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Contract Number

24-1043

SAP Number

REGIONAL PARKS DEPARTMENT

Department Contract Representative	<u>Beahta R. Davis</u>
Telephone Number	<u>909-387-2340</u>
Contractor	<u>Inland Empire Utilities Agency</u>
Contractor Representative	<u>Shivaji Deshmukh</u>
Telephone Number	
Contract Term	<u>October 22, 2024 – October 20, 2027</u>
Original Contract Amount	<u>Wholesale recycled water and sewer rates</u>
Amendment Amount	<u>N/A</u>
Total Contract Amount	<u>Wholesale recycled water and sewer rates</u>
Cost Center	<u>6520001000</u>

Briefly describe the general nature of the contract:

Agreement, including non-standard terms, with the Inland Empire Utilities Agency to provide recycled water, sewer, and operations and maintenance services at certain County properties located in the City of Chino, including Prado Regional Parks, Prado Regional Park Lake, and Prado Golf Course. Invoicing will occur on a monthly basis for the use of recycled water and sewer services at rates equal to the wholesale rates established through the IEUA adopted rates resolution for a contract period of October 22, 2024, through October 20, 2027.

FOR COUNTY USE ONLY

Approved as to Legal Form

DocuSigned by:

Suzanne Bryant

C2A78869B945419

Suzanne Bryant, Deputy County Counsel

10/9/2024

Date

Reviewed for Contract Compliance

▶

Date

Reviewed/Approved by Department

▶

Date

10/28/24

AGREEMENT FOR PROVISION OF RECYCLED WATER, SEWER, AND OPERATIONS AND MAINTENANCE SERVICES AT PRADO REGIONAL PARK

This Agreement is made and entered into by and among the INLAND EMPIRE UTILITIES AGENCY, a Municipal Water District, organized and existing in the County of San Bernardino under and by virtue of the laws of the State of California, (hereinafter referred to as “IEUA”), and SAN BERNARDINO COUNTY, a political subdivision of the State of California (“COUNTY”) for the provision of recycled water, sewer, and operations and maintenance services at Prado Regional Park (“Prado Park”) located in the City of Chino (properties collectively referred to hereinafter as “Prado Properties”) by IEUA for three years pursuant to rates adopted by the IEUA Board of Directors. Included in this Agreement are IEUA responsibilities for operations and maintenance of the dechlorination facility located in Prado Park. IEUA and COUNTY shall be collectively referred to herein as “Parties,” and singularly as “Party.”

For and in consideration of the mutual covenants and agreements herein contained, it is mutually agreed as follows:

I. RECITALS

WHEREAS, IEUA produces Title 22 tertiary treated water, also known as recycled water, at IEUA's Wastewater Recycling Facilities for delivery to its customer agencies and neighboring customers; and

WHEREAS, IEUA has developed a distribution pipeline system (“Regional Recycled Water Distribution System”) for the delivery of recycled water to its customer agencies and customers; and

WHEREAS, beneficial reuse of recycled water for irrigation, agriculture, commercial operations, groundwater recharge, and other purposes has replaced the use of costly imported potable water and assists to drought-proof the region; and

WHEREAS, COUNTY operates Prado Park, including Prado Lake as a public recreational facility, including as a fishery, which requires water quality maintenance; and

WHEREAS, IEUA may utilize the Prado Lake facility as a State permitted wastewater discharge point, and to meet its 1969 Santa Ana River judgment; and

WHEREAS, the COUNTY benefits from the Prado Dechlorination Station for ensuring regulatory water quality for recycled water delivered to Prado Lake; and

WHEREAS, on November 1, 2023, IEUA entered into a Regional Sewage Service Contract with the City of Chino Hills, Cucamonga Valley Water District, and the City of Upland which guarantees said agencies in priority against all other recycled water purchase agreements, the right of first purchase of recycled water in a total quantity not exceeding

the annual base entitlement of each agency as defined therein. A copy of the Regional Sewage Service Contract is attached hereto as Exhibit “A” to this Agreement; and

WHEREAS, on December 20, 2023, IEUA adopted Ordinance No. 115 which guarantees all other sewage collection agencies in IEUA’s service area the right of first purchase of recycled water in a total quantity not exceeding the annual base entitlement of each agency as defined therein. A copy of Ordinance No. 115 is attached hereto as Exhibit “B” to this Agreement; and

WHEREAS, subject to the rights and limitations set forth in Exhibits “A” and “B” to this Agreement, IEUA retains full authority over the use and disposition of all recycled water treated by IEUA’s Wastewater Recycling Facilities; and

WHEREAS, IEUA plans to continue the standard operation and maintenance of the Dechlorination facility; and

WHEREAS, IEUA intends to deliver an annual average of approximately 3 million gallons per day (MGD) of recycled water through Prado Lake for the COUNTY, subject to availability of recycled water after exercise of the collective rights of first purchase set forth in Exhibits “A” and “B;” and

WHEREAS, the Regional Sewerage System was expanded with the construction of the Chino Preserve Lift Station, owned by the City of Chino and currently operated by IEUA, to which the COUNTY now receives sewer service in place of the Prado Lift Station.

II. TERM

The term of this Agreement shall be three (3) years, commencing upon October 22, 2024 and ending on October 20, 2027.

III. IEUA RESPONSIBILITIES

A. Recycled Water

1. IEUA, either directly or through a retail recycled water provider, will continue the delivery of recycled water to COUNTY subject to availability in accordance with Exhibits “A” and “B,” or successors thereof, and Chapter 3 of Division 4 of Title 22 of the California Code of Regulations. IEUA will make recycled water available to COUNTY if and when there remains unclaimed recycled water after IEUA’s local Sewage Collection Agencies exercise their respective rights of first purchase of recycled water pursuant to Exhibits “A” and “B.”
2. IEUA will calculate recycled water use by COUNTY based on metered recycled water delivered, and by formula herein calculating for evaporation at Prado Lake. Prado Golf deliveries will be metered, maintained, and read by IEUA through an IEUA owned meter at the point of entry for the facility.

Prado Park deliveries will be metered, maintained, and read by COUNTY and provided to IEUA on a monthly basis. Should COUNTY provided metered recycled water usage data be unavailable, IEUA reserves the right to bill COUNTY based on estimated recycled water usage.

3. IEUA may, at its discretion and expense, construct an outfall discharge from a point above Prado Lake to a point immediately below the dam to segregate IEUA and COUNTY discharges.
4. IEUA and COUNTY agree that the amount of water evaporated from Prado Lake is 165-acre feet per year ("AFY"), less any amount that COUNTY pumps into Prado Lake from its wells. 165 AFY was calculated based on the Penman formula and average weather conditions in San Bernardino County. According to information from the Chino Basin groundwater model, recharge from Prado Lake is negligible and would surface downstream and contribute to stream flow into Prado Basin; therefore, no recharge quantity is considered. At such time as the discharges are completely segregated, and COUNTY requests all its water through meters, the evaporation amount will no longer be applicable.
5. IEUA retains discretion to continue operating and maintaining the Dechlorination facility for recycled water discharge to Prado Lake. Both parties understand long term operation of the Dechlorination facility by IEUA is not feasible due to the large investments required for refurbishment and potential relocation due to the raising of the spillway at Prado Dam by the United States Army Corps of Engineers. It is also understood that when the 3-year agreement concludes, IEUA plans to cease operation of the Prado Dechlorination facility, and as a result, will be unable to provide dechlorinated recycled water to COUNTY. Should critical infrastructure at the Dechlorination facility fail before the end of the 3-year agreement, recycled water service to Prado Park and Prado Lake will cease.
6. It is IEUA's preference that any continued recycled water service past this agreement be through a water retailer. At the COUNTY's request, IEUA will make its staff available to assist the COUNTY in coordinating with the local water retailer to continue recycled water service for the Prado Properties in accordance with Exhibits "A" and "B," or successors thereof, and Chapter 3 of Division 4 of Title 22 of the California Code of Regulations.

B. Sewer Service

1. COUNTY initially purchased capacity equivalent to 126 equivalent dwelling units ("EDU"). In the 2014 Agreement with COUNTY, it was estimated that a capacity of 196 EDUs would be required. IEUA temporarily issued the

additional capacity and agreed that no additional equivalent capital connection fees for all existing sewer service connections (estimated as 196 EDU) on COUNTY's Prado properties are due.

2. COUNTY agrees that IEUA shall not provide reimbursements for capital expenditures made annually to date.
3. The parties agree that the base EDU that may be set by a retail service provider, or the 196 EDU, whichever is the minimum, is the governing base connected capacity for the COUNTY through the term of this agreement.
4. IEUA and COUNTY agree that all additional new sewer connections will require IEUA-established capital connection fees pursuant to IEUA's adopted rate resolutions in force at the time of the new sewer connection.
5. It is acknowledged by both parties that it is IEUA's preference to have sewer service provided through a retail service provider, with wastewater treatment provided by IEUA in accordance with IEUA Ordinance No. 114, or successors thereof.

C. Rate of Service

1. IEUA will bill COUNTY on a monthly basis for the use of recycled water and sewer service at rates equal to the wholesale rates established through IEUA's adopted rate resolutions.
2. The parties recognize that water quality degradation is likely due to runoff and storm flow and not the lake itself; therefore, no past or further degradation charges are due or considered in this agreement.
3. The COUNTY and IEUA shall share the operation and maintenance costs for the Prado Dechlorination facility, based on each party's amount of recycled water treated by the Dechlorination facility. IEUA will bill COUNTY for its share of operation and maintenance expenses for the Dechlorination facility for Prado Lake. Said expenses include facility operations, monitoring, labor, chemicals, utilities, and daily equipment maintenance, replacement, and refurbishment as required to keep the facility operating in a safe, efficient, and compliant condition. The parties agree to mutually discuss the cost, share, and completion of any required capital replacement in excess of \$100,000. Neither party must fund their proportional share of such capital replacement without mutual agreement.
4. The COUNTY and IEUA shall share the utility costs incurred through pumping recycled water to the Prado Properties. Each year in October, IEUA will average the previous fiscal year per unit energy costs from July through June as ¢/kwh. The average previous annual ¢/kwh will be multiplied by a

constant 456,386 kWh/MGD, which is the average kWh per MGD from July 1, 2023, to July 1, 2024, for IEUA's Regional Plant No. 5 pumps that are responsible for delivering water to Prado Park. The resulting \$/MGD will be multiplied by a constant 1.5 MGD, equal to half of the annual average of recycled water flows planned to be delivered to Prado Lake and billed monthly to COUNTY. COUNTY shall not be billed for additional recycled water pumping costs unless COUNTY specifically requests additional flow from IEUA, in writing or via email, in which case any additional requested pumping will be charged accordingly using the above methodology.

5. For purposes of calculating sewer service from IEUA, the parties agree that current facilities and flow are billed by IEUA as 196 EDU.

IV. COUNTY RESPONSIBILITIES

1. COUNTY shall pay IEUA for recycled water and sewer service pursuant to the wholesale rates as adopted by the IEUA Board of Directors until such time as a retail recycled water and/or sewer service provider provides services to COUNTY. IEUA agrees that this may occur anytime, and COUNTY may utilize existing service-provision facilities.
2. COUNTY shall pay IEUA for its share of the Dechlorination facility for Prado Lake. The COUNTY and IEUA shall share the operating and maintenance costs, based on each party's metered amount of recycled water through the Dechlorination facility.
3. COUNTY shall pay IEUA for 1.5 MGD of recycled water pumping utility costs in addition to IEUA's wholesale recycled water rate as outlined in Section III C.4 above.
4. COUNTY shall install and/or maintain meters at all points of delivery to COUNTY facilities, except Prado Lake and Prado Golf. Any pumped extractions from Prado Lake to Prado Park shall be metered by COUNTY and deliveries to Prado Golf will be metered by IEUA.
5. COUNTY or its designee, vendors, or contractors shall not operate as a retail provider of recycled water service or offer for sale any recycled water provided by IEUA to COUNTY facilities, except COUNTY may sell recycled water to its vendors and contractors located on COUNTY Prado facilities and property.
6. Until the discharges are completely segregated per IEUA's request, COUNTY will annually provide information on water quantity and quality for water supplied from its wells into Prado Lake.

V. GENERAL PROVISIONS

1. This Agreement is personal to the Parties, and the Parties shall not have the right to assign or otherwise transfer this Agreement. Any attempted assignment or other transfer shall be deemed null and void without legal effect.
2. The Parties agree to execute any further documents, and take any further actions, as may be reasonable and appropriate in order to carry out the purpose and intent of this Agreement.
3. All disputes arising out of or in relation to this Agreement shall be determined in accordance with this section. The Parties agree to make every effort to resolve any disputes collectively, and in a mutually beneficial manner. By entering into this Agreement, however, the Parties are obligated, and hereby agree, to submit all disputes arising under or relating to this Agreement that remain unresolved after ninety (90) days from the initial time of notice, and after the exhaustion of attempts to mutually resolve, to non-binding mediation with a mediator selected by the Parties. Each Party agrees to bear its own costs associated with mediation.
4. Each Party agrees to defend and hold harmless the other Parties and their respective officers, directors, agents, employees, servants, and volunteers from any and all liability, judgments, expenses, including defense costs and legal fees, and claims for damages of any nature whatsoever, arising from or connected with the Parties' activities under this Agreement.
5. In the event that the County and/or IEUA are determined to be comparatively at fault for any claim, action, loss or damage which results from their respective obligations under this agreement, County and/or Contractor shall indemnify the other to the extent of its comparative fault.
6. County and IEUA are authorized self-insured or partially self-insured public entities for purposes of Professional Liability, General Liability, Automobile Liability and Worker's Compensation and warrant that through their respective programs of self-insurance and insurance, they have adequate coverage or resources to protect against liabilities arising out of performance of the terms, conditions or obligations of this Agreement.
7. Any notice may be served upon either Party by delivering it in person, or by depositing it in a United States Mail deposit box with the postage thereon fully prepaid, and addressed to the Party at the address set forth below:

If to COUNTY:

San Bernardino County
Department of Regional Parks

268 W. Hospitality Lane, Third Floor, Suite
303
San Bernardino CA 92408

If to IEUA:

Inland Empire Utilities Agency
6075 Kimball Avenue
Chino Hills, California 91708
Attn: General Manager

or at such other address or to such other persons as either of the parties may from time to time designate by written notice given as herein provided.

Any notice given hereunder shall be deemed effective in the case of personal delivery, upon receipt thereof, or in the case of mailing, at the moment of deposit in the course of transmission with the United States Postal Service.

8. All of the terms, conditions and provisions of this Agreement shall inure to the benefit of and be binding upon the Parties, and their respective successors and assigns. Notwithstanding the foregoing, no assignment of the duties or benefits of the Parties under this Agreement may be assigned, transferred or otherwise disposed of without the prior written consent of the other Party and any such purported or attempted assignment, transfer or disposal without the prior written consent of the other Party shall be null, void, and of no legal effect whatsoever.
7. This Agreement represents the entire Agreement of the Parties as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered by the Agreement. This Agreement may not be modified, altered or amended except by written mutual agreement by the Parties.
8. This Agreement is to be governed by and constructed in accordance with the laws of the State of California and under the jurisdiction of the Superior Court of the State of California located in San Bernardino County.
9. The parties shall not hold the other parties responsible for the effects of acts occurring beyond their control; e.g., war, riots, strikes, natural disasters.
10. This Agreement shall supersede any prior agreements between COUNTY and IEUA for recycled water and sewer services at Prado Properties.
11. No alteration, amendment, or variation of this Agreement shall be valid unless made in writing and signed by all Parties.

12. This Agreement may be executed in counterparts, each of which shall be deemed to be an original instrument, but all of which together shall constitute on and the same instrument.

13. This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts shall together constitute one and the same Agreement. The Parties shall be entitled to sign and transmit an electronic signature of this Agreement (whether by facsimile, PDF or other mail transmission), which signature shall be binding on the Party whose name is contained therein. Each Party providing an electronic signature agrees to promptly execute and deliver to the other Party an original signed Agreement upon request.

14. Either Party shall have the right to terminate this Agreement for its convenience at any time, on at least sixty (60) days written notice prior to the effective date of termination, given to the other Party as required herein.

IN WITNESS WHEREOF, the parties hereto have caused the Agreement to be entered as of the day and year written below.

DS
[Signature]

SAN BERNARDINO COUNTY

► [Signature: Dawn Rowe]

Dawn Rowe, Chair, Board of Supervisors

Dated: NOV 05 2024

SIGNED AND CERTIFIED THAT A COPY OF THIS DOCUMENT HAS BEEN DELIVERED TO THE CHAIRMAN OF THE BOARD

Lynna Monell
Clerk of the Board of Supervisors
San Bernardino County

By [Signature]



Inland Empire Utilities Agency

(Print or type name of corporation, company, contractor, etc.)

By ► [Signature: Shivaji Deshmukh]

(Authorized signature - sign in blue ink)

Shivaji Deshmukh

Name _____

(Print or type name of person signing contract)

Title General Manager

(Print or Type)

Dated: 10/23/2024

Address _____

Approved as to Legal Form

► [Signature: Suzanne Bryant]

Suzanne Bryan, County Counsel

10/9/2024

Date _____

Reviewed for Contract Compliance

► [Signature: Moe Yousif]

Moe Yousif, Deputy Executive Officer

10/9/2024

Date _____

Reviewed/Approved by Department

► [Signature: Beahtha R. Davis]

Beahtha R. Davis, Director, Regional Parks Department

10/9/2024

Date _____

FOR COUNTY USE ONLY

Revised 9/24/2024

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EXHIBIT A

Regional Sewage Service Contract

With Exhibits

Dated November 1, 2023

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RECITALS

A. WHEREAS, the parties previously entered into that certain Chino Basin Regional Sewage Contract, dated as of January 2, 1973, and amended April 12, 1984 and October 19, 1994; and

B. WHEREAS, said contract provided an effective term of 50 years and lapsed on January, 2, 2023; and

C. WHEREAS, the parties wish to enter into a new Regional Sewage Service Contract effective immediately; and

NOW THEREFORE, the parties agree as follows:

SECTION 1 - DEFINITIONS

Unless otherwise required by the context, various terms used in this Contract, including the recitals, shall have the meanings set forth in this section. The singular number includes the plural and the plural the singular.

“Acquire” or “Acquisition” means to acquire or make the acquisition of one or more of the following:

- A. Fee simple title to land.
- B. Any interest in land by deed, easement, lease, sublease, contract or otherwise.
- C. Title to or any interest in any existing facilities located upon land.
- D. Interests or capacity rights in any land or facilities owned by others.

“Capacity Demand” means the volume and strength (i.e., biochemical oxygen demand and suspended solids) of sewage discharged from the Community Sewer System of a Contracting Agency into the Regional Sewerage System.

“Capital Capacity Reimbursement Account” means the accounts established and maintained by the Contracting Agencies and to which are deposited or credited Capital Capacity Reimbursement Payments.

“Capital Capacity Reimbursement Payment” means a deposit or credit made to the Capital Capacity Reimbursement Account of a Contracting Agency for new connections to its Community Sewer System.

“Chino Basin” means that area underlain by the Chino and Cucamonga groundwater basins and that portion of the Claremont Heights groundwater basin within San Bernardino County which groundwater basins are described in Bulletin No. 53 of the California Division of Water Resources, dated March, 1947, and entitled “South Coastal Basin Investigation - Overdraft on Groundwater Basins.”

“Commercial Unit” means a building, establishment or premises where businesses selling goods or providing professional or other services to the public or governmental offices are or will be located.

“Community Sewer System” means all facilities owned, controlled or operated by a Sewage Collection Agency for the purpose of collecting and conducting sewage to a Delivery Point, including collector sewers conducting sewage from the originating premises, trunk sewers conducting sewage from tributary collector sewers or other trunk sewers and any facilities appurtenant to the foregoing.

“Contracting Agency” means any Sewage Collection Agency located, in whole or in part, within the boundaries of IEUA which has entered into this Regional Sewage Service Contract with IEUA.

“Demand Deficit” means the difference between the aggregate total Forecasted Demand of a Contracting Agency and the total aggregate Equivalent Dwelling Units connected to its Community Sewer System during an eight-year period commencing with the fifth fiscal year preceding the fiscal year for which IEUA is at the time of the determination of such difference preparing a Ten-Year Sewer Capital Forecast, and including the initial three fiscal years of such Ten-Year Sewer Capital Forecast.

“Delivery Point” means the transfer point at which Sewage is delivered from a Community Sewer System into the Regional Sewerage System.

“Dispose” or “Disposal” means any process or method for the elimination or beneficial use of Sewage and any Effluent or solid waste residuals thereof, including exportation from the Chino Basin.

“Effluent” means the liquid outflow at the discharge point of any Regional Treatment Plant.

“Equivalent Dwelling Unit” or “EDU” means a measure of sewage flow equivalent in quantity and strength to the daily flow of an average single-family household determined by resolution of the Board of Directors of IEUA and referred to as Exhibit “J” hereto.

“Expansion” means the acquisition or construction of new facilities for the Regional Sewerage System and the making of any replacements, betterments, additions or extensions of the Regional Sewerage System.

“Facilities” means any pipelines, buildings, structures, works, improvements, fixtures, machinery, equipment, or appliances and any real property, or interests therein, necessary or convenient for the construction, maintenance and operation of any of the Regional Sewerage System.

“Fiscal Year” means a 12-month period commencing on July 1 and ending on the following June 30.

“Forecasted Demand” means the yearly forecasted or estimated volume and strength of sewage discharged from the Community Sewer System of a Contracting Agency into the Regional Sewerage System as set forth in a Ten-Year Sewer Capital Forecast.

“IEUA” means the Inland Empire Utilities Agency, a municipal water district.

“Industrial Unit” means a building, establishment, or premises where manufacturing, fabrication or assembly operations or industrial or chemical processes are conducted.

“Industrial Waste” means any wastewater and any water borne solid, liquid, or gaseous wastes resulting from any producing, manufacturing, or processing operations of whatever nature as more particularly defined, from time to time, by any federal, state, or regional agency authorized by law to prescribe quality standards for the discharge of sewage effluent and industrial waste effluent within the Chino Basin.

“Non-Domestic Waste” means waste or wastewater discharged into the Community Sewer System of a Contracting Agency which has a greater concentration of total dissolved solids or biochemical oxygen demand or any other constituents limited by IEUA than the waste or wastewater discharged from the typical single family domestic household in the Contracting Agency’s Service Area.

“Orange County Judgment” means the judgment entered in the action entitled Orange County Water District v. City of Chino, et al. (Case No. 117628, Superior Court, County of Orange).

“Recycled Water” means as defined in Title 22, Division 4, Chapter 3, Water Recycling Criteria, Section 60301.050 et seq., of the California Code of Regulations; water which is available as a result of the treatment of wastewater. Also as described in subdivision (n) of Section 13050 of the Water Code of the State of California, treated wastewater that is suitable for direct beneficial use or a controlled use that would not otherwise occur.

“Regional Interceptor” includes, but is not limited to, pipelines, facilities and appurtenances which receive sewage from the most downstream trunk or collector sewer of a Community Sewer System, or a portion thereof, for the purpose of transmitting the sewage to a Regional Treatment Plant or to any other point of disposal, and any facilities appurtenant thereto, or any sewer which is utilized for the transmission of the sewage of two or more Contracting Agencies to such a plant or point of disposal.

“Regional Policy Committee” means the committee provided for in Section 24 hereof

“Regional Sewerage System” means all facilities owned, controlled, or operated by IEUA and any interest or capacity rights of IEUA in facilities owned, controlled, or operated by others, for the purpose of transmitting, treating and/or disposing of Sewage, including interceptor sewers, sewage treatment and disposal plants, facilities for the Disposal of Effluent and solid waste residuals and any facilities appurtenant to the foregoing. The Regional Sewerage System does not include the Recycled Water system which is owned, operated, managed, and maintained by IEUA. The Regional Sewerage System shall include all other disposal facilities which are required to meet the requirements of the National Pollutant Discharge Elimination System Permit or permits or Waste Discharge Requirements issued to IEUA by the Regional Water Quality Control Board, Santa Ana Region, for the operation of the Regional Treatment Plants.

“Regional Technical Committee” means the committee provided for in Section 25 hereof.

“Regional Treatment Plant” means a sewage and wastewater treatment plant operated by IEUA as part of the Regional Sewerage System.

“Regional Wastewater Capital Improvement Fund” means the fund of IEUA into which is deposited all Supplemental Capital Outlay Funds received by IEUA from the Contracting Agencies for the acquisition, construction, improvement, and expansion of the Regional Sewerage System.

“Residential Unit” means a single-family residence, a condominium unit, an apartment unit or other such structure or portion thereof which is equipped and suitable for human habitation or a mobile home space in a mobile home park, not including, however, transient lodging rooms in motels or hotels which are considered to be commercial units.

“Santa Ana River (SAR) Base Flow Obligation” means the obligation established under the Orange County Judgment and defined under the Prado Settlement, Stipulations and Orders of Dismissal re Certain Defendants and Cross-Defendants (filed April 17, 1969), and the October 2, 1968, CBMWD – WMWD Agreement re Satisfaction of Joint Obligation Prado Settlement (“Allocation Agreement”), the October 28, 1968 Agreement between Chino Basin Municipal Water District and City of Pomona re the Prado Settlement, and the December 18, 1968 Agreement Between Western Municipal Water District of Riverside County and City of Corona in Regard to Prado Settlement (collectively “Settlement Agreement”), which obligation defines the shared responsibility for a Base Flow obligation at Prado Dam between IEUA and Western Municipal Water District. IEUA implements the Chino Basin portion of the Settlement Agreement which is commonly referred to as the Santa Ana River (“SAR”) Base Flow obligation at Prado.

“Service Area” means all territory now or hereafter served by the Community Sewer System owned, controlled or operated by any Contracting Agency. The IEUA service area includes the Cities of Chino, Chino Hills, Fontana, Montclair, Ontario, Upland, and the Cucamonga Valley Water District.

“Service Contract” means this Chino Basin Regional Sewage Service Contract and any substantially similar contract between IEUA and a Contracting Agency providing for the

Transmission, Treatment and Disposal of sewage from the Contracting Agencies by means of the Regional Sewerage System.

“Sewage” means any liquid waste and water borne solid waste resulting from residential, commercial, industrial, or institutional activities or uses.

“Sewage Collection Agency” means any county, city or special district, other than IEUA, which is located in whole or in part within the IEUA Service Area and which is authorized to own, control and operate a Community Sewer System.

“Sewer” means any pipeline conducting sewage, either by gravity or by pressure, and any facilities appurtenant thereto.

“Sewer User Charge” means any charge, fee, rental, or rate, excluding property taxes and Capital Capacity Reimbursement Payments, which is imposed on and collected from the owner, lessee, or occupant of property for providing services and facilities of any Community Sewer System or the Regional Sewerage System, or both.

“Supplemental Capital Outlay Funds” means contributions by a Contracting Agency from its Capital Capacity Reimbursement Account reserves to IEUA to supplement the funding of the planning, design and construction of Regional Sewerage System capital improvement projects.

“Transmit” or “Transmission” means the conducting (i) of Sewage from any Delivery Point to a Regional Treatment Plant or other point of Disposal or (ii) of Effluent from a Regional Treatment Plant to a point of Disposal;

“Treat” or “Treating” or “Treatment” means any process or method for altering the quality of Sewage and/or Effluent to meet applicable regulatory standards for Disposal or beneficial reuse.

“Wastewater Treatment Plant” or “WWTP” means a sewage and wastewater treatment plant constructed by a Contracting Agency and is not a part of the Regional Sewerage System.

SECTION 2 - RIGHTS AND OBLIGATIONS

The Contracting Agencies shall have the right to deliver all Sewage collected by its Community Sewer Systems to the Regional Sewerage System and IEUA shall have the obligation to receive into the Regional Sewerage System all Sewage so delivered by the Contracting Agency subject to the provisions of this contract.

SECTION 3 - COMMUNITY SEWER SYSTEMS

Each Contracting Agency shall be responsible for all costs and expenses of the acquisition, construction, operation, and maintenance of its Community Sewer System.

A. Inspection of Facilities

Any authorized officer or employee of IEUA may enter and inspect any part of the Community Sewer System of any Contracting Agency during normal working hours on regular business days and upon the giving of not less than 24 hours prior notice of the inspection, except during emergencies.

SECTION 4 - RESERVED

SECTION 5 - REQUESTS FOR REGIONAL INTERCEPTORS AND WASTEWATER TREATMENT PLANTS

Regional Interceptors are a part of the Regional Sewerage System and their design and construction or acquisition shall be financed as provided in Section 9 hereof. Separate from the Regional Sewerage System, a Contracting Agency may construct, own and operate a wastewater treatment plant ("WWTP") or permit another person, firm or corporation to construct a WWTP which will be controlled and operated by the Contracting Agency when to do so is not detrimental to the operation of the Regional Sewerage System. The IEUA Board shall consider requests for Regional Interceptors and Contracting Agency construction of WWTPs pursuant to the following procedures:

A. Request To IEUA – Regional Interceptor and Contracting Agency Construction of WWTP.

1. Any Contracting Agency may make a written request to IEUA for a determination as to the location of a new Regional Interceptor, an acquisition of an existing Regional Interceptor, or the construction of a WWTP.
2. Notification. IEUA shall provide the Regional Technical Committee notice of written request from the Contracting Agency within 45 days of its receipt.
3. Determination by IEUA. IEUA shall review and determine whether the action proposed in the request will be detrimental to the operation of the Regional Sewerage System and present an informational item with a recommendation to the Regional Technical Committee for the request.
4. Recommendation By Regional Technical Committee. The Regional Technical Committee shall review the request and determination by IEUA and shall provide a recommendation to the Regional Policy Committee as an informational item.
5. Review and Recommendation By Regional Policy Committee. The Regional Policy Committee shall review the recommendation from the Regional Technical Committee and issue its own recommendation to IEUA regarding the request.

B. Determination by the IEUA Board.

The IEUA Board shall review and consider the Regional Policy Committee's recommendation for the request, and shall issue its final determination. The failure of the Regional Technical Committee or the Regional Policy Committee to take action on the request shall not preclude IEUA from taking action on the request.

C. Request For Hearing.

Any Contracting Agency, that disagrees with the determination may file a written request for a hearing before the IEUA Board.

D. Cost/Expense of Contracting Agency WWTP.

A Contracting Agency which constructs a WWTP shall be solely responsible for the cost and expense of the construction and maintenance and operation of said plant. Any such WWTP which is constructed and owned by a Contracting Agency shall not be operated by IEUA as a part of the Regional Sewerage System without the written consent of all other Contracting Agencies and IEUA.

E. Operation And Maintenance of Contracting Agency WWTP.

A Contracting Agency which constructs a WWTP may enter into a contract with IEUA for the maintenance and operation of the plant subject to the terms and conditions agreed to by the parties. In the event a Contracting Agency and IEUA enter into such a contract, the budgeting and funding for the maintenance and operation of the plant shall be accounted for separately by IEUA in order to prevent any adverse impact on the Regional Sewerage System or any impact on the rates and charges imposed by IEUA under this Service Contract.

SECTION 6 - REGIONAL SEWERAGE SYSTEM; PROHIBITED DISCHARGES

IEUA shall own and operate a Regional Sewerage System for the Transmission, Treatment and Disposal of Sewage delivered by any Contracting Agency. The Regional Sewerage System, including any interests or capacity rights of IEUA in facilities owned, controlled or operated by others, shall be as shown or described in the IEUA Wastewater Facilities Master Plan, as amended from time to time, and is intended to accept domestic waste.

Use of the Regional Sewerage System by industrial users discharging process wastewater shall be governed by Ordinance No. 109, or any successors thereof.

Except as may be specifically provided on a temporary basis, no Contracting Agency shall discharge or cause to be discharged in the Regional Sewerage System any waste which exceeds or results in the inability of the wastewater treatment plant effluent to meet the wastewater discharge

requirements presently established by any State or Federal regulatory agency, or which may be adopted in the future.

A Contracting Agency shall not discharge wastewater, in quantities or concentrations, alone or in conjunction with a discharge or discharges from other sources that cause the pH of the wastewater entering the headworks of any Regional Treatment Plant to decrease below 6.0 Standard Units at any time.

A Contracting Agency shall not discharge wastewater, in quantities or concentrations, alone or in conjunction with a discharge or discharges cause an increase in temperature of a Regional Treatment Plant's influent to be above 90 degrees Fahrenheit, which normally occurs during the period of June through October, nor above 78 degrees Fahrenheit during the remainder of the year.

IEUA shall pay all costs and expenses incurred in the acquisition, construction, maintenance, and operation of the Regional Sewerage System. Each Contracting Agency shall, as provided in Section 17 hereof, pay to IEUA service charges representing a pro rata share of all net audited costs incurred by IEUA in the maintenance and operation of the Regional Sewerage System, and each Contracting Agency shall contribute Supplemental Capital Outlay Funds to IEUA for the improvement and expansion of the Regional Sewerage System as provided in Section 9 hereof.

Expansion of the Regional Sewerage System is done to accommodate growth and development within the respective Contracting Agency's service area and is based largely on growth projections and requests for expansion from the Contracting Agencies. Accordingly, voluntary withdrawal of wastewater flows by one or more Contracting Agencies could be detrimental to the Regional Sewerage System by creating stranded assets and resulting in increased costs to the remaining Contracting Agencies. Nevertheless, should a voluntary withdrawal of flows from the Regional Sewerage System occur, the impact of the withdrawal will be calculated by IEUA and an impact fee will be assessed against the withdrawing Contracting Agency.

SECTION 7 - REGIONAL PRETREATMENT PROGRAM

IEUA owns and operates the Regional Sewerage System facilities that are regulated by National Pollutant Discharge Elimination System (NPDES) permits issued by the Regional Water Quality Control Board, and which are subject to numerical discharge limitations and requirements. Those permit regulations and discharge limitations require the control and restrictions to the discharge of industrial wastewater on Significant Industrial Users (SIUs). Furthermore, the permit regulations require IEUA to implement pretreatment regulations in all jurisdictions tributary to IEUA's service area. The regional pretreatment program requirements between IEUA and the Contracting Agencies shall be established by resolution of the Board of Directors of IEUA and in Ordinance No. 109 and any successors thereof.

SECTION 8 - RESERVED

SECTION 9 - CAPITAL FINANCING OF REGIONAL SEWERAGE SYSTEM

A. General

The Regional Sewerage System and any improvement or expansion of that system will provide benefits to the entire territory served by that system in that the entire territory will be benefited by the protection of public health, the protection of the quality of water sources, the improvement of water management through integrated use of all sources of water supply, including sewage treatment plant effluent, the improvement of general conditions for individual, residential, commercial and agricultural development and the reduction in costs for the Transmission, Treatment, and Disposal of Sewage by the pro rata sharing of all costs incurred by IEUA in the maintenance and operation of the Regional Sewerage System.

The acquisition, construction, improvement, and expansion of the Regional Sewerage System shall be financed with real property tax revenues, revenues from capital capacity fees, sewage service charges levied by the Board of Directors of IEUA, grants and other financial assistance which may be available from any federal, state, local or other source, Supplemental Capital Outlay Funds contributed by the Contracting Agencies.

B. Taxes, Sewage Service Standby or Availability Charges

The Board of Directors of IEUA may fix, levy, and collect sewage service standby or availability charges for the purpose of financing the acquisition, improvement, and expansion of the Regional Sewerage System. The IEUA Board of Directors will adopt a property tax allocation plan, which will remain in effect until amended in IEUA's discretion. The IEUA Board of Directors may elect to add, consolidate, or rename funds as necessary to best manage the IEUA funds.

At the time of review of fund budgets, IEUA shall develop a plan that includes the basis for the tax allocation. IEUA shall inform the Regional Technical Committee and Regional Policy Committee of any proposed allocations of the property tax revenues intended for the Regional Wastewater Capital Improvement Fund and will consider input and recommendations from the committees prior to making a final determination.

C. Capital Capacity Reimbursement Account and Capital Capacity Reimbursement Payments

1. General

As a condition to sewage treatment service and for the purpose of providing Supplemental Capital Outlay Funds to IEUA, each Contracting Agency shall establish and maintain a Capital Capacity Reimbursement Account to which the Contracting Agency shall deposit or credit its Capital Capacity Reimbursement Payments. The amounts so deposited or credited by a Contracting Agency to its said account shall be used by the Contracting Agency only for the purpose of providing Supplemental Capital Outlay Funds to IEUA; provided that interest earned on such amounts shall not be so restricted and may be used by the Contracting Agency for any lawful purpose. The source of Capital Capacity Reimbursement Payments shall be at the discretion of each Contracting Agency.

2. Capital Capacity Reimbursement Payments

Each Contracting Agency shall have deposited or credited to its Capital Capacity Reimbursement Account a Capital Capacity Reimbursement Payment for each connection which has been or will

be made to its Community Sewer System or for each change in use of an existing commercial or industrial connection in an amount determined as follows:

- a. The amount of the Capital Capacity Reimbursement Payment for each new connection to a Contracting Agency's Community Sewer System and for each change in use of any existing Commercial Unit or Industrial Unit which results in an increase in volume or strength of Sewage therefrom shall be determined by computing the number of Equivalent Dwelling Units therefor as provided in that document approved by Resolution of the Board of Directors and identified as "Exhibit J" and made a part hereof and applying the then current Capital Capacity Reimbursement Payment amount as established by the IEUA Board to each such EDU.
- b. Notwithstanding the preceding provisions, the amount which a Contracting Agency is required to have deposited in or credited to its Capital Capacity Reimbursement account for any such new connection or change of use shall be reduced by payments, if any, made by the Contracting Agency to IEUA for the new connection or change of use to support Supplemental Capital Outlay Payments, made at IEUA's request.
- c. A Capital Capacity Reimbursement Payment shall be deposited or credited to a Contracting Agency's Capital Capacity Reimbursement Account for such a new connection or change of use at the time of the issuance of a building permit or a sewer connection permit, or for changes in the use of existing Commercial Units and Industrial Units, or the permits required therefor. Upon request by a Contracting Agency, IEUA will review, with support and consultation as needed from the Building Activity Report (BAR) Subcommittee, fee calculations and collections by any Contracting Agency for any errors, within 30 days from the receipt of the monthly building activity report, as further described herein, unless a more expedited review is requested by Contracting Agency. In the event a Contracting Agency fails to deposit Capital Capacity Reimbursement Payments into the Contracting

Agency's Capital Capacity Reimbursement Account by the applicable deadlines, the Contracting Agency shall be required to make late payments in amounts which correspond to the adopted EDU rate in place at the time that said payments first became due and owing.

3. Capital Capacity Reimbursement Reports

- a. Each Contracting Agency shall report monthly to IEUA, at such time as IEUA shall designate, the balance of the funds in its Capital Capacity Reimbursement Account as of the last day of the preceding month. Such monthly reports shall be in writing and shall include the calculation sheets and also contain the number of building permits and sewer permits which were issued in the Contracting Agency's Service Area during the preceding month and estimated volume of Sewage flows for all residential, commercial, and industrial connections within the Contracting Agency's Service Area for the current month and the cumulative total thereof. Commercial and industrial sewer connection permits shall be listed by individual permit with the number of fixture units and expected volume and strength of sewage for each permit. IEUA shall have 30 days from receipt of said reports to contact the applicable Contracting Agency with any questions or requests for clarification regarding the connection fee calculations reflected in said report.
- b. IEUA shall maintain a summary accounting of the Capital Capacity Reimbursement Account reserves of all Contracting Agencies and shall make written semiannual reports to the Contracting Agencies on or before 1) July 15 (with actuals up to March 31) and January 15, (with actuals up to September 30) of each fiscal year. The reports shall include: (i) the amounts of the Capital Capacity Reimbursement Account reserves of all Contracting Agencies as of the last day of March and September respectively, (ii) the amount of the Regional Wastewater Capital Improvement Fund reserves as of the last day of March and September respectively, (iii) a summary of all expenditures from said fund incurred up to March and September respectively

for each Regional Sewerage System capital improvement project then in progress, (iv) an estimate of the amounts to be expended from said fund for each such project during the quarter then commencing or in progress (the “current quarter”), (v) the estimated amount of Supplemental Capital Outlay Funds, if any, which will be necessary for the Contracting Agencies to contribute to IEUA during the current quarter in order to provide a working capital balance in said fund which shall not exceed \$5,000,000 on the last day of the quarter next succeeding the current quarter, and (vi) the amount, if any, of the contribution of Supplemental Capital Outlay Funds for each Contracting Agency for the current quarter, determined as provided in subparts E and F of this Section.

D. Determination of Demand Deficits

At the time of the preparation of each Ten-Year Sewer Capital Forecast, pursuant to Section 10 hereof, IEUA shall determine each Contracting Agency's Demand Deficit, if any. The determination of Demand Deficits pursuant to this subpart is for the sole purpose of allocating shortages in Supplemental Capital Outlay Fund payments as provided in subpart F of this Section. Except as provided in said subpart F, such determinations shall not result in the creation of an obligation or indebtedness on the part of any Contracting Agency to IEUA or other Contracting Agencies.

E. Supplemental Capital Outlay Fund Payments

On July 15, and January 15, of any fiscal year IEUA may require payment by each Contracting Agency from its Capital Capacity Reimbursement Account of Supplemental Capital Outlay Funds for the planning, design and construction of Regional Sewerage System capital improvement projects in the amount, if any, set forth for the Contracting Agency in the semiannual report due from IEUA on such date. Upon receiving such a demand from IEUA, each Contracting Agency shall pay the amount demanded to IEUA within 45 days of receipt of such demand. The amount of each Contracting Agency's proportionate share of the total amount of Supplemental Capital Outlay Funds demanded by IEUA from all Contracting Agencies shall be determined based on the

percentage which the amount of Supplemental Capital Outlay Funds demanded by IEUA from all Contracting Agencies is to the total amount of the current Capital Capacity Reimbursement Account reserves of all Contracting Agencies set forth in the semiannual report upon which the demand is based. The amount demanded by IEUA from each Contracting Agency on any such date shall be an amount determined by applying the percentage thus obtained to the balance of the reserves, not including interest, in the Contracting Agency's Capital Capacity Reimbursement Account set forth in the semiannual report upon which the demand is based. All amounts received by IEUA from the Contracting Agencies as Supplemental Capital Outlay Funds shall be deposited in or credited to the Regional Wastewater Capital Improvement Fund. All such amounts together with all interest earned thereon shall be available and utilized by IEUA solely for the purpose of financing the acquisition, improvement and expansion of the Regional Sewerage System.

F. Allocation of Supplemental Capital Outlay Fund Shortages

If at the time of any demand by for Supplemental Capital Outlay Funds, pursuant to subpart E of this Section, there are not sufficient funds deposited or credited to the Capital Capacity Reimbursement Accounts of all Contracting Agencies to pay the full amount of the demand, each Contracting Agency which has a Demand Deficit shall pay the full balance then deposited or credited to its Capital Capacity Reimbursement Account plus an amount determined based on the percentage which the amount of its Demand Deficit is of the total Demand Deficit for all Contracting Agencies. The amount to be paid by each such Contracting Agency shall be determined by multiplying the difference between, the Supplemental Capital Outlay Fund demand and the total amount of the Capital Capacity Reimbursement Account balances of all Contracting Agencies by the percentage thus determined.

G. Audit Process

The audit process for collection of connection fees by Contracting Agencies is intended to verify accuracy and uniformity in practices regionwide and to improve future performance. The audit and BAR review processes may result in IEUA and the Contracting Agencies working collaboratively to reconcile any discrepancies in connection fees from the Residential, or

Commercial or Industrial Unit. Contracting Agencies may be audited by IEUA on an annual basis, as well as periodically through the Building Activity Reports Subcommittee as described below.

H. Building Activity Reports and Building Activity Reports Subcommittee

There shall be created a Building Activity Reports (“BAR”) Subcommittee comprised of a staff/employee representative from IEUA and also from of each Contracting Agency who elects to participate. The Contracting Agency representative may be changed by the applicable Contracting Agency at any time. IEUA will convene the BAR Subcommittee quarterly to complete a more extensive review of a percentage of applications for which connection fees have been calculated and collected. The percentage of applications to be reviewed will be determined by the BAR Subcommittee. The review by the BAR Subcommittee may include such reviews as, but not limited to, an in-depth look at the collection fee calculation methodology, approach for calculating connection fees for similar facilities (e.g. - facilities that have an embedded restaurant and other services), monthly sewer fee collections, for region wide consistency.

SECTION 10 - FORECASTING AND PLANNING

A. Contracting Agency Reports

1. Monthly Reports

On such date as IEUA may designate, each Contracting Agency shall submit to IEUA monthly reports of sewer building activity. Each such report shall contain the following information in a format which will allow tracking through the development process:

- a. The number of building permits issued during the month for structures which will contribute sewage to the Regional Sewerage System;
- b. Estimate volume of sewage and EDUs for such building permits;
- c. The tract number and number of lots for each tentative tract map approved during the month;
- d. The tract number and number of lots or dwelling units for each final tract map

recorded during the month;

- e. The number of final inspections or certificates of occupancy issued during the month for structures which will contribute sewage to the Regional Sewerage System;
- f. The estimate volume of sewage and EDUs for all such structures.

B. IEUA Reports

1. Annual Forecast

IEUA shall work collaboratively with the individual Contracting Agencies to ensure they are using the most recent planning and other documents and incorporating agency knowledge about their service area into the Annual Forecast. On a biennial basis, prior to the first regularly scheduled Regional Technical Committee meeting of that calendar year, IEUA shall provide to the Regional Technical Committee and the Regional Policy Committee the Regional Annual Forecast from the Regional Wastewater Demand Forecast Model or other mutually agreed upon forecasting methodology.

2. Ten-Year Sewer Capital Forecast

On a biennial basis, by no later than the end of June, IEUA shall prepare and deliver to the Regional Technical Committee and the Regional Policy Committee a Ten-Year Sewer Capital Forecast which includes dates of commencement and completion of capital improvement projects necessary to enable the Regional Sewerage System to meet the forecasted Capacity Demands of all Contracting Agencies. Such forecasts, hereinafter referred to as the “Ten-Year Sewer Capital Forecast,” shall include:

- a. Projected dates for the commencement and completion of design and construction of capital improvement projects necessary to meet forecasted Capacity Demands;
- b. Estimates for each Regional Treatment Plant of the Capacity Demand of each Contracting Agency which received sewerage service the previous Fiscal

Year;

- c. An estimate of the amount of available treatment capacity at the IEUA Regional Treatment Plants;
- d. An estimate of the amount of treatment capacity to be added, if any;
- e. Projected annual expenditures for the design and construction of such projects;
- f. The Demand Deficit, if any, of each Contracting Agency;

C. Review by Regional Committees

1. Annual Forecast

To ensure accurate forecasting, upon receipt of the Regional Annual Forecast, the Regional Committees shall review the proposed Capacity Demands and provide input to IEUA within 30 days regarding anticipated development.

2. Ten-Year Sewer Capital Forecast

Upon receipt of the Ten-Year Sewer Capital Forecast, the Regional Committees will have 30 days to review and provide input and the Forecast will be placed on the agenda of both committees to provide recommendations to IEUA. Prior to adoption, IEUA shall consider the recommendations of the Regional Policy Committee.

D. Reclaimable Industrial Waste

Proposed new industrial connections to Community Sewer Systems which are expected to discharge more than 25,000 gallons per day of reclaimable industrial waste shall be approved based on the conditions set forth in the Ordinance No. 109 and any successors thereof. The determination of permit requirements and discharge limitations of the reclaimable industrial waste to be discharged into the Regional Sewerage System through an appropriate connection point in a Contracting Agency's Community Sewer System shall be made by IEUA through the regional pretreatment program, resolution of the Board of Directors of IEUA, and Ordinance No. 109 and

any successors thereof.

E. Major Construction Contracts

IEUA shall not proceed with the award of a construction contract for a budgeted Regional Sewerage System capital improvement project previously approved through the Ten-Year Sewer Capital Forecast, which will involve an expenditure in excess of \$10,000,000 (adjusted every 5 years or as needed based on the Consumer Price Index beginning in the year 2025), without informing and considering recommendations from the Regional Policy Committee unless IEUA determines the project is necessary for the safe and efficient operation of the Regional Sewerage System. The latest Ten-Year Sewer Capital Forecast and any requested project details including funding information shall be made available to assist in the Regional Policy Committee's review.

**SECTION 11 - AVAILABILITY OF REGIONAL SYSTEM; IEUA's
PEFORMANCE**

A. Contracting Agencies

The services and facilities of the Regional Sewerage System shall be available to any property within the IEUA Service Area, subject to such terms and conditions as may be prescribed by a Contracting Agency for connection to its Community Sewer System.

B. Other Sewage Collection Agencies

IEUA shall not make the services and facilities of the Regional Sewerage System available, other than on a temporary, emergency basis, to any sewage collection agency which is not a party to a Service Contract until such agency has entered into a Service Contract per Section 30. Prior to entering into any such Service Contract, IEUA shall present the proposed terms thereof to the Regional Technical Committee and Regional Policy Committee for review and comment. Any Contracting Agency may challenge services offered under this part B by invoking the procedures set forth in Section 26 of this Service Contract.

C. IEUA's Performance

IEUA shall exercise its best effort to implement capital improvement projects necessary to enable the Regional Sewerage System to meet the Forecasted Demands of all Contracting Agencies are planned, designed and constructed in a timely manner and so that the Regional Sewerage System will at all times be able to provide for the Capacity Demands of all Contracting Agencies. The Contracting Agencies recognize that the timing of the planning, design and construction of such capital improvement projects is largely dependent upon the Contracting Agencies making reasonable accurate projections of increased connections to and usage of their Community Sewer Systems.

SECTION 12 - EXTRA-TERRITORIAL SEWER SERVICE

12.1 SERVICE OUTSIDE THE BOUNDARIES OF IEUA SERVICE AREA

A. Upon the Effective Date of this Contract

Any Contracting Agency which, upon the effective date of this contract was furnishing sewer service to any territory outside the boundaries of the IEUA Service Area, may continue to furnish such service and shall be entitled to the services and facilities of the Regional Sewerage System for that purpose. Each Contracting Agency providing sewer service to any such outside territory shall file a map or maps with the secretary of IEUA showing the boundaries of all such territory.

B. After the Effective Date of this Contract

Any Contracting Agency, after the effective date of this contract, may furnish sewer service to additional territory outside the boundaries of the IEUA Service Area. Prior to furnishing such sewer service, the Contracting Agency shall file a written request with IEUA. IEUA may consider the question of authorizing sewer service to the additional territory, subject to the authorization of the Local Agency Formation Commission for San Bernardino County, and the IEUA Board of Directors shall by resolution authorize sewer service to all or any part of the additional territory by the applicant or applicants unless it determines that such service is not in the public interest.

C. Annual Capital Outlay Charge for Territory Outside IEUA and the Service Area

In addition to the payment of service charges, each Contracting Agency providing the services and facilities of the Regional Sewerage System to territory outside the IEUA Service Area shall be obligated to pay IEUA special capital outlay charges for such territory, as provided in subpart C or D of this Section or both such subparts, if both are applicable. Monies received by IEUA in payment of special capital outlay charges shall be deposited or credited to the Regional Wastewater Capital Improvement Fund and utilized, together with all interest earned thereon, solely for the purpose of financing the acquisition, improvement, and expansion of the Regional Sewerage System.

D. Annual Capital Outlay Charge

The Contracting Agency shall annually pay IEUA a special capital outlay charge in an amount equivalent to the amount of the property tax and other revenue which IEUA would have received during the fiscal year if such property were within the IEUA Service Area. Such charge shall be payable by the Contracting Agency during each fiscal year in the amounts and at the times specified by IEUA.

SECTION 13 - DELIVERY POINTS: CONNECTION COSTS

Each Contracting Agency shall deliver sewage from its Community Sewer System into the Regional Sewerage System at such Delivery Points as may, from time to time, be requested by the Contracting Agency and approved by IEUA. The Delivery Point request may be made by the Contracting Agency or on behalf of a third party. In all Delivery Point requests, the Contracting Agency or third party shall pay applicable plan review and hydraulic/load modeling costs for the evaluation of the impact of the Delivery Point to the Regional Sewage System. The Contracting Agency or third party may also be required to submit a resolution confirming the authorization of annexation from the Local Agency Formation Commission for San Bernardino County or a resolution confirming an irrevocable annexation agreement to the Contracting Agency.

Upon consideration of the information submitted, IEUA may authorize the new Delivery Point. IEUA shall provide written notice of its recommendation regarding the new Delivery Point at a regularly scheduled Regional Technical Committee meeting. Upon receipt of a favorable report and recommendation from the committee or upon failure of the committee to respond within a 30-day period, IEUA may authorize the new Delivery Point.

If the Regional Technical Committee recommends against a new Delivery Point for any Contracting Agency, they shall do so in writing including the technical basis for their decision. The Contracting Agency may file a written request for a hearing with the secretary of the Board of Directors of IEUA. Upon receipt of such a request, said Board of Directors shall schedule and conduct a hearing in accordance with the provisions of Section 26 hereof. All costs and expenses of making the connection between the Regional Sewerage System and the Community Sewer System of any Contracting Agency shall be borne by the Contracting Agency and/or third party.

SECTION 14 - DETERMINATION OF SEWAGE DELIVERIES: COSTS OF MEASURING EQUIPMENT

IEUA shall determine the amount of sewage delivered to the Regional Sewerage System by all Contracting Agencies and shall maintain accurate and complete records thereof. The amount of sewage delivered to the Regional Sewerage System by each Contracting Agency shall be determined by IEUA based on a standard daily measurement or contribution per Equivalent Dwelling Unit methodology established by IEUA and the Regional Technical Committee from time to time.

If required by IEUA, a Contracting Agency shall install and maintain and operate at its expense, measuring devices and equipment for measuring the flow of sewage from the Contracting Agency's Community Sewer System into the Regional Sewerage System. Prior to installation, IEUA shall approve the design of such measuring devices and equipment and shall inspect and approve their installation. Such measuring devices and equipment shall be examined, tested and serviced regularly, but not less than once a year, by IEUA to ensure their accuracy. At any time IEUA or any Contracting Agency may inspect any such measuring device and equipment and all records and measurements taken therefrom.

The determination of sewage flow or contribution methodology per Equivalent Dwelling Unit contributed by each Contracting Agency shall be reviewed and updated if needed, or as requested by IEUA, but not less than every ten (10) years.

Once the EDU methodology is updated and adopted, EDU and equivalent EDU determinations will be made with the updated methodology. Adjustments in cost allocations among Contracting Agencies and users among customer classes (i.e.- residential, commercial, and industrial) resulting from the updated methodology and determination shall be implemented in consultation with the BAR Subcommittee.

SECTION 15 - CONTROL, PRODUCTION, AND DISPOSITION OF RECYCLED WATER

A. General

IEUA shall have ownership and control of all sewage delivered into the Regional Sewerage System for the purposes of Transmission, Treatment, and Disposal, and shall retain the exclusive right over the Recycled Water generated from the sewage delivered to IEUA from the Contracting Agencies, having sole discretion over its use, subject only to those contractual rights of the Contracting Agencies described in this Section 15. It is the intent of IEUA that Recycled Water be put to local beneficial use within the IEUA service area and the Chino Basin to the greatest extent practicable and allowed. The contractual right to purchase Recycled Water is established pursuant to this Section 15 while the terms and conditions regulating the sale, delivery, and use of Recycled Water shall be governed by Ordinance No. 112, or any successors thereof.

B. Contractual Right to Purchase Recycled Water

1. Right of First Purchase

Each Contracting Agency shall have the right of first purchase of Recycled Water as provided herein. The purchase of Recycled Water shall be voluntary and determined at the option of the Contracting Agency from year to year. The right of first purchase shall take

priority over any other Recycled Water purchase agreements between IEUA and customers that are not Contracting Agencies.

Each Contracting Agency shall have the right of first purchase from IEUA of Recycled Water in a total quantity not exceeding the base entitlement of the Contracting Agency.

The total base supply of Recycled Water which is subject to the right of first purchase from IEUA by the Contracting Agencies receiving sewerage service at any Regional Treatment Plant shall be the total quantity of sewage delivered into the Regional Sewerage System by all such Contracting Agencies, measured at the intake point of the Regional Treatment Plants, less normal processing losses resulting from the treatment of sewage, and less Recycled Water exported from the Chino Basin by IEUA to satisfy the SAR Base Flow Obligation if and to the extent deemed necessary by IEUA.

Each Contracting Agency shall have a monthly base entitlement to a portion of the total base supply of Recycled Water, said portion being in the proportion that the quantity of sewage delivered into the Regional Sewerage System by the Contracting Agency bears to the total quantity of sewage delivered into the Regional Sewerage System by all Contracting Agencies.

The Contracting Agencies have expressed a desire to achieve equitable distribution of Recycled Water deliveries, especially during periods of high demand. Each Contracting Agency shall manage its Recycled Water usage responsibly during periods of high demand so as not to impede other Contracting Agencies from utilizing all their base entitlement, and to prevent Contracting Agencies from using Recycled Water in excess of their base entitlement as calculated on a monthly basis. Recycled Water demands in excess of a Contracting Agency's monthly base entitlement shall not be allowed if it inhibits another Contracting Agency from developing a new Recycled Water use project that would be within their monthly base entitlement. Following the execution of this contract by all Parties, the Regional Technical and Policy Committees will develop an Exhibit "A", Peak Flow Monitoring and Enforcement Criteria, to be incorporated into this contract, that will

detail the requirements for meeting base entitlement as calculated on a monthly basis. Authorization of this Exhibit "A" will not require re-authorization of this contract through the Parties. Exhibit "A" shall become an authorized Exhibit of this contract by a two-thirds majority vote of the Regional Policy Committee and approval by the IEUA Board of Directors.

2. SAR Base Flow Obligation.

The Parties have differing views regarding the SAR Base Flow Obligation including, but not limited to the allocation of the obligation and the method and way the obligation is fulfilled. Historically there have been sufficient flows from IEUA Regional Treatment Plant discharges to satisfy base entitlement claims and satisfy the SAR Base Flow Obligation with Recycled Water and it is believed that such condition will continue for the next several years at a minimum. Although alternative sources of water for meeting the SAR Base Flow Obligation are not precluded, IEUA will continue its current practice of fulfilling the SAR Base Flow Obligation using Recycled Water from IEUA Regional Treatment Plants in conformity with established practice since inception of the Orange County Judgment, until an alternative acceptable to IEUA is determined. This topic will be reconsidered at the ten-year review provided for in Section 28 of this contract, or earlier upon unanimous consent of the Parties.

IEUA, within its discretion, may prioritize the usage of Recycled Water for meeting the SAR Base Flow Obligation when it is necessary to do so regardless of the effect on base supply for purchase. If the SAR Base Flow Obligation is not met in a given year, IEUA will determine the best course of action to satisfy the SAR Base Flow Obligation the following year, which may include reducing the available base supply. IEUA will satisfy the SAR Base Flow Obligation with the most cost-effective or practical source of water available and seek alternative means of satisfying the SAR Base Flow Obligation in order to maximize available local supplies.

3. Surplus Base Supply.

Surplus base supply is that portion of base supply remaining after each Contracting Agency has exercised its right of first purchase to purchase its base entitlement, or portion thereof.

During and following the end of each year IEUA shall determine the amount of surplus base supply available, if any, for purchase by Contracting Agencies, and shall notify all Contracting Agencies of that amount, in writing. Each Contracting Agency shall have the option to purchase surplus base supply in an amount calculated utilizing the same ratio used to calculate base entitlement. However, if after offering surplus base supply to all Contracting Agencies there remains surplus base supply, then a Contracting Agency may purchase from the remaining surplus base supply in an unrestricted amount subject to mutual agreement with IEUA. Nothing herein shall prevent Contracting Agencies from establishing agreements to purchase Recycled Water from other Contracting Agencies. The purchase of Recycled Water in excess of a Contracting Agency's base entitlement in any given year shall not result in an increase in base entitlement for subsequent years.

4. Disposition by IEUA of Unclaimed Recycled Water.

To the extent that any of the Contracting Agencies fail to exercise their respective rights of first purchase of Recycled Water, IEUA may make any lawful use of such Recycled Water, including beneficial use, sale, or other disposition inside or outside the Chino Basin; provided, that, any funds generated by the sale of Recycled Water shall be deposited into the IEUA Recycled Water Fund. IEUA will inform the Contracting Agencies of the use or sale of any unclaimed Recycled Water within 30 days of the transaction.

SECTION 16 - RESERVED

**SECTION 17 - SERVICE CHARGES FOR MAINTENANCE AND OPERATION
OF THE REGIONAL SEWERAGE SYSTEM**

All Contracting Agencies shall pay service charges for all sewage delivered to the Regional Sewerage System. Each Contracting Agency shall pay its pro rata share of all net audited costs incurred by IEUA in the maintenance and operations of the system. Net audited costs consist of:

A. Maintenance and Operation

Costs of maintenance and operation of all transmission and treatment facilities comprising the Regional Sewerage System; and

B. Other Costs

Any other costs reasonably related to the maintenance and operation of the system; and

C. Replacement and Unforeseen Costs

Based upon generally accepted engineering and accounting principles, reasonable reserves for the estimated costs and expenses of:

1. Replacement of any facilities where the costs and expenses of replacement are customarily considered a part of the costs and expenses of extraordinary maintenance which adds to the normal service life of facilities; and
2. Unforeseen contingencies; and
3. Actual costs and expenses incurred by IEUA for the Transmission, Treatment and Disposal of any byproduct resulting from the treatment of the Sewage delivered by a Contracting Agency.

D. Cost Of Service Study ("COSS")

IEUA may, from time to time, conduct a COSS which shall be conducted in accordance with procedures normally utilized in the public rate setting process and in accordance with applicable law.

E. Proposed Service Charge Rate Adjustment ("Adjustment")

Prior to the imposition of a rate adjustment, IEUA shall conduct a rate workshop wherein Contracting Agencies may express comments and feedback on the matter for consideration by IEUA. Rate adjustments for each fiscal year shall be within the discretion of the IEUA Board of Directors and shall conform to the COSS and applicable law.

SECTION 18 - RESERVED

SECTION 19 - REGIONAL SEWERAGE SYSTEM BUDGETS

A. Fiscal Year Budgets

For each fiscal year, or on a biennial basis if utilized by IEUA, the IEUA Board of Directors shall cause to be prepared and shall adopt a budget, which includes the Regional Sewerage System budget.

B. Form and Content of Budgets

The budget shall contain a plan of financial operations for the Regional Sewerage System and shall contain an estimate of the requirements for expenditures, including provisions for any reserves, and the means of financing such requirements. The budget shall be itemized and shall show in reasonable detail the nature and purpose of each item of revenue and expense and the actual or estimated amount thereof. The budget shall include a plan of financial operations for the capital costs of the acquisition and construction of the Regional Sewerage System, and a plan of financial operation for the maintenance and operation of the system, prepared as follows:

1. Capital Improvement Fund Budget. The costs of the acquisition and construction of the Regional Sewerage System shall show:
 - a. The various items and amounts of capital costs and the total thereof;
 - b. The total amount in the Regional Wastewater Capital Improvement Fund and the available and unencumbered balance of such fund as of the commencement of the fiscal year and an estimate of the amount therein and the unencumbered balance thereof as of the end of the fiscal year;
 - c. The amounts, if any, of IEUA revenues from sources other than property taxes which are or will be available for payment of capital costs and the total thereof;
 - d. The estimated amount of property taxes to be received during the fiscal year;
 - e. The projected amount of Supplemental Capital Outlay Fund contributions

required from each Contracting Agency during the fiscal year and the total thereof.

2. Maintenance and Operations Fund Budget. The part covering the maintenance and operation of the Regional Sewerage System shall show:
 - a. The various items and amounts of maintenance and operation expenses, including replacement and rehabilitation, and the total thereof;
 - b. The total amount in any reserves theretofore established, and the available and unencumbered balance in such reserves as of the commencement and end of the fiscal year;
 - c. The amount of service charges payable by each Contracting Agency and the total paid or payable by all Contracting Agencies;
 - d. The amounts, if any, of revenue from sources other than services charges which will be available for payment of maintenance and operation expenses and the total thereof;
 - e. The total amount required to be raised from service charges for payment of maintenance and operations expenses;
 - f. The rate of the service charge for the fiscal year(s);
 - g. The amount of any surplus of service charges received by IEUA during the fiscal year preceding the fiscal year in progress in excess of the cost of maintenance and operation of the Regional Sewerage System for that year which was transferred to the Regional Sewerage System Operation and Maintenance Fund reserve for replacement of Regional Sewerage System facilities for such preceding fiscal year, or the amount, if any, of any shortage in the amount of service charges received by IEUA during such preceding fiscal year less than the cost of maintenance and operation of the Regional Sewerage System for that year which was transferred from said reserve during the year then in progress for such preceding fiscal year;

C. Preparation and Approval of Proposed Budgets

Not later than April 1 of each budgeting year, the IEUA Board of Directors shall direct its General Manager, or such other person or persons as the Board may designate, to prepare and submit to the Board a proposed Regional Sewerage System budget for the next fiscal year(s). IEUA will conduct informational sessions with the Regional Technical and Policy Committees to inform the Committees of the proposed Regional Sewerage System budget and provide the Committees with opportunities for input. Said budget and the rate of service charge for the next fiscal year will be considered and adopted by IEUA no later than June 30 of each fiscal year. If the Board of Directors fails to adopt a budget by June 30 then, until such time as the Board shall adopt such budget, the budget last adopted shall constitute the budget for such fiscal year.

D. Adoption of Separate Budgets

Notwithstanding the preceding provisions of this section, the Board of Directors of IEUA may elect for any fiscal year to separately prepare and adopt a Capital Improvement Fund Budget and a Maintenance and Operation Fund Budget. If said Board elects to so proceed, each such separate budget shall be prepared in accordance with the provisions of this section which are applicable thereto. Both said budgets shall be processed and adopted in accordance with the procedures and pursuant to the time schedule set forth in this section.

SECTION 20 - BILLING AND PAYMENT OF SERVICE CHARGES

A. Monthly Billing Statements of Service Charges

Not later than 20 days after the end of each month, each Contracting Agency shall provide to IEUA a report with the number of billable Equivalent Dwelling Units billable to each Contracting Agency. IEUA shall provide a billing statement of service charges to each Contracting Agency, setting forth the number of billable Equivalent Dwelling Units during such month for the service charge rate applicable thereto and the total service charge due and payable to IEUA for said month. Monthly service charges shall be based on the service charge rate adopted by the IEUA Board.

B. Payment of Statements; Interest on Overdue Payments

Each Contracting Agency shall pay the amount of the service charge set forth in any statement on or prior to its due date, namely, the thirtieth day following the date of the delivery of such statement. In the event that a Contracting Agency is delinquent in payment of bills for service charges, a penalty of ten (10) percent of the original unpaid invoice amount shall be added to any fee or charge that becomes delinquent. Interest at the maximum rate provided by California Government Code Section 926.10 as may be amended from time to time, shall accrue on the total of all delinquent fees or charges.

Additional charges provided herein for delinquent payments may be waived by the Board of Directors upon written request by the IEUA Customer upon a finding that the delinquency was caused by excusable neglect or circumstances beyond the control of the Contracting Agency, provided that the delinquent Contracting Agency reimburses IEUA for all costs and penalties actually incurred by IEUA as a result of the delinquent payment.

Interest paid upon any delinquent amount shall be credited to the Regional Sewerage System Maintenance and Operation Fund unless, by reason of such delinquency, IEUA shall have advanced the amount of the delinquency from other sources, in which case, the interest shall be credited to such fund as the IEUA Board of Directors may designate. A Contracting Agency shall not be entitled to withhold payment, in whole or in part, of the amount of any statement for service charges pending action pursuant to part C of this Section 20.

C. Adjustment for Overpayment or Underpayment

Upon disagreement between any Contracting Agency and IEUA over the amount of service charges or the discovery of an error in computation of service charges for a Contracting Agency, which is not resolved within 30 days of communication, IEUA shall request a recommendation from the Regional Technical committee. The IEUA Board of Directors shall consider the recommendation by the Regional Technical Committee and make its determination on service

charge adjustments, due dates and any interest due, and shall provide for the appropriate credit to or debit of any affected Contracting Agency's service charge account.

D. Deposit of Payments in Maintenance and Operation Fund

All monies received by IEUA in payment of service charges shall be deposited in and credited to a separate fund or account in the treasury of IEUA, to be known as the "Regional Sewerage System Maintenance and Operation Fund." All monies in said fund and interest earned thereon shall be used and expended only for payment of maintenance and operation expenses paid or incurred by IEUA under the provisions, of this contract.

SECTION 21 - RESERVED

SECTION 22 - RESERVED

SECTION 23 - GRANTS AND FINANCIAL ASSISTANCE

IEUA and the Contracting Agencies shall exercise their best efforts to obtain the maximum amounts of grants and other financial assistance which may be available from any federal, state, local, or other source for defraying all or any part of the capital costs and the maintenance and operation expenses of the Regional Sewerage System. The General Manager of IEUA, the Regional Policy Committee, and the Regional Technical Committee shall keep each other fully informed of any available grant or other financial assistance programs known to any of them.

In addition, IEUA shall on a semi-annual basis, submit a report to the Regional Technical Committee and the Regional Policy Committee, as an information item, on any proposed or pending applications (which may include updates on negotiation status) for grants or other financial assistance.

IEUA's costs for the acquisition, construction, maintenance, or operation of the Regional Sewerage System shall be reduced by amounts of any grants or other non-repayable financial assistance received therefor by IEUA from the federal or state government.

SECTION 24 - REGIONAL POLICY COMMITTEE

The parties desire to provide for a Regional Policy Committee to advise IEUA of the needs and views of the Contracting Agencies concerning IEUA's policies and activities in the financing, acquisition, construction, maintenance and operation of the Regional Sewerage System, to make reports and recommendations with respect thereto, and to inform the Contracting Agencies concerning such policies and activities. Committee membership shall be voluntary.

Each participating Contracting Agency shall appoint one regular member and one alternate member to the Regional Policy Committee. Such members shall be members of the Contracting Agency's governing body. The regular and alternate members so appointed shall serve at the pleasure of the appointing agency. Each participating Contracting Agency shall give the secretary of IEUA immediate notice of all appointments and removals made by it, and of the name and contact information of each appointee. IEUA shall appoint one regular member and one or more alternates to the Regional Policy Committee. The members so appointed shall be members of the IEUA Board of Directors of IEUA and shall serve at the pleasure of IEUA. The IEUA member shall be entitled to participate at all regular and special meetings of the committee.

The Regional Policy Committee shall be chaired by a regular member of the Regional Policy Committee and shall rotate among its regular members on a biennial basis through all the Contracting Agencies. A Vice Chair shall also be designated to act in the Chair's absence. The Vice Chair shall be selected by a majority vote of the regular members. A quorum made up of a majority of members shall be required to conduct business.

Each regular member of the Regional Policy Committee or the Contracting Agency's alternates, shall have one vote. A majority of members voting shall be required to carry any matter before the committee.

The Regional Policy Committee shall hold a regular meeting quarterly or as needed in the determination of IEUA. The Regional Policy Committee may adopt such procedures and rules as it deems advisable concerning its officers, meetings and the manner and method of making its

reviews, reports and recommendations on any matter affecting the acquisition, construction, maintenance and operation of the Regional Sewerage System.

IEUA shall, if requested by the Regional Policy Committee, provide the Regional Policy Committee with a meeting place and with the services, advice, and assistance of members of its staff. All records, reports, and other information of IEUA pertaining to the financing, acquisition, construction, maintenance and operation of the Regional Sewerage System shall be available for inspection by members of the Regional Policy Committee. IEUA agrees to maintain and make available to the Regional Policy Committee accurate records of all of its costs, disbursements, and receipts with respect to activities under this contract.

SECTION 25 - REGIONAL TECHNICAL COMMITTEE

The parties desire to provide for a Regional Technical Committee to advise the Regional Policy Committee on technical matters related to the Regional Sewerage System. Participation shall be voluntary. The members and alternate members of the Regional Technical Committee shall be appointed by their respective Contracting Agencies and IEUA shall be entitled to appoint one member and alternate members with the same right of participation as other members. The committee shall hold regular meetings quarterly or as needed in the determination of IEUA. Appointments and the number of alternates shall be determined in the sole discretion of each Contracting Agency and IEUA as applicable.

The committee may, and upon request by the Regional Policy Committee or IEUA shall, review and make recommendations concerning any of the following technical matters: the acquisition, design, construction, maintenance, operation, or financing of sewer facilities, sewage treatment, reclamation, or disposal facilities, sewage and effluent measuring devices and equipment, Community Sewer Systems and the Regional Sewerage System; sewer user charges; service charges; quality standards for sewage and any effluent; and any other technical matter related to any of the foregoing.

SECTION 26 - DISPUTE RESOLUTION

Members of the Regional Policy Committee are encouraged to raise pertinent issues concerning the Regional Sewerage Contract with the IEUA Board of Directors during the public comment period of a regularly scheduled meeting of the Board. To the extent that any provision of this contract authorizes a hearing under this Section 26, the following procedures will apply:

A. Notice of Dispute.

The Regional Policy Committee, through a majority vote of its members, may request a hearing before the IEUA Board of Directors on any dispute related to the IEUA's performance of this Contract or where the Contract authorizes a hearing by submitting a request in writing to the General Manager of IEUA, with the date of delivery of such request deemed the submission date. The request shall state the issue in dispute and a brief explanation of the Regional Policy Committee position on the matter.

B. Notice of Hearing.

Within 30 days of the submission date IEUA shall schedule a hearing to consider the matter. IEUA shall send written notice to all Contracting Agencies by First Class Mail and shall be deemed to have been given when so deposited in the United States Mail, postage prepaid. The notice shall set forth the date, time and location for the hearing. The hearing shall be conducted in conjunction with a special or regularly scheduled meeting of the IEUA Board of Directors and shall be published in conformity with Brown Act requirements. The hearing shall be scheduled on a date not more than 60 days from the submission date.

C. Hearing.

Any person may address the IEUA Board of Directors at the hearing. Any documentary evidence to be introduced by a party must be submitted to the Secretary of the IEUA Board of Directors no later than 10 days prior to the hearing date to ensure the documents are included in the agenda package and available for posting to the IEUA website.

D. Continuance.

The IEUA Board of Directors may, within its discretion, continue the hearing at the request of any person or the Board of Directors upon a showing of good cause, but in no event shall such continuance extend beyond 30 days.

E. Decision.

At the close of the hearing, the IEUA Board of Directors may confer and render a decision through a majority vote of its members, which shall be recorded upon the minutes of the meeting. The decision by the IEUA Board of Directors shall be deemed a final administrative action. The IEUA Board of Directors may continue the matter for up to 60 days for further discussion and consideration of the evidence.

SECTION 27 - EFFECTIVE DATE OF CONTRACT

This contract between IEUA and the undersigned Contracting Agency shall become effective ("Effective Date") after the occurrence of both of the following events:

1. The authorization and execution of this contract by IEUA and the undersigned Contracting Agencies.
2. IEUA shall give written notice thereof to the undersigned Contracting Agency. The notice shall specify a date, as determined by IEUA in accordance with this section, which shall be the Effective Date of this contract.

SECTION 28 - TERM OF CONTRACT

The term of this contract and any other Service Contract entered into between IEUA and any sewage collection agency, shall be 50 years from the Effective Date. It is the intent of the parties that all Service Contracts providing for the services and facilities of the Regional Sewerage System

shall have the same termination, date, without regard to the effective dates of the individual, contracts.

In order to provide for a periodic review and update, as necessary, of the provisions of this contract, IEUA and the Contracting Agencies agree to enter good faith discussions at intervals not exceeding ten years or at the request of the majority of the Contracting Agencies.

SECTION 29 - RENEWAL

No later than two years prior to the end of the term of this contract or any earlier termination or extension of this contract, the parties shall negotiate for the extension or renewal of this contract upon comparable terms and conditions. If the parties have been unable to agree thereon, then any Contracting Agency, by written notice given to IEUA at least 12 months prior to the expiration of said term, may elect to receive continued sewage treatment service after the expiration of said term, on a temporary basis, through separate agreement, upon the following conditions:

A. Expansion.

If, by reason of continued service, no expansion is required in any facilities of the Regional Sewerage System in existence upon the expiration of the term of this contract, the Contracting Agency may deliver sewage into the system in any quantity and at any flow rates. If, by reason of continued service, such expansion shall be required, the annual quantity and flow rates of sewage to be delivered into the Regional Sewerage System by the Contracting Agency shall not exceed the quantity and flow rates delivered by the agency during the last full fiscal year preceding the expiration of said term.

B. Service Charge.

The service charge rate shall be determined as provided in Section 17 hereof.

C. Quality.

The sewage quality standards shall be in accordance with those in effect during the last full fiscal year preceding the expiration of said term or any higher standards prescribed by any federal, state or regional agency authorized by law to prescribe quality standards for effluent discharges.

D. Physical Conditions.

IEUA shall maintain and operate the Regional Sewerage System under substantially the same physical conditions of service as prevailed during the last fiscal year preceding the expiration of said term.

Other terms and conditions of continued service shall be reasonable and equitable and shall be mutually agreed upon and, if they provide for continued service for a specified number of years, a Contracting Agency shall have the option to receive further continued sewage treatment service upon the expiration of that and each succeeding period of continued service. Nothing herein shall extend the term established in Section 28 of this contract.

SECTION 30 - AUTHORIZATION AND EXECUTION OF SEWAGE SERVICE CONTRACT

A. Authorization of Any Sewage Collection Agency.

All proposed contracts between IEUA and any sewage collection agency for the purpose of, (i) providing the agency with the services and facilities of the Regional Sewerage System under a Service Contract, (ii) the acquisition by IEUA of any existing sewage treatment and disposal plant or interceptor sewer, or (iii), both (i) and (ii), shall be authorized for execution by IEUA. The agency shall furnish IEUA with a certified copy of the resolution authorizing execution by the agency, together with a certified Copy of the proposed contract referred to therein. The resolution shall contain all restrictions, limitations, and conditions, if any, which may have been imposed on the execution of the contract.

B. Amendment of Any Existing Contract; New Contracts with Subsequent Contracting Agencies

If IEUA proposes (i) to amend or rescind any existing Service Contract with a Contracting Agency or (ii) to enter a new Service Contract or a contract for the transfer of any existing sewage facilities to IEUA, as part of the Regional Sewerage System, the IEUA Board of Directors shall adopt a resolution declaring its intention to do so and shall specify a time, not sooner than 60 days after the adoption of the resolution, and a place at which the Board will hold a hearing on the question of the proposed amendment, rescission or new contract, as the case may be. Immediately thereafter the secretary of IEUA shall deliver a copy of the resolution, together with a copy of the proposed amendment, rescission or new contract to the clerk or secretary of each Contracting Agency and to each member of the Regional Policy Committee. The Regional Policy Committee shall review the proposal and, not later than 10 days preceding the date of the hearing, shall submit its written report and recommendation thereon to the general manager of IEUA and to each Contracting Agency.

At the hearing on the proposal, the IEUA Board shall consider the report and recommendation of the Regional Policy Committee and shall hear representatives of any Contracting Agency, members of the committee, and any other interested persons. The IEUA Board may modify the proposal and, upon the conclusion of the hearing, order the authorization for execution by IEUA of the proposed amendment, rescission, or new contract, as the case may be.

Notwithstanding the above, except in regard to amendments authorized by IEUA for administrative implementation of an existing Service Contract, any material amendments, such as, for example, the Contractual Right to Purchase Recycled Water under Section 15.B, must also be authorized by Contracting Agencies and agreed to in writing and executed prior to going into effect. Said authorization by Contracting Agencies shall not be unreasonably withheld.

C. Revisions Due to Result of Litigation

The parties acknowledge that as of the Effective Date, there may be one or more Contracting Agencies that do not plan to execute this contract, but rather, have filed, or plan to file, litigation relation to the Contract ("Protesting Agency(ies)"). In the event such litigation results in new or revised provisions being included in the Service Contracts between IEUA and Protesting Agencies, the other Contracting Agencies may, in their discretion, elect to revise their Service Contracts to have said new or revised provisions included in their Service Contracts as well.

SECTION 31 - NOTICE

Notices authorized or required to be given by any provision of this contract shall be deemed to have been given upon delivery, if delivered personally, or upon deposit in the mail, if enclosed in a properly addressed envelope and deposited in the United States mail for delivery by registered or certified mail, or delivered via electronic mail.

Notice shall be given to the parties by delivery or mailing to the following officers of the parties at the following addresses:

IEUA

Undersigned Contracting Agency:

At any time, a party may give written notice to the other party of a change in the designated officer or address.

Notice to members of the Regional Policy Committee or the Regional Technical Committee shall be given to the persons and at the addresses designated in the notices of appointment filed with the Secretary of IEUA.

SECTION 32 - PARTIAL INVALIDITY

The invalidity of any provision of this contract shall not affect the validity of the remainder thereof which can be given effect without such invalid provision.

SECTION 33 - INCORPORATION OF RECITALS

The Recitals set forth above are incorporated herein and made an operative part of this Service Contract.

SECTION 34 - COUNTERPARTS

This Service Contract shall be executed by all parties in duplicate originals, each of which shall be considered an original Service Contract.

Date of Execution

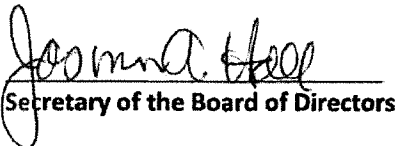
November 1, 2023

Inland Empire Utilities Agency



President of the Board of Directors

ATTEST:


Secretary of the Board of Directors

Mayor

ATTEST:

City Clerk

Date of Execution

City of Chino Hills

Mayor

ATTEST:

City Clerk

Date of Execution

Cucamonga Valley Water District

Board President

ATTEST:

Secretary of the Board of Directors

Date of Execution

City of Fontana

Mayor

ATTEST:

City Clerk

Date of Execution

City of Montclair

Mayor

ATTEST:

City Clerk

Date of Execution

City of Ontario

Mayor

ATTEST:

City Clerk

Date of Execution

City of Upland

Mayor

ATTEST:

City Clerk

Date of Execution

City of Chino

Mayor

ATTEST:

City Clerk

Date of Execution

City of Chino Hills

Mayor

ATTEST:

City Clerk

Date of Execution

Cucamonga Valley Water District

September 26, 2023



Board President

ATTEST:



Secretary of the Board of
Directors

Date of Execution

City of Ontario

Mayor

ATTEST:

City Clerk

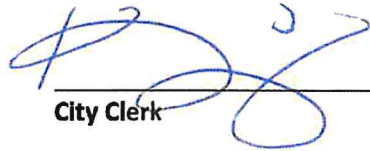
Date of Execution

City of Upland

9/26/23

Bill Vetro
Mayor

ATTEST:


City Clerk

Date of Execution

City of Chino

ATTEST:

Mayor

City Clerk

Date of Execution

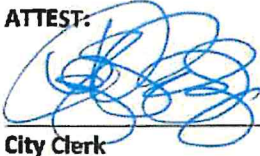
City of Chino Hills

3/8/2024

Cynthia Moran

Mayor

ATTEST:



City Clerk

Date of Execution

Cucamonga Valley Water District

ATTEST:

Board President

**Secretary of the Board of
Directors**

(Adopted 4/12/84)
(Amended 12/7/94)
(Amended 3/2/05)
(Amended 6/19/13)

EXHIBIT “J”

EQUIVALENT DWELLING UNIT COMPUTATIONS

GENERAL

Equivalent Dwelling Unit (EDU) is a numerical value designation where one EDU represents the sewage flow from a single family residential household. For the purposes of computing uniform financial obligations for each Contracting Agency using the Regional Sewerage System, the following computations shall be used to determine EDU's for residential, commercial, and industrial units:

1. Residential. Each structure or part of a structure which is designed for the purpose of providing permanent housing for one family or tenant shall be one EDU. This includes, but is not limited to, a single family detached residence, an apartment, a townhouse, a condominium, a mobile home or trailer space.
2. Commercial. All structures designed for the purpose of providing permanent housing for enterprises engaged in exchange of goods and services. This shall include, but not be limited to, all private business and service establishments, schools, churches, and public facilities. EDU's shall be determined by multiplying the fixture units (as defined by Table 1) shown on the approved building plans, by the appropriate sewage factor from the following Table 2 (also see Note A). Total EDU's for commercial centers for various use categories will be the sum of the EDU's computed for each category of use. For example, hotel complexes that contain restaurants, pools, health clubs, or

laundry facilities should be calculated based on the individual uses in the hotel complex with the fee based on the sum of the EDU's computed for each category of use.

3. Industrial. All structures designed for the purpose of providing permanent housing for an enterprise engaged in the production, manufacturing, or processing of material. EDU's for industrial users shall be determined as follows:

a. For domestic type wastewater, multiply the fixture units (as defined by Table 1) shown on the approved building plans by a sewage factor of 0.0741, based on a 20 gallons per fixture unit flow per day.

b. For non-domestic wastewater; compute from information contained on the industrial waste permit, using the following formula:

$$\text{EDU} = \frac{\text{Estimated non-domestic flow}}{270} \left[.37 + .31 \frac{\text{BOD}}{230} + .32 \frac{\text{SS}}{220} \right]$$

c. Combine the resultant EDU's derived from a and b above.

NOTES:

- A. Sewage Factor is derived from the formula

$$SF = K \left[.37 + .31 \frac{BOD}{230} + .32 \frac{SS}{220} \right]$$

Where: SF = Sewage Factor

 K = Gallons per fixture unit divided by the average
 domestic household flow of 270 gallons

 BOD = Biochemical Oxygen Demand

 SS = Suspended solids

- B. Reimbursement Fees to be levied on Pre-1979 Structures Connecting to the Regional System

For residential structures with a building permit issued prior to July 1, 1979, no Capital Capacity Reimbursement Account (CCRA) fees will be levied at the time of connection to the regional system. If the original permit was issued after 7/1/79, then the CCRA fees established at the time of permit issuance will apply.

The CCRA fees will apply to all commercial and industrial development regardless of when the structure was constructed. When a non-residential use requests to connect to the regional system or modify its use if already connected, the CCRA fee should be based on the current fee in effect at the time the connection or modified use is made (also see Note C).

- C. Reimbursement Fees to be Levied on Existing System Users Who Expand or Revise Use

In some situations existing commercial and industrial users will expand uses to meet increasing demands. As a result, additional fixture units will usually be included within the expanded facility. Under these situations the following criteria will apply:

- a. CCRA fees will only be levied on the fixture unit (FU) count difference between existing FU's and new FU's.
- b. The CCRA fee will be determined based on the fee in effect at the time of building or sewer permit issuance for the expanding development.
- c. A change in use, placing a commercial development in a different Exhibit "J" category, will not result in the recalculation of CCRA obligation for

the existing FU's. Only the new added FU's will be levied CCRA fees based on the Exhibit "J" category which best defines the proposed use.

D. Collection and Reporting of CCRA Fees

- a. CCRA fees shall be reported at no later than at the time of occupancy.
- b. CCRA fees shall be based on the EDU rate (as established by the EDU resolution adopted by the IEUA Board of Directors) in effect at the time of payment. For example, if CCRA fees are reported in the July report, any connection fees changes effective July 1, would be in effect.

E. Attachment of Sewer Use Rights; Tied to Property or Structure

Under certain situations an existing discharger may want to relocate or renovate a business. The issue may then arise as to ownership of certain existing discharge rights in the regional system.

All sewer capacity remains with the existing building and should be sold to building owners rather than tenants.

In cases where an existing building is completely demolished, the transfer or reuse of capacity rights can be permitted provided that:

- a. Proof of building demolition can be documented;
- b. Payment for original system capacity can be documented;
- c. The demolition occurs simultaneously with the transfer; and
- d. The transfer occurs within the Contracting Agency who originally sold the capacity.

Capacity rights would be determined based on fixture unit counts and the Exhibit "J" use category of the demolished structure. Because local collection systems may also be impacted by a relocation, this exception shall be at the sole discretion of the contracting agency who is accepting the relocated capacity.

Any additional EDUs required shall be purchased per Note C of this Exhibit.

TABLE 1 - Fixture Unit (FU) Values^{1,2}

Appliances, Appurtenances or Fixtures	Fixture Units
Bathtub or Combination Bath/Shower	2.0
Clothes Washer, domestic, standpipe	3.0
High Efficiency Clothes Washer	2.0
Dental Unit, cuspidor	1.0
Dishwasher with independent drain	2.0
Drinking Fountain or Water Cooler	0.5
Food Waste Grinder (Commercial)	3.0
Floor Drain, Emergency	0.0
Floor Drain	2.0
Shower, single-head trap	2.0
Multi-head, each additional	1.0
Lavatory, single	1.0
Lavatory, In sets of two or three	2.0
Washfountain (1.5-in Minimum Fixture Branch Size)	2.0
Washfountain (2-in Minimum Fixture Branch Size)	3.0
Receptor, indirect waste ³	
Bar	2.0
Clinical	6.0
Commercial with food waste (1.5-in Minimum Fixture Branch Size)	3.0
Commercial with food waste (2-in Minimum Fixture Branch Size)	4.0
Commercial with food waste (3-in Minimum Fixture Branch Size)	6.0
Kitchen, domestic (with or without food-waste grinder and/or dishwasher)	2.0
Laundry (with or without discharge from a clothes washer)	2.0
Service or Mop Basin	3.0
Service, flushing rim	6.0
Wash, each set of facets	2.0
Urinal	2.0
Waterless Urinal	1.0
Water Closet, 1.6 GPF	4.0
Water Closet, greater than 1.6 GPF	6.0

TABLE 1(a) – Discharge Capacity in Gallons per Minute for Intermittent Flow Only^{1,3}

Gallons per Minute	Fixture Units
Up to 7.5	1
Greater than 7.5 to 15	2
Greater than 15 to 30	4
Greater than 30 to 50	6

TABLE 1(b) - Maximum Fixture Units for a Trap and Trap Arm^{1,3}

Size of Trap and Trap Arm (inches)	Fixture Units
1.25	1
1.5	3
2	4
3	6
4	8

Footnotes:

1. Tables 1, 1(a), 1(b) are based on the 2010 California Plumbing Code
2. Additional information regarding definitions and plan checking are defined by latest Exhibit J - Table 1 Guideline.
3. Indirect waste receptors shall be sized based on the total drainage capacity of the fixtures that drain therein to, in accordance with Table 1(a). Maximum fixture units for a fixture trap and trap arm loadings for sizes up to 4 inches shall be in accordance with Table 1(b).

TABLE 2¹

Category	Type of Commercial	Typical Descriptions of Establishment	Gal/ Fixture	BOD/TSS	Sewage Factor (see Note A)
I	Motel/ Hotel	Establishment typically engaged in short-term lodging and may offer food and beverage, recreation, conference/convention room, laundry, and parking services.	12	230/220	0.0444
	Recreation/Amusement	Recreational and amusement services and attractions			
	Restaurant (Fast Food)	Establishments where patrons order or select items and typically pay before eating. Serves food on trays with disposable dishware, has an available drive-thru service, and does not use a dishwasher.			
	Retail Store	Establishment typically engaged in providing retail goods for purchase			
	Office	Establishment where business or services are supplied.			
	Market (without Butcher Shop)	Establishments typically retailing a general line of food, such as canned and frozen foods, fresh fruits and vegetables. Establishment does not process (cut) meat, poultry, or seafood.			
	Bar/Tavern	Establishment typically engaged in preparing and serving alcohol beverages for immediate consumption. May also provide limited food services.			

Category	Type of Commercial	Typical Descriptions of Establishment	Gal/ Fixture	BOD/TSS	Sewage Factor (see Note A)
II	Market (with Butcher Shop)	Establishments typically retailing a general line of food, such as canned and frozen foods, fresh fruits and vegetables. Establishment does process (cut) meat, poultry, or seafood.	24	250/350	0.1081
	Bakery	Establishment typically manufacturing fresh and frozen bread and bread-type roll products, cookies, crackers, doughnuts, pastries, pies, ice cream cones, and etc. May include commercial and storefront bakeries.			
	Mortuary	Establishments typically preparing the dead for burial or interment and conducting funerals. May include crematories.			
III	Convalescent Home	Establishments providing inpatient nursing and rehabilitative services. The care is typically provided for an extended period of time to individuals requiring nursing care. May include nursing homes, Inpatient care hospices, rest homes with nursing care, etc.	42	250/300	0.1780
	Hospital	Establishments typically known and licensed as general medical and surgical hospitals primarily engaged in providing diagnostic and medical treatment to inpatients with any wide variety of medical conditions.			
	Health Spa with Pool	Establishments typically operating fitness and recreation sports facilities featuring exercise and other active physical conditioning. Must have a pool. May include physical fitness centers with pools, gyms with pools, day spas with pools, etc.			
	Restaurant (Full Service)	Establishments typically providing food services where patrons order and are served while seated and typically pay after eating. May serve food on non-disposable dishware, operates dishwashing equipment, has waiter/waitresses and includes buffets.			

Category	Type of Commercial	Typical Descriptions of Establishment	Gal/ Fixture	BOD/TSS	Sewage Factor (see Note A)
IV	Laundry (Laundromat)	Establishment typically operating coin-operated or similar self-service laundry equipment for customer use on premises. Laundries or Laundromats classified under this category are for non-water efficient washing machines.	43	350/500	0.2499
	Dry Cleaner (Processor)	Establishment typically engaged in laundering services, and specialty cleaning services for garments and other textile items on the premises using solvents other than water. Drop off and pickup sites that do not perform cleaning services are classified under Category I.			
V	Car Wash (Coin Operated) (See Footnote 1)	Establishments typically engaged in the cleaning and/or washing of automotive vehicles. Consists power washing spray wand car washes.	102	150/500	0.4910
VI	Church	Establishments typically engaged in operating religious organizations. May include monasteries, temples, mosques, synagogues, places of worship.	17	230/220	0.0630
	School	Establishments typically engaged in furnishing academic courses and associated coursework. May include universities (public/private), junior colleges (public/private), vocational schools.			
	Public Facility	Establishments typically operated by the local city or other government entities. May include government offices, community centers, fire/police stations, parks, city facilities, court houses, etc.			

Category	Type of Commercial	Typical Descriptions of Establishment	Gal/ Fixture	BOD/TSS	Sewage Factor (see Note A)
VII	Health Spa without Pool	Establishments typically operating fitness and recreation sports facilities featuring exercise and other active physical conditioning. Must not have a pool. May include physical fitness centers with pools, gyms without pools, day spas without pools, etc.	42	230/220	0.1555
	Laundromat	Establishment typically operating facilities with coin-operated or similar self-service laundry equipment for customer use on premises. Laundries or Laundromats classified under this category are for high efficiency front loading washing machines.			

Footnotes:

1. Non-coin operated car washes may be treated as an industrial user.

EXHIBIT B

REGIONAL RECYCLED WATER SERVICE ORDINANCE

ORDINANCE NO. 115

AN ORDINANCE OF THE BOARD OF DIRECTORS OF INLAND EMPIRE UTILITIES AGENCY, A MUNICIPAL WATER DISTRICT, ESTABLISHING THE AVAILABILITY AND REGULATING THE PERMITTED USE OF RECYCLED WATER FROM THE REGIONAL RECYCLED WATER DISTRIBUTION SYSTEM IN THE INLAND EMPIRE UTILITIES AGENCY, SAN BERNARDINO COUNTY, STATE OF CALIFORNIA.

WHEREAS, The California State Legislature has adopted the Recycled Water Act of 1991 (Water Code 13750 et seq.) and the Recycled Water Law (Water Code 13500 et seq.) with the intent of promoting the implementation of recycled water projects throughout the State of California;

WHEREAS, The Recycled Water Act of 1991 has been amended from time to time to strengthen the level of cooperation and coordination among and between the recycled water producers, the recycled water retailers, and the recycled water customers within the State of California;

WHEREAS, The Regional Sewage Service Contract, (Section 15, paragraph B) provided each Regional Contracting Agency with the right of first purchase, for that volume of treated effluent, up to the quantity of its base entitlement, that is tributary to the Regional Wastewater Treatment System from its service area;

WHEREAS, The Regional Sewage Service Contract expired on January 2, 2023. On November 1, 2023, IEUA approved a new Regional Sewage Service Contract, which re-establishes the right of first purchase of recycled water for Regional Contracting Agencies that signed the Contract. For Sewage Collection Agencies that have not signed the Contract, IEUA wishes to offer through this Ordinance No. 115 the right of first purchase of recycled water.

WHEREAS, IEUA has maintained its National Pollutant Discharge Elimination System Permit (a Master Recycling Permit, pursuant to Water Code Section 13523.1) and continues to own and operate the Regional Water Recycling Facilities which produces high-quality recycled water for distribution to its Sewage Collection Agencies, and others;

WHEREAS, IEUA has developed a Regional Recycled Water Distribution System for the delivery of recycled water to its Sewage Collection Agencies, Retail Water Agencies, and other Customers within the IEUA service area;

WHEREAS, Regulations pertaining to Recycled Water continue to evolve and further change affecting the available uses of recycled water is likely and unpredictable over the long term;

WHEREAS, IEUA intends for Recycled Water to be put to beneficial use locally within the IEUA service area and the Chino Basin to the greatest extent practicable and allowed.

NOW THEREFORE, BE IT ORDAINED by the Board of Directors of the Inland Empire Utilities Agency as follows:

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PART I - ADMINISTRATION

SECTION 1 - AUTHORIZATION

This Ordinance is enacted pursuant to the authority contained in the Municipal Water District Law of 1911; California Water Code, Section §71000 et seq., as amended; the Recycled Water Law, California Water Code 13500 et seq., and the Recycled Water Act of 1991, California Water Code, Section §13575 et seq.; as these documents now exist and as they may be amended from time to time.

SECTION 2 - PURPOSE AND OBJECTIVES

The purpose of this Ordinance is to promote the conservation of all water resources and to provide for the maximum public benefit from the use of recycled water supplies made available from the regional water recycling facilities owned and operated by IEUA, and to provide a right of first purchase of recycled water to SCAs. The use of recycled water will be encouraged and provided for uses including, but not limited to: landscape irrigation, commercial and/or industrial process, construction, groundwater recharge, wildlife habitat, recreational impoundment, agriculture, and any additional uses permitted under Title 22, Division 4, Chapter 3, Water Recycling Criteria, Section 60301.050 et seq., of the California Code of Regulations.

SECTION 3 - INTENT

The Ordinance is intended to incorporate retail utility specific requirements as approved and adopted by the SCAs, water districts, and other local agencies.

This Ordinance shall also provide for the establishment of certain rules, requirements, and responsibilities, under which, recycled water service is provided and shall supplement local municipal requirements and standards.

SECTION 4 - EXTENSION OF MASTER RECLAMATION PERMIT AUTHORITY

Section 13523.1 of the California Water Code states that a recycled water supplier or distributor may be issued either waste discharge requirements or a master recycling permit. IEUA is a supplier of recycled water as a result of the operation of IEUA's regional water recycling facilities. The IEUA National Pollutant Discharge Elimination System (NPDES) permit also serves as a master recycling permit. The SCAs and Retail Water Agencies, as retail distributors of the recycled water, shall be granted the privileges and responsibilities of the master recycling permittee. Accordingly, permittee shall be responsible for compliance with the terms and condition of the IEUA NPDES permit and shall indemnify and hold IEUA harmless for any fines, penalties and/or assessments arising from a violation of said permit by permittee.

SECTION 5 - RECYCLED WATER SERVICE AREA

This Ordinance shall pertain to the implementation and the on-going operation of the Regional Recycled Water Distribution System within the legal boundaries of IEUA's service area, unless otherwise stated. With the expressed approval of the Board of Directors, recycled water service shall also be extended to lands, uses, and/or improvements lying outside the legal boundaries of IEUA's service area, subject to the rights of first purchase described in this Ordinance.

SECTION 6 - DUTY TO COMPLY

All Customers shall comply with all conditions of this Ordinance. Any Customer that is not in compliance with any provision of this Ordinance constitutes a violation of this Ordinance and is grounds for enforcement action as provided for in Part II of this Ordinance.

SECTION 7 - SEVERABILITY

If any section, subsection, sentence, clause, or phrase of this Ordinance is for any reason found to be invalid or unconstitutional by any court of competent jurisdiction, such decision shall not affect the remaining portion of this Ordinance. The IEUA Board of Directors declares that it would have approved this Ordinance by section, subsection, sentence, clause, or phrase irrespective of the fact that any one or more of the sections, subsections, sentences, clauses, or phrases be declared invalid or unconstitutional.

SECTION 8 - RIGHT OF REVISION

IEUA reserves the right to amend this Ordinance, as it deems appropriate.

SECTION 9 - ADMINISTRATOR

Except as otherwise provided herein, the General Manager shall administer, implement, and enforce the provision of this Ordinance. The General Manager may, at his discretion, delegate any or all of these powers and duties.

SECTION 10 - DEFINITION OF TERMS

- (A) **APPLICANT:** any person, firm, corporation, association, or agency that applies for recycled water service as provided in accordance with this Ordinance.
- (B) **AUTHORIZED REPRESENTATIVE:** a person, group, firm, partnership, corporation, association, or agency that, pursuant to written permission, from the owner of a property, has the responsibility for establishing recycled water service for a given property.
- (C) **BOARD OF DIRECTORS:** the Board of Directors of the Inland Empire Utilities Agency.

- (D) CALENDAR YEAR: the time period which commences January 1 of each calendar year and ends December 31 of the calendar year.
- (E) CHINO BASIN: means that area underlain by the Chino and Cucamonga groundwater basins and that portion of the Claremont Heights groundwater basin within San Bernardino County which groundwater basins are described in Bulletin No. 53 of the California Division of Water Resources, dated March 1947, and entitled "South Coastal Basin Investigation - Overdraft on Groundwater Basins."
- (F) CUSTOMER: any purchaser of recycled water from IEUA.
- (G) DELIVERY POINT: the location whereby the Retail Water Agency measures usage and delivers recycled water to a Recycled Water User.
- (H) DIRECT RECYCLED WATER USER: any person, group, firm, partnership, corporation, association, or agency that, pursuant to an approved Recycled Water Use Permit, directly purchases recycled water from the IEUA Regional Recycled Water Distribution System. The rights of any Direct Recycled Water User shall be subject to the SCA's rights of first purchase.
- (I) FISCAL YEAR: the time period which commences July 1 of each calendar year and ends June 30 of the following calendar year.
- (J) GENERAL MANAGER: shall mean the General Manager, or a duly Authorized Representative, of IEUA.
- (K) IEUA: the Inland Empire Utilities Agency, a municipal water district.
- (L) INDIRECT RECYCLED WATER USER: any person, group, firm, partnership, corporation, association, or agency that, pursuant to an approved Recycled Water Use Permit, purchases recycled water from the IEUA Regional Recycled Water Distribution System through a Retail Water Agency.
- (M) LOCAL RECYCLED WATER DISTRIBUTION SYSTEM: a recycled water distribution system which is owned and/or operated by a Retail Water Agency; the local recycled water distribution system is generally an approved extension of the Regional Recycled Water Distribution System.
- (N) NON-REGIONAL CONTRACTING AGENCY (NRCA): any Sewage Collection Agency located, in whole or in part, within the boundaries of IEUA which has not entered into the Regional Sewage Service Contract with IEUA.
- (O) NPDES PERMIT: National Pollutant Discharge Elimination System Permit issued to regulate the operation of a wastewater treatment plant/water recycling facility, the quality of recycled water produced, and to provide a master recycling permit.

- (P) ORANGE COUNTY JUDGMENT: means the judgment entered in the action entitled Orange County Water District v. City of Chino, et al. (Case No. 117628, Superior Court, County of Orange).
- (Q) OWNER: the owner of a property that is anticipated to receive or is currently receiving recycled water service.
- (R) PERSON: shall mean any individual or entity including but not limited to any person, firm, company, or corporation, partnership, association, any public corporation, political subdivision, city, county, district, the State of California, the United States of America or any department or agency thereof. The singular in each case shall include the plural.
- (S) POINT OF CONNECTION: the point where the Local Recycled Water Distribution system connects to the Regional Recycled Water Distribution System.
- (T) RECYCLED WATER: as defined in Title 22, Division 4, Chapter 3, Water Recycling Criteria, Section 60301.050 et seq., of the California Code of Regulations; water which is available as a result of the treatment of wastewater. Also as described in subdivision (n) of Section 13050 of the Water Code of the State of California, treated wastewater that is suitable for direct beneficial use or a controlled use that would not otherwise occur.
- (U) RECYCLED WATER PRODUCER: any local entity that produces recycled water.
- (V) RECYCLED WATER RATE: any rates or fees used to recover the cost of providing Recycled Water services that will be set by resolution of the IEUA Board of Directors.
- (W) RECYCLED WATER USE PERMIT: a document evidencing that an application for connection to the Regional Recycled Water Distribution System has been prepared by a Retail Water Agency and examined by IEUA staff.
- (X) RECYCLED WATER WHOLESALER: any person or entity that distributes recycled water to a Retail Water Agency and which has constructed, or is constructing, a wholesale recycled water distribution system.
- (Y) REGIONAL CONTRACTING AGENCY (RCA): any Sewage Collection Agency located, in whole or in part, within the boundaries of IEUA which has entered into the Regional Sewage Service Contract with IEUA.
- (Z) REGIONAL RECYCLED WATER DISTRIBUTION SYSTEM: the equipment, structures, pipelines, controls, and other facilities used for preparation, pumping, transmission, storage, and distribution of recycled water, owned and operated by IEUA.
- (AA) REGIONAL SEWERAGE SYSTEM: all facilities owned, controlled, or operated by IEUA and any interest or capacity rights of IEUA in facilities owned, controlled, or operated by others, for the purpose of transmitting, treating and/or disposing of Sewage, including interceptor sewers, sewage treatment and disposal plants, facilities for the Disposal of

Effluent and solid waste residuals and any facilities appurtenant to the foregoing. The Regional Sewerage System does not include the recycled water system which is owned, operated, managed, and maintained by IEUA for the purpose of providing for the distribution of Recycled Water for beneficial reuse, or to meet the requirements of SCAs exercising the right of first purchase of recycled water. The Regional Sewerage System shall include all other disposal facilities which are required to meet the requirements of the National Pollutant Discharge Elimination System Permit or permits or Waste Discharge Requirements issued to IEUA by the Regional Water Quality Control Board, Santa Ana Region, for the operation of the Regional Treatment Plants.

- (BB) REGIONAL TREATMENT PLANT: a sewage and wastewater treatment plant operated by IEUA as part of the Regional Sewerage System.
- (CC) RESOLUTION: a legal document set by the Board of Directors in the form of a Resolution to establish rates, fees, or other terms.
- (DD) RETAIL WATER AGENCY: any local entity, a public agency, SCA or a private water company that delivers recycled water to Customers requesting recycled water service at properties within its service area.
- (EE) SANTA ANA RIVER (SAR) BASE FLOW OBLIGATION: established under the Orange County Judgment and defined under the Prado Settlement, Stipulations Re Dismissal of Certain Defendants and Allocation Agreement (collectively "Settlement Agreement") which defines the shared responsibility for a Base Flow obligation at Prado between IEUA and Western Municipal Water District. IEUA implements the Chino Basin portion of the Settlement Agreement which is commonly referred to as the Santa Ana River ("SAR") Base Flow obligation at Prado.
- (FF) SERVICE: the delivery of recycled water.
- (GG) SERVICE CONNECTION: the IEUA facilities or the Retail Water Agency's facilities, including but not limited to, a service valve, a meter box, a meter, and piping; between the Regional Recycled Water Distribution System and the Customer's on-site facilities, or between the Retail Water Agency's facilities and the Customers on-site facilities.
- (HH) SEWAGE COLLECTION AGENCY (SCA): means any county, city, or special district, other than IEUA, which is located in whole or in part within the IEUA service area and which is authorized to own, control, and operate a Community Sewer System, and for the purposes of this Ordinance includes NRCAs and RCAs, collectively.
- (II) SWRCB: California State Water Resources Control Board.
- (JJ) WHOLESALE OF RECYCLED WATER: the transfer/sale of recycled water, from IEUA to a SCA or Retail Water Agency.

PART II - ENFORCEMENT

SECTION 11 - GENERAL

The enforcement provisions provided in Part II shall be applicable to both the Direct or Indirect Recycled Water User. In the case of an Indirect Recycled Water User, IEUA shall exercise the enforcement provisions of this Ordinance when IEUA determines that the Retail Water Agency is not providing effective permitting, regulation or enforcement of the provisions of this Ordinance, or any applicable Federal, State, District or local statutes for the distribution, delivery and use of recycled water by an Indirect Recycled Water User.

SECTION 12 - PROTECTION FROM DAMAGE

No Person, organization, or Customer shall maliciously, willfully, or negligently break, damage, destroy, impair the usefulness, uncover, deface, or tamper with any structure, appurtenance, or equipment which is a part of IEUA's Regional Recycled Water Distribution System. Similarly, no Person shall maliciously, willfully, or negligently break, damage, destroy, impair the usefulness, uncover, deface, or tamper with any structure, appurtenance, or equipment which is a part of either on-site facilities or off-site facilities that could prevent the full function of the Regional Recycled Water Distribution System.

SECTION 13 - NOTIFICATION OF VIOLATION

IEUA will serve any Direct or Indirect Recycled Water User found to be violating any provision of this Ordinance, or any applicable Federal, State, District or local statutes, regulations, guidelines, ordinances, or other requirements with a written notice of non-compliance. The notice of non-compliance will state the nature of the violation and provide a reasonable time limit, as determined by IEUA, for the satisfactory correction thereof. IEUA may require the submittal of a plan to satisfactorily correct the violation or require any other action which, IEUA determines is appropriate to correct the violation. The Direct or Indirect Recycled Water User served with the notice of violation shall, within the period of time stated in such notice, cease all violations. This provision is in addition to, and not by way of derogation of, any other remedies or procedures available to IEUA by law, regulation, or pursuant to any of the provisions of this Ordinance. This notice of violation procedure shall be in addition to any other remedies available to IEUA under Section 71000 et seq. of the Water Code of the State of California.

SECTION 14 - RIGHT TO INSPECT DOCUMENTS AND PROPERTY

IEUA retains the right, upon reasonable notice, to audit all public records and accounts of any Customer, to ensure ongoing compliance and enforcement of this Ordinance. Additionally, pursuant to California Water Code §71601, IEUA may enter upon the private property of any Person to investigate possible violations of this Ordinance, including, but not limited to the verification of meter connections previously issued by IEUA to verify that no unauthorized or non-permitted meter change has occurred.

SECTION 15 - PENALTY FOR VIOLATION

Enforcement and penalties for violation shall be as authorized in California Water Code 71601. A Customer not in compliance with any portion of this Ordinance will be notified of the IEUA's intention of enforcement, with an explanation of the violation or infraction committed. A Customer notified shall have thirty (30) calendar days to respond before any action will be taken by the IEUA. However, no such notice to afford an opportunity to comply need be given in those instances in which the non-compliance may cause conditions dangerous and detrimental to public health, safety and welfare, or are in violation of State law or applicable section of the California Penal Code. These violations include, but are not limited to trespass, assault, water theft, cross connection, and recycled water system damage.

SECTION 16 - EMERGENCY ACTION

- (A) If the General Manager determines that a violation constitutes a serious threat, of an immediate or emergency nature, to the health and welfare of the community or to the environment or may cause IEUA to violate any State or Federal law, regulation or Recycled Water Use Permit requirement, the General Manager may order an immediate cessation of the use of recycled water and suspend the Direct or Indirect Recycled Water User's permission to use recycled water. If the Direct or Indirect Recycled Water User does not cease using recycled water at once, the General Manager may disconnect the Direct or Indirect Recycled Water User from the Local Recycled Water Distribution System or Regional Recycled Water Distribution System. In the case where IEUA is wholesaling the recycled water to a Retail Water Agency, IEUA shall contact the Retail Water Agency before physical disconnection.
- (B) As soon as reasonably practicable following the issuance of a cessation order and/or suspension order, but in no event more than seven (7) days following the issuance of such order, the General Manager shall hold a hearing to provide the Direct or Indirect Recycled Water User an opportunity to present information in opposition to the issuance of the cessation or suspension order. The hearing shall be conducted in accordance with procedures established by the General Manager. The General Manager shall issue a written decision and order within seven (7) days following the hearing, which decision shall be sent by certified mail to the Direct or Indirect Recycled Water User's business address. Any cessation or suspension order included within the General Manager's written statement shall be deemed final upon delivery to the Direct or Indirect Recycled Water User.

PART III - RECYCLED WATER SERVICE

Part III establishes the process for the application for recycled water service. An applicant, at IEUA's discretion, may be connected directly to the Regional Recycled Water Distribution System, or may be connected indirectly to the Regional Recycled Water Distribution System via laterals that may be owned and operated by Retail Water Agencies within the IEUA service area. Records for each connection, direct or indirect, shall be consistent for all applicants.

SECTION 17 - GENERAL

IEUA may provide Recycled Water Service for applicants whose property falls outside of a Retail Water Agency's service area subject to the SCAs' rights of first purchase described in this Ordinance. If the applicant's property falls within a Retail Water Agency's service area the applicant shall enter into a contract with the Retail Water Agency to apply for Recycled Water Service. Depending on the location of a given property, the lowest cost Recycled Water Service could be provided through a direct connection to the Regional Recycled Water System within the Retail Water Agency's service area or through a connection to the Retail Water Agency's local distribution system. To execute such a connection the Applicant and the Retail Water Agency shall enter a Recycled Water Service Agreement with IEUA for Recycled Water Service on a case-by-case basis.

Whether IEUA provides the direct delivery of recycled water or delivery through a local Retail Water Agency, IEUA assumes the primary responsibility to assure that recycled water quality distributed to and utilized, in accordance with the provisions of this Ordinance, and in compliance with applicable Federal, State, and Local statutes. The Retail Water Agency or Customer shall, from the connection point to the Regional Recycled Water Distribution System, be responsible for the recycled water quality distributed to and utilized by all subsequent connections, in accordance with the provisions of this Ordinance, and in compliance with applicable Federal, State, and Local statutes.

SECTION 18 - RECYCLED WATER USE PERMIT

To receive Recycled Water Service, a property owner or an authorized representative of the property, that is intended to be served with recycled water, must submit a completed application for Recycled Water Service to the appropriate Retail Water Agency. A Recycled Water Use Permit shall be required and on file at the Retail Water Agency.

The service-area wide design criteria, for the on-going development and implementation of the recycled water systems, will be discussed with SCAs and Retail Water Agencies. The design criteria will be incorporated into the Regional Recycled Water Distribution System Connection Permit.

SECTION 19 - APPLICANT'S RESPONSIBILITY

A Recycled Water Service Application must be made in writing, signed by the Applicant. In the event that the Applicant and the property owner are not one and the same, the Applicant shall have the written authorization of the property owner. By signing the Application, the owner/applicant shall agree to comply with the requirements of any and all applicable Federal, State, and Local statutes, ordinances, regulations, and all other requirements including this Ordinance. The applicant shall, as evidenced by their signature on the application form, agree to comply with this Ordinance and any and all other applicable governing documents.

SECTION 20 - POINT OF DELIVERY

The point of delivery of recycled water shall be the Customer's or their retail service provider's Point of Connection to the IEUA Regional Recycled Water Distribution System.

SECTION 21 - TRANSFER OF OWNERSHIP

IEUA shall own the recycled water until it leaves the Regional Recycled Water Distribution System at the point of delivery whereupon the Customer shall own the recycled water.

SECTION 22 - OWNERSHIP OR EXPANSION OF FACILITIES

Customers shall acquire no interest in or to any portion of the Regional Recycled Water Distribution System or any IEUA facilities by virtue of this Ordinance, nor do the terms of this Ordinance obligate IEUA to acquire, construct or operate any future reclamation facilities or any additions to existing reclamation facilities or facilities for the distribution and delivery of recycled water.

SECTION 23 - SCHEDULING RECYCLED WATER

IEUA reserves the right to control and schedule the use of recycled water if, in the opinion of IEUA, scheduling is necessary for purposes including, but not limited to:

- (1) The maintenance of an acceptable working pressure in the recycled water system;
- (2) Providing for reasonable safeguards of public health;
- (3) Availability of recycled water; and
- (4) Maintenance, operation, or construction of recycled water facilities

SECTION 24 - LIMITATIONS OF USE

Recycled water delivered by IEUA pursuant to this Ordinance has limited uses, and all Customers agree to utilize the recycled water received hereunder only for the use permitted by the applicable regulatory agencies and by local ordinance.

SECTION 25 - LIMITATIONS ON DELIVERY

The rights of SCAs to recycled water under this Ordinance pertain only to the recycled water which is actually produced by IEUA facilities from wastewater delivered by the SCAs. Any circumstances beyond IEUA's control which cause a reduction in the flow available to the Regional Recycled Water Distribution System may result in a temporary or permanent decrease in recycled water available to SCAs in such amounts as IEUA determines are necessary to fairly allocate any such reduced flow among all SCAs purchasing recycled water from IEUA. SCAs may meet and confer with IEUA regarding any proposed reduction in deliveries. Reduced flows may continue until such time as IEUA facilities are restored to normal operations.

SECTION 26 - LIABILITY AND INDEMNIFICATION IN CONTRACTS

All contracts for the delivery of recycled water to others shall contain the following language: Neither IEUA nor any of its officers, agents, or employees shall be liable for the control, carriage, handling, use, disposal, or distribution of recycled water supplied by IEUA to a Customer after such recycled water has been delivered to such Customer; nor for claim of damage of any nature whatsoever, including but not limited to property damage, personal injury or death, arising out of or connected with the control, carriage, handling, use, disposal, or distribution of such recycled water beyond the point of such delivery; and the Customer shall indemnify and hold harmless IEUA and its officers, agents, and employees from any such damages or claims of damages, and shall reimburse IEUA for costs of repair of IEUA's facilities and other damages resulting from the operations of the Customer. Neither the Customer nor any of its officers, agents, or employees shall be liable for the control, carriage, handling, use, disposal, or distribution of recycled water prior to such recycled water being delivered to the Customer; nor for claim of damage of any nature whatsoever, including but not limited to property damage, personal injury or death, arising out of or connected with the control, carriage, handling, use, disposal, or distribution of such recycled water prior to its delivery to such Customer, excepting, however, claims by IEUA for costs of repair to IEUA's facilities and other damages resulting from the operations of the Customer; and IEUA shall indemnify and hold harmless the Customer and its officers, agents, and employees from any such damages or claim of damages, except claims by IEUA for costs of repair of IEUA's facilities and other damages resulting from the operations of the Customer.

PART IV - PURCHASE AND AVAILABILITY OF RECYCLED WATER

IEUA shall retain the exclusive right over the recycled water generated from the sewage delivered to IEUA from the SCAs and shall have sole discretion over its use. This Ordinance extends SCAs the right of first purchase to available recycled water generated by IEUA from the sewage delivered to IEUA's wastewater treatment facilities. If any SCA exercises its right of first purchase of recycled water, then such agency shall have the exclusive right over recycled water delivered to it and the use thereof shall be within the sole discretion of that agency subject to local ordinance.

SECTION 27 - RIGHT OF FIRST PURCHASE

Each SCA shall have the right of first purchase of recycled water as provided herein. The purchase of recycled water shall be voluntary and determined at the option of the SCA from year to year. SCAs are encouraged to enter into a separate recycled water purchase agreement with IEUA. The right of first purchase shall take priority over any other recycled water purchase agreements between IEUA and non-SCA Customers. IEUA, within its discretion, may prioritize the usage of recycled water for meeting the SAR Base Flow Obligation when it is necessary to do so regardless of the effect on base supply for purchase.

Each SCA shall have the right of first purchase from IEUA of recycled water in a total quantity not exceeding the base entitlement of the SCA.

The total base supply of recycled water which is subject to the right of first purchase from IEUA by the SCAs receiving sewerage service at any Regional Treatment Plant shall be the total quantity of sewage delivered into the Regional Sewerage System by all such SCAs, measured at the intake point of the Regional Treatment Plants, less normal processing losses resulting from the treatment of sewage, and less recycled water exported from the Chino Basin by IEUA to satisfy the SAR Base Flow Obligation if and to the extent deemed necessary by IEUA.

Each SCA shall have a base entitlement to a portion of the total base supply of recycled water, said portion being in the proportion that the quantity of sewage delivered into the Regional Sewerage System by the SCA bears to the total quantity of sewage delivered into the Regional Sewerage System by all SCAs.

SECTION 28 - EXERCISE OF RIGHT OF FIRST PURCHASE/ESTIMATED DEMAND

On or before the first day of March of each year IEUA shall give each SCA written notice requesting the SCA to provide IEUA with an estimated quantity of recycled water proposed to be delivered to the SCA during the next fiscal year. SCAs shall notify IEUA of any planned new users of recycled water that may impact pipeline capacity and operations as a part of this process. The SCA shall provide IEUA with this estimate within 30 days, setting forth the estimated volume of recycled water demand for the next fiscal year.

SECTION 29 - SURPLUS BASE SUPPLY AVAILABLE FOR PURCHASE

Surplus base supply is that portion of base supply remaining after each SCA has exercised its right of first purchase to purchase its base entitlement, or portion thereof.

During and following the end of each year IEUA shall determine the amount of surplus base supply available, if any, for purchase by SCAs, and shall notify all SCAs of that amount, in writing. Each SCA shall have the option to purchase surplus base supply in an amount calculated utilizing the same ratio used to calculate base entitlement. However, if after offering surplus base supply to all SCAs there remains surplus base supply, then a SCA may purchase from the remaining surplus base supply in an unrestricted amount subject to mutual agreement with IEUA. Nothing herein shall prevent SCAs from establishing agreements to purchase recycled water from other SCAs. The purchase of recycled water in excess of a SCA's base entitlement in any given year shall not result in an increase in base entitlement for subsequent years.

SECTION 30 - RECONCILIATION AND NOTICE OF SURPLUS BASE SUPPLY

Before December 1st of each year, IEUA shall tabulate the total amount of recycled water purchased by all SCAs for the preceding fiscal year, reconcile any differences where necessary, and shall issue a written notice of allocation to the SCAs stating the quantity of surplus base supply available for purchase, if any.

SECTION 31 - DISPOSITION BY IEUA OF UNCLAIMED RECYCLED WATER

If after the exercise by SCAs of all options to purchase recycled water, an amount of recycled water remains unclaimed for the year, IEUA may make any lawful use of such recycled water, including beneficial use, sale, or other disposition inside or outside the Chino Basin; provided, that, any funds generated by the sale of recycled water shall be deposited into the IEUA Recycled Water Fund. IEUA will inform the SCAs of the use or sale of any unclaimed recycled water.

PART V - RATES

SECTION 32 - RECYCLED WATER RATES

Rates charged for the purchase of recycled water shall be established for each year by resolution of the IEUA Board of Directors in conjunction with an accompanying cost of service study. The cost of recycled water shall only reflect the true cost of service consistent with California public agency laws and regulations. Rate setting shall be conducted in a public forum and Customers shall have the opportunity to address the IEUA Board of Directors on the subject of recycled water rates in conformity with California open meeting laws.

SECTION 33 - BILLING AND PAYMENT

IEUA shall invoice Customers for actual monthly volumetric deliveries and any fixed charges for the operation of the Regional Recycled Water Distribution System. Customers served through a Point of Connection are responsible for accurately measuring and reporting monthly usage to IEUA. Recycled water which IEUA utilizes for groundwater recharge for purchase by Customers shall be measured by IEUA. SCAs or Retail Water Agencies shall pay to IEUA, within thirty (30) calendar days of receipt of the invoices.

SECTION 34 - DELINQUENT PAYMENT

- (A) In the event any IEUA Customer is delinquent in payment of bills for recycled water rates and charges, a penalty of ten (10) percent of the original unpaid invoice amount shall be added to any fee or charge that becomes delinquent. Interest at the maximum rate provided by California Government Code Section 926.10 as may be amended from time to time, shall accrue on the total of all delinquent fees or charges.
- (B) Additional charges provided herein for delinquent payments may be waived by the Board of Directors upon written request by the IEUA Customer upon a finding that the delinquency was caused by excusable neglect or circumstances beyond the control of the IEUA Customer, provided that the delinquent Customer reimburses IEUA for all costs and penalties actually incurred by IEUA as a result of the delinquent payment.
- (C) In the event a mistake is discovered in a recycled water sales record of IEUA, the General Manager shall initiate appropriate corrective action, except that no mistake made more than three (3) years prior to discovery shall be corrected. If an incorrect invoice has been issued to a Customer, the General Manager shall notify the affected Customer of any adjustment and the manner of making any required credit or charge, neither of which shall bear interest.
- (D) In the event that a retail recycled water Customer does not pay required fees in full, a penalty charge shall be imposed and must be paid in full prior to continued recycled water service. The delinquent payment shall include any unpaid portion of the fee plus a penalty charge of ten (10) percent interest per annum beginning from the date of delinquency. All

charges and penalties shall be assessed based on the connection fee that is in place at the time that full payment occurs.

SECTION 35 - INTERFERENCE BY CUSTOMERS

No Customer shall take or draw water from any water line or pipe of IEUA without paying the established charges therefore. Any Customer interference constitutes a violation of the Ordinance and is grounds for discontinuance of service.

PART VI - ON-SITE CONTROLS

SECTION 36 - IMPLEMENTATION

To protect the health of the public and any (potential) employees of the Customer, the SWRCB has promulgated guidelines and regulations. The minimum necessary on-site controls are contained in Title 22, Division 4, Chapter 3, Water Recycling Criteria, Sections 60301.050 et seq., and Title 17; both of the California Code of Regulations, and in the County Public Health Code.

SECTION 37 - STATE / LOCAL REGULATIONS

Recycled water system on-site controls shall meet all of the requirements established by IEUA and the applicable State and local regulatory agencies to protect the public health. Plans and specifications for all proposed recycled water operations, distribution, and on-site systems shall be submitted to the applicable State and local health agencies for review and approvals before the systems are constructed.

SECTION 38 - OPERATIONAL CONTROLS

The operational controls for the use of recycled water shall be appropriate for the beneficial use as approved in the Recycled Water Use Permit. Records shall be maintained with the recommended equipment and procedures to achieve the control objectives necessary for the safe and reliable delivery of recycled water.

SECTION 39 - RATES OF FLOW

IEUA shall have the right to regulate and prescribe the maximum and minimum quantities of recycled water that shall be discharged or delivered through any service connection so as to assure equitable service to all Customers.

SECTION 40 - IDENTIFICATION

- (A) All recycled water valves, outlets, quick couplers, and sprinkler heads should be of a type, or secured in a manner that only permits operation by personnel authorized by the Customer.
- (B) All recycled water valves and outlets should be appropriately tagged to warn the public and employees that the water is not intended nor allowed for drinking.
- (C) All piping, valves and outlets should be color-coded or otherwise marked to differentiate recycled water from non-recycled water facilities.
- (D) Hose bibs shall not be used in the recycled water system; quick couplers or comparable connection devices shall be used instead.

SECTION 41 - POSTING OF ON-SITE NOTIFICATIONS

Adequate means of notification shall be provided to inform the public, employees and others that recycled water is being used. Such notification shall include the posting of conspicuous recycled water information signage with proper wording of sufficient size to be clearly read, which shall be posted at adequate intervals around the use area. In some locations, especially at crop irrigation use areas, the recycled water information signs shall be in the primary language of the workers (i.e., Spanish), as well as English.

Signs shall be placed around the perimeter of the site and at such other locations on-site as deemed appropriate by the Retail Water Agency during the Recycled Water Use Permit application review.

SECTION 42 - METERING

Recycled water furnished to Retail Water Agencies through a Point of Connection pursuant to this Ordinance shall be measured by the Retail Water Agencies at the Delivery Point. Such measurement shall be with equipment chosen by the Retail Water Agencies, installed by the Retail Water Agencies, and approved by IEUA. All measuring equipment shall be installed, maintained, repaired, and replaced by the Retail Water Agencies. Retail Water Agencies will regularly calibrate recycled water meters and provide a copy of results of such calibrations to IEUA as requested. Each retailing agency shall have the primary obligation to measure the quantity of recycled water delivered to the Delivery Point on a monthly basis and to furnish this data to IEUA within 15 days after the end of each month for billing purposes. IEUA may request, at any time, investigation, and confirmation by the retailing agency of the measurement being made. Recycled water which IEUA delivers to Customers as groundwater recharge shall be measured by IEUA.

SECTION 43 - CROSS CONNECTION PREVENTION

The Customer is responsible for following their Potable Water Purveyor's rules, regulations and/or Ordinance regarding cross connection prevention.

SECTION 44 - WATER QUALITY

All recycled water to be delivered by IEUA to Retail Water Agencies pursuant to the terms of this Ordinance will be of such quality that the same may be used for all purposes allowed for disinfected tertiary recycled water. Such recycled water shall conform to the quality requirements set forth in the then current disinfected tertiary recycled water quality and monitoring regulations specified in California Code of Regulations, Title 22, Division 4, Chapter 3: Wastewater Reclamation Criteria as further regulated by the California Regional Water Quality Control Board, the California Department of Drinking Water and all other federal, state and local agencies having jurisdiction over recycled water quality.

SECTION 45 - NONCONFORMING RECYCLED WATER

The parties recognize that factors beyond the control of IEUA could cause operational difficulties at reclamation facilities resulting in the temporary production of recycled water which does not meet the quality requirements referenced in Section 44. In such cases, IEUA will be obligated to (1) immediately notify the Retail Water Agencies that the recycled water does not meet the currently applicable regulatory requirements and that deliveries of recycled water will be suspended (2) temporarily suspend deliveries of recycled water to Retail Water Agencies from IEUA facilities, and (3) use its best efforts to reestablish the production of recycled water of a suitable quality as soon as reasonably possible and to reestablish IEUA's supply of such water accordingly. Any notice required under this section shall be delivered first verbally, either personally or by telephone, followed by a written confirmation.

SECTION 46 - LIMITATIONS OF LIABILITY

IEUA is not responsible for any condition of the recycled water itself, or any substance that may be mixed with or be in recycled water, after the point of delivery, except as required by Title 22, Division 4, Chapter 3, Water Recycling Criteria, Section 60301.050 et seq. of the California Code of Regulations.

PART VII - EFFECTIVE DATE

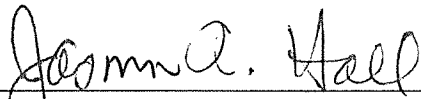
Upon the effective date of this Ordinance No. 115, Ordinance No. 112, including any amendments thereto, shall be repealed and superseded by this Ordinance. This Ordinance shall be in full force and effect immediately following its passage, approval, and publication, as provided by law. This Ordinance shall take effect on January 2, 2024.

ADOPTED, this 20th day of December, 2023.



Marco Tule
President of the Inland Empire
Utilities Agency* and of the Board of
Directors thereof

ATTEST:



Jasmin A. Hall
Secretary of the Inland Empire Utilities
Agency* and the Board of Directors thereof

*A Municipal Water District

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Jasmin A. Hall, Secretary/Treasurer of the Inland Empire Utilities Agency*, DO HEREBY CERTIFY that the forgoing Ordinance being No. 115, was adopted at a regular meeting on December 20, 2023, of said Agency by the following vote:

AYES: Camacho, Elie, Hall, Hofer, Tule

NOES: None

ABSTAIN: None

ABSENT: None


Jasmin A. Hall
Secretary/Treasurer

(SEAL)