments	770,000	705,833	1,741,894	1,036,061
Total	\$12,731,620	\$11,670,651	\$14,404,835	\$2,734,184

Budget to Actual - Revenues by Source



Average Daily Flow by Month

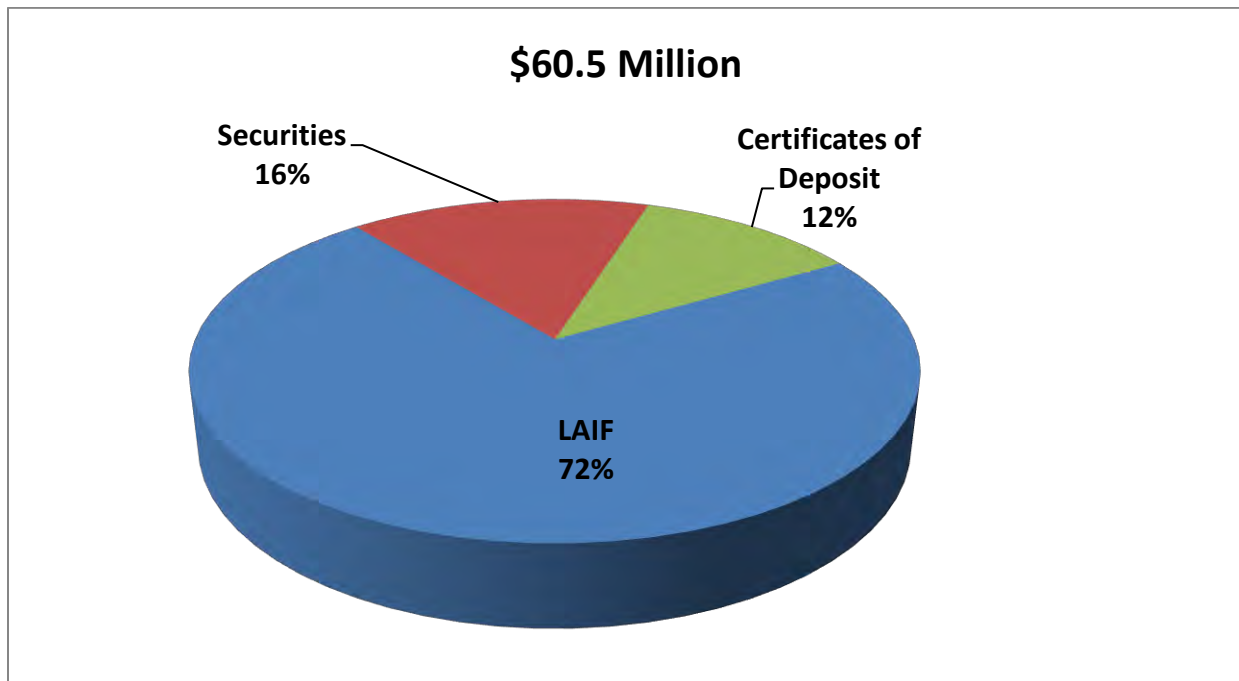


Total Discharge by Agency (in million gallons)

Discharger	Jul'23	Aug'23	Sep'23	Oct'23	Nov'23	Dec'23	Total
Chino Desalter Authority	112.9255	98.9731	115.9900	100.2035	100.3549	122.5894	651.0364
Eastern Municipal Water District	118.6649	113.3889	120.1618	103.9813	94.6151	119.3859	670.1979
Inland Empire Utilities Agency	14.0668	13.8985	13.1309	13.2450	13.5089	13.9267	81.7768
San Bernardino Valley MWD	45.5391	45.0113	43.0704	44.7854	44.5283	45.3451	268.2796
Western Municipal Water District	129.1791	128.7686	119.3664	109.8389	105.7687	107.9789	700.9006
SAWPA Adjustment	2.0000	2.5000	1.5000	0.0000	0.0000	0.0000	6.0000
Truck Discharge	3.3964	3.0670	3.0422	3.3005	2.9823	3.1076	18.8960
Total	425.7718	405.6074	416.2617	375.3546	361.7582	412.3336	2,397.0873

Discharger	Jan'24	Feb'24	Mar'24	Apr'24	May'24	Jun'24	Total
Chino Desalter Authority	100.8655	85.3453	99.1696	100.8362	109.2480		1,146.5010
Eastern Municipal Water District	88.6661	81.6807	99.2079	96.1957	101.7405		1,137.6888
Inland Empire Utilities Agency	12.8018	12.8128	14.1122	13.3698	14.2028		149.0762
San Bernardino Valley MWD	43.6713	37.5042	42.9846	38.3572	42.8450		473.6419
Western Municipal Water District	113.9276	91.4526	98.6692	102.7898	116.3183		1,224.0581
SAWPA Adjustment	0.0000	0.0000	0.0000	0.0000	0.0000		6.0000
Truck Discharge	3.1975	2.9483	3.3836	3.3080	3.4763		35.2097
Total	363.1298	311.7439	357.5271	354.8567	387.8309		4,172.1757





Total Cash & Investments



Reserve Fund Balance

	Amount
Debt Retirement	\$2,979,538
Pipeline Replacement & Capital Investment	32,842,697
OC San Pipeline Rehabilitation	2,849,924
Pipeline Capacity Management	12,671,389
OC San Future Treatment & Disposal Capacity	1,940,031
Brine Line Operating	2,240,462
Brine Line Operating Cash	4,975,947
Total Reserves	\$60,499,988

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 16.6% below budget. It is expected that they will be on target by the end of the year.
