



FONTANA WATER COMPANY

A DIVISION OF SAN GABRIEL VALLEY WATER COMPANY

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March 12, 2025

California Water Commission
901 P Street, Suite 142A
Sacramento, CA 95814

Subject: Letter of Support – Inland Empire Utilities Agency's Request for Reallocation of Los Vaqueros Expansion Funds and Proposition 4 Funds for Proposition 1 Water Storage Investment Program (WSIP) Projects

Dear Chair and Commissioners,

As a local agency partner to the Chino Basin Program (CBP), Fontana Water Company (FWC) supports the Inland Empire Utilities Agency's (IEUA) request to the California Water Commission (Commission) allocating available funds including remaining Los Vaqueros Expansion funds, totaling approximately \$453.7 million and \$75 million from Proposition 4 to address the severe inflationary pressures impacting the existing WSIP projects.

IEUA points out that the Commission's economic consultants estimated a greater than 50% inflation rate for large infrastructure projects since the WSIP Maximum Conditional Eligibility Determinations (MCEDs) were calculated on the basis of 2015 dollars. Consequently, the financial burden on IEUA and its local agency partners to implement the Chino Basin Program (CBP) has grown disproportionately, and funding no longer matches the value of public benefits. To expedite negotiations with the projects partners and secure their commitment, an additional allocation of \$53.9 million, as suggested by Commission staff, is deemed crucial for the CBP's timely progress.

IEUA advocates for the proportional allocation of the available funds as it minimizes additional staff costs, allows for swift reallocation, and focuses efforts on bringing current projects to fruition. The CBP has made significant progress in planning, design, permitting, and agreements and is well-positioned to utilize additional funding to maintain its schedule. IEUA also points out that this funding strategy reflects the will of the California voters, as stated in Proposition 4, which prioritizes the timely completion of approved projects by adjusting grants for inflation and increased public benefits (*PRC Section 91015*).

Fontana Water Company extends its gratitude for your consideration of this request and your dedication to the successful execution of WSIP projects.

Sincerely,

Cris Fealy
Director of Water Resources

