



S A W P A

SANTA ANA WATERSHED PROJECT AUTHORITY

11615 Sterling Avenue, Riverside, California 92503 • (951) 354-4220

PURSUANT TO THE PROVISIONS OF AB 361, THIS MEETING WILL BE CONDUCTED VIRTUALLY WITH THE OPPORTUNITY FOR PUBLIC COMMENT. ALL VOTES TAKEN WILL BE AN ORAL ROLL CALL.

This meeting will be accessible as follows:

Meeting Access Via Computer (Zoom)*:	Meeting Access Via Telephone*:
<ul style="list-style-type: none"> • https://sawpa.zoom.us/j/85134050474 • Meeting ID: 851 3405 0474 	<ul style="list-style-type: none"> • 1 (669) 900-6833 • Meeting ID: 851 3405 0474
* Participation in the meeting via the Zoom app (a free download) is strongly encouraged; there is no way to protect your privacy if you elect to call in by phone to the meeting.	

AGENDA

TUESDAY, OCTOBER 5, 2021 – 10:00 A.M.

(or immediately following the 9:30 a.m. SAWPA Commission meeting)

REGULAR MEETING OF THE PROJECT AGREEMENT 24 COMMITTEE

Inland Empire Brine Line

Committee Members

Eastern Municipal Water District	Inland Empire Utilities Agency
Joe Mouawad, General Manager	Director Jasmin A. Hall
Director David J. Slawson (Alt)	Shivaji Deshmukh, General Manager (Alt)
San Bernardino Valley Municipal Water District	Western Municipal Water District
Director T. Milford Harrison, Chair	Director Mike Gardner, Vice Chair
Director Gil Botello (Alt)	Craig Miller, General Manager (Alt)

1. CALL TO ORDER | PLEDGE OF ALLEGIANCE (T. Milford Harrison, Chair)

2. PUBLIC COMMENTS

Members of the public may address the Committee on items within the jurisdiction of the Committee; however, no action may be taken on an item not appearing on the agenda unless the action is otherwise authorized by Government Code §54954.2(b).

3. ITEMS TO BE ADDED OR DELETED

Pursuant to Government Code §54954.2(b), items may be added on which there is a need to take immediate action and the need for action came to the attention of the Santa Ana Watershed Project Authority subsequent to the posting of the agenda.

4. **APPROVAL OF MEETING MINUTES: SEPTEMBER 7, 2021**5

Recommendation: Approve as posted.

5. **COMMITTEE DISCUSSION/ACTION ITEMS**

A. **INLAND EMPIRE BRINE LINE DISCHARGER LEASE AGREEMENT (PA24#2021.17)**.....9

Presenter: David Ruhl

Recommendation: Authorize the General Manager to execute a Discharger Lease Agreement with Eastern Municipal Water District (EMWD) to lease 0.50 million gallons per day (MGD) of Brine Line treatment and disposal capacity right at a wastewater strength of 100 mg/l Biological Oxygen Demand (BOD) and 100 mg/l Total Suspended Solids (TSS) from the Lease Capacity Pool for a period of five (5) years.

6. **INFORMATIONAL REPORTS**

Recommendation: Receive for information.

A. **BRINE LINE FINANCIAL REPORT – JULY 2021**25

Presenter: Karen Williams

7. **REQUEST FOR FUTURE AGENDA ITEMS**

8. **CLOSED SESSION**

A. **CONFERENCE WITH LEGAL COUNSEL – EXPOSURE TO LITIGATION – PURSUANT TO GOVERNMENT CODE SECTION 54956.9(d)(2)**

Number of Potential Cases: One

9. **ADJOURNMENT**

PLEASE NOTE:

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Clerk of the Board at (951) 354-4220. Notification at least 48 hours prior to the meeting will enable staff to make reasonable arrangements to ensure accessibility to this meeting.

Materials related to an item on this agenda submitted to the Committee after distribution of the agenda packet are available for public inspection during normal business hours at the SAWPA office, 11615 Sterling Avenue, Riverside, and available at www.sawpa.org, subject to staff's ability to post documents prior to the meeting.

Declaration of Posting

I, Sara Villa, Clerk of the Board of the Santa Ana Watershed Project Authority declare that on September 30, 2021, a copy of this agenda has been uploaded to the SAWPA website at www.sawpa.org and posted at SAWPA's office, 11615 Sterling Avenue, Riverside, California.

2021 Project Agreement 24 Committee Regular Meetings

Inland Empire Brine Line
 First Tuesday of Every Month

(Note: All meetings begin at 10:00 a.m., or immediately following the 9:30 a.m. SAWPA Commission meeting, whichever is earlier, unless otherwise noticed, and are held at SAWPA.)

January		February	
1/5/21	Regular Committee Meeting [cancelled]	2/2/21	Regular Committee Meeting
March		April	
3/2/21	Regular Committee Meeting	4/6/21	Regular Committee Meeting
May		June	
5/4/21	Regular Committee Meeting	6/1/21	Regular Committee Meeting
July		August	
7/6/21	Regular Committee Meeting [cancelled]	8/3/21	Regular Committee Meeting
September		October	
9/7/21	Regular Committee Meeting	10/5/21	Regular Committee Meeting
November		December	
11/2/21	Regular Committee Meeting	12/7/21	Regular Committee Meeting

2022 Project Agreement 24 Committee Regular Meetings

Inland Empire Brine Line
 First Tuesday of Every Month

(Note: All meetings begin at 10:00 a.m., or immediately following the 9:30 a.m. SAWPA Commission meeting, whichever is earlier, unless otherwise noticed, and are held at SAWPA.)

January		February	
1/4/22	Regular Committee Meeting	2/1/22	Regular Committee Meeting
March		April	
3/1/22	Regular Committee Meeting	4/5/22	Regular Committee Meeting
May		June	
5/3/22	Regular Committee Meeting	6/7/22	Regular Committee Meeting
July		August	
7/5/22	Regular Committee Meeting	8/2/22	Regular Committee Meeting
September		October	
9/6/22	Regular Committee Meeting	10/4/22	Regular Committee Meeting
November		December	
11/1/22	Regular Committee Meeting	12/6/22	Regular Committee Meeting

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PROJECT AGREEMENT 24 COMMITTEE
Inland Empire Brine Line
REGULAR MEETING MINUTES
September 7, 2021

COMMITTEE MEMBERS PRESENT

T. Milford Harrison, Chair, San Bernardino Valley Municipal Water District Governing Board
Mike Gardner, Vice Chair, Western Municipal Water District Governing Board
Joe Mouawad, Eastern Municipal Water District General Manager
Jasmin A. Hall, Inland Empire Utilities Agency Governing Board

ALTERNATE COMMITTEE MEMBERS PRESENT [Non-Voting]

David Slawson, Alternate, Eastern Municipal Water District Governing Board
Shivaji Deshmukh, Alternate, Inland Empire Utilities Agency
Gil Botello, Alternate, San Bernardino Valley Municipal Water District Governing Board

SAWPA COMMISSIONERS PRESENT

Kelly Rowe, Alternate, Orange County Water District
Brenda Dennstedt, Alternate, Western Municipal Water District

STAFF PRESENT

Jeff Mosher, Karen Williams, Carlos Quintero, David Ruhl, Dean Unger, Marie Jauregui, Sara Villa, Haley Mullyay

OTHERS PRESENT

Andrew D. Turner, Lagerlof, LLP; Nick Kanetis, Eastern Municipal Water District; Derek Kawaii, Western Municipal Water District; Tim Barr, Western Municipal Water District; Brian Dickinson, City of Colton

1. CALL TO ORDER| PLEDGE OF ALLEGIANCE

The regular meeting of the PA 24 Committee was called to order at 10:04 a.m. by Chair Harrison on behalf of the Santa Ana Watershed Project Authority, 11615 Sterling Avenue, Riverside, California. Pursuant to the provisions of Executive Order N-29-20 and N-08-21, this meeting was conducted virtually. All votes taken during this meeting were conducted via oral roll call.

2. PUBLIC COMMENTS

There were no public comments; there were no public comments received via email.

3. ITEMS TO BE ADDED OR DELETED

There were no added or deleted items.

4. APPROVAL OF MEETING MINUTES: August 3, 2021

Chair Harrison called for a motion to approve the August 3, 2021; meeting minutes as posted.

MOVED, approve the August 3, 2021, meeting minutes.

Result:	Adopted by Roll Call Vote (Unanimously)
Motion/Second:	Mouawad/Gardner
Ayes	Gardner, Hall, Harrison, Mouawad
Nays:	None
Abstentions:	None
Absent:	None

5. COMMITTEE DISCUSSION/ACTION ITEMS

A. RESERVE POLICY REQUEST FOR PROPOSALS (PA24#2021.15)

David Ruhl provided a presentation titled *Inland Empire Brine Line Reserve Policy*, contained in the agenda packet on pages 11-17. SAWPA’s Reserve Funds Policy was established to ensure that sufficient funding is available for current operating, capital, and debt service needs. SAWPA maintains nine (9) distinct reserves that pertains to the Brine Line. The nine (9) reserves and their balances as of May 31, 2021, are as follows:

Reserve Account	Amount
Self-Insurance	\$4,486,031
Debt Retirement	\$3,569,642
Pipeline Replacement	\$21,710,633
OC San Rehabilitation	\$2,377,813
Capacity Management	\$11,974,038
OC San Future Capacity	\$1,833,264
Rate Stabilization	\$1,027,311
Flow Imbalance	\$83,681
Brine Line Operating	\$3,558,373
Total Reserves	\$50,620,786

The Reserve Policy Request for Proposal (RFP) scope of work includes: the review the existing policies and see if there are any recommended changes and review the methodology and make recommendations to determine reserve levels, including minimum and maximum levels if warranted, and to review the lease rate for the Brine Line capacity; prepare a Technical Memorandum; and present recommendations to the PA 24 Committee and Commission. It is anticipated that the RFP will be issued on September 15, 2021, with Proposals due October 14, 2021, and recommend award by November 2, 2021. Chair Harrison noted that some of the reserves could either be combined and/or deleted and it’s very appropriate that a third party look over the policy and make changes as needed. Committee member Mouawad questioned the last time the policy was reviewed; and recommended an interactive workshop for an opportunity for the Commissioners to weigh in on the consultant’s recommendations. Karen Williams noted that in 2018, Raftelis was hired to update the rate model and review the reserve policies.

MOVED, to direct staff to release a Request for Proposals (RFP) for professional services for review of the SAWPA Reserve Funds Policy.

Result: **Adopted by Roll Call Vote (Unanimously)**
 Motion/Second: Gardner/Mouawad
 Ayes: Gardner, Hall, Harrison, Mouawad
 Nays: None
 Abstentions: None
 Absent: None

B. OC SAN/SAWPA JOINT POLICY COMMITTEE (PA24#2021.16)

David Ruhl informed the Committee that the OC San/SAWPA Joint Policy Committee met on August 19, 2021. SAWPA’s members include Commissioners David Slawson and T. Milford Harrison. OC San’s members include Directors John Withers and Chad Wanke. David Ruhl referenced the Joint Policy Committee Agenda on page 57 of the agenda packet

and provided a summary of the items discussed including OC San's New NPDES Permit, process for infrequent discharges, SAWPA's Draft Ordinance No. 9, resiliency planning, and emerging issues. The Joint Policy Committee meetings are held at least twice a year to go over any issues and collaborate with OC San to continue to have transparency between both agencies. Commissioner's Slawson and Harrison noted that the meeting was very informative and are appreciative with the partnership of both agencies.

This item was for informational and discussion purposes; no action was taken on Agenda Item No. 5.B.

6. INFORMATIONAL REPORTS

Recommendation: Receive and file the following oral/written reports/updates.

A. BRINE LINE FINANCIAL REPORT – JUNE 2021

B. FINANCIAL REPORT FOR THE FOURTH QUARTER ENDING JUNE 30, 2021

Karen Williams provided a presentation on the Financial Report of the Fourth Quarter ending June 30, 2021, on pages 65-73 of the agenda packet. There was no discussion.

7. REQUEST FOR FUTURE AGENDA ITEMS

There were no requests for future Agenda items.

Chair Harrison recessed the meeting at 10:38 a.m. for Closed Session.

8. CLOSED SESSION

A. CONFERENCE WITH LEGAL COUNSEL – EXPOSURE TO LITIGATION – PURSUANT TO GOVERNMENT CODE SECTION 54956.9(d)(2)

Number of Potential Cases: One

Chair Harrison resumed Open Session at 11:45 a.m. and Legal Counsel, Andy Turner announced that the PA 24 Committee received a report from SAWPA staff and counsel; no action was taken on Agenda Item No. 8.A.

9. ADJOURNMENT

There being no further business for review, Chair Harrison adjourned the meeting at 11:45 a.m.

Approved at a Regular Meeting of the Project Agreement 24 Committee on October 5, 2021.

T. Milford Harrison, Chair

Attest:

Sara Villa, Clerk of the Board

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PA 24 COMMITTEE MEMORANDUM NO. 2021.17

DATE: October 5, 2021

TO: Project Agreement 24 Committee
(Inland Empire Brine Line)

SUBJECT: Inland Empire Brine Line Discharger Lease Agreement

PREPARED BY: David Ruhl, Engineering Manager

RECOMMENDATION

Authorize the General Manager to execute a Discharger Lease Agreement with Eastern Municipal Water District (EMWD) to lease 0.50 million gallons per day (MGD) of Brine Line treatment and disposal capacity right at a wastewater strength of 100 mg/l Biological Oxygen Demand (BOD) and 100 mg/l Total Suspended Solids (TSS) from the Lease Capacity Pool for a period of five (5) years.

DISCUSSION

The SAWPA Commission approved the creation of a Lease Capacity Pool in December 2018. The Lease Capacity Pool allows existing and potential customers to lease Brine Line pipeline and treatment and disposal capacity right without the financial burden of purchasing the capacity right. Currently, one (1) MGD of pipeline and treatment and disposal capacity right is valued at approximately \$10.6 Million. SAWPA Member Agencies participate in the Lease Capacity Pool by contributing capacity that is not currently used.

The PA 24 Committee approved the Capacity Utilization Program in April 2021. Through the Capacity Utilization Program, 0.5 MGD of unused capacity right in the Brine Line was added to the Lease Capacity Pool and available to existing and potential customers. Currently, 3.013 MGD of pipeline capacity right and 1.52 MGD of treatment and disposal capacity right have been contributed to the Lease Capacity Pool from Western Municipal Water District (WMWD), Inland Empire Utilities Agency (IEUA) and SAWPA with one discharger lease with Rialto Bioenergy Facility (RBF) for 0.25 MGD. Table 1 shows contributions by Member Agency and SAWPA (through the Capacity Utilization Program) to the Lease Capacity Pool, discharger leases and capacity pool balance available for lease.

EMWD and San Bernardino Valley Municipal Water District have not contributed to the pool since they do not have excess capacity to commit to the pool. Lease revenues are distributed to capacity pool participants based on the capacity contributed regardless of the discharger's location.

Table 1: Contributions, Discharger Leases and Lease Capacity Pool Balance

Date	Agency	Lessee	Pipeline Capacity Right (MGD)	Treatment and Disposal Capacity Right (MGD)
Contribution to Lease Capacity Pool				
	WMWD		2.163	0.67
	IEUA		0.350	0.35
	SAWPA		0.500	0.50
Total Contribution			3.013	1.52

Discharger Lease Agreement				
Aug 2020		RBF	0.0	0.25
Total Leased Capacity Right			0.0	0.25
Lease Capacity Pool Balance			3.013	1.27

EMWD is constructing the Perris II Desalter adjacent to their existing desalters in the City of Menefee. Perris II will treat brackish groundwater and produce about 5.4 MGD of potable water. Discharge to the Brine Line is anticipated in late 2021. EMWD has requested from SAWPA to lease 0.50 MGD of treatment and disposal capacity. EMWD has sufficient Brine Line pipeline capacity right but is in need of additional treatment and disposal capacity. Sufficient capacity is available in the Lease Capacity Pool to provide the requested lease amount to EMWD.

The attached Lease Discharger Agreement contains the following pertinent points:

- SAWPA agrees to lease to EMWD 0.5 MGD of treatment and disposal capacity right at a wastewater strength of 100 mg/l BOD and 100 mg/l TSS.
- A discharge permit is required to use the leased capacity.
- Effective date of the lease is November 1, 2021.
- EMWD will pay SAWPA a Monthly lease charge of \$17,793.75 per month.
- EMWD will pay regular brine line rates to SAWPA for flow, BOD, TSS, Fixed Pipe and Fixed Treatment.
- Term of the lease shall be for a period of five (5) years. Renewal of the lease is only allowed by agreement by SAWPA and EMWD and is contingent upon the availability of Capacity in the Lease Capacity Pool.

RESOURCE IMPACTS

Minimal staff costs are necessary to administer the lease capacity pool program. Lease revenues from EMWD are distributed to capacity pool participants based on the proportionate share of capacity contributed. SAWPA will receive additional brine line revenue due to additional discharges into the system.

Attachment:

1. PowerPoint Presentation
2. Discharger Lease Agreement



Inland Empire Brine Line Discharger Lease Agreement

David Ruhl, Engineering Manager
Project Agreement 24 Committee
October 5, 2021 | Item No. 5.A.

Discharger Lease Agreement

Recommendation:

- Authorize the General Manager to execute a Discharger Lease Agreement with EMWD to lease 0.5 MGD of Brine Line treatment and disposal capacity right at a wastewater strength of 100 mg/l BOD and 100 mg/l TSS from the Lease Capacity Pool for a period of 5 years.

Lease Capacity Pool

- Option to industrial customers and agencies to lease rather than purchase pipeline capacity and treatment and disposal rights
- Benefits
 - Provides some certainty
 - Easier to obtain
 - Less of a financial challenge to smaller customers
 - Increases the use of the Brine Line for salt removal
 - Spreads the cost of operating the Brine Line over more dischargers
 - Additional revenues for SAWPA and Member Agencies

Lease Capacity Pool

- Member Agencies own some capacity that is not utilized and contribute small quantity to Pool
- Capacity Utilization Program, utilizes unused portion of capacity right in the Brine SAWPA contribute
- Individual Discharger Lease Agreements
- Discharger obtain permit to discharge
- Discharger pay brine rates, permit fees and lease rate
- Member Agencies receive proportionate share of lease revenues

Lease Capacity Pool

Date	Agency	Lessee	Pipeline Capacity Right (MGD)	Treatment and Disposal Capacity Right (MGD)
Contribution to Lease Capacity Pool				
	Western		2.163	0.67
	IEUA		0.350	0.35
	SAWPA*		0.500	0.50
Total Contribution			3.013	1.52
Discharger Lease Agreement				
Aug 2020		RBF	0.0	(0.25)
Total Leased Capacity Right			0.0	(0.25)
Lease Capacity Pool Balance			3.013	1.27

* SAWPA contribution through Capacity Utilization Program

Lease Discharger Agreement

- EMWD Perris II Desalter
- 0.5 MGD of capacity right (100 mg/l BOD and 100 mg/l TSS)
- A discharge permit is required to use the leased capacity
- Effective date is the 1st day of the month following date of the agreement (December 1, 2021)
- Monthly lease charge is \$17,794
- EMWD will pay regular brine line rates to SAWPA
- 5 year term, renewal of lease by agreement by both parties

Discharger Lease Agreement

Recommendation:

- Authorize the General Manager to execute a Discharger Lease Agreement with EMWD to lease 0.5 MGD of Brine Line treatment and disposal capacity right at a wastewater strength of 100 mg/l BOD and 100 mg/l TSS from the Lease Capacity Pool for a period of 5 years.

Questions?

INLAND EMPIRE BRINE LINE DISCHARGER LEASE AGREEMENT
BETWEEN
SANTA ANA WATERSHED PROJECT AUTHORITY (SAWPA)
AND
EASTERN MUNICIPAL WATER DISTRICT (EMWD)

This Agreement is made this ___ day of _____, 2021, by and between SAWPA and EMWD. SAWPA and EMWD are individually and collectively referred to as the Party and Parties respectively.

RECITALS

- A. The Inland Empire Brine Line is a wastewater pipeline conveyance system constructed for the transmission of non-reclaimable wastewater. The pipeline extends from the Orange County line into the Upper Santa Ana River Watershed. At the Orange County line, it connects to the Orange County Sanitation District's (OC San's) Santa Ana River Interceptor (SARI), which conveys wastewater to OC San's treatment plant in Huntington Beach. SAWPA owns and operates the Inland Empire Brine Line, and Member Agencies and other agencies in the upper watershed (hereafter referred to as the "Agency" or "Agencies") own 30 million gallons per day (MGD) of pipeline capacity right in the SARI as defined in various agreements.
- B. Agencies in the upper watershed also own a treatment and disposal capacity right of 17 MGD and there is an ability to purchase up to 30 MGD in certain wastewater treatment and disposal facilities owned by OC San. This treatment and disposal right, and the pipeline capacity right referred to in Recital A above, are subject to certain payment obligations and other terms and conditions as defined in the Treatment and Disposal Capacity Agreement with OC San dated July 24, 1996 (1996 Agreement) that is administered by SAWPA and paid by the Agencies in the upper watershed.
- C. Through the 1996 Agreement SAWPA has purchased 17 MGD of treatment and disposal capacity right from OC San and in turn sold this capacity right to Agencies in the upper watershed. Flow and water quality are defined components of the purchase based upon the maximum flow rate (Million Gallons per Day, MGD) and strength of Biochemical Oxygen Demand (BOD) (measured as BOD5) and Total Suspended Solids (TSS) presented as milligrams per liter (mg/l) and pounds per day (lbs/day).
- D. The 1991 Memorandum of Understanding between SAWPA and OC San Governing Quality Control of Wastewaters Discharged continues to define the pretreatment roles and responsibilities for SAWPA and OC San. SAWPA's Ordinance No. 8, and any successors or amendments thereto, defines the discharge permitting requirements and process that applies to all discharges to the Brine Line.

- E. The Agencies utilize pipeline capacity and treatment and disposal capacity rights for individual dischargers in their service areas. Use of the capacity requires that the discharger obtain a discharge permit from the Agency, as well.
- F. A long-term "Lease Capacity Pool" was created by SAWPA and the Agencies to make available pipeline and treatment and disposal capacity rights. The Lease Capacity Pool is subject to terms and conditions as defined in the Agreement between SAWPA and the Agencies dated April 11, 2019 that is administered by SAWPA.
- G. EMWD Currently owns 5.946 MGD of pipeline capacity right in the Brine Line and 3.548 MGD of treatment and disposal capacity right.
- H. EMWD desires to lease additional treatment and disposal capacity right in the amount of 0.5 MGD (hereafter referred to as "Capacity Right"). SAWPA has evaluated the system capacity availability for EMWD's location and found that a 0.5 MGD capacity lease can be accommodated.
- I. SAWPA anticipates having adequate commitments to the Lease Capacity Pool to implement this lease.

NOW THEREFORE, the Parties in consideration of the mutual promises contained in this Lease Agreement do hereby covenant and agree as follows:

1. Leasing of 0.5 MGD of Capacity Right. SAWPA agrees to lease to EMWD an additional 0.5 MGD of Capacity Right for the treatment and disposal of Industrial Wastewater to the Brine Line at a wastewater strength of 100 mg/l BOD and 100 mg/l TSS, also expressed as 417 lbs/day BOD and 417 lbs/day TSS. EMWD shall comply with SAWPA Ordinance No. 8 and any successors or amendments thereto. A discharge permit from SAWPA is required to use the leased capacity, and this Lease Agreement does not modify any permit processes or requirements. Service to EMWD is interruptible for O&M activities or in the event of an emergency as allowed by SAWPA's Ordinance No. 8 and any successors or amendments thereto.
2. Effective Date: The Lease of 0.5 MGD of Capacity Right agreed to herein will occur on the First Day of the month following the date of the agreement.
3. Lease Connections. EMWD's additional connections to the Brine Line, if any, for the 0.5 MGD of Capacity Right leased under this Lease Agreement shall be submitted for approval in advance to SAWPA and built at EMWD's sole cost and expense. EMWD shall obtain all necessary permits as required by SAWPA's Ordinance No. 8, and any successor or amendment thereto, and federal, state and local laws and regulations, prior to making any additional connections to the Brine

Line and prior to discharging its additional 0.5 MGD of flow to the Brine Line allowed under this Lease Agreement.

4. Monthly Lease Charge. EMWD shall make lease payments to SAWPA for the 0.5 MGD of Capacity Right being leased under this Lease Agreement in the amount of \$17,793.75 per month. The lease payment is calculated as follows:

$$\text{Monthly Lease Charge} = A \times B \times 365 / 12$$

Where

A = Capacity Right quantity in gallons per day (gpd), 500,000 gpd

B = Lease Rate per SAWPA Resolution 2021-04, \$0.00117 / gallon

Beginning on the first twelve (12) month anniversary of the Effective Date of the Lease Agreement and on each succeeding anniversary date hereafter for the term on the Lease Agreement, the lease rate will escalate annually based on the Consumer Price Index All-Urban (CPI-U) for Los Angeles-Long Beach-Anaheim, as published by the United States Department of Labor, Bureau of Labor Statistics in mid – January of each year relating to the prior calendar year. In the event the CPI-U decreases, the lease rate will remain unchanged.

5. Lease Payment. SAWPA will invoice EMWD on the Effective Date for the 1st month's lease charge. Subsequently, SAWPA will invoice the monthly lease charge on the first day of each month. Payment shall be made by EMWD upon receipt of an invoice from SAWPA.
6. Brine Line Rates. In addition to the payment required for the lease of the Capacity Right reference above, EMWD shall pay SAWPA the treatment and volumetric user charges for treatment and disposal of non-reclaimable and temporary domestic wastewater discharged hereunder, sometimes referred to by SAWPA as user charges, as such costs may be determined from time-to-time by the SAWPA Commission for Flow, BOD, TSS, Fixed Pipe and Fixed Treatment including any minimum costs attributable to the treatment and disposal capacity being leased under this Lease Agreement. Payment for these costs shall be made by EMWD upon receipt of an invoice from SAWPA.
 - a. If the discharge during any month exceeds EMWD's owned capacity and the Capacity Right leased for flow, BOD, or TSS, a surcharge for the month will be applied based on the maximum daily use. If a surcharge is applied for three consecutive months, EMWD shall be required to modify the agreement increasing the Capacity Right leased. The surcharge will be based on the unit lease prices (flow, BOD, TSS) applied for the entire month. Flow will be based on the actual daily flow information. BOD and TSS will be based on the average of samples taken during the previous 12-month period. In the event of missing data, an average value will be used as determined by SAWPA.

7. Term of Lease: The term of the Lease shall be for a period of five (5) years from the Effective Date. Renewal of the agreement is only allowed by agreement by both parties and is contingent upon the availability of capacity in the Lease Capacity Pool. Upon expiration of the term EMWD shall then remove its 0.5 MGD of flow from the Brine Line.
8. Termination: This Lease may be terminated as follows:
 - a. Automatically, when this Lease Agreement expires as described above.
 - b. On the last day of the month, upon written notice provided to SAWPA by EMWD by the first day of the same month.
 - c. For cause in the event that EMWD fails to perform in accordance with, and is in default under, this Lease Agreement, including failure to pay the monthly lease charge or Brine Line Rates. However, SAWPA shall first provide notice of such nonperformance and default to EMWD, and if EMWD fails to correct or cure the default or nonperformance within thirty (30) days of the date of mailing of that notice, EMWD's 0.5 MGD of leased Capacity Right shall terminate on the thirtieth (30th) day after such notice was delivered or sent, and EMWD shall remove its 0.5 MGD of flows from the Brine Line within fourteen (14) days from the expiration of the foregoing thirty (30) day deadline.
 - d. For cause if EMWD's permit for discharge to the Brine Line is revoked, withdrawn, or suspended.
9. Rights and Responsibilities of Orange County Sanitation District are retained. The parties to this Agreement understand and agree that OC San retains its rights and responsibilities as defined in the 1991 MOU and 1996 Agreement. This Lease Agreement in no way diminishes the effectiveness or reduces the scope of the 1991 MOU and 1996 Agreement.
10. Amendments and Modifications. The terms of this Lease Agreement may only be amended or modified in writing and signed by the Parties.
11. No Third-Party Beneficiaries. There are no intended third-party beneficiaries of any right or obligation assumed by the Parties under this Lease Agreement. This Lease Agreement cannot be assigned nor can any right or obligation hereunder be subleased to any other party or entity without both Parties to this Lease Agreement agreeing to such assignment or sublease in writing.
12. Counterparts. This Lease Agreement may be signed in counterparts, each of which shall constitute an original and which collectively shall constitute one document.
13. Entire Agreement. This Lease Agreement contains the entire agreement between the Parties and supersedes any prior oral or written statements or agreements or representations between the Parties.

14. Notice. Except as otherwise provided herein, all notices and other communications required or permitted hereunder shall be in writing, and shall be delivered in person, by E-mail, or sent by certified mail, return receipt requested, and shall be deemed received upon actual receipt or 72 hours after deposit in the mail of the United States Postal Service, postage prepaid and addressed as follows:

To SAWPA:

Santa Ana Watershed Project Authority (SAWPA)

Attention: General Manager

11615 Sterling Avenue

Riverside, CA 92503

JMosher@sawpa.org

(951) 354-4220

To EMWD:

Eastern Municipal Water District

Attention: General Manager

P.O. Box 8300

Perris, CA 92572

Mouawadj@emwd.org

(951) 928-3777

In witness whereof, SAWPA and EMWD have executed this Lease Agreement as of the day and year first above written:

Eastern Municipal Water District

By: _____
Joe Mouawad, P.E.
General Manager

Date: _____

Santa Ana Watershed Project Authority

By: _____
Jeffrey Mosher
General Manager

Date: _____


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**Santa Ana Watershed Project Authority
PA24 - Brine Line - Financial Report
July 2021**

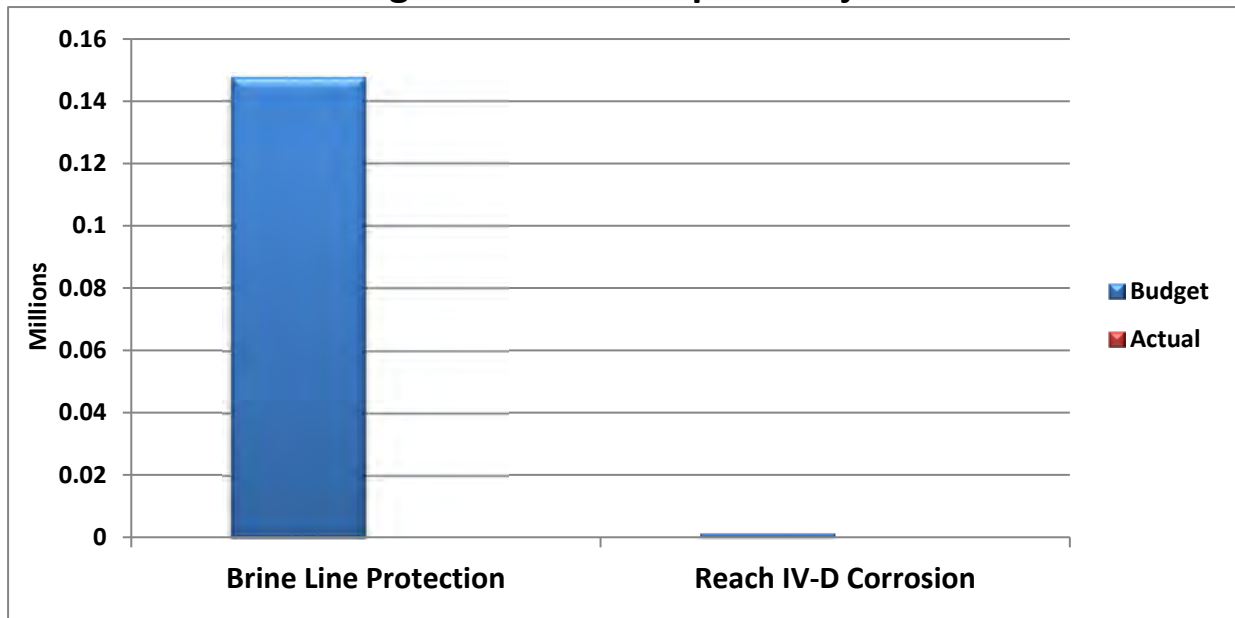
Staff comments provided on the last page are an integral part of this report.

Overview	This report highlights the Brine Line’s key financial indicators for the Fiscal Year-to-Date (FYTD) through July 2021 unless otherwise noted.
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Brine Line - Capital Projects

Budget to Actual – Capital Projects					Behind
	Annual Budget	FYTD Budget	FYTD Actual	Favorable (Unfavorable) Variance	
Brine Line Protection	\$1,772,064	\$147,672	\$22	\$147,650	
Reach IV-D Corrosion	14,818	1,235	-	1,235	
Total Capital Costs	\$1,786,882	\$148,907	\$22	\$148,885	

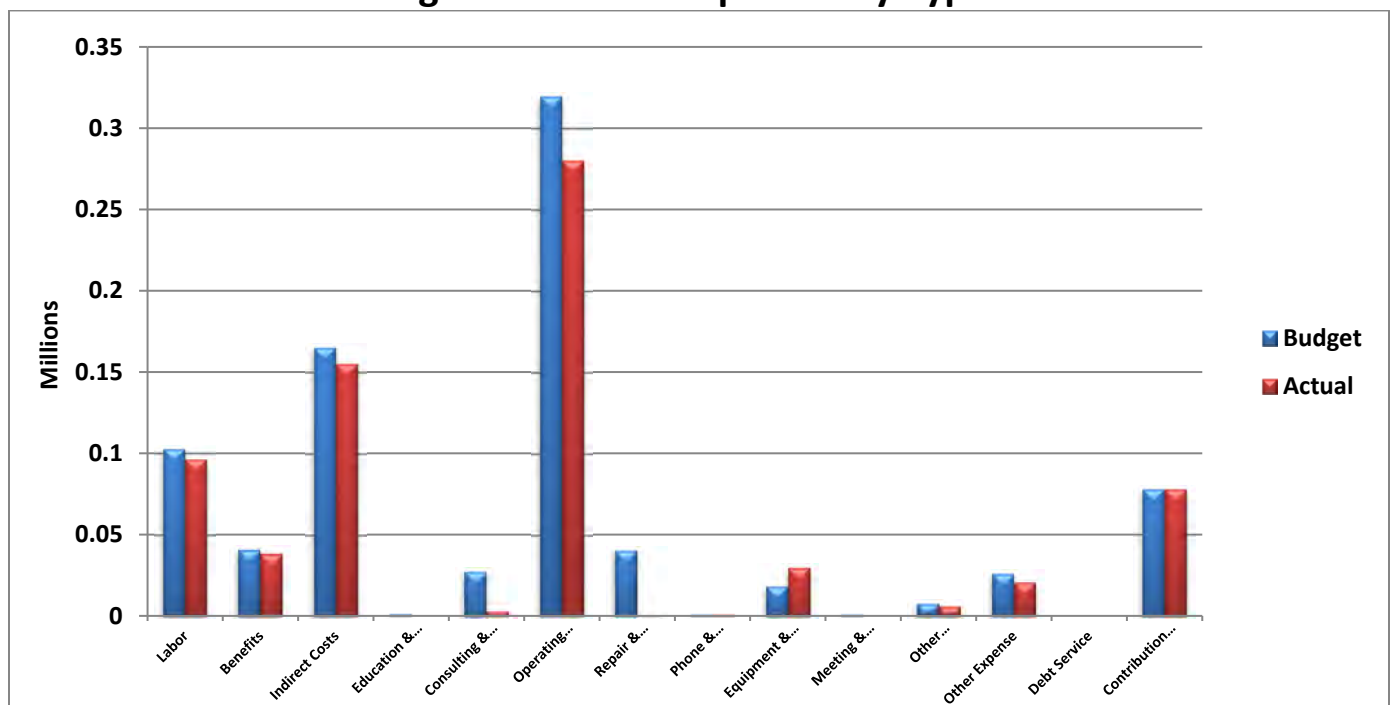
Budget to Actual - Capital Projects



Brine Line – Operating

Budget to Actual - Expenses by Type				 Favorable
	Annual Budget	FYTD Budget	FYTD Actual	Favorable (Unfavorable) Variance
Labor	\$1,227,239	\$102,270	\$96,088	\$6,182
Benefits	485,743	40,479	38,051	2,428
Indirect Costs	1,979,458	164,955	154,989	9,966
Education & Training	14,500	1,208	-	1,208
Consulting & Prof Svcs	322,000	26,833	3,317	23,516
Operating Costs	3,833,540	319,462	280,071	39,391
Repair & Maintenance	480,000	40,000	316	39,684
Phone & Utilities	10,200	850	921	(71)
Equip & Computers	218,000	18,167	29,595	(11,428)
Meeting & Travel	10,000	833	-	833
Other Admin Costs	90,900	7,575	5,984	1,591
Other Expense	308,472	25,706	20,429	5,277
Debt Service	2,608,439	-	-	-
Contribution to Reserves	928,781	77,398	77,398	-
Total	\$12,517,272	\$825,736	\$707,159	\$118,577

Budget to Actual - Expenses by Type



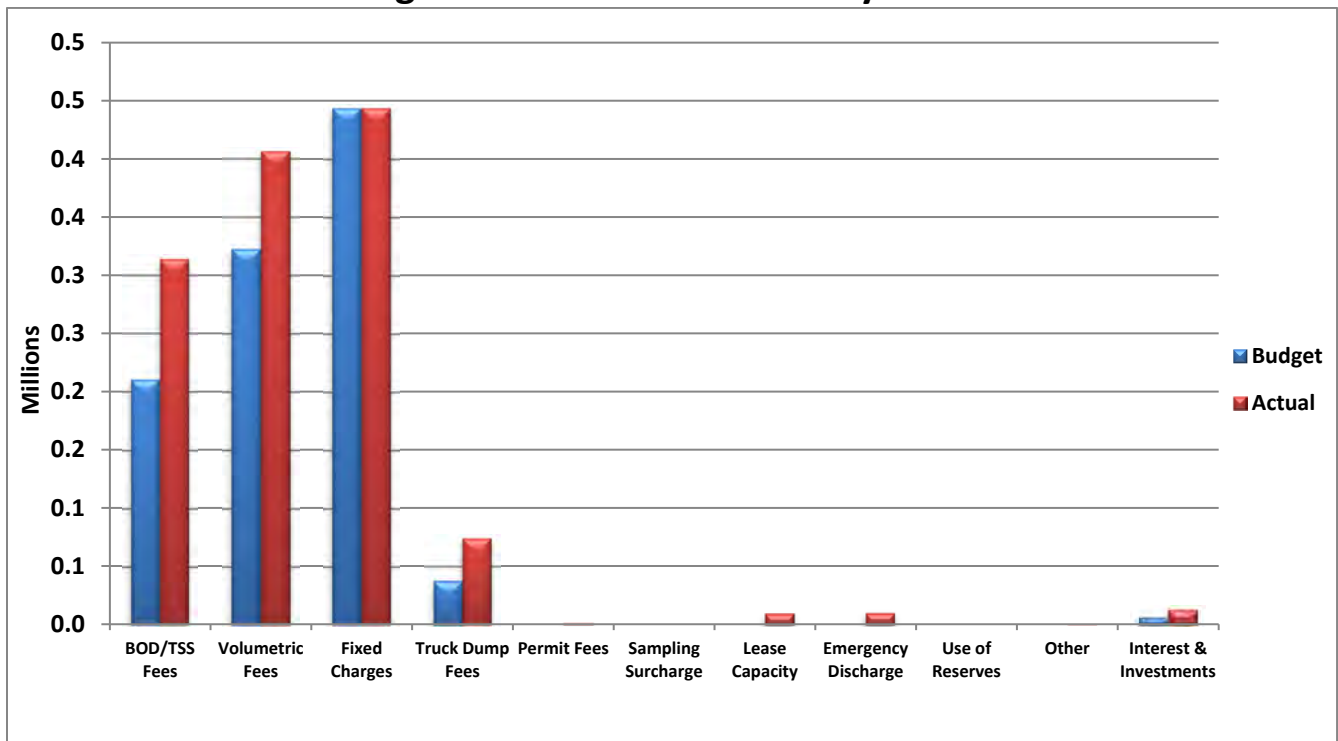
Budget to Actual - Revenues by Source



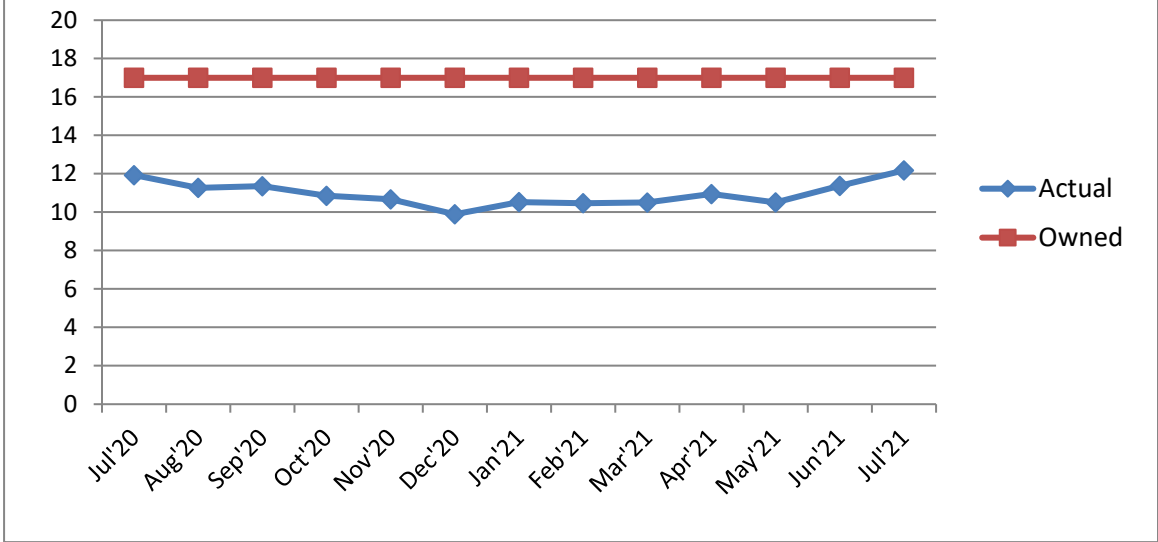
On Track

	Annual Budget	FYTD Budget	FYTD Actual	Favorable (Unfavorable) Variance
BOD/TSS Fees	\$2,520,700	\$210,058	\$313,843	\$103,785
Volumetric Fees	3,868,400	322,367	406,245	83,878
Fixed Charges	5,323,422	443,619	443,618	(1)
Truck Dump Fees	451,500	37,625	73,578	35,953
Permit Fees	28,250	-	1,100	1,100
Sampling Surcharge	-	-	-	-
Lease Capacity Revenue	-	-	8,897	8,897
Emergency Discharge Fees	-	-	9,528	9,528
Use of Reserves	-	-	-	-
Other Revenue	-	-	200	200
Interest & Investments	325,000	6,250	12,695	6,445
Total	\$12,517,272	\$1,019,919	\$1,269,704	\$249,785

Budget to Actual - Revenues by Source



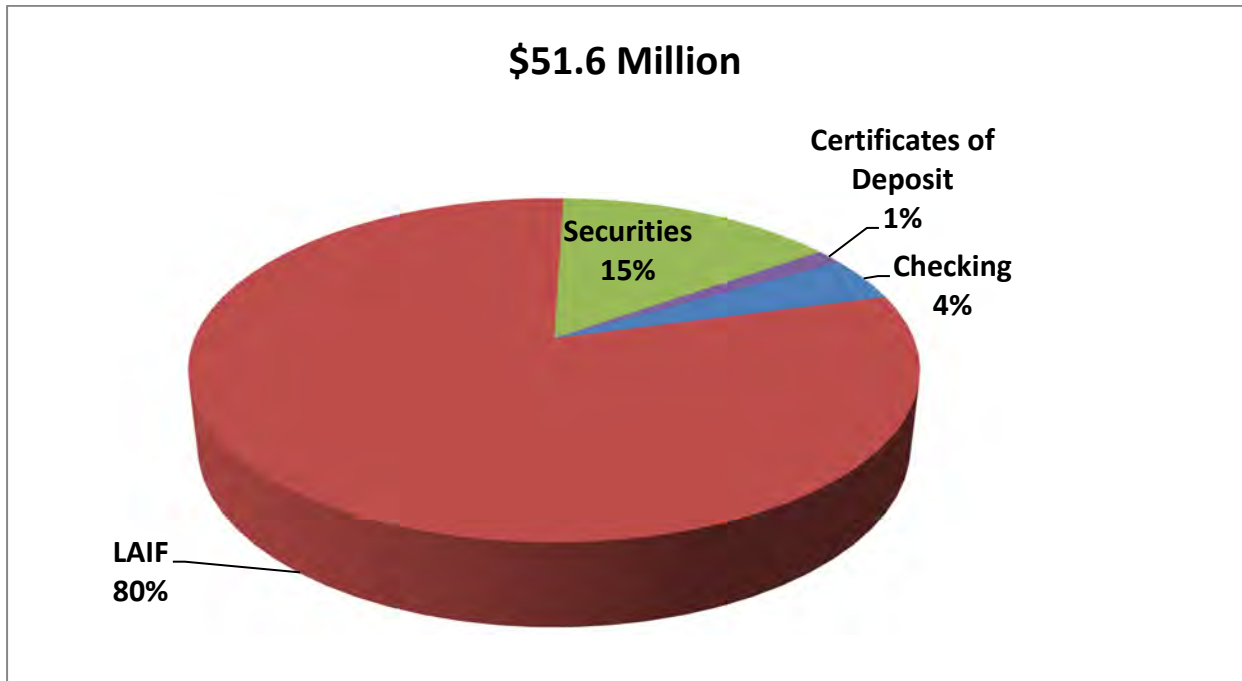
Average Daily Flow by Month



Total Discharge by Agency (in million gallons)

Discharger	Jul '21
Chino Desalter Authority	117.5422
Eastern Municipal Water District	80.8025
Inland Empire Utilities Agency	14.7045
San Bernardino Valley MWD	38.6734
Western Municipal Water District	146.1551
Truck Discharge	3.6981
Total	401.5758





Total Cash & Investments - July



Reserve Fund Balance – July

	Amount
Self Insurance	\$4,500,118
Debt Retirement	3,716,957
Pipeline Replacement	21,966,458
OC San Rehabilitation	2,380,866
Capacity Management	11,989,412
Future Capacity	1,835,618
Rate Stabilization	1,028,630
Flow Imbalance	83,789
Brine Line Operating	4,093,114
Total Reserves	\$51,594,962

Legend

		<u>Compared to Budget</u>
	Ahead or Favorable	Above +5% Favorable Revenue or Expense Variance
	On Track	+5% to -2% Variance
	Behind	-3% to -5% Variance
	Concern	Below -5% Variance

Staff Comments

For this month's report, the item(s) explained below are either "behind", a "concern", or have changed significantly from the prior month.

Capital Projects are 99% below budget. It is expected that the projects will be on budget by the end of the year.
