



City of Rialto / IEUA Water Resources Partnership Final Agreement

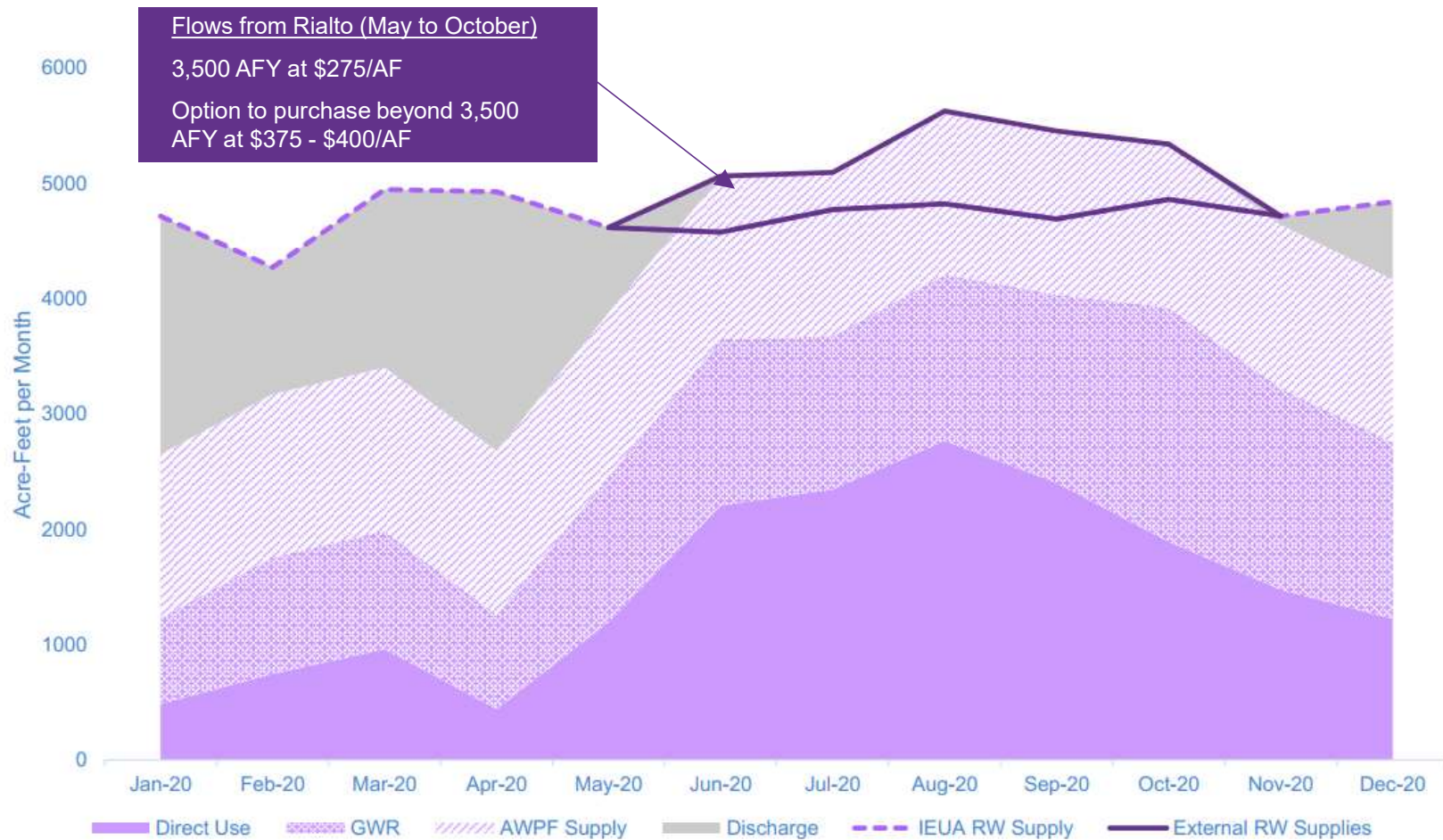
**City of Rialto
City Council Meeting
April 23, 2024**

Background

- The City of Rialto is interested in monetizing its recycled water as an annual revenue source.
- Due to the seasonality of recycled water supplies, IEUA needs to augment its recycled water supply during peak demand months between May and October.
- IEUA and the City of Rialto initiated water resources partnership discussions in 2019.



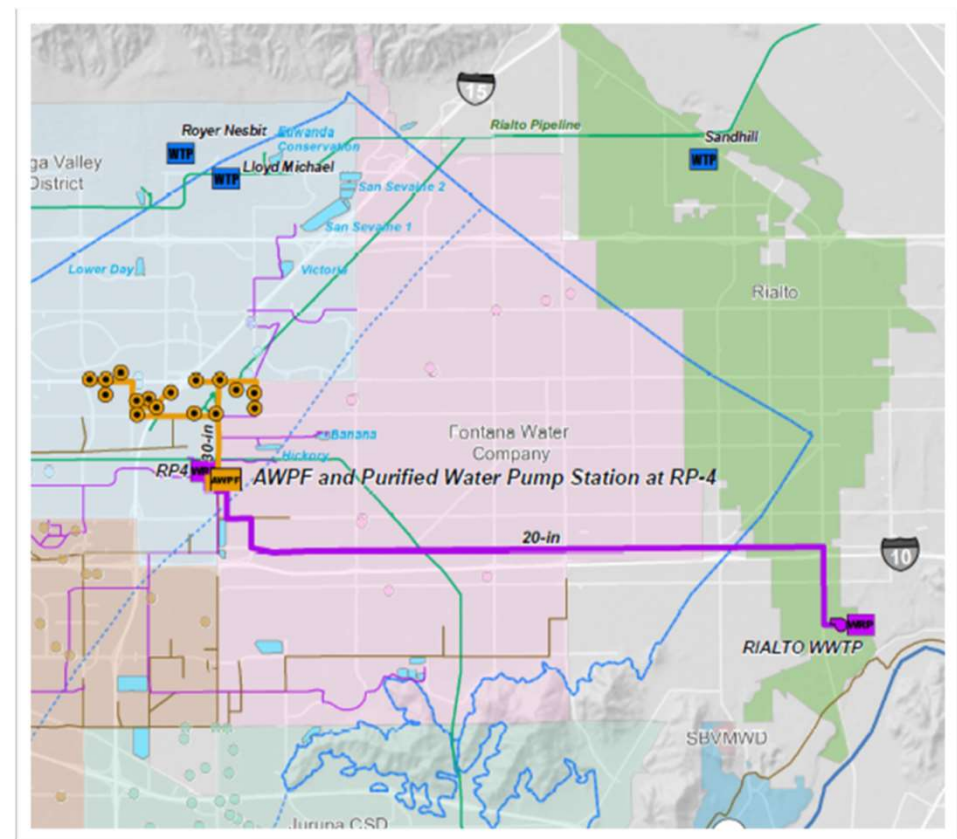
IEUA Recycled Water Supplies vs Demands



Proposed Infrastructure & Agreement Summary

- **City of Rialto RW supply: $\approx 7,900$ AFY**
 - City diversions were considered under the Santa Ana River Multi-Species Habitat Conservation Plan (SAR MSHCP). Permits are still required.
- **Project Components**
 - 6.2 MGD for six months [May to October] 3,500 AFY
 - (1) Pump station + pipeline + interconnection
 - Up to \$1M for supplemental facilities to meet HCP discharge requirements

Term [Years]	Proposed Commodity Rate
50	\$275/AF
Option to purchase beyond 3,500 AFY	\$400/AF



Key Provisions of the Final Agreement



- IEUA to design, construct, and operate recycled water facilities (i.e., pipeline, pump station, interconnection). Rialto has no out of pocket cost for participation in these facilities.
- IEUA will contribute \$1 million toward the construction of facilities necessary to help satisfy Rialto's obligation for discharge into the Santa Ana River ("HCP supply project"). The selection of an HCP supply project shall be at the sole discretion of Rialto.
- IEUA to have exclusive rights to divert a "Base Supply" of 3,500 acre-feet of Rialto's recycled water into IEUA's system
- IEUA to purchase this "Base Supply" at a rate of \$275 per acre-feet annually between May and October for a period of 50 years. The annual rate is to be adjusted at 2 percent or the CPI index, whichever is higher.
- IEUA has the first right to the "Optional Supply" for the remaining six months or future expanded flows over the facilities' capacity at a rate of \$400 per acre-feet. The annual rate is to be adjusted at 2 percent, the CPI index or indexed to Metropolitan Water District's percentage increase, whichever is higher.
- There is a proposed "Supply Deposit Fee" of 20% of the "Base Supply" until commencement of delivery of recycled water. Some minor revision was proposed. See next slide.

Final Agreement vs Term Sheet

What changed?



- The effective date will be the date of the Final Agreement versus the Term Sheet.
- IEUA will be participating in a cost share of grading to accommodate the proposed IEUA pump station.
- Public contracting clarifications to ensure conformance with grant funding requirements.
- Clarifications of the Supply Deposit Fee and timing of the City diversion permits
- Minor operational clarifications
 - Schedule and advance notice of activities, operational coordination, emergencies, etc.
 - SCADA
- Dispute resolution language
 - IEUA accepted the City's proposed language

Next Steps After Approval of the Final Agreement.



- The City is responsible for the necessary Change of Use/ Diversion Permits. City staff will continue with this process and recommend the necessary consulting/permitting support. IEUA will also lend support, but the responsibility is the City of Rialto's.
- IEUA will continue developing the designs for the Pump Stations and Pipeline. The City will continue to play a role in supporting the technical development and reviews through final design and construction.
- City staff will continue to evaluate the need for potential facilities for conformance with the HCP, including potential benefits to the HCP. The evaluation will include timing of future effluent flow increases due to growth in the City's sewer service area, including extraterritorial areas.
- Continue to explore monetization of November to April effluent flows (*On-going*)

Questions/Discussion