



Inland Empire Brine Line Reserve Funds Review

Karen Williams, Deputy General Manager/ Chief Financial Officer
Commission Meeting
August 20, 2024

Recommendation:

It is recommended that the Commission:

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 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	--	--	--

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

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Questions?



SANTA ANA WATERSHED
PROJECT AUTHORITY

Irrigation Replacement and Landscaping Refresh Project

August 20, 2024

Item No. 6.A

David P. Ruhl, P.E.

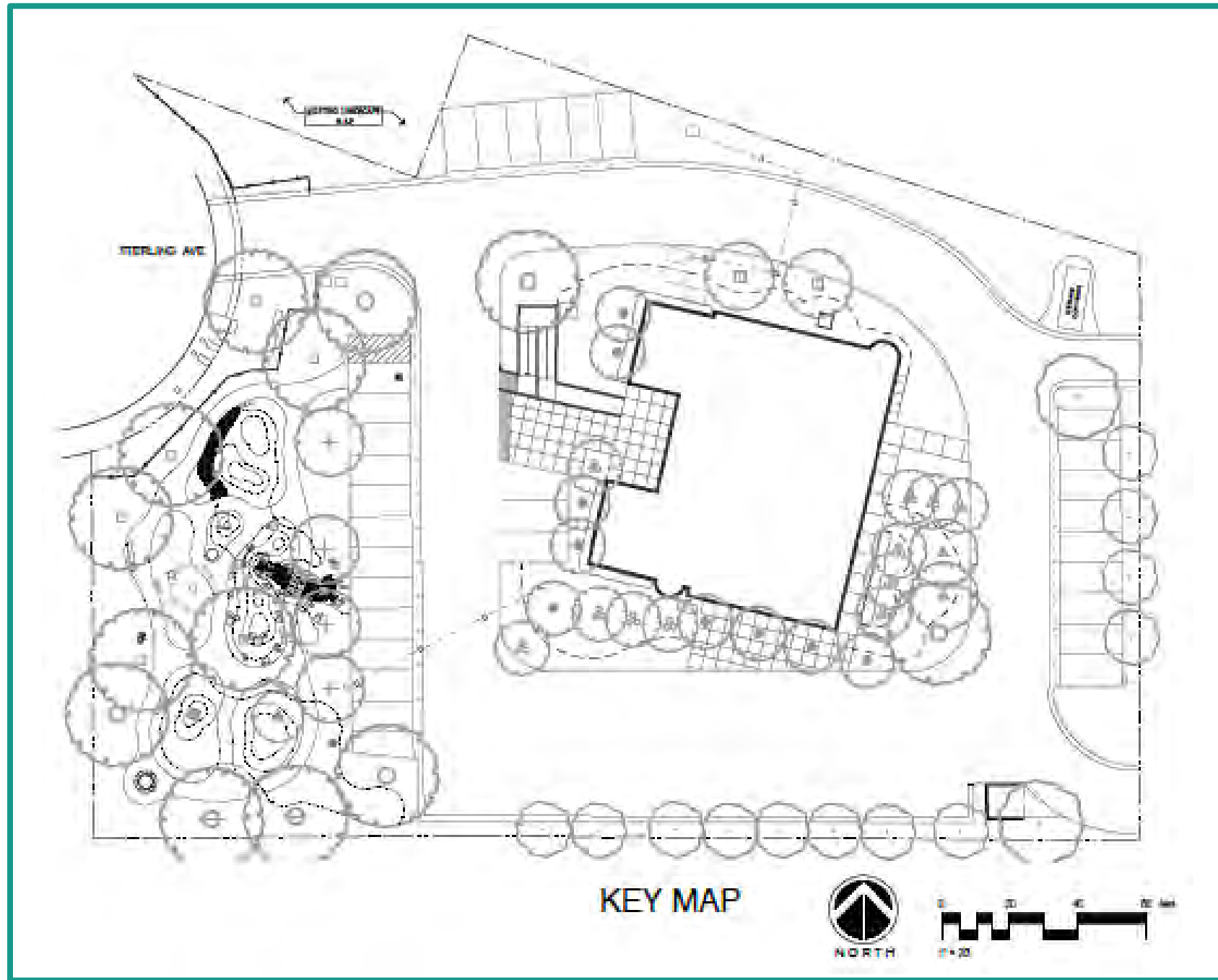
Executive Manager of Engineering and Operations

Recommendation

That the Commission authorize the General Manager to accept the FS Contractors work on the Irrigation Replacement and Landscape Refresh Project as complete and direct staff to file a Notice of Completion with the Riverside County Clerk up the following:

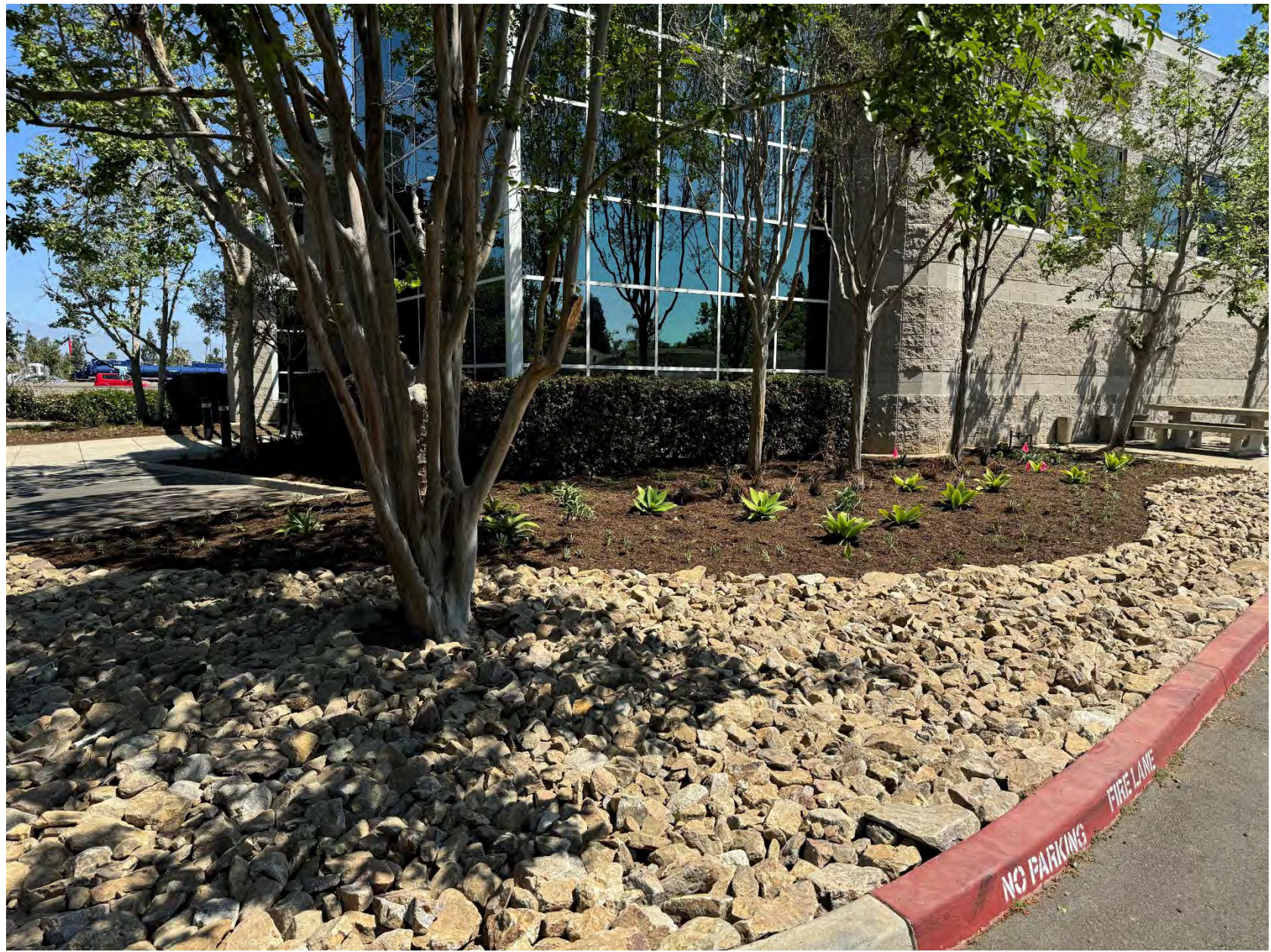
1. Contractor has delivered all documents required by the Contract Documents;
2. Notice from Engineer accepting the work;
3. Receipt of Final Application for Payment from the Contractor; and
4. Notice from the Construction Manager recommending final payment.

Irrigation Replacement and Landscape Refresh



- Commission Award: February 2024
- Contractor: FS Contractors
- Contract Amount: \$189,744.75
- Complete: August 7, 2024
- Project Description
 - Refresh plantings and SAWPA building grounds with new landscape
 - Replace irrigation system





Contract Authorization

Contractor	Contract Amount
• FS Contractors	\$189,734.75
• Change Order 1	<u>(\$19,198.00)</u>
• Final Contract Amount	\$170,536.75



Recommendation

That the Commission authorize the General Manager to accept the FS Contractors work on the Irrigation Replacement and Landscape Refresh Project as complete and direct staff to file a Notice of Completion with the Riverside County Clerk up the following:

1. Contractor has delivered all documents required by the Contract Documents;
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4. Notice from the Construction Manager recommending final payment.

Questions?



SANTA ANA WATERSHED
PROJECT AUTHORITY

Santa Ana River Conservation and Conjunctive Use Program Update

Commission Meeting
Item Number: 6.B
Ian Achimore
Senior Watershed Manager
August 20, 2024

Formulation of SARCCUP Program



2010 to 2014: Through the One Water One Watershed 1.0 and 2.0 plans the SAWPA member agencies developed project concepts focused on watershed-wide imported water banks.



2014: The SAWPA Member Agencies formed the Santa Ana River Watermaster Action Team and began developing a watershed-wide project.



2014: The Action Team applied and received the \$55 Million Proposition 84 Integrated Regional Water Management Program Grant through the OWOW Process for the SARCCUP Project.



2016 to 2018: The Action Team developed a SARCCUP Decision Support Model (DSM) to understand what key facilities were needed to bank water in wet years and utilize it in dry years.

SARCCUP and OWOW Plan Goals

SARCCUP achieves several goals:

- 1) Multi-Agency Collaboration
- 2) Watershed-wide Program
- 3) Develop dry-year supply by banking wet-year water
- 4) Implement:
 - a) Water conservation measures and
 - b) Habitat restoration efforts.

OWOW 2.0 water supply-related goal:

OWOW 2.0 Goal	OWOW Performance Targets for 2035
Maintain reliable and resilient water supplies and reduce dependency on imported water.	Create 58,000 AFY using a combination of additional wells, treatment, conjunctive use storage, and desalination of brackish groundwater.



Purpose of SARCCUP Water Bank



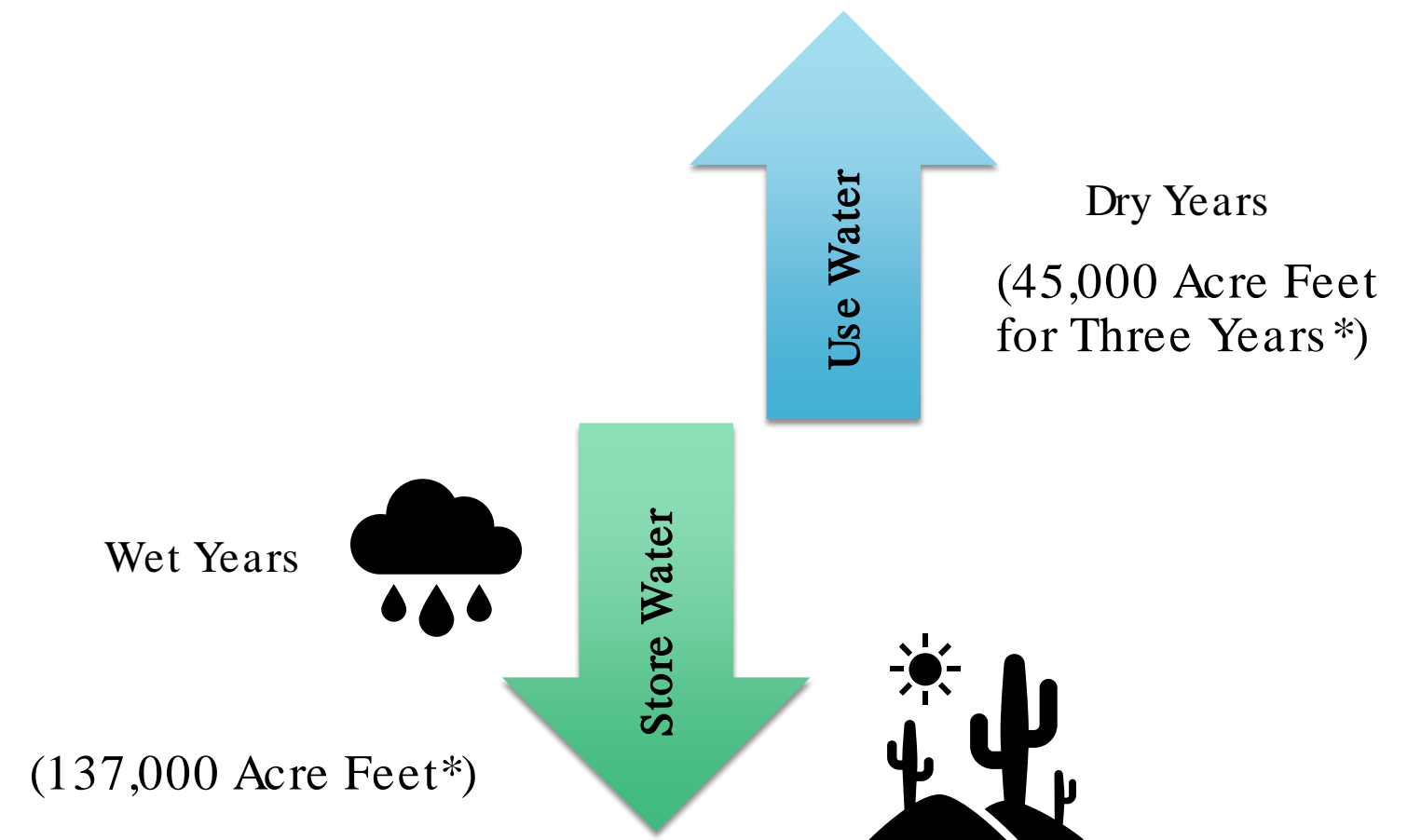
The primary goal is to maximize the storage of wet year imported water supplies that can later be used during droughts.



SARCCUP able to store approximately 137,000 acre-foot (AF) with the capacity to recharge and store up to 60,000 AF per year (AFY) during wet years.



Dry year supply approximately 45,000 AFY for 3 years.*



The target amounts for storage and use are dependent upon actual hydrology.

*To reduce costs, in lieu exchanges will be used in place of direct deliveries as much as possible.

SARCCUP Water Supply Agreements

SBVMWD / MWD Agreement	Surplus water purchases by MWD from SBVMWD	Executed June 2021
MWD/ SARCCUP MWD Member Agencies Agreement	MWD offers at least 50% of surplus water purchases to SARCCUP MWD Member Agencies (EMWD, IEUA, MWDOC (& OCWD), WMWD)	Executed November 2021
SARCCUP Agencies/ MWDOC Agreement	Prescribes the priority and process for the agencies accessing SARCCUP water and places conditions on how, when, and where MWDOC may use SARCCUP water (EMWD, IEUA, MWDOC, OCWD, WMWD)	Executed December 2021
Interagency Operating Committee Agreement	Details roles and responsibilities for decision making surrounding available surplus water for purchase and storage through the SARCCUP program in the water banking facilities (EMWD, OCWD, SBVMWD, WMWD)	Executed May 2023

Conjunctive Use Water Bank

Basin	Storage (Acre Feet) Approximate Amount
Chino	7,000
Elsinore	4,500
Orange County	36,000
Riverside-Arlington	6,000
San Bernardino	64,000
San Jacinto	19,500
Total	137,000

SARCCUP Facility Construction Budget

Conjunctive Use Category	Grant*	Match (Non-State Costs)	Total
Land Purchase	\$510,000	\$3,211,633	\$3,721,633
Design	\$3,663,717	\$4,612,367	\$8,276,084
Construction	\$43,232,767	\$65,647,607	\$108,880,374
Total	\$47,406,484	\$73,471,606	\$120,878,091

Does not include water use efficiency, Santa Ana Sucker habitat, and Arundo Donax removal.

*Proposition 84 Round 4 Integrated Regional Water Management / One Water One Watershed

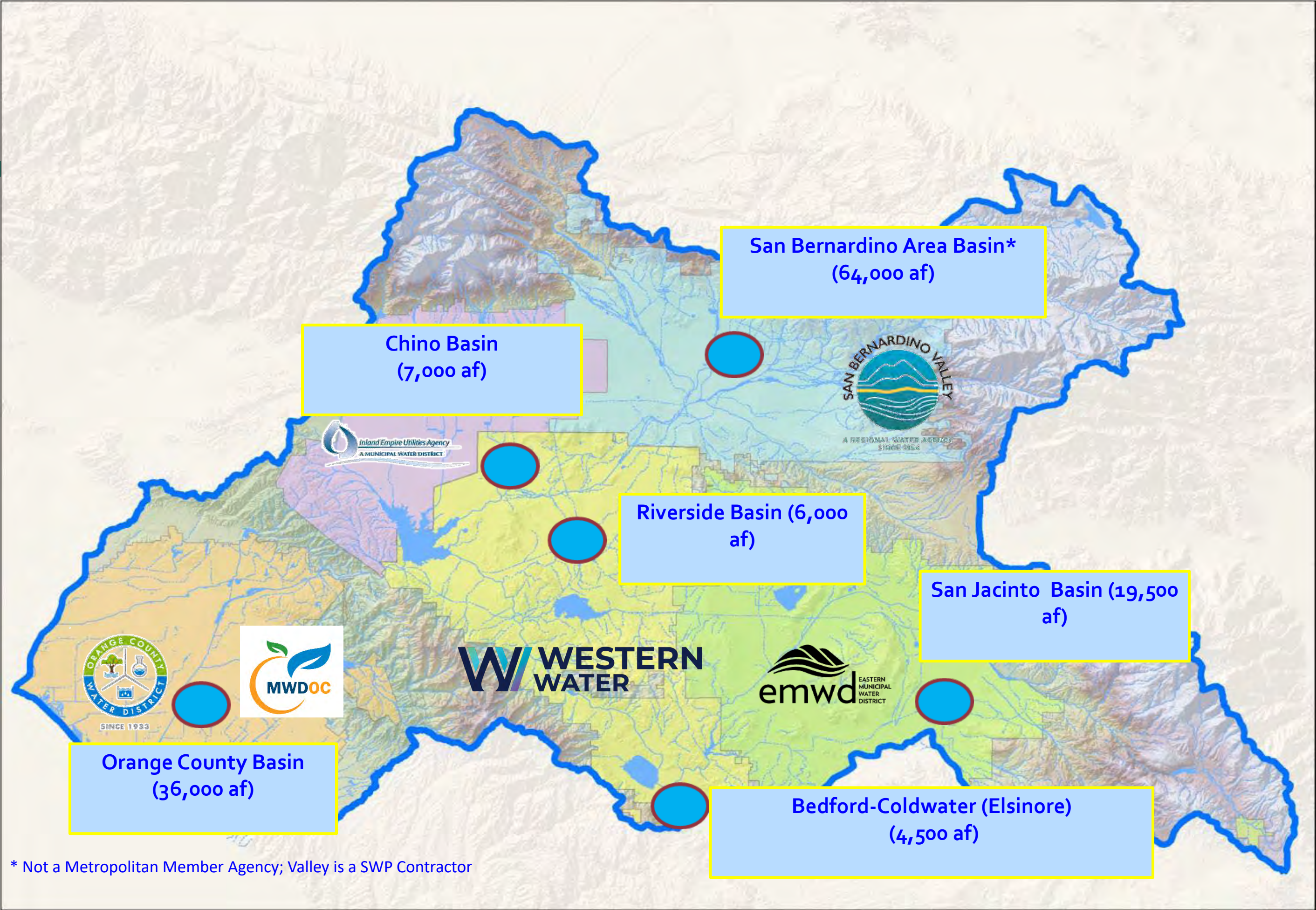
SARCCUP Facility Construction Schedule

Conjunctive Use Category	Start – End
Land Purchase	2016 to 2023
Planning/Design	2016 to 2024
Construction	2016 to 2025

SARCCUP
Water Banking and Extraction
Simplified

SARCCUP Storage

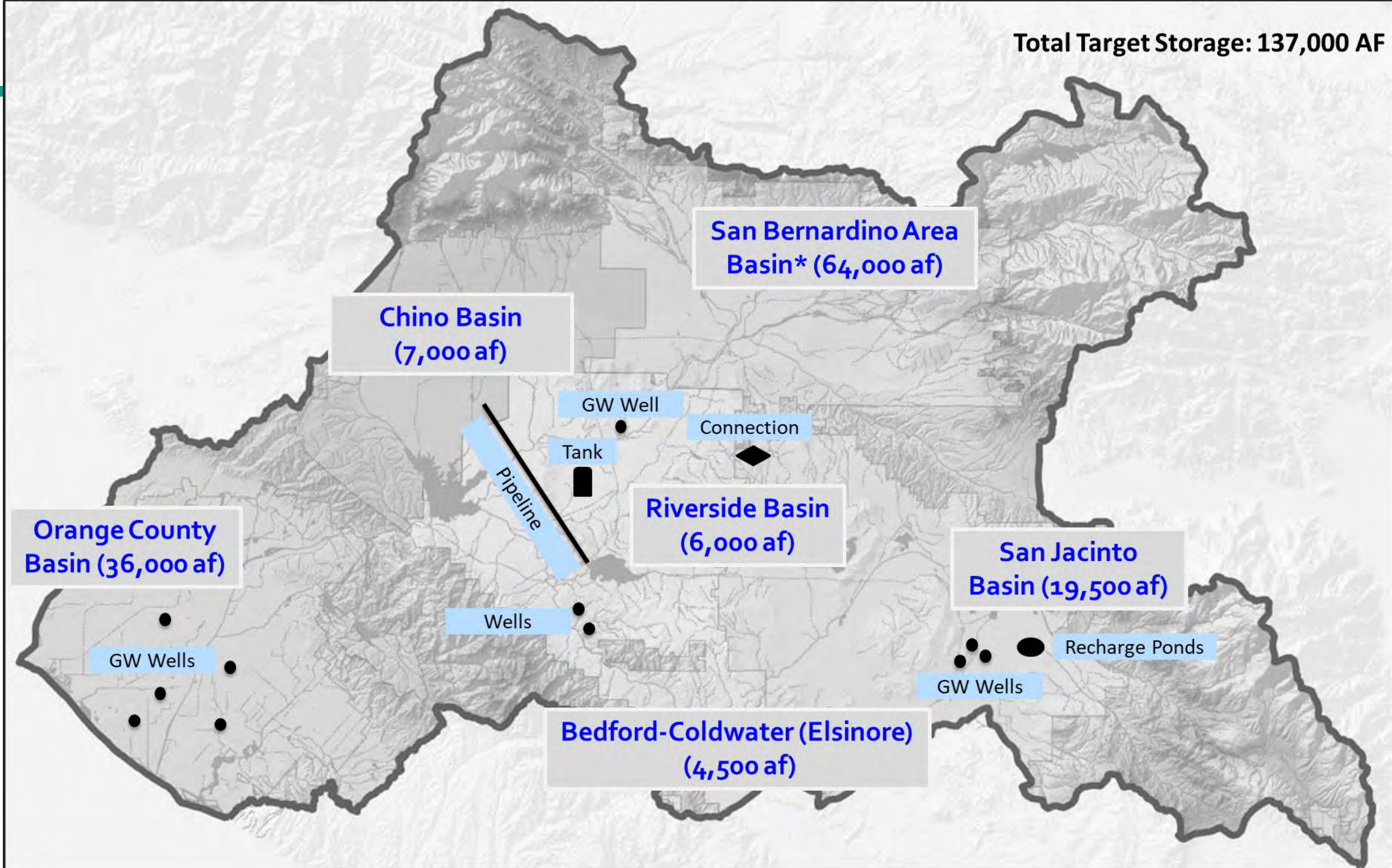
Interconnections and project conveyance components allow direct deliveries amongst basins



* Not a Metropolitan Member Agency; Valley is a SWP Contractor

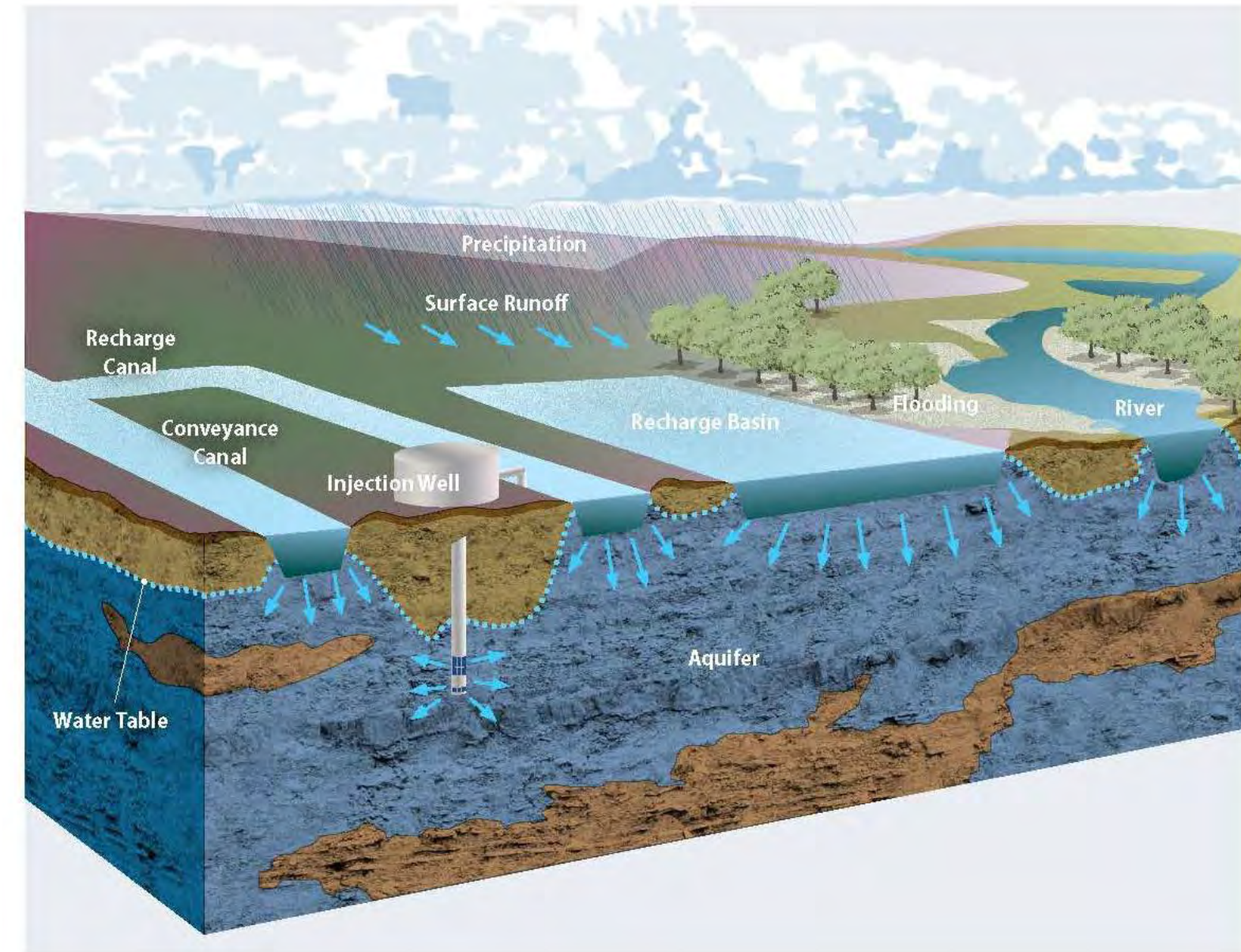
New SARCCUP Facilities

New SARCCUP
Facilities (Black)



Purpose of Regional Project

- Purpose was to further integrate water agencies and combine resources to receive wet year water
- Combining resources is key particularly for conjunctive use programs; these programs require advance planning to be prepared for long periods of drought (dry years)
 - The water bank acts as an “insurance policy” for dry years

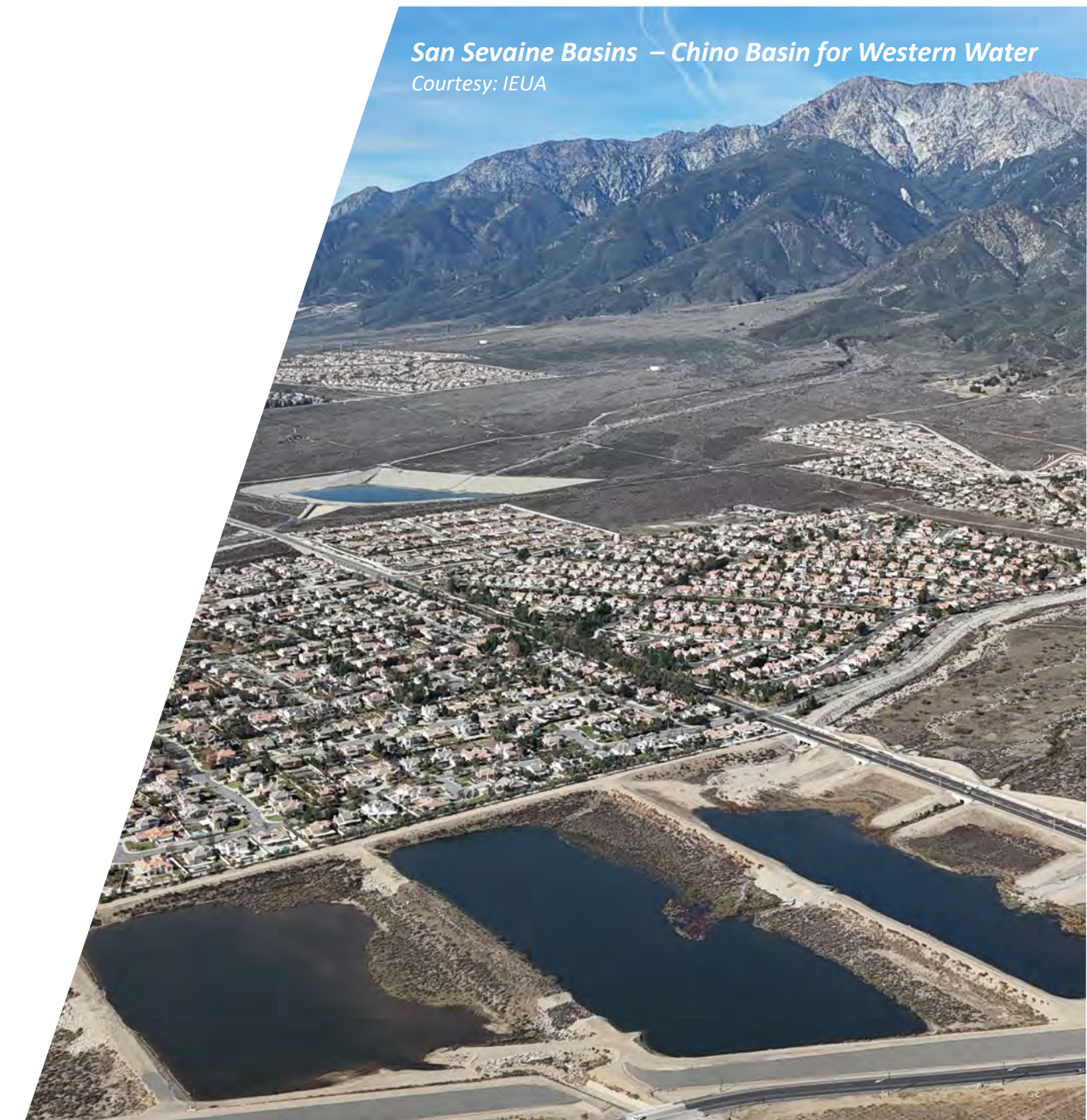


Operations Committee

- Purpose:
 - Analyze transactions for water purchases, storage and delivery
 - Support operating decisions for movement of SARCCUP water
 - Oversee financial transactions and streamline reporting
- Other highlights:
 - Key agencies (i.e., MWD) participate as non-voting parties or observers
 - Details procedures for water purchases, storage, points of delivery, scheduling transactions, etc.
- Meet as needed

Current SARCCUP Storage

- **Orange County Basin** - OCWD has deposited 2,000 AF in their portion of the SARCCUP bank
- **Chino Basin** – Western Water has deposited 2,084 AF in their portion of the SARCCUP storage
- No water extracted from the program at this point

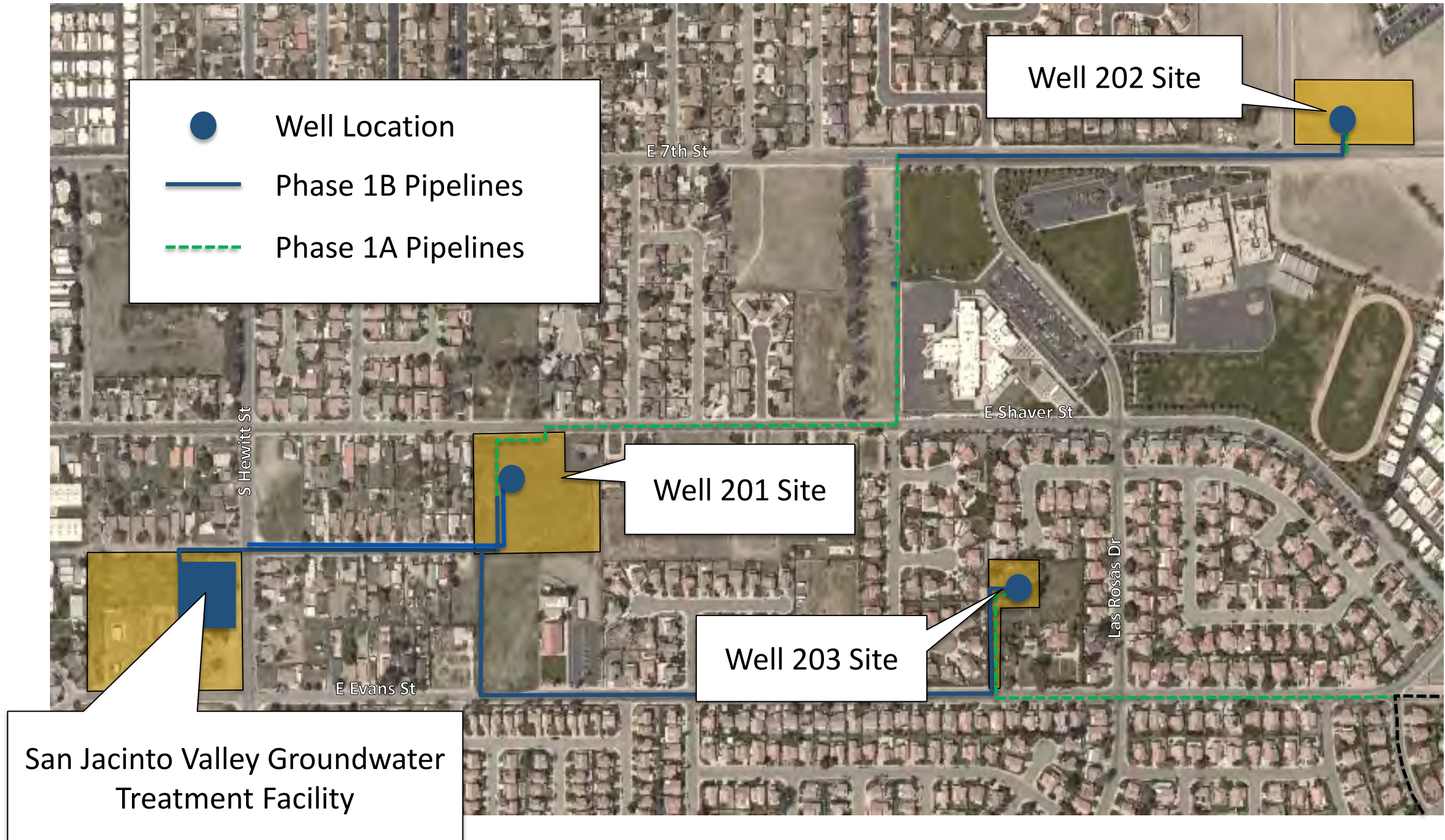


EMWD Updates



San Jacinto Groundwater Basin Facilities (Mountain Avenue West
Groundwater Replenishment and Extraction Wells)

Wells 201, 202, 203



City of San Jacinto

EMWD Updates

- ▶ Mountain Ave West Groundwater Replenishment Facility: facility utilized on a temporary basis while the recharge ponds were undergoing repair (April-June)
- ▶ Wells 201-203: Equipping completed in early 2024
- ▶ San Jacinto Valley Groundwater Treatment Facility:
 - Not included in SARCCUP grant funding but pertinent to the project
 - Groundbreaking ceremony held in early July
 - Construction completion in summer 2026



Multi-Benefits of New SARCCUP Infrastructure

- Mountain Avenue West Replenishment Facility
 - 40-acre recharge facility, including 22-acres of active recharge basins as part of the San Jacinto Valley Enhanced Regional Recharge Program (SJVERRP)
 - Three separate basin facilities – one for de-silting and flow distribution and two for recharge operations
 - Capable of recharging up to 30,000 acre-feet per year (19,500 AF for SARCCUP Storage)
 - 11 monitoring well sites surround facility
- Three potable wells: Wells 201, 202, and 203 (plus Well 205 but not grant-funded)
 - Conveyance Pipelines
 - Hewitt and Evans Groundwater Treatment Facility (not grant-funded)
 - Each Well Capacity: 1,500 gpm
 - Total Water Supply: 6,500 AFY

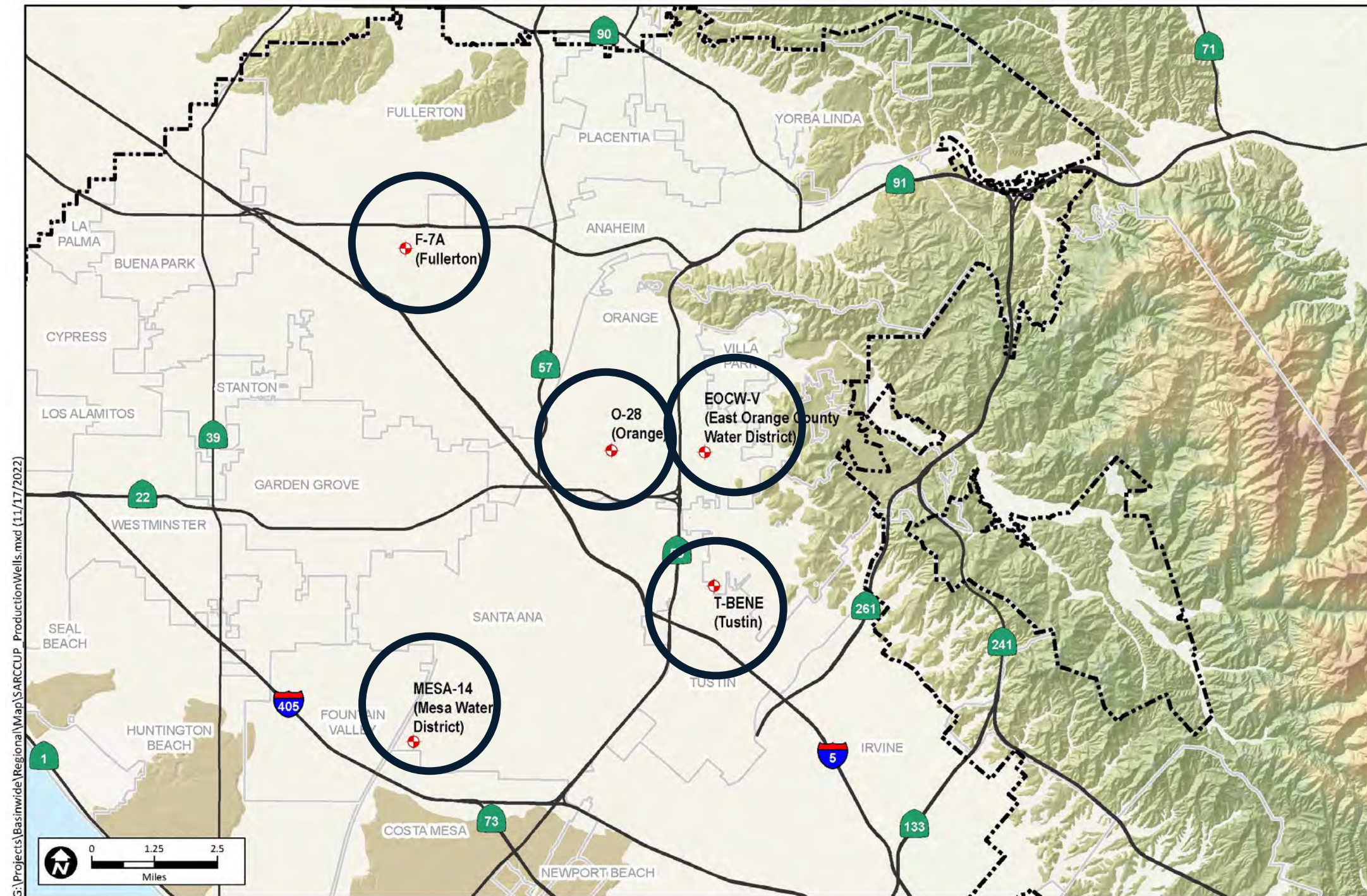


OCWD UPDATES



Orange County Groundwater Wells

Five SARCCUP production wells were constructed



All five wells are completed and well equipping is on-going for two wells

Agency	Well Name	Date Well Completed	Projected Equipping Complete
City of Fullerton	Well 7A	February 2021	March 2025
City of Orange	Well 28	March 2022	March 2025
City of Tustin	Beneta Well (R)	September 2022	March 2024
East Orange County Water District	Vanderwerff Well	December 2021	September 2023
Mesa Water District	Well 14	March 2021	March 2023

Multi-Benefits of New SARCCUP Infrastructure

- Provides each participating retailer additional pumping capacity to withdraw banked SARCCUP water when needed.
- The new wells are more efficient and will require less energy to withdraw water compared to older wells (reduce carbon footprint).
- With the new construction, OCWD took advantage of the opportunity to install wellhead treatment systems at wells that needed treatment for PFAS (4 of the 5). These systems will ensure that the quality of the produced water meets regulatory requirements.

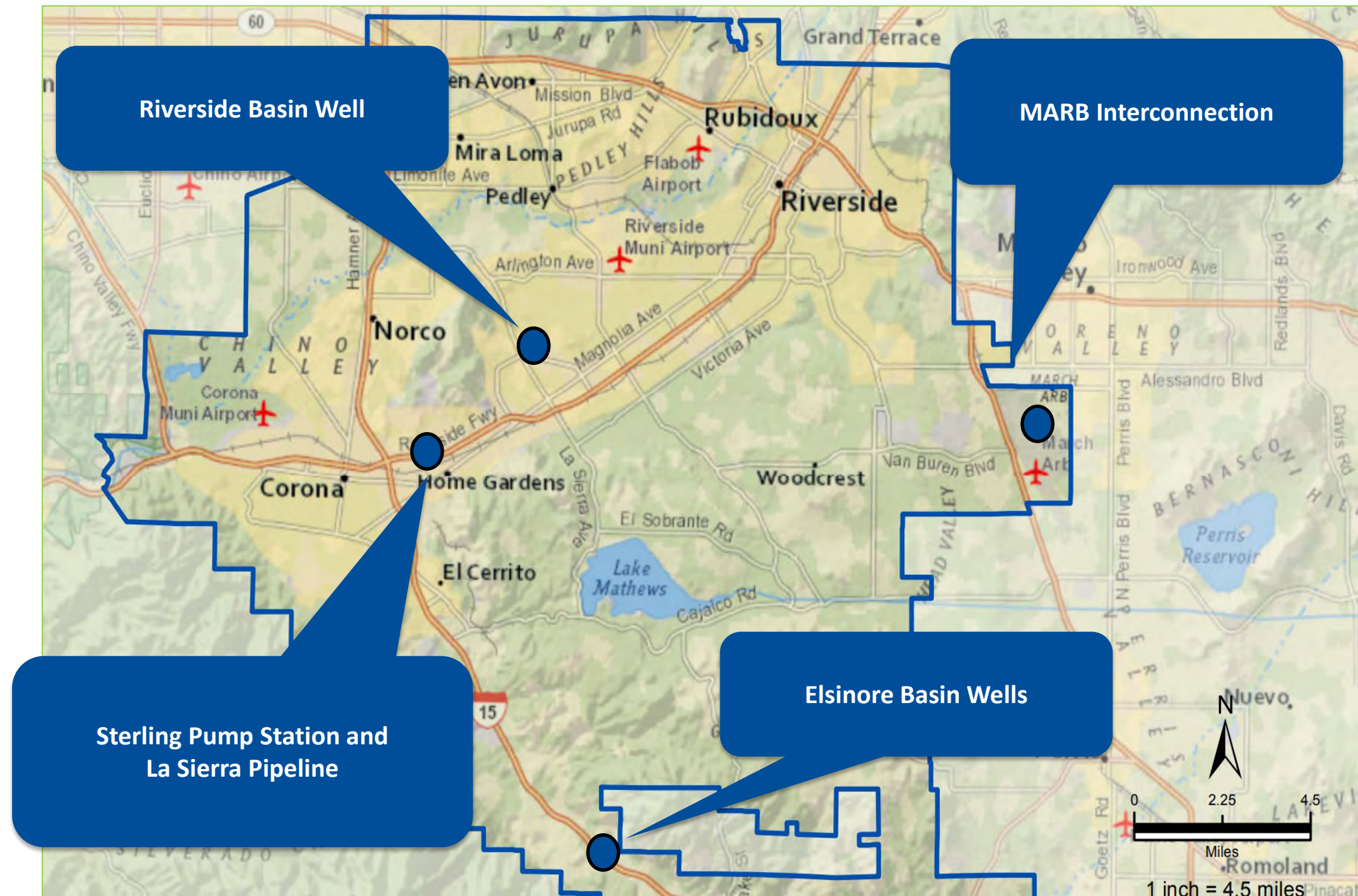


WMWD Updates



Sterling Pump Station, Riverside-Arlington Basin Facilities, Elsinore
Basin Wells, and Interconnections

SARCCUP WMWD Facilities



Sterling Pump Station and La Sierra Pipeline

- Sterling Pump Station & Reservoir, and La Sierra Pipeline (~\$40 million) were completed in late 2022
- Connection between Chino Desalter II to Arlington Desalter System to Mills Gravity Line
- Allows movement of extracted SARCCUP supplies to move to JCSD, Norco, Corona, Western retail, Temescal Valley, and Elsinore Valley



Interconnections

- Magnolia Intertie construction underway (~90% complete)
- March Air Reserve Basin (MARB) Interconnection complete
- Allows movement of extracted SARCCUP supplies from various groundwater basins

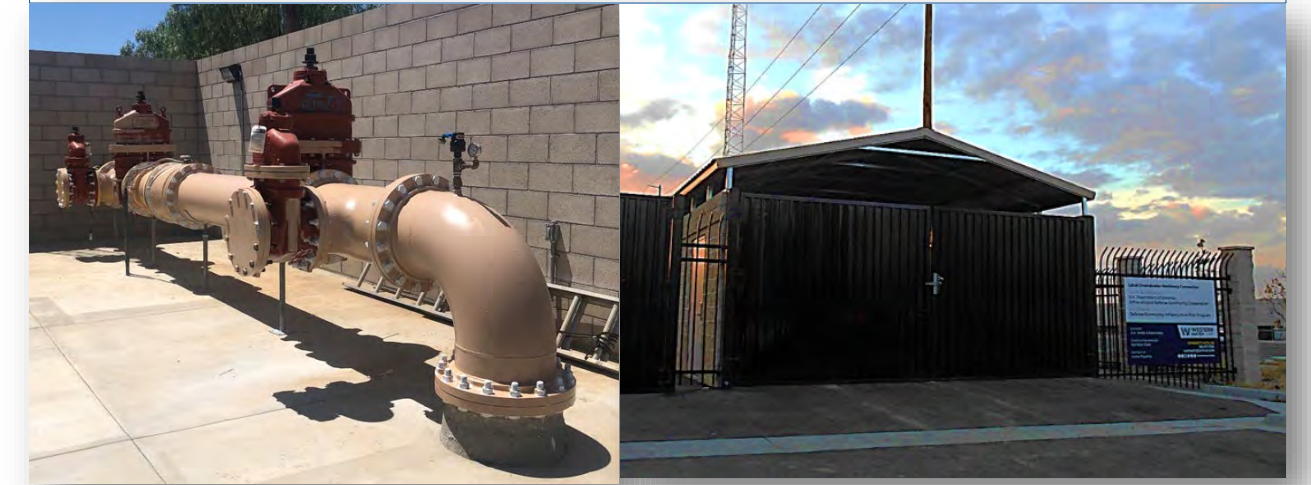
Riverside Basin Well

- Well drilling and casing installation complete
- Pumping development, testing and sampling complete
- Design bids due in September 2024
- Allows movement of extracted SARCCUP supplies from San Bernardino Basin Area, Riverside, and Riverside-Arlington groundwater basins

Elsinore Basin Wells

- New extraction wells with PFAS treatment
- Projects under construction (~30% complete)
- Allows movement of extracted SARCCUP supplies from Elsinore groundwater basins

MARB Interconnection Facility



Riverside Basin Well Casing Install



Elsinore Basin Wells
GAC Backwash Foundation **Well 2 Drilling**



Multi-Benefits of New SARCCUP Infrastructure

- Provides additional pumping capacity to withdraw banked SARCCUP water
- Newer energy efficient equipment (wells, pump station, etc.)
- Interconnections for movement of SARCCUP supplies from various groundwater basins
- Western's sub-agency took the opportunity to install treatment for PFAS
- New conveyance systems allows movement of extracted SARCCUP supplies to move to JCSD, Norco, Corona, Western retail, Temescal Valley, and Elsinore Valley
- Overarching:
 - Collaborating with neighboring agencies to optimize regional resources
 - Created a water storage initiative for the watershed to utilize surplus supplies
- Program underway with over 4,000 AF banked

Thank You

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