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PLAN FOR SERVICE

CUCAMONGA VALLEY WATER DISTRICT
ANNEXATION OF THE 383-ACRE PROPERTY IN
THE CITY OF RANCHO CUCAMONGA

September 6, 2023

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CUCAMONGA VALLEY WATER DISTRICT



Service Beyond Expectation

PLAN FOR SERVICE

ANNEXATION OF THE 383-ACRE PROPERTY IN THE CITY OF RANCHO CUCAMONGA

Prepared for:

Cucamonga Valley Water District

10440 Ashford St.

Rancho Cucamonga, CA 91730-2799

Attention: Gull Nawaz

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I INTRODUCTION

DTA has been retained to prepare a Plan for Service (“PFS”) for the Cucamonga Valley Water District (the “District”) to serve the proposed annexation of the 383-acre property (the “Annexation Area”) wholly located within the City of Rancho Cucamonga (the “City”).

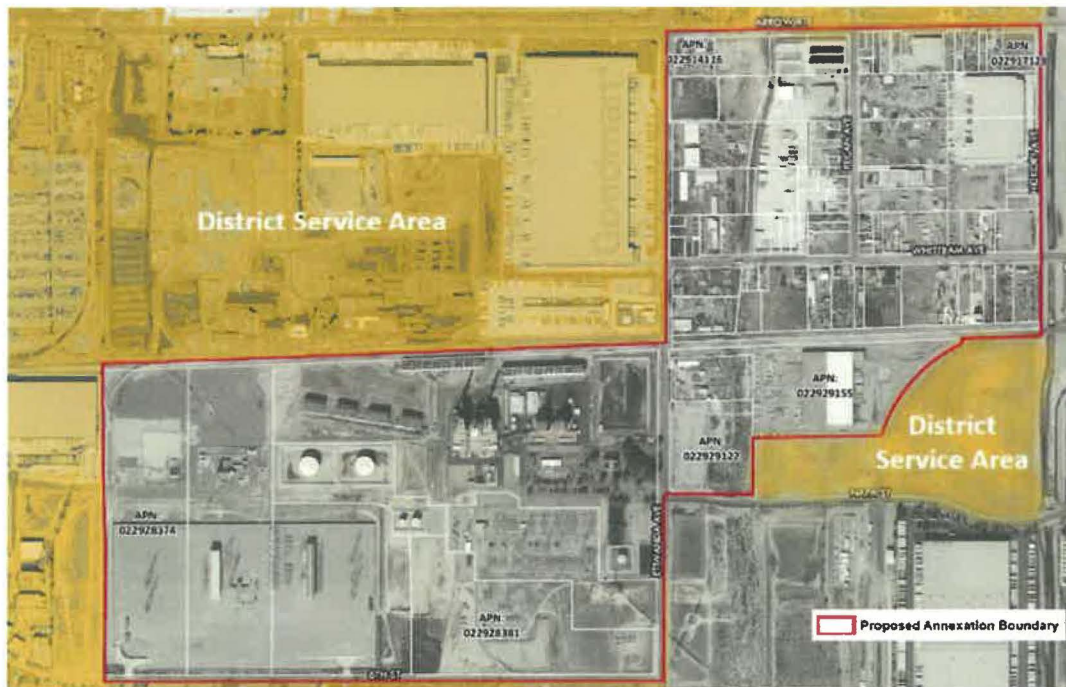
A Purpose of the Plan for Service

The County of San Bernardino’s Local Agency Formation Commission (“LAFCO”) requires the preparation and certification of a study when a jurisdiction is affected by a proposed change of organization or reorganization. The annexation of the entire Annexation Area into the District will ensure the provision of wastewater and water services to both existing and new development therein. The intent of this PFS is to provide LAFCO with sufficient information to assess the capabilities of the District related to providing wastewater and water services to the Annexation Area once it has been absorbed by the District. In addition, the PFS includes information on the fiscal impacts of such annexation action on the District’s General Fund.

B Description of the Annexation Area

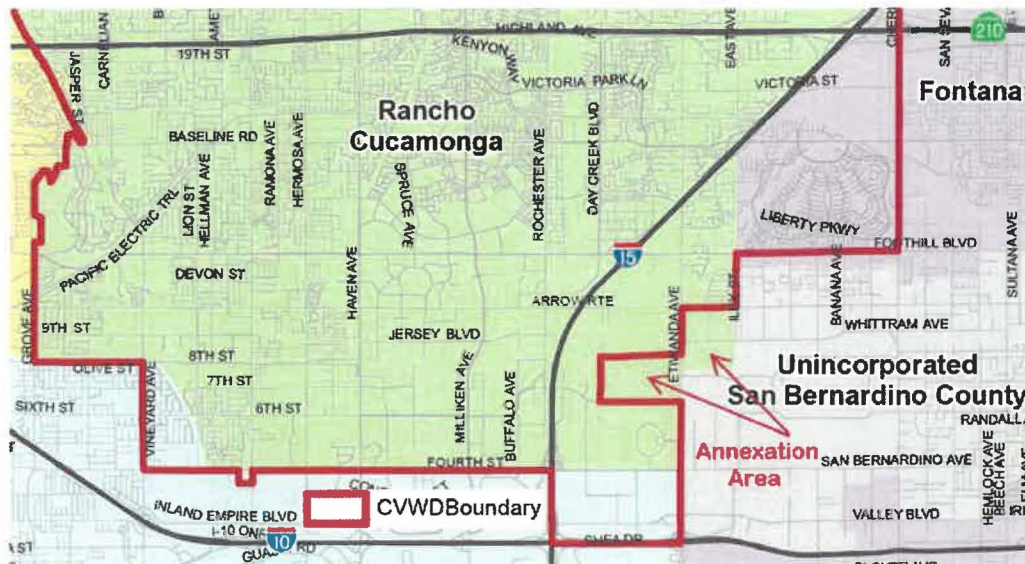
The Annexation Area, as depicted in Figure 1, encompasses approximately 382.55 acres of mostly developed land in the eastern portion of the City generally located south of Arrow Route, west of Hickory Avenue, north of 6th Street, and east of Interstate 15 (“I-15”).

Figure 1: Aerial Map for Proposed Annexation Area



As reflected in Figure 2 depicting the location of the Annexation Area relative to the District's eastern boundaries, the annexation of the entire Annexation Area into the District will create a logical District boundary to match the City limits.

Figure 2: Location of Annexation Area Relative to District's Eastern Boundaries



C Existing and Proposed Developments within the Annexation Area

As illustrated in Figure 3, the Annexation Area east of Etiwanda Avenue is mostly developed and comprised of light industrial buildings, with notable developments including South Bay International, Heartland Express, and Aguilar Trucking. In addition, highlighted in green therein are two active and proposed development projects:

- 8545 Pecan Avenue: An industrial logistics facility encompassing approximately 98,685 square feet ("SF") of gross leasable space that is currently under construction on a 4.75-acre site; and
- 13261 Arrow Route: A proposed industrial building on a 1.688-acre vacant land.

As depicted in Figure 3, the Annexation Area west of Etiwanda Avenue encompasses approximately 198.4 acres of land currently housing the retired Etiwanda Generating Station at 8996 Etiwanda Avenue. Bayview Environmental Services has been selected to perform asbestos remediation for the decommissioning of the 640-megawatt electric power generating station and demolition and removal of existing on-site features, including buildings, piping, boiler insulation, and fire bricks. There is currently a proposed Master Plan amendment to redevelop a portion of the site into an industrial logistics facility encompassing five (5) buildings and approximately 1.2 million SF of gross leasable space known as Phase 2 of the Etiwanda Commerce Center. The conceptual site plan for Phase 2 of the Etiwanda Commerce Center is illustrated in Figure 4.

Figure 3: Notable Existing and Proposed Developments within Annexation Area

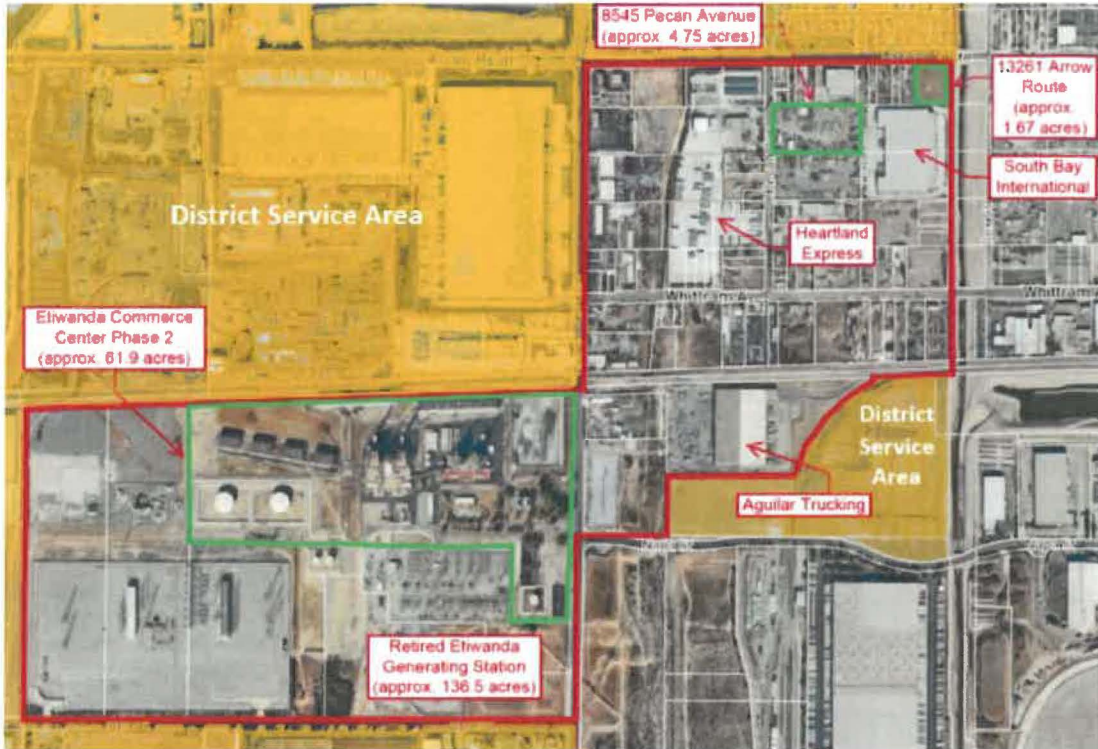
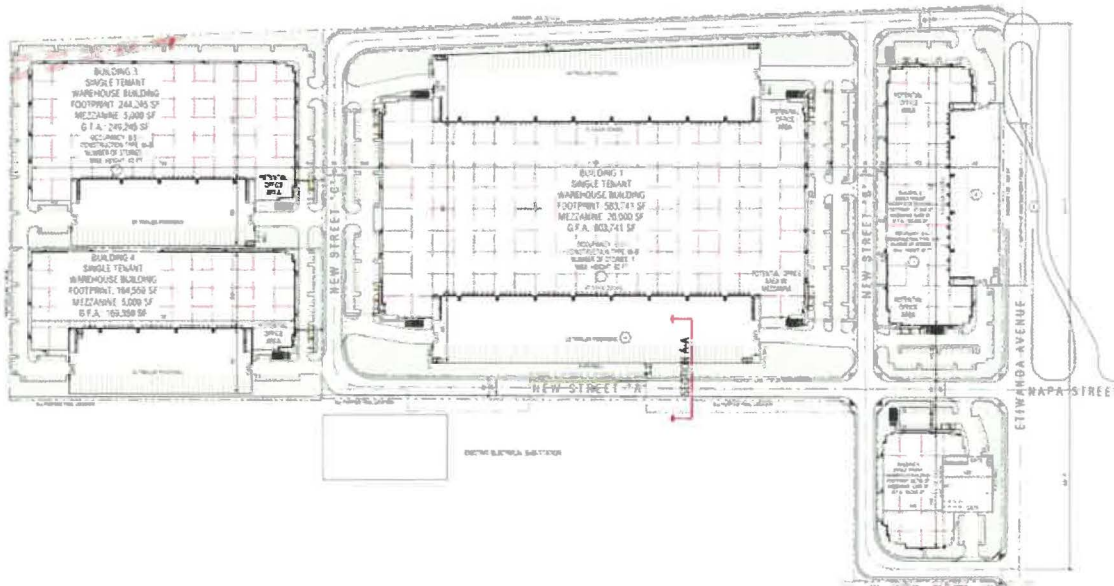


Figure 4: Conceptual Site Plan for Phase 2 of Etiwanda Commerce Center



II PLAN FOR SEWER SERVICE BEFORE AND AFTER ANNEXATION OF THE ANNEXATION AREA

As illustrated in Figure 5 below, the entire Annexation Area is currently within the jurisdiction of the Inland Empire Utilities Agency (the "IEUA"), which only provides regional wastewater treatment facilities and does not offer local retail wastewater services. While the Annexation Area east of Etiwanda Avenue is already located within the Fontana Water Company's ("FWC") jurisdiction, the FWC does not provide wastewater services. As a result, the entire Annexation Area will need to be annexed into the District to receive local sewer services as shown in Figure 6.

Figure 5: IEUA Service Area

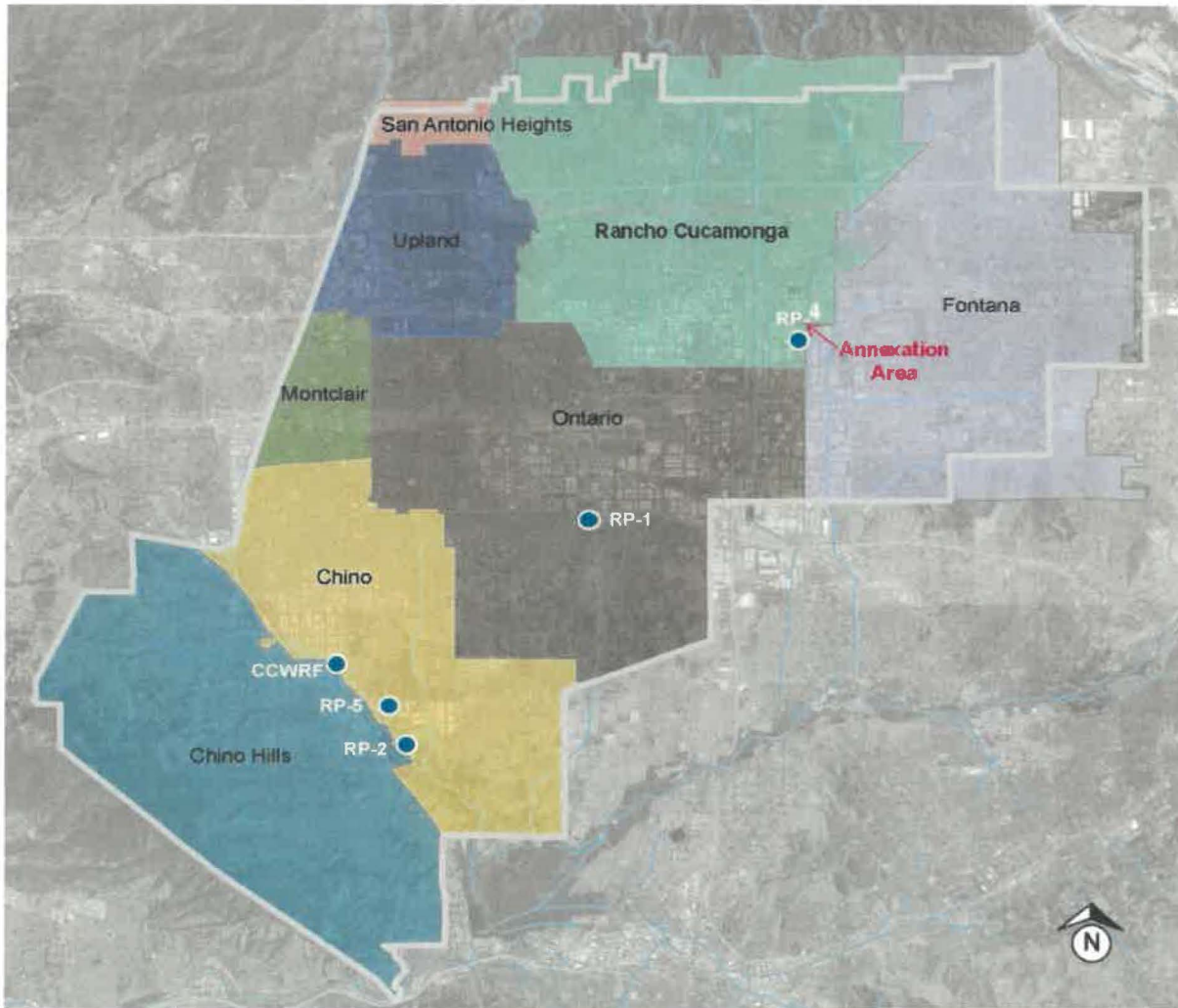


Figure 6: Areas of Annexation Areas to be Annexed into District Sewer Service Area



A Before Annexation

As noted above, IEUA is a regional wastewater treatment agency that operates wastewater treatment facilities. Although the Annexation Area does not currently receive any local wastewater services, the parcels listed below and depicted in Figure 7 already have sewer laterals connected to IEUA’s sewer trunk mains that front such parcels on Arrow Route and Etiwanda Avenue:

- Assessor’s Parcel Number (“APN”) 0229-171-28-0000;
- APN 0229-291-55-0000;
- APN 0229-161-19-0000;
- APN 0229-161-05-0000;
- APN 0229-161-04-0000;
- APN 0229-161-03-0000;
- APN 0229-161-02-0000;
- APN 0229-161-01-0000; and
- APN 0229-151-28-0000.

Figure 7: Parcels Already Connected to IEUA's Sewer Trunk Main within Annexation Area



As noted previously, most of the Annexation Area east of Etiwanda Avenue has been developed. The District indicated that those developed properties, other than those nine (9) parcels previously identified as connected to IEUA's sewer trunk mains on Arrow Route and Etiwanda Avenue, are currently on commercial septic systems.

B After Annexation

IEUA will continue to be the regional wastewater treatment agency for the Annexation Area, while the District will be the local wastewater service program administrator for the Annexation Area. It is important to note that even though the District currently operates and maintains approximately 421 miles of wastewater collection system ranging from 8 to 36 inches in diameter, the Annexation Area will not utilize the District's existing collection system to transport wastewater to IEUA's regional treatment facilities. **Instead, future developments within the Annexation Area, as well as those existing developed properties required to install new off-site sewer connections¹, will be required to construct either tie-ins to IEUA's sewer lines or a new wastewater collection system, with such tie-ins and collection lines owned and maintained by the District, as discussed in greater detail below.**

¹ If a parcel currently on a commercial septic system needs a complete system replacement, the City has the jurisdiction to determine whether a new septic system can be installed or a new off-site sewer connection is required. Typically, the City will mandate a new off-site sewer connection under those circumstances.

The Annexation Area will require two (2) sewer systems for wastewater collection, consisting of an existing regional collection system owned by IEUA and a new local collection system to be owned by the District. Future and existing developments fronting Arrow Route and Etiwanda Avenue will most likely be able to have direct laterals connections to IEUA's sewer trunk mains running in those arterials at their own expense. In contrast, future and existing developments on the internal parcels within the Annexation Area, i.e., not fronting Arrow Route or Etiwanda Avenue, will need to construct an internal sewage collection system at their own expense, which will be conveyed to and maintained by the District. This new collection system will utilize a combination of 8", 10", 12", or 15" sewer mains to convey the wastewater to the 36-inch Etiwanda sewer line (the "Etiwanda Line") and subsequently to IEUA's existing regional treatment plant, as discussed further below.

IEUA owns and operates a system of regional trunk and interceptor sewers that transport wastewater to the regional wastewater treatment plants. RP-4, located at 12811 6th Street in Rancho Cucamonga and the nearest regional water recycling plant to the Annexation Area, was recently expanded to a treatment capacity of 14 million gallons per day ("MGD") and treats an average flow of 10 MGD of wastewater, or 71% of its treatment capacity. Additionally, the Etiwanda Line has a full capacity of 49.94 MGD and is designed to transport a peak flowrate of 14.21 MGD at 37% full condition, leaving an available capacity of 35.73 MGD.

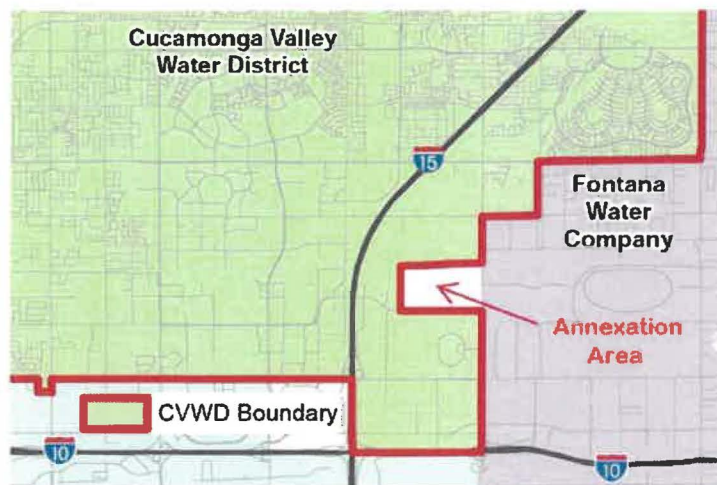
The wastewater generation at the future build-out of the Annexation Area, including the conversion of existing developed properties from commercial septic systems to off-site sewer system connections, is preliminarily estimated to be 1,000 gallons per day ("gpd") per acre, equating to an average dry weather flow ("ADWF") of 0.38 MGD, with a peak wet weather flow ("PWWF") of 2,500 gpd per acre, or 0.96 MGD. This is a very conservative estimate as it assumes that each acre within the Annexation Area would actively produce sewage. The actual acreage of active wastewater generators will be significantly less when accounting for landscape areas, impervious areas such as parking lots and sidewalks, and other non-building areas that do not produce sewage.

Notwithstanding the foregoing conservative estimates of ADWF (0.38 MGD) and PWWF (0.96 MGD), the available treatment capacity at the RP-4 (4 MGD) and Etiwanda Line (35.73 MGD) will be more than sufficient to serve the Annexation Area at its build-out and full conversion.

III PLAN FOR WATER SERVICE BEFORE AND AFTER ANNEXATION OF THE ANNEXATION AREA

As illustrated in Figure 8, the Annexation Area west of Etiwanda Avenue, comprising the decommissioned Etiwanda Generating Station, is currently outside of the FWC jurisdiction and will need to be annexed into the District to receive local water services.

Figure 8: Area of Annexation Areas to be Annexed into District Water Service Area



A Before Annexation

As noted above, the Annexation Area west of Etiwanda Avenue is currently not located within the service area of a local retail water service provider, and therefore does not receive local retail water services.

B After Annexation

The District currently provides potable and recycled water services to approximately 48,000 connections. Approximately 48% of District's overall potable water supply comes from local groundwater wells in the Chino Groundwater Basin and the Cucamonga Basin, with approximately 46% of supply purchased from IEUA and the remaining 6% from the canyon sources. The current proposed Phase 2 of the Etiwanda Commerce Center will be required to construct lateral connections to the water main running in Etiwanda Avenue upon its development to receive potable and/or recycled water services.

IV FISCAL IMPACT ANALYSIS OF THE ANNEXATION ACTION ON THE DISTRICT

As previously noted, the entire Annexation Area will need to be annexed into the District to receive local wastewater service, while the Annexation Area west of Etiwanda Avenue will receive local water services from the District. This section will focus on the recurring and one-time fiscal impacts of the Annexation Area on the District General Fund after its annexation into the District.

A Recurring Fiscal Impacts of the Annexation Area

Since the Project will pay the prevailing water and wastewater service rates for its water demand and wastewater generation, it is assumed there will be a net zero fiscal impact to the District General Fund after annexing the Annexation Area.

B One-Time Fiscal Impacts of the Annexation Area

As previously noted, developers within the Annexation Area, as applicable, will be required to construct new laterals connections or construct a new internal sewage collection system at their own expense. In addition, developers will be required to pay development impact fees ("DIFs"), which are one-time fees utilized to fund a project's fair share of a municipality's infrastructure and capital needs. Development projects within the Annexation Area are subject to the following DIFs collected by the District:

- Water System Capacity Fee ("WSCF"): In addition to constructing the required tie-ins to the water system, the developers will be assessed for each paid meter in accordance with its size. Currently, the WSCF ranges from \$10,351 to \$828,042 for a ¾" - to 10"-meter connection.
- Recycled Water System Capacity Fee ("RWSCF"): Assessed for each paid meter in accordance with its size. Currently, the RWSCF ranges from \$14,796 to \$710,212 for a 1" - to 10"-meter connection.
- Sewer System Capacity Fee ("SSCF"): Assessed for each paid meter in accordance with its size. Currently, the SSCF ranges from \$1,239 to \$99,140 for a ¾" - to 10"-meter connection.
- Capital Capacity Reimbursement Fee ("CCRF"): Currently assessed at \$8,132 per equivalent dwelling unit ("EDU"), where one EDU represents the sewage discharged from a single residential dwelling unit. EDU determinations for industrial projects are calculated based on the type of business operation and the facility's sewer drainage fixture count, or by direct measurement of sewage quality and volume, or a combination of both. Therefore, CCRF for these types of projects must be assessed during the tenant improvement plan check approval process.

The actual amount of WSCF, SSCF, RWSCF, and CCRF payable by developments within the Annexation Area will be contingent on their paid meter sizes and types of on-site business operations.



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18201 VON KARMAN AVENUE, SUITE 220
IRVINE, CA 92612
PHONE: (800) 969-4DTA

Certification

I hereby certify that the statements furnished above and the documents attached to this form present the data and information required to the best of my ability and that the facts, statements and information presented herein are true and correct to the best of my knowledge.

A handwritten signature in blue ink, appearing to read 'Eduardo Espinoza', is written over a horizontal line.

Eduardo Espinoza, PE
Assistant General Manager
Cucamonga Valley Water District

4/24/2024
Date