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Local Taxpayer Funding Diverted to State-Focused Project

ONTARIO, CA (April 8, 2025) — The City of Ontario urges Inland Empire Utilities Agency (IEUA) to practice transparency as the Agency advances its extensive Chino Basin Program (CBP). IEUA, in concert with six cities and a local water utility, established a technical advisory and policy committee to advise the IEUA Board of Directors on projects such as these. IEUA, however, fails to respect this multi-jurisdictional approach by obscuring the funding process for the CBP.

“Our efforts to create water security for our residents are undermined by the Chino Basin Program. IEUA has failed to act with the clarity required of a public agency throughout this process and threatens our ability to invest in much-needed local water recycling infrastructure,” said Ontario City Councilmember Debra Porada. “Ontario has long supported a local alternative project to keep recycled water in the communities that need it the most, in cooperation with every agency that agrees to participate.”

On March 5, IEUA presented to its Board of Directors a series of sweeping rate increases. This follows the Agency adjusting its Equivalent Dwelling Unit (EDU) wastewater rate by 13% over the prior two years. IEUA proposed EDU rate increases of 18% over Fiscal Years 2025-26 and 2026-27, and another 18% for recycled water over the same period, among other increases. IEUA presented its proposed rate increases at the March 27 Technical Advisory Committee, where IEUA's proposal was not supported by committee members. Subsequently, at the April 3 Policy Committee meeting, the committee unanimously denied its support for the rate increases because the justification for the rate increases was received only 42 hours before the meeting, not giving the committee enough time to review. The committee includes representatives from the cities of Chino, Chino Hills, Fontana, Montclair, Ontario and Upland, in addition to Cucamonga Valley Water District. Despite this overwhelming lack of community support, IEUA is pressing forward rapidly with its plan to adopt its controversial rate increases on April 16.

Most importantly, IEUA's plan for rate increase expands funding for the Chino Basin Program (CBP). This capital project has grown from \$600 million to more than \$1 billion, plus it will have



significant ongoing operating costs, using advanced water purification to treat and store 15,000 acre-feet-per-year of recycled water in the Chino Basin groundwater aquifer. The CBP promises up to 100% of the project's yield to the state instead of local communities.

"The CBP comes at a time when there is continuing decline in the Chino Basin's safe yield, the annual groundwater allocation that can be produced from the basin without causing detrimental results," Porada said. "IEUA is using local property tax dollars to transfer water to the State at substantial risk to our community, businesses and residents."

IEUA has failed to answer questions and provide vital criteria in a timely manner for setting fair rates, including explaining the specific debt service our taxpayer dollars support and clear hiring figures and salaries. IEUA set April 16 as the day its Board will consider the rate increase, providing inadequate time for member agencies to review the new rate study, distributed only last week.

While the CBP may not be funded by rates in the Fiscal Years 2025-26 and 2026-27, it does rely on a property tax transfer from the IEUA's Water Resources Fund and property tax reserves from the Wastewater Capital Fund. These funds could otherwise be used to lower the planned 18% rate increases.

It is unclear if wastewater operations funds will support the project's employees. It is clear, however, that taxpayer funds directly support the CBP over the next two years. IEUA has dedicated more than \$15 million in local funds toward the project. IEUA staff intend to recommend its Board of Directors allocate nearly \$48 million in local funding to complete planning and design work over the next two years. IEUA set an ambiguous goal to determine long-term funding and justification for the CBP in the next rate study.

The population in San Bernardino County continues to climb in a climate of changing water resources that, in some instances, has become less reliable. Still, IEUA has focused taxpayer funding on the CBP. This diminishes the recycled water available to Ontario and surrounding communities. Recycled water is considered drought-proof and can be used for industrial, agricultural and groundwater recharge purposes. Critically, recycled water offsets expensive imported water use.

The Cities of Chino, Montclair and Ontario, and the Monte Vista Water District have expressed their concerns to IEUA in a letter sent on March 28, 2025. We have yet to receive a direct



response. The letter reiterates the demand for IEUA to explain the cost and rate impacts of the CBP on Inland Empire residents.

Learn more at www.ontarioca.gov/government/municipal-utilities-company

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