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October 20, 2021

Ms. Karla Nemeth  
Director, California Department of Water Resources  
P.O. Box 942836, Room 1115-1  
Sacramento, CA 94236-0001

Subject: Chino Basin Program Letter of Commitment for Non-public Benefit Costs

Dear Director Nemeth,

In July 2018, the California Water Commission (CWC) approved \$206.9 million in conditional funding from the Proposition 1 Water Storage Investment Program (WSIP) for the Inland Empire Utilities Agency's (IEUA) Chino Basin Program (CBP). In 2021, IEUA received additional WSIP funds with a current conditional award amount of \$212,072,500. WSIP Regulations Section 6013(f)(2) states that all projects must meet statutory requirements to remain eligible for funding and show continued progress. This letter confirms IEUA's commitment to meet this requirement and fund the non-public benefit cost shares of the CBP, pursuant to Water Code section 79757(a)(3).

The CBP is an innovative approach to addressing local, regional, and statewide water resources management issues through strategic partnerships, creative water exchanges, and deployment of new critical infrastructure. The CBP promotes proactive investment in managing the water quality of recycled water and groundwater in the Chino Basin. The CBP also meets regional water supply reliability needs in the face of climate change, while leveraging California's interregional plumbing system.

The CBP consists of advanced water treatment facilities, injection wells, extraction wells, and water distribution system improvements that would collectively treat and store up to 15,000 acre-feet per year of recycled water in the Chino Basin, creating a new local water supply to be online in 2028. These facilities would also connect to the Metropolitan Water District of Southern California (Metropolitan) water distribution system to allow for a portion of the water supply developed by the CBP to be delivered to Metropolitan. The CBP water will offset State Water Project (SWP) Table A water supplies that would instead be released from Lake Oroville to create pulse flows in the Feather River for ecosystem benefits, of which IEUA and the California Department of Fish and Wildlife (CDFW) have been working towards potential points of agreement, as reflected in the CDFW letter included herein. As a SWP Contractor, Metropolitan is a vital partner and would serve as a fundamental party in completing the proposed water exchange between supplies stored locally in the Chino Basin and SWP supplies

*Water Smart - Thinking in Terms of Tomorrow*

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stored in Lake Oroville. A letter of support from Metropolitan is also included herein. In addition, the CBP will provide emergency response and water quality benefits, along with other non-public benefits.

IEUA will continue to pursue additional WSIP funding if it becomes available, as well as other State and Federal funding opportunities to offset remaining capital costs. The remaining balance of capital and operating costs will be financed by IEUA with cost recovery through 1) IEUA wastewater rates under the Chino Basin Regional Sewage Service Contract which includes the following contracting agencies: the cities of Chino, Chino Hills, Fontana, Montclair, Ontario, Upland, and Cucamonga Valley Water District in the city of Rancho Cucamonga, and 2) agreements with local participating agencies that will use a portion of CBP water supplies in lieu of water deliveries from Metropolitan. CBP costs will be included in IEUA's annual budget and capital financing plan.

IEUA is committed to the success of the CBP and looks forward to continued coordination and collaboration with the California Department of Water Resources and the CWC. If you would like additional information or have any questions about the CBP, please contact Sylvie Lee, the CBP Program Manager, at (909) 993-1646 or [SLee@ieua.org](mailto:SLee@ieua.org).

Sincerely,

Inland Empire Utilities Agency

DocuSigned by:  
  
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Shivaji Deshmukh, P.E.  
General Manager





State of California – Natural Resources Agency  
DEPARTMENT OF FISH AND WILDLIFE  
Director's Office  
P.O. Box 944209  
Sacramento, CA 94244-2090  
[www.wildlife.ca.gov](http://www.wildlife.ca.gov)

**GAVIN NEWSOM, Governor**  
**CHARLTON H. BONHAM, Director**



August 24, 2021

Sylvie Lee  
Manager of Strategic Planning & Resources  
Inland Empire Utilities Agency (IEUA)  
[slee@ieua.org]

**Subject: Response to *Potential Agreement Points for DFW-IEUA Public Benefits Contract***

Dear Ms. Lee:

The California Department of Fish and Wildlife (CDFW), is submitting this letter in response to your email dated July 29, 2021, containing an attached document entitled *Potential Agreement Points for DFW – IEUA Public Benefits Contract* for IEUA's Chino Basin Conjunctive Use Environmental Water Storage/Exchange Program (Chino Basin). In an effort to help IEUA provide clarification to its member agencies, CDFW is providing the following details regarding CDFW's current understanding of IEUA's ecosystem benefit commitments under the Water Storage Investment Program (WSIP). The potential points of agreement discussed below may be used to help establish the future ecosystem public benefits contract between CDFW and IEUA. However, this letter is not intended to be legally binding and does not constitute a binding contractual agreement. CDFW does not make any guarantee of, or commitment to, future project approval, funding, or contracting based on this document and reserves the right to comment and provide feedback on future environmental and planning documents.

For purposes of clarification around potential points of agreement, CDFW's current understanding of the project is that:

- IEUA will provide a total of 375 thousand acre-feet (TAF) of water to serve as pulse flows from Lake Oroville to the Feather River. CDFW recognizes that it is IEUA's intent to provide the total volume of 375 TAF of water within a period of 25-years. However, if the full volume of water is not provided within the 25-year period, IEUA will remain contractually obligated to provide the remaining volume of water, until such time as the full contracted volume of 375 TAF of water has been met. Once the full volume of water has been provided, IEUA will assume all rights to all future supplies developed by Chino Basin Program facilities.
- IEUA will dedicate storage capacity of 100 TAF in the Chino Basin and facilitate exchanges with Metropolitan Water District of Southern California to provide for maximum annual pulse flows of up to 40 TAF of water.
- The Department of Water Resources (DWR) will develop and implement an annual forecast procedure to determine the potential volume of pulse flows that

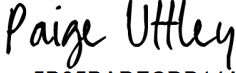
Sylvie Lee, Manager of Strategic Planning & Resources  
Inland Empire Utilities Agency (IEUA)  
August 24, 2021  
Page 2

can be accommodated by the State Water Project (SWP) without significant risk of impacts to other SWP operations. Based on preliminary analysis conducted by DWR, the annual forecast procedure is expected to significantly limit pulse flow operations in extremely dry conditions, including most critically dry years as measured by the Sacramento River Index. However, should DWR's forecast indicate that water is available for a pulse flow exchange in a critically dry year, CDFW reserves the right to call for a pulse flow exchange.

CDFW welcomes further discussion on these, and additional, potential points of agreement and remains committed to assisting IEUA in its efforts to work towards finalizing the ecosystem public benefits contract for Chino Basin.

Sincerely,

DocuSigned by:

  
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THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

Office of the General Manager

May 24, 2021

Shivaji Deshmukh, P.E.  
General Manager  
Inland Empire Utilities Agency  
6075 Kimball Avenue  
Chino, CA 91708

Dear Shivaji Deshmukh, P.E.:

Letter of Intent to Collaborate on the Inland Empire Utilities Agency's  
Water Storage and Investment Program Application to the California Water Commission

The Inland Empire Utilities Agency (IEUA) submitted an environmental water exchange program in response to California Water Commission's (CWC) Water Storage Investment Program (WSIP) solicitation. CWC selected the application for further development. Over the past two years, Metropolitan Water District of Southern California (Metropolitan) has worked with IEUA as a potential State Water Project Contractor, to refine the approach and operational requirements of the WSIP and create a mutually beneficial program with local, regional and statewide value. This Letter of Intent to Collaborate documents Metropolitan's commitment to these efforts.

Accordingly, Metropolitan intends to continue working collaboratively and proactively with IEUA to:

- Develop viable operating terms and conditions that ensure the WSIP environmental water exchange will not negatively impact the water supply or system operations of the State Water Project, Metropolitan, its member agencies, or other State Water Contractors;
- Develop an agreement with the State and other necessary parties to facilitate the developed exchange of State Water Project water;
- Identify and develop program capital facilities and operations needed to deliver exchange water to Metropolitan's system;
- Engage with stakeholders as necessary to represent Metropolitan's and IEUA's mutual interest in the program;
- Support future efforts by IEUA to obtain federal funding to offset program costs; and,
- Explore opportunities for additional regional benefits including future opportunities for long-term storage programs in the Chino Basin.

A handwritten signature in black ink, appearing to read "Jeffrey Kightlinger".

Jeffrey Kightlinger  
General Manager  
Metropolitan Water District of Southern California