

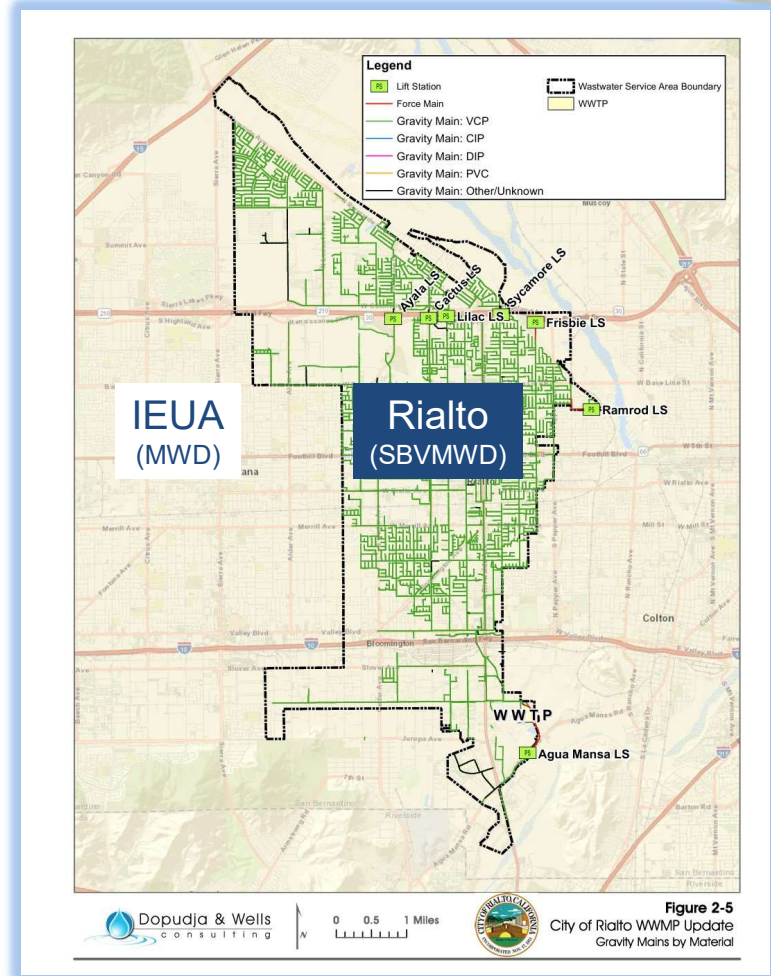


City of Rialto / IEUA Water Resources Partnership

**U.S Conference of Mayors
Mayors Water Council
June 21, 2024**

Introduction

- The City of Rialto's wastewater collection system serves its community of approximately 104,000 residents.
- The City also has the ability to serve additional areas outside its City boundary, but within its Sphere of Influence.
- Like most cities and utility agencies, the cost of maintaining a reliable level of service are increasing.
 - Maintenance
 - Repairs and replacements
 - Changes in demands
 - Construction costs
 - Labor costs
- There are all putting increased pressure on rates.



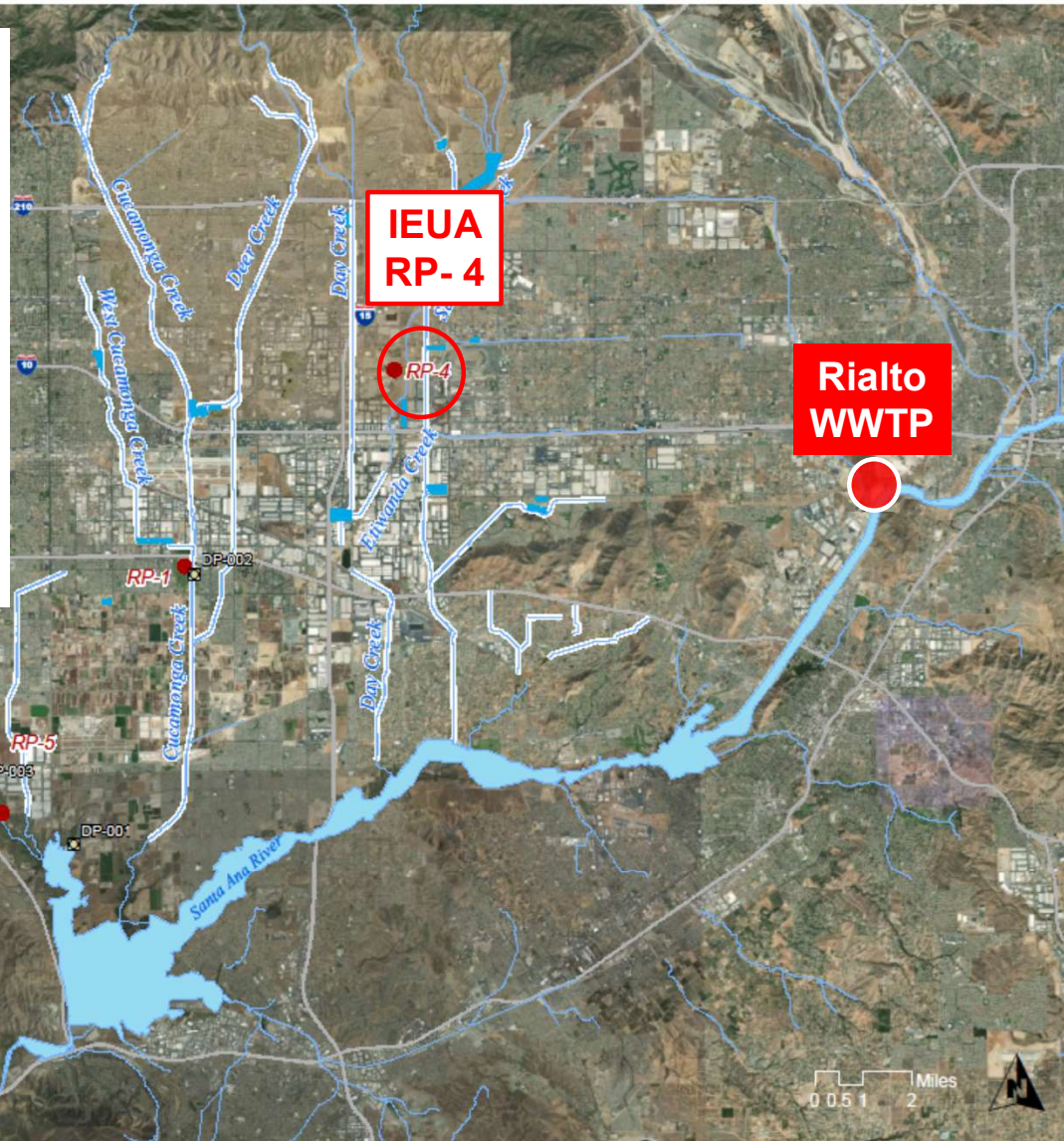
Background

- Increasingly, wastewater has gone from a “waste” to get rid of, to a reliable regional “resource” of water.
- The City of Rialto was interested in monetizing its recycled water as an annual revenue source.
- The value of water depends on circumstances and the City of Rialto is in a unique circumstance



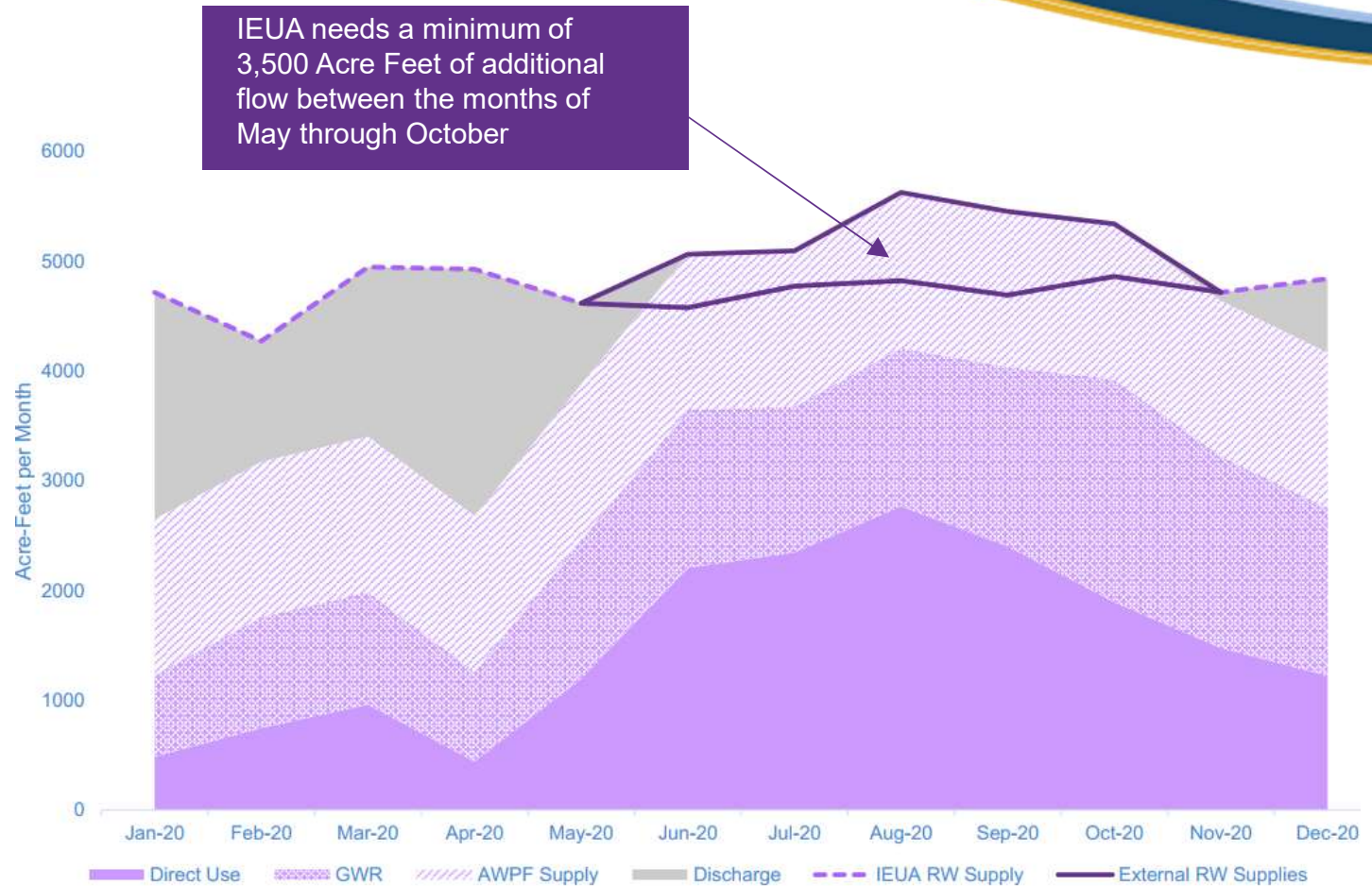
Unique Circumstances

- 1969 Judgement vs Santa Ana Sucker Judgement vs SARMSHCP
- MWD vs SBVMWD Services Areas
 - Fixed vs Variable vs Property Taxes
 - Approx. \$1,100 (MWD) vs \$150 per AF + Ad Velorum taxes (SBVMWD)
- This led to an opportunity to “Create a Market” for Rialto’s Effluent



IEUA Recycled Water Supplies vs Demands

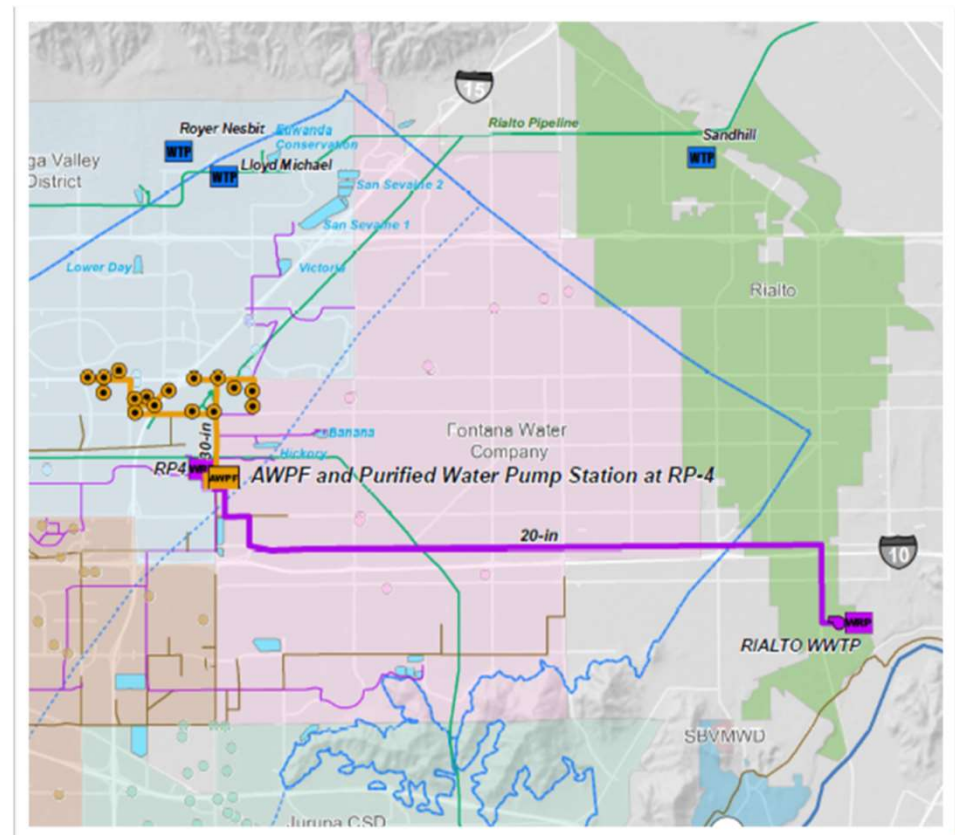
- Due to the seasonality of recycled water supplies, IEUA needs to augment its recycled water supply during peak demand months between May and October.
- IEUA and the City of Rialto initiated water resources partnership discussions
 - Exploratory in 2010
 - Formal in 2019.



Proposed Infrastructure & Agreement Summary

- **City of Rialto RW supply:**
 - City diversions were considered under the Santa Ana River Multi-Species Habitat Conservation Plan (SAR MSHCP).
- **Project Components**
 - 6.2 MGD for six months [May to October] 3,500 AFY
 - (1) Pump station
 - 11 miles of 20" pipeline + interconnect
 - Up to \$1M for supplemental facilities to meet SARMSHCP discharge requirements

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



Key Provisions of the Agreement

- IEUA to design, construct, and operate recycled water facilities (i.e., pipeline, pump station, interconnection). Rialto has no out of pocket cost for capacity 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 ("SAPMSHCP 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 to ensure the City of Rialto is compensated for "Lost Opportunity Cost", if the IEUA project were not to move forward.

Approximate value of the agreement

- The long-term determination of value has some variables that affect the total value. Some examples are:
 - Start date of full deliveries (in approximately 5 years) vs Escalations
 - CPI adjustments over 50 years (Base Supply)
 - CPI or MWD rate adjustments over 50 years (Optional Supply)
 - Volume of Optional Supplies taken
- Base Supply
 - Up to 3,500 AF (May through October) @ \$275/AF
- Optional Supply
 - Over 3,500 AF (May through October) @ \$400/AF
 - Between 4,030 to 6,550 AF (November to April) @ \$400/AF

Questions?