



PROJECT AGREEMENT 24 COMMITTEE
Inland Empire Brine Line
REGULAR MEETING MINUTES
May 2, 2023

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, Eastern Municipal Water District Governing Board
Shivaji Deshmukh, Inland Empire Utilities Agency General Manager
Gil Botello, San Bernardino Valley Municipal Water District Governing Board

STAFF PRESENT

Jeff Mosher, Karen Williams, David Ruhl, Edina Goode, Dean Unger, John Leete, Sara Villa,

OTHERS PRESENT

Andrew D. Turner, Lagerlof, LLP; Bruce Whitaker, Orange County Water District; Derek Kawaii, Western Municipal Water District

1. CALL TO ORDER | PLEDGE OF ALLEGIANCE

The regular meeting of the PA 24 Committee was called to order at 10:00 a.m. by Chair T. Milford Harrison on behalf of the Santa Ana Watershed Project Authority, 11615 Sterling Avenue, Riverside, California.

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. CONSENT CALENDAR

A. APPROVAL OF MEETING MINUTES: APRIL 4, 2023

Recommendation: Approve as posted.

MOVED, to approve the Consent Calendar as posted.

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

5. COMMITTEE DISCUSSION/ACTION ITEMS

A. INLAND EMPIRE BRINE LINE RATE RESOLUTION (PA24#2023.7)

David Ruhl provided a presentation titled Inland Empire Brine Line Rate Resolution 2023-5, contained in the agenda packet on pages 17-29. The purpose of the Brine Line Rates is to provide the revenue to operate and maintain the Brine Line. There are several Brine Line rates components: fixed charges and variable charges. Under the fixed charges there is a pipeline capacity component and a treatment and disposal; every member agency that owns a treatment and disposal capacity and pipeline capacity pays the fixed charges. The variable charges components are Flow, Biochemical Oxygen Demand (BOD), and Total Suspended Solids (TSS). The proposed rates have been calculated using the financial model prepared in 2018 and are based on the approved two-year budget (FY 2023-24 and FY 2024-25).

Table 1. Summary of FY 2022-23 (Current) Rates and FY 2023-24 (Proposed) Rates

<i>Fiscal Year</i>	<i>Flow (MG)</i>	<i>BOD (1,000 lbs.)</i>	<i>TSS (1,000 lbs.)</i>	<i>Fixed Pipeline*</i>	<i>Fixed T&D*</i>
Current FY 2022-23	\$1,049	\$353	\$520	\$6,654	\$13,505
Proposed FY 2023-24	\$1,073	\$394	\$494	\$6,654	\$13,505

*Fixed pipeline and Fixed Treatment and Disposal (T&D) charges are per million gallons (MG) per month.

The Brine Line rates include the cost that Orange County Sanitation District (OC San) charges SAWPA to treat and dispose of brine, which includes a Flow, BOD and TSS charge. The OC San Flow charge (\$292/MG) is included as part of the total SAWPA Brine Line Flow rate (\$1,073/MG). The OC San BOD and TSS charges are considered “pass-through” costs. Hence, SAWPA’s rate for BOD and TSS match the OC San BOD and TSS charge.

SAWPA received the proposed Brine Line rates from OC San (Flow, BOD, TSS) that include a 18.2% increase in the flow charge, a 11.6% increase in the BOD charge and a 5.0% decrease in the TSS charge. The increase is due to a decrease in OC San’s annual flow and an increase in operation and maintenance expenses. Although this increase is significant, SAWPA can maintain a rate increase of 2.25% for Flow and no change in the rate for Fixed Pipeline and Fixed Treatment and Disposal. Since BOD and TSS are pass through costs the rate for BOD will increase 11.6% and the rate for TSS will decrease 5.0%. One of the intended purposes of the Brine Line Operating Reserve is to mitigate the effects of unplanned or unexpectedly large rate increases. The potential impact on the FY 2023-24 approved budget due to the 18.2% increase in flow is approximately \$130,000. SAWPA staff will evaluate the unexpected expense during the upcoming fiscal year and if necessary, provide a recommendation to PA 24 to transfer funds from the Operating Reserve to Fund 240.

Vice Chair Mike Gardner asked about the operating reserves in terms of minimum and maximum, and if reserve funds are used will it drop below the target amount. Mr. Ruhl noted that the target is set at the maximum and there is a plan in place to make sure that they come up with a target amount over the next five to ten years. Committee member Joe Mouawad asked what the coverage is for the monthly fixed pipeline and how are the percentages determined? David Ruhl noted that the flow fixed pipe is 40% and fixed treatment is 60% of operating costs and any expenses will come out of each component. Karen Williams noted that a cost of study was done in the past and the member agencies were all involved and went through each line item and determined the percentage for each component.

SAWPA’s Planned rates for FY 2024-25 will include a 2.25% increase in the flow component and will include a 5.0% increase in the BOD and TSS rate. Fixed charges (pipeline, treatment, and disposal) are expected to remain the same. The truck disposal rates will continue to be based on two (2) tiers: the Brine Tier and a Non-Brine Tier. These charges remain unchanged from FY 2022-23. The proposed permit fees for FY 2023-24 remained

unchanged. The proposed Capacity Lease rates for FY 2023-24 remain unchanged from the rates from FY 2022-23. Treatment and Disposal surcharge rates are charged when the contractually owned capacity for Flow, BOD, and/or TSS is exceeded in any given month. The rates for Treatment and Disposal surcharges remain unchanged from FY 2022-23.

As part of the Brine Line Rate Resolution, planned rates for FY 2024-25 are presented to assist member agencies in their budget process for the next fiscal year. Since these rates are presented for "planning" purposes only, they require PA 24 and Commission approval prior to the beginning of the next fiscal year (July 1, 2024). The rates were shared with the member agencies and Chino Desalter Authority and no comments were received.

Committee member Joe Mouawad noted that he appreciates all the work and effort from SAWPA staff and respective agencies and asked about the reconciliation between individual dischargers relative to flow and concentrations, how does that get reconciled? Karen Williams noted that the quarterly financial report that gets presented to the PA 24 Committee shows consists of what our member agencies and OC San are charged, and there is a formula for the BOD and TSS for the dischargers that gets done monthly. The next presentation to the PA 24 Committee is anticipated in a couple of months.

MOVED, to recommend approval by the SAWPA Commission of Resolution No. 2023-5 establishing the Fiscal Year 2023-24 Inland Empire Brine Line Rates.

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

6. INFORMATIONAL REPORTS

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

A. BRINE LINE FINANCIAL REPORT – FEBRUARY 2023

Presenter: Karen Williams

7. REQUEST FOR FUTURE AGENDA ITEMS

There were no requests for future Agenda items.

8. CLOSED SESSION

There was no Closed Session.

9. ADJOURNMENT

There being no further business for review, Committee Chair T. Milford Harrison adjourned the meeting at 10:25 a.m.

Approved at a Special Meeting of the Project Agreement 24 Committee on June 20, 2023.

T. Milford Harrison

T. Milford Harrison, Chair

Attest:

Sara Villa

Sara Villa, Clerk of the Board