



**FINANCE, LEGAL, AND ADMINISTRATION
COMMITTEE MEETING
OF THE BOARD OF DIRECTORS
INLAND EMPIRE UTILITIES AGENCY*
AGENCY HEADQUARTERS, CHINO, CALIFORNIA**

**WEDNESDAY, MARCH 11, 2015
11:00 A.M.**

*Or immediately following the
Engineering, Operations, and Biosolids Management
Committee Meeting*

CALL TO ORDER

PUBLIC COMMENT

Members of the public may address the Board on any item that is within the jurisdiction of the Board; however, no action may be taken on any item not appearing on the agenda unless the action is otherwise authorized by Subdivision (b) of Section 54954.2 of the Government Code. Those persons wishing to address the Board on any matter, whether or not it appears on the agenda, are requested to complete and submit to the Board Secretary a "Request to Speak" form which is available on the table in the Board Room. Comments will be limited to five minutes per speaker. Thank you.

ADDITIONS TO THE AGENDA

In accordance with Section 54954.2 of the Government Code (Brown Act), additions to the agenda require two-thirds vote of the legislative body, or, if less than two-thirds of the members are present, a unanimous vote of those members present, that there is a need to take immediate action and that the need for action came to the attention of the local agency subsequent to the agenda being posted.

1. ACTION ITEMS

A. MINUTES

The Committee will be asked to approve the Finance, Legal, and Administration Committee meeting minutes of January 14, 2015.

B. TREASURER'S REPORT ON GENERAL DISBURSEMENTS

It is recommended that the Committee/Board approve the total disbursements for the month of January 2015 in the amount of \$11,618,767.82.

C. ADOPTION OF THE REGIONAL WASTEWATER EDU VOLUMETRIC RATE FOR FISCAL YEAR 2015/16 THROUGH 2019/20

It is recommended that the Board of Directors adopt Rate Resolution 2015-3-1, establishing service rates for improvement district "C" for Fiscal Year (FY) 2015/16 through 2019/20 for the EDU volumetric rate for the Regional Wastewater Program.

D. PROCUREMENT ORDINANCE REVISIONS

It is recommended that the Committee/Board hold a Public Hearing to receive comments, and upon conclusion of the Public Hearing, adopt Ordinance No. 101; establishing and setting forth the policies governing Agency authority and dollar limits for procurement and procurement-related activities.

E. OFFICE SUPPLIES CONTRACT

It is recommended that the Committee/Board

1. Approve the award of a competitively-let contract to Office Depot Office Max of Baton Rouge, FL, (Contract No. 4600001835) through February 28, 2020; for the supply and delivery of office supplies; and
2. Authorize the General Manager to execute the contract.

F. GRAINGER CONTRACT

It is recommended that the Committee/Board:

1. Approve the award of a competitively-let contract (Contract No. 4600001831) with Grainger of Ontario, through October 20, 2019; for the supply and delivery of maintenance, repair, and operating (MRO) related supplies; and
2. Authorize the General Manager to execute the contract.

G. COPIER LEASE AGREEMENT

It is recommended that the Committee/Board:

1. Approve the award of a five-year lease to Konica Minolta through March 31, 2020, for the supply and delivery of 14 various size multi-function copier machines; and
2. Authorize the General Manager to execute the lease agreement.

H. FISCAL YEAR 2015/16 THROUGH 2024/25 TEN-YEAR CAPITAL IMPROVEMENT PLAN

It is recommended that the Committee/Board approve the proposed Fiscal Year (FY) 2015/16 through 2024/25 Ten-Year Capital Improvement Plan (TYCIP).

I. **WASTEWATER, WATER, AND RECYCLED WATER RATE AND FEE STUDY**

It is recommended that the Committee/Board:

1. Amend the professional services contract (Contract No.4600001658) with Carollo Engineers for the Wastewater, Water, and Recycled Water Rate and Fee Study, for a not-to-exceed amount of \$334,963; and
2. Authorize the General Manager to execute the contract.

J. **CONTRACT AWARD FOR INTEGRATED RESOURCES PLAN WEAP MODEL RESILIENCY TESTING**

It is recommended that the Committee/Board:

1. Award a professional services contract to RAND for Integrated Resources Plan WEAP Model Resilience Testing to augment the Integrated Resources Plan (Project No. WR14019), for a not-to-exceed amount of \$75,000 to increase the total project budget from \$539,179 to \$614,179; and
2. Authorize the General Manager to execute the contract.

2. **INFORMATION ITEMS**

A. **TREASURER'S REPORT OF FINANCIAL AFFAIRS (WRITTEN/POWERPOINT)**

B. **FY 2014/15 SECOND QUARTER BUDGET VARIANCE, PERFORMANCE GOALS UPDATES, AND BUDGET TRANSFER (WRITTEN/POWERPOINT)**

C. **INLAND BIOENERGY PROJECT UPDATE (POWERPOINT)**

3. **GENERAL MANAGER'S COMMENTS**

4. **COMMITTEE MEMBER COMMENTS**

5. **COMMITTEE MEMBER REQUESTED FUTURE AGENDA ITEMS**

6. **ADJOURN**

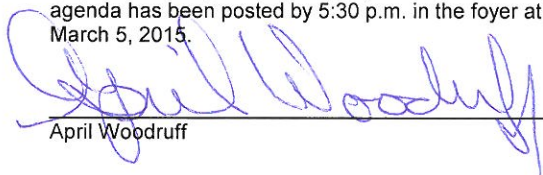
*A Municipal Water District

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Board Secretary (909-993-1736), 48 hours prior to the scheduled meeting so that the Agency can make reasonable arrangements.

Proofed by: BR

DECLARATION OF POSTING

I, April Woodruff, Board Secretary of the Inland Empire Utilities Agency, A Municipal Water District, hereby certify that a copy of the agenda has been posted by 5:30 p.m. in the foyer at the Agency's main office, 6075 Kimball Ave., Building A, Chino, CA on Thursday, March 5, 2015.



April Woodruff


**ACTION
ITEM**


1G


Date: March 18, 2015

To: The Honorable Board of Directors

Through: Finance, Legal and Administration Committee (3/11/15)

From:  P. Joseph Grindstaff
General Manager

Submitted by:  Christina Valencia
Chief Financial Officer/Assistant General Manager

Warren T. Green 
Manager of Contracts and Facilities Services

Subject: Copier Lease Agreement

RECOMMENDATION

It is recommended that the Board of Directors:

1. Approve the award of a five-year lease to Konica Minolta through March 31, 2020 for the supply and delivery of 14 various size multi-function copier machines; and
2. Authorize the General Manager to execute the lease agreement.

BACKGROUND

In December 2010, the Agency entered into a competitively-let five year lease agreement with Konica Minolta for nine various size multi-function copier machines. During the fiscal year 2015/16 budget process, staff contacted Konica Minolta (Konica) to obtain contract/lease options for the end of the lease and was offered an early release and new lease agreement. The Agency has a total of 22 copier machines, ten of which are under lease with Konica. Staff requested Konica to assess the condition of the remaining 12 copier machines. Konica determined five of the 12 machines to be either at the end of their useful life (three to five years), no longer had parts available, had high meter readings and had a high per copy cost.

The monthly lease payment for all 14 machines will be \$2,718.36, including sales tax; five year total \$163,102. The related maintenance costs are estimated to be approximately \$122,661 based upon a cost per copy for the term of the lease. The total expense for the five year lease including maintenance costs is estimated to be \$285,763

Konica's lease program includes a year-end Corporate Subsidy and 4th Quarter promotion discount savings of approximately \$5,880 during the term of the lease provided we can accept delivery by March 31, 2015. Konica is offering to hold the cost per copy firm for the first three years with only a five percent increase for the remaining two years. In addition, the total cost of maintenance by replacing the old machines will afford the Agency a savings of approximately \$78,000 over the life of the lease.

In June 2012, Konica Minolta was awarded a three-year competitively-let contract with the County of San Bernardino for the supply, delivery, and maintenance of copier machines. The contract allows other governmental agencies to enter into a contract or lease with Konica Minolta, utilizing the advantageous pricing and terms offered. San Bernardino County received 12 proposals; issuing a total of six competitively-let contracts to Xerox, Canon, Toshiba, Witt and Advanced Copy Systems. Agencies currently utilizing Konica's contract includes: a dozen cities; including Ontario, Upland, Fontana, Corona, etc., the Santa Ana Watershed, East Valley Water District and West Valley Water District, along with about a dozen local school districts. Konica has been on contract with San Bernardino County for the past 35 years and has secured about 95 percent of all the copier related business from the County.

The Agency conducted a comprehensive technical evaluation of copier machines during fiscal 2002/03 and standardized on the Konica brand of copiers for the following reasons:

- Network equipment is compatible with the Konica equipment, thus requiring less effort to set-up additional machines.
- The Konica machines are compatible and set-up with SAP for printing reports.
- The Agency currently has 22 Konica machines, allowing staff's familiarity with the machines and ease of use.
- Service technicians are local, resulting in quick response time and minimal downtime.

The lease also includes a non-appropriation clause whereby releasing the Agency from the lease should funds not be available in subsequent years. Since partnering with Konica Minolta for the last 13 years, the quality and level of service has proven excellent.

The utilization of a competitively let contract with Office Depot is consistent with the Agency's Business Goal of *Fiscal Responsibility* by continuing to contain costs through multi-year fixed price terms for equipment required to conduct Agency business.

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

Adequate funds are being proposed in fiscal year 2015/16 and 2016/17 for both the lease and maintenance costs.



Maintenance Agreement

Customer Information

Sold to Acct #:	Payer/Bill to Acct #:	Shp to Acct #:
Name:	Name:	Name: Inland Empire Utilities Agency
Attn/Dept:	Attn/Dept:	Attn/Dept:
Ste/Rm:	Ste/Rm:	Ste/Rm:
Address:	Address:	Address: 6075 Kimball Ave
City:	City:	City: Chino
State:	State:	State: CA Zip: 91709
Tax Exempt Customer? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Tax Exemption Number:	Tax Exemption Certificate must be attached when applicable.
PO Required? <input type="checkbox"/> Yes <input type="checkbox"/> No	PO Number:	PO Expiration Date:
<input type="checkbox"/> Individual PO <input type="checkbox"/> Blanket PO	PO Contact:	PO must be attached when applicable.
Fleet Manager? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Name:	Email:
		Ph:

Coverage / Billing Options

Coverage Options:	MFP	Wide Format
Select Options:	<input checked="" type="checkbox"/> Supply Inclusive <input type="checkbox"/> After Hours Service - Requires After Hours Agreement <input checked="" type="checkbox"/> Decline Digital Connected Support*	<input type="checkbox"/> Toner (Black Only) <input type="checkbox"/> 20lb Bond Roll Paper <input type="checkbox"/> Decline Digital Connected Support*
Billing Options:	MFP	Wide Format
Initial Term in Months:	<input checked="" type="checkbox"/> 36 <input type="checkbox"/> 48 <input type="checkbox"/> 60 <input type="checkbox"/> Other _____ <input checked="" type="checkbox"/> Monthly <input type="checkbox"/> Quarterly <input type="checkbox"/> Annually	<input type="checkbox"/> 36 <input type="checkbox"/> 48 <input type="checkbox"/> 60 <input type="checkbox"/> Other _____ <input type="checkbox"/> Monthly <input type="checkbox"/> Monthly
Flat Rate Frequency:	<input checked="" type="checkbox"/> Monthly <input type="checkbox"/> Quarterly <input type="checkbox"/> Annually <input type="checkbox"/> B/W <input type="checkbox"/> Color	
Meter Frequency:		
Aggregate Volume:		
Effective Date:	<input checked="" type="checkbox"/> On Install <input type="checkbox"/> Date: _____ <input type="checkbox"/> Selected by KMBS <input type="checkbox"/> Preferred Day: _____ (29th, 30th, and 31st are not an available selection)	
Billing Day:		

Internal Use

Maintenance Pricing

MA #:

Item	Model Description	Serial Number	Type	Monthly Minimum Volume	Monthly Flat Rate \$	Cost Per Copy Rate \$	Start Meter	Sub Fleet	Price Plan
1	(4) Bizhub 754e		Color						
			B/W			0.00390			
2	(5) Bizhub 654e		Color						
			B/W			0.00390			
3	(2) Bizhub 454e		Color						
			B/W			0.00580			

Additional Equipment on Schedule B

Item	Model Description	Serial Number	Type	Monthly Minimum Volume (Sq. Feet)	Monthly Flat Rate \$	Cost Per Square Foot Rate \$	Start Meter	Sub Fleet	Price Plan
1			Color						
			B/W						

Additional Equipment on Schedule C

Comments

Customer's signature below acknowledges receipt and consent to KMBS Standard Maintenance Terms and Conditions "Schedule A" dated 09/01/2014. Not binding on KMBS until signed by KMBS Manager.

Customer Name: _____ <small>Please Print</small>	KMBS Representative: _____
Customer Title: _____	KMBS Manager Name: _____ <small>Please Print</small>
Customer Signature: _____	Date: _____
KMBS Manager Signature: _____	Date: _____

For Internal Use

Maintenance:	<input type="checkbox"/> with Equipment Order	<input type="checkbox"/> Maintenance Only	<input type="checkbox"/> Billed by KMBS	<input type="checkbox"/> Billed by Lease Company	<input type="checkbox"/> Dealer Serviced
Originating:	Sales Rep Number	Sales Rep Name	Sales Rep Email Address	Sales District	
Order Taking:				Processed	
Servicing:				<input type="checkbox"/> Branch	<input type="checkbox"/> Windsor

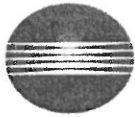


Additional Equipment - Schedule B

Maintenance Pricing								Internal Use		
								MA #:		
Item	Model Description	MFP	Serial Number	Type	Monthly Minimum Volume	Monthly Flat Rate \$	Cost Per Copy Rate \$	Start Meter	Sub Fleet	Price Plan
1	(2) Bizhub C754e			Color			0.04750			
				B/W			0.00561			
2	(1) Bizhub C654e			Color			0.04750			
				B/W			0.00561			
3				Color						
				B/W						
4				Color						
				B/W						
5				Color						
				B/W						
6				Color						
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27				Color						
				B/W						
28				Color						
				B/W						
29				Color						
				B/W						
30				Color						
				B/W						

Customer Initials: _____

Form: 1011B-090114-C



KONICA MINOLTA

Master Premier Lease Schedule

For office use only (Check one): Branch Windsor Windsor Commercial

APPLICATION NO.

AGREEMENT NO.

SCHEDULE NO.

CUSTOMER BILL - TO INFORMATION (Separate schedules must be completed for each billing location.)

LEGAL COMPANY NAME: Inland Empire Utilities Agency A Municipal Water D
DEPARTMENT NAME
STREET ADDRESS / P.O. BOX: 6075 Kimball Ave
BLDG / ROOM / SUITE
CITY: Chino STATE: CA ZIP: 91710 BILLING CONTACT NAME: Rosemary Alvarado
BILL-TO PHONE NUMBER*: 909-993-1681 FAX NUMBER FEDERAL TAX I.D. NUMBER: 95-6004609

*By providing a telephone number for a cellular phone or other wireless device, you are expressly consenting to receiving communications (for NON-marketing or solicitation purposes) at that number, including, but not limited to, prerecorded or artificial voice message calls, text messages, and calls made by an automatic telephone dialing system from Lessor and its affiliates and agents.

CUSTOMER INSTALLATION LOCATION (Separate schedules must be completed for each billing location.)

LESSEE LEGAL NAME: Various DEPARTMENT NAME
STREET ADDRESS / P.O. BOX
CITY STATE ZIP CONTACT NAME
PHONE NUMBER FAX NUMBER

MAKE/MODEL NO./ACCESSORIES SERIAL NO.

Table with 2 columns: MAKE/MODEL NO./ACCESSORIES, SERIAL NO.
(4) Bizhub 754e
(5) Bizhub 654e
(2) Bizhub 454e
(2) Bizhub C754e
(1) Bizhub C654e

See attached schedule for additional Equipment / Accessories

TERM AND PAYMENT SCHEDULE

60 Monthly Payments of \$ 2,517.00 Security Deposit \$
(mos.) (plus applicable taxes) (plus applicable taxes)

THIS SCHEDULE INCORPORATES ALL OF THE TERMS AND CONDITIONS OF THE MASTER PREMIER LEASE AGREEMENT IDENTIFIED ABOVE.

LESSOR ACCEPTANCE

Konica Minolta Premier Finance
DATED LESSOR SIGNATURE PRINT NAME

CUSTOMER ACCEPTANCE

Inland Empire Utilities Agency A Municipal
DATED FULL LEGAL NAME SIGNATURE / TITLE PRINT NAME

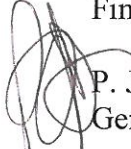
**ACTION
ITEM**


1H


Date: March 18, 2015

To: Honorable Board of Directors

Through: Engineering, Operations and Biosolids Management Committee (03/11/15)
Finance, Legal and Administration Committee (03/11/15)

From:  P. Joseph Grindstaff
General Manager

Submitted By:  Chris Berch
Executive Manager of Engineering/Assistant General Manager

Sylvie Lee
Manager of Planning and Environmental Compliance 

Subject: Fiscal Year 2015/16 through 2024/25 Ten-Year Capital Improvement Plan

RECOMMENDATION

It is recommended that the Board of Directors approve the proposed Fiscal Year (FY) 2015/16 through 2024/25 Ten-Year Capital Improvement Plan (TYCIP).

BACKGROUND

Each year, pursuant to the terms of the Regional Sewage Service Contract, the Inland Empire Utilities Agency submits a ten-year forecast of capacity demands and capital projects or TYCIP to the Regional Technical and Policy Committees. The current TYCIP identifies projects for the FY 2015/16 through FY 2024/25 that are needed for the rehabilitation, replacement, or expansion of the facilities owned or operated by the Agency to meet the projected additional 40,523 EDUs.

Two major themes in the FY 2015/16 TYCIP are the continuing need for maintenance, repair, and replacement of aging equipment and facilities and the need for expansion of the Regional System to meet future growth. Maintaining the Agency's facilities and infrastructure is critical to ensure the long-term reliability and quality of services that the Agency is committed to provide.

A key finding identified by the Wastewater Facilities Master Plan flow monitoring was that the increase in wastewater treatment plant strength is a major driving force for improvements at treatment plants over the next 20 years. As a result, within the 10-year window major projects include: the relocation of the RP-2 Solids Treatment Facility to RP-5; RP-5 liquid treatment expansion to accommodate the growth in the southern service area; and RP-1 process improvements

IEUA is in the process of updating several key planning documents, including the Long-Range Plan of Finance, Recycled Water Program Strategy, Water Use Efficiency Business Plan, 2015 Urban Water Management Plan, and an Integrated Resources Plan. It is anticipated that these planning efforts will result in new priorities for the region and will be completed by fall 2015. Projects identified in these documents will be further refined and included in next year's TYCIP to meet the region's future needs. While the TYCIP is instrumental for the on-going rate and budget discussions, it is intended to be a planning level document. Only projects that can be accommodated by the adopted budget will be initiated.

The implementation of the Ten Year Capital Improvement Plan is consistent with several of the Agency's Business Goals, including *Water Reliability* by promoting cost-effective, reliable, efficient and sustainable water supplies within the region; and *Wastewater Management* by ensuring that IEUA systems will be master planned, managed and constructed to ensure that when expansion planning is triggered, designs/construction can be completed to meet regulatory/growth needs in an expeditious, environmentally responsible and cost effective manner.

PRIOR BOARD ACTION

On February 19, 2014, the Board adopted FY's 2014/15 through 2023/24 TYCIP.

IMPACT ON BUDGET

None.

ATTACHMENTS

The TYCIP was posted on the Agency website on January 20, 2015 under Reports. <http://www.ieua.org/fiscal-year-201516-ten-year-capital-improvement-plan-draft/>.

FY15/16 Ten-Year Capital Improvement Plan Adoption



Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

February 2015

Key Drivers of FY15/16 TYCIP

- Member Agency growth projections
- Wastewater Facilities Master Plan Updated flow factors and concentrations
- Asset Management Plan
- Draft Recycled Water Program Strategy Update
- Draft Energy Management Plan
- Draft Integrated Resources Plan local reliability discussions

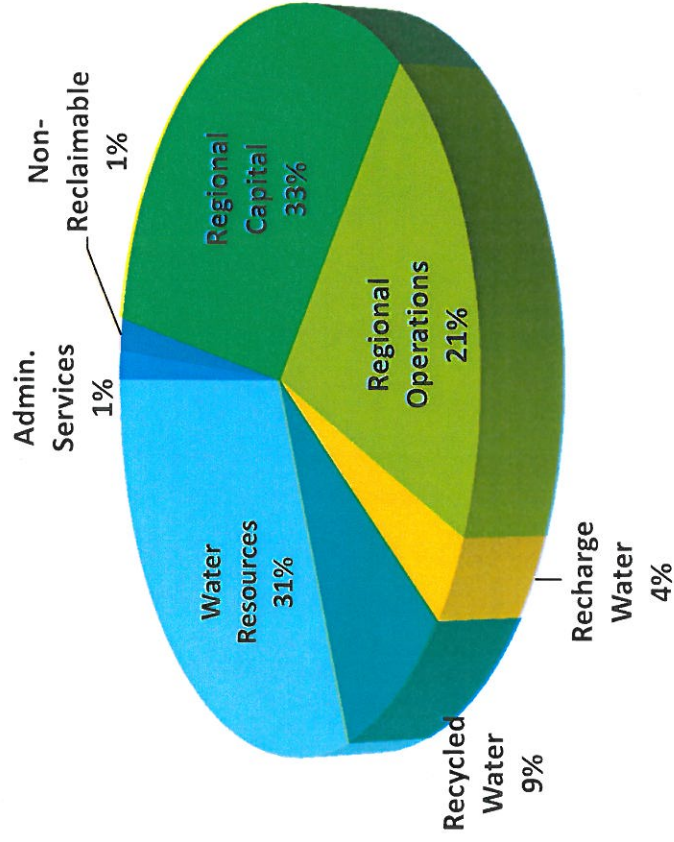
TYCIP Budget Estimate by Fund

Fund Description	FY 15/16	FY16/17	FY17-25	Total
	(\$ Millions)			
GG Administrative Services	\$2.9	\$1.4	\$7.9	\$12.2
NC Non-Reclaimable Wastewater	\$0.8	\$0.6	\$12.2	\$13.6
RC Regional Capital Improvement	\$19.8	\$13.2	\$257.8	\$290.8
RO Regional Operations & Maintenance	\$14.1	\$18.7	\$156.2	\$189.0
RW Recharge Water	\$1.5	\$3.5	\$28.8	\$33.8
WC Recycled Water	\$12.5	\$10.9	\$56.3	\$79.7
WW Water Resources	\$29.0	\$29.0	\$224	\$282.0
RM/ RCA Organics Management/IERCA	\$1.1	\$1.2	\$4.7	\$7.0
TOTAL	\$81.7	\$78.5	\$747.9	\$908.1

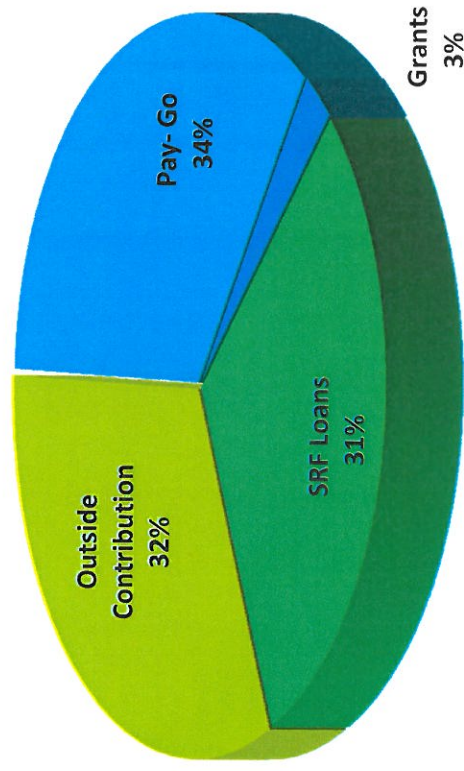
TYCIP by Fund and Funding Source

FY 2015/16 - 2024/25

Capital and O&M
\$908 Million



Funding Sources
\$908 Million



Major Treatment Plant Projects

Description	15/20	20/25	25/30	30/35	35/40	Total Cost (\$M)
RP-1 Liquid Treatment Expansion		Green	Green			\$83
RP-1 Solids Treatment Expansion		Blue	Blue			\$25
RP-2 Decommissioning				Blue		\$30
RP-4 Tertiary Expansion			Green			\$25
RP-5 Liquid Treatment Expansion	Blue	Blue				\$125
RP-5 Solids Treatment Facility	Blue					\$136

\$275.6 Million

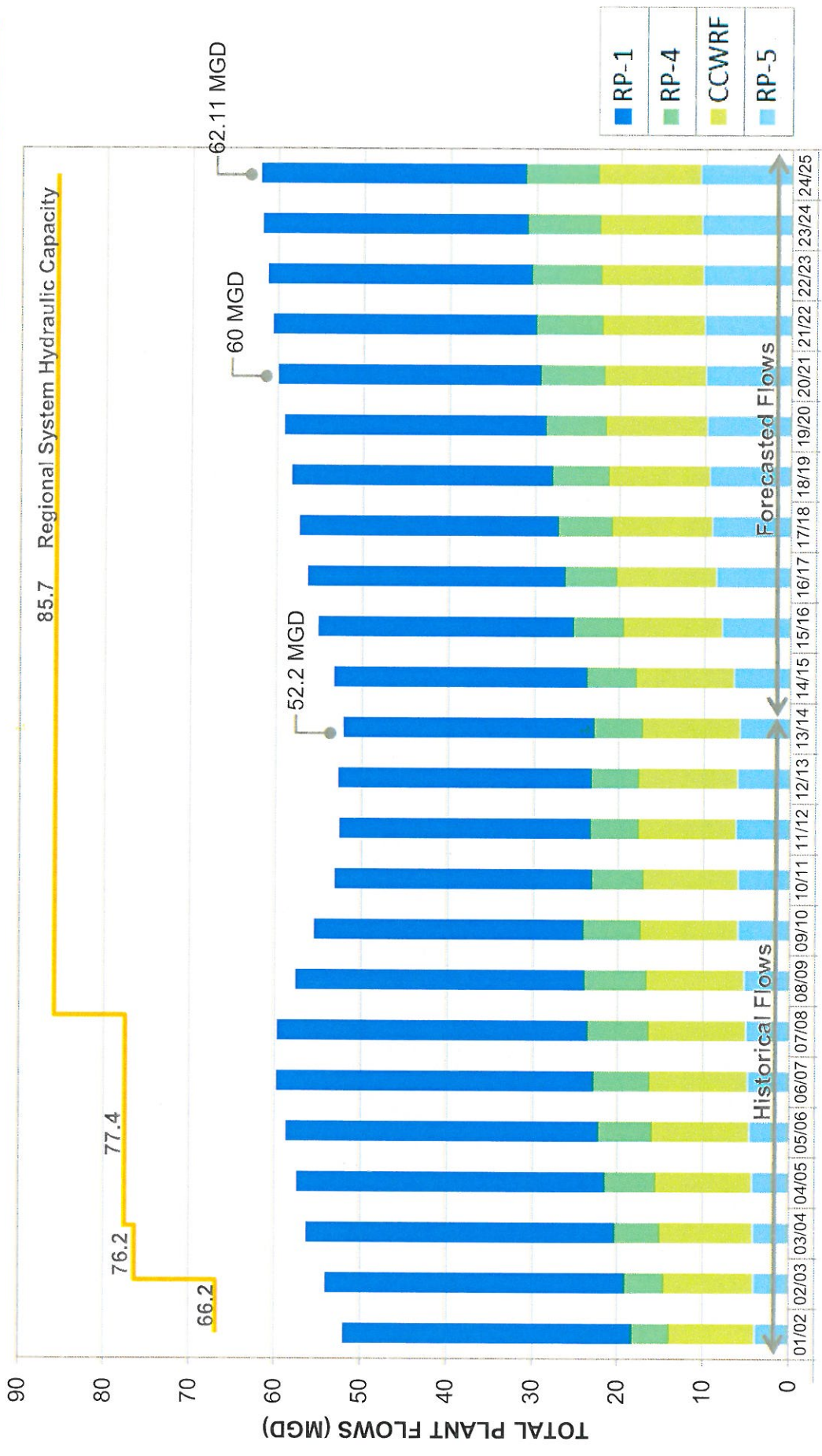
\$424 Million

FY 15/16 TYCIP Schedule

- ✓ 1/8/15 **Draft TYCIP posted online**
- ✓ 1/14/15 **IEUA Committees**
Info item
- ✓ 1/21/15 **IEUA Board**
Info item
- ✓ 1/29/15 **Regional Technical Committee**
Info item
- 2/26/15 **Regional Technical Committee**
Action item
- 3/5/15 **Regional Policy Committee**
Action item
- 3/18/15 **IEUA Board**
Action item

Discussion

FY15/16-FY24/25 Member Agency Wastewater Flow Projections¹



¹ Flows estimated at 200 GPCD/EDU


**ACTION
ITEM**


11

Date: March 18, 2015

To: The Honorable Board of Directors

Through: Public, Legislative Affairs, and Water Resources Committee (03/11/15)
Finance, Legal, and Administration Committee (03/11/15)

From:  P. Joseph Grindstaff
General Manager

Submitted by:  Chris Berch
Executive Manager of Engineering/Assistant General Manager

Sylvie Lee
Manager of Planning and Environmental Compliance *OQC FOR SL*

Subject: Wastewater, Water, and Recycled Water Rate and Fee Study

RECOMMENDATION

It is recommended that the Board of Directors:

1. Amend the professional services contract (Contract No. 460001658) with Carollo Engineers, Inc. (Carollo), for a Wastewater, Water, and Recycled Water Rate and Fee Study, for a not-to-exceed amount of \$334,963; and
2. Authorize the General Manager to execute the contract.

BACKGROUND

In May 2014, the Board of Directors awarded a professional services contract to Carollo Engineers, Inc. (Carollo), for a Wastewater Connection Fee Evaluation. In July 2015, the Board of Directors authorized the General Manager to amend the existing contract with Carollo, to include the Water, and Recycled Water Rate and Fee Study. The intent of the evaluation was to develop a regional Equivalent Dwelling Unit (EDU) connection fee nexus study for FY 2015/16 and subsequent years; and to provide a rational basis for distributing the full costs to provide wholesale water and recycled water service to each customer, in proportion to the demands they place on the system.

The wastewater connection fee and the “one-water” connection fee are very close to being completed; few tasks need to be performed, before the fees can be finalized. However, more time is necessary to complete the water and recycled water rates, and for the outreach process with the member agencies and developer community, in order to make sure that all of the

stakeholders understand, provide input, and reach consensus before the rates are implemented. The additional implementation time will require additional work and a subsequent budget amendment in order to finalize the project.

Carollo's proposed connection fee evaluation is consistent with the Agency's *Fiscal Responsibility Business Goal, Funding and Appropriation Objective*. The model will assist staff in developing long term connection fees and a financial rate structure to appropriately fund the operation and maintenance expenses, as well as the capital improvement costs.

PRIOR BOARD ACTION

On July 16, 2014, the IEUA Board of Directors amended the contract with Carollo for a not-to-exceed amount of \$244,963.

On May 21, 2014, the IEUA Board of Directors awarded Carollo Engineers, Inc, a contract in the amount of \$80,000 for the Wastewater Connection Fee Evaluation.

IMPACT ON BUDGET

If approved, the budget for Professional Fees and Service Account will increase \$90,000. Budget will be transferred from the GM Contingency account to increase the budget in the Regional Capital Fund, Water Resources Fund, and the Recycled Water Fund in the amount of \$30,000 each.

Attachment: Proposal from Carollo Engineers, Inc.
Amendment 2



February 13, 2015

Sylvie Lee, P.E.
Manager of Planning & Environmental Compliance
Inland Empire Utilities Agency
6075 Kimball Avenue
Chino, CA 91708

Subject: Proposal for Scope Amendment
Wastewater, Water, and Recycled Water Rate & Fee Study

Dear Ms. Lee:

Per your request, this letter transmits a draft proposal for an amendment to the Wastewater, Water, and Recycled Water Rate and Fee study that we discussed with you following the January 29, 2015, Technical Committee Meeting. The Exhibits indicated below are appended.

1. Exhibit A - Scope of Services.
2. Exhibit B - Estimated Budget.
3. Exhibit C - Fee Schedule.

We look forward to the opportunity to answer any questions or comments you may have or to revise this document to more exactly satisfy the Inland Empire Utilities Agency's needs.

Sincerely,

CAROLLO ENGINEERS, INC.

Robert S. Grantham
Vice President

Toby Weissert, P.E., PMP
Project Manager

Enclosures: Exhibits A through C

cc: Stefanie Szoludko (Carollo - OCO)

Exhibit A
Scope of Services

WASTEWATER, WATER, AND RECYCLED WATER RATE AND FEE STUDY
SCOPE AMENDMENT
INLAND EMPIRE UTILITIES AGENCY

1.0 BACKGROUND

Carollo is under contract to assist the Inland Empire Utilities Agency (IEUA) with the development and implementation of their wastewater connection fee and water and recycled water rates and connection fees. At the January 29th Technical Committee meeting, IEUA decided to slow implementation of the wastewater, water, and recycled water rate and connection fee process. The initial schedule called for the connection fees and rates to be developed and be ready for approval by the IEUA Board in February. Due to the nature of the outreach process with the member agencies and developer community, and the timing in relation to formulation of the IEUA budgetary inputs into the process, in order to make sure that all of the stakeholders understand, provide input, and reach consensus before the rates are implemented, it is necessary to allow extra time for the rate development and outreach process. The slower implementation time will require additional work and a subsequent budget amendment in order to finalize the project. At this time, it is anticipated that an additional four months will be required to implement the rates and connection fees. This document describes the scope items that are anticipated to be necessary to finish the project as of February 1, 2015.

2.0 SCOPE OF WORK

The scope of work outlines the tasks that are necessary to complete the Water and Recycled Water Rate and Fee Study.

Task 1. Meet with Member Agencies and Water Purveyors

A big part of facilitating the rate update process is making sure that the process is transparent so that the stakeholders understand the basis for the rates and because of the transparency of the process, trust it. In order to facilitate the consensus building process, we will meet with each of the member agencies and water purveyors to help them understand the process and to answer their questions about the process and the results of the work to date. A sources and uses of funds diagram will be developed to help facilitate the discussions with member agencies. The intent is to group the agencies and water purveyors so approximately 6 meetings will be held.

Task 2. Update the Wastewater Connection Fees

The wastewater connection fees are very close to being completed. However, there are a few tasks that need to have further work performed before the connection fees can be finalized. In this task working with IEUA staff refers to meeting with staff to get input on the bulleted items below and then updating the rate model based on the information.

- Work with IEUA staff to incorporate the amount of debt principal that was paid for by property tax and therefore should be subtracted from the connection fee calculation.

**Exhibit A
Scope of Services**

**WASTEWATER, WATER, AND RECYCLED WATER RATE AND FEE STUDY
SCOPE AMENDMENT
INLAND EMPIRE UTILITIES AGENCY**

- Work with IEUA staff to revise the connection fee model based on updated information about the amount of the construction in progress that should be allocated to future users.
- Work with IEUA staff to revise the connection fee model based on the amount of construction in progress from non wastewater capital accounts that should be allocated to future users.
- Work with IEUA staff to revise the connection fee model based on an additional line item review of the allocations of the existing fixed assets to existing and future customers and to unit process allocations.
- Work with IEUA staff to revise the connection fee model based on an additional line item review of the existing TYCIP allocations to existing and future customers and to unit process allocations.

Task 3. Update the One Water Connection Fees

The water connection fees are very close to being completed. However, there are a few tasks that need to be performed before the fees can be finalized. In this task working with IEUA staff refers to meeting with staff to get input on the bulleted items below and then updating the rate model based on the information.

- Work with IEUA staff to revise the model based on updated information about the amount of the construction in progress that should be allocated to future users.
- Work with IEUA staff to revise the model based on the amount of construction in progress from non water and recycled water capital accounts that should be allocated to future users.
- Work with IEUA staff to analyze and revise the meter equivalent units (MEU) calculation to reflect updated member agency considerations. For example, Chino Hills now has a 1" minimum meter size for single-family-residences, but also older smaller meters. Should all of these meter sizes be assumed to equate to one MEU.
- Work with IEUA staff to revise the model based on an additional line item review of the existing fixed assets allocations to existing and future customers.
- Work with IEUA staff to revise the model based on an additional line item review of the existing TYCIP allocations to existing and future customers.

Task 4. Update the Water and Recycled Water Rates

Additional work is necessary to complete the water and recycled water rates as follows. In this task working with IEUA staff refers to meeting with staff to get input on the bulleted items below and then updating the rate model based on the information.

**Exhibit A
Scope of Services**

**WASTEWATER, WATER, AND RECYCLED WATER RATE AND FEE STUDY
SCOPE AMENDMENT
INLAND EMPIRE UTILITIES AGENCY**

- Utilize the information on MEUs from the One Water Connection Fees task above to update the rates for water and recycled water.
- Utilize the information from the One Water Connection Fees task above for the existing fixed asset and TYCIP reviews to update the rate model for the water and recycled water rates.

Task 5. Prepare Water and Recycled Water Rate Alternatives

One thing that became clear from the recent rate workshops is that the member agencies want to see more bottom-line information on the impacts of the different water and recycled water rate alternatives. In this task, we will work with IEUA staff to develop example rate outcomes for the following rate components.

- Recovery of the Readiness-to-Serve Charge via a 10-year rolling average and on an account basis
- Recovery of the administration, conservation, and drought resiliency charges by MEU or on a volume basis
- Recovery of the recycled water charges based on a volume and a seasonal basis.

Task 6. Wastewater Rate Survey

The original scope of work included a survey of surrounding and similar agencies for wastewater connection fees and water and recycled water and connection fees. This task will add a survey of wastewater rates and will delineate variances between agencies such as property tax contributions and treatment levels.

Task 7. Workshops

Two additional workshops are anticipated in order to complete the rate process. One workshop was the Board Policy Committee that was held on February 4th. An additional workshop will be held after meeting with each member agency and completing the rate update tasks listed above. The intent of the final workshop will be to formalize member agency consensus on the rates and connection fees. The effort includes working with staff to prepare slides for the workshop, presenting the workshop materials, and completing a question/answer document based on questions raised in the workshop.

We also anticipate attending the Regional Policy and Regional Technical committee meetings, and the subsequent board meeting where the rates are considered for approval. For these meetings we will meet with staff to prepare a presentation, give the presentations at these meetings, and complete a question/answer document based on questions raised in the meetings.

**Exhibit A
Scope of Services**

**WASTEWATER, WATER, AND RECYCLED WATER RATE AND FEE STUDY
SCOPE AMENDMENT
INLAND EMPIRE UTILITIES AGENCY**

Task 8. Meetings

Weekly conference calls will be held with IEUA staff to facilitate the rate development process. 10 conference calls are anticipated.

Task 9. Finalize Project Technical Memorandums

Three separate draft technical memorandums (TM) have been prepared to present the rates as follows:

- Wastewater Connection Fees
- One Water Connection Fees
- Water and Recycled Water Rates

Prior to the final workshop, these TMs will be updated for distribution to the workshop participants. Based on the outcome of the final workshop, a final version of the TMs will be created.

Task 10. Additional Project Management

The Consultant shall provide management functions needed to track and control project activities and to monitor project progress. The Consultant shall prepare and submit to the agency monthly progress reports along with the project billing. The project management is anticipated to be for four additional months.

3.0 PROJECT SCHEDULE

It is anticipated that the project work tasks listed above will be completed in February and March of 2015, with the committee and Board meetings being held in March, April, and May.

4.0 PROJECT BUDGET

The proposed project budget, along with a breakdown of fees per task, is attached as Exhibit B. Charges would accrue and be billed based on the rates shown in the attached Fee Schedule, Exhibit C.

Exhibit B
Estimated Work Effort

Rate & Fee Study - Amendment No. 2
Regional Wastewater System
Inland Empire Utilities Agency

<u>Task No.</u>	<u>Description</u>	<u>Estimated Effort, Hours</u>							<u>Fee by Task</u>	
		<u>Project Lead</u>	<u>Project Manager</u>	<u>Lead Engineers</u>	<u>Staff Engineers</u>	<u>Techs & Engg. Aides</u>	<u>Support Staff</u>	<u>Total</u>		
Amendment No. 2										
Meet with Member Agencies and Water										
1	Purveyors	24	0	0	0	0	0	0	24	\$ 6,641
2	Update Wastewater Connection Fees	3	6	0	20	0	0	0	29	5,804
3	Update One Water Connection Fees	1	2	0	5	0	0	0	8	1,659
4	Update Water & Recycled Water Rates	2	4	0	10	0	0	0	16	3,317
5	Prepare Water & Recycled Water Alternatives	3	10	0	24	0	0	0	37	7,574
6	Wastewater Rate Survey	1	4	0	10	0	0	0	15	3,041
7	Workshops	40	40	0	40	0	0	0	120	30,921
8	Weekly Conference Calls	3	20	0	20	0	0	0	43	9,678
9	Draft & Final TMs	2	10	0	82	0	0	0	94	16,908
10	Project Management	0	16	0	0	0	0	0	16	4,427
TOTALS		79	112	0	211	0	0	0	402	\$ 89,969

Exhibit C
Fee Schedule as of January 1, 2014

Rate & Fee Study - Amendment No. 2
Regional Wastewater System
Inland Empire Utilities Agency

<u>Category</u>	<u>Hourly Rate</u>
Engineers/Scientists	
Assistant Professional	\$154.00
Professional	\$188.00
Project Professional	\$223.00
Lead Project Professional	\$244.00
Senior Professional	\$265.00
Technicians	
Technicians	\$115.00
Senior Technicians	\$162.00
Support Staff	
Document Processing / Clerical	\$102.00
Project Equipment and Communication Expenses (PECE) Charge Per Direct Labor Hour	
	\$ 11.70
Other Direct Expenses	
Travel and Subsistence	at cost
Mileage Charge Per Mile	\$ 0.56
Subconsultant	Cost + 10%
Other Direct Costs	Cost + 10%
Expert Witness	Rate x 2.0

This fee schedule is revised in January and July of every year.
Invoice for each month will be prepared based on the fee schedule in effect during the month.



AMENDMENT NUMBER: 4600001658-002

FOR

CONNECTION FEE STUDY

THIS AMENDMENT NUMBER TWO to Contract 4600001658 is made and entered into this ____ day of _____, 2015, by and between 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 "Agency"), and Carollo Engineers, Inc. of Costa Mesa, California (hereinafter referred to as "Consultant"), for consulting services to complete a connection fee study, and shall revise the Contract as follows:

REVISE SECTION 4., SCOPE OF WORK AND SERVICES, TO ADD THE FOLLOWING ITEM:

Additional Scope of Work and Services shall be in accordance with Consultant's proposal, dated February 13, 2015, **Attachment A**, which is attached hereto and made a part hereof.

REVISE SECTION 5., TERM, TO READ: The term of this Contract shall extend from the Notice to Proceed, and terminate upon completion of all Project services, or December 30, 2015, whichever occurs first, unless agreed to by both parties, reduced to writing, and amended to this Contract.

REVISE SECTION 6. COMPENSATION, SECOND PARAGRAPH TO ADD:

In compensation for the work represented by this Contract, Agency shall pay Consultant a NOT-TO-EXCEED maximum total of **\$328,893.00** for all services provided. This amendment represents a net increase of **\$89,969.00** to the Contract as per the estimated work effort represented in **Attachment A**.

ALL OTHER PROVISIONS OF THIS CONTRACT REMAIN UNCHANGED.

WITNESSETH, that the parties hereto have mutually covenanted and agreed as per the above amendment items, and in doing so have caused this document to become incorporated into the Contract Documents.

INLAND EMPIRE UTILITIES AGENCY:

CAROLLO ENGINEERS, INC.:

P. Joseph Grindstaff (Date)
General Manager

Robert S. Grantham (Date)
Vice President

Graham Juby (Date)
Vice President


**ACTION
ITEM**


1J

Date: March 18, 2015

To: The Honorable Board of Directors

Through: Public, Legislative Affairs, and Water Resources Committee (03/11/15)
Finance, Legal, and Administration Committee (03/11/15)

From:  P. Joseph Grindstaff
General Manager

Submitted by:  Chris Berch
Executive Manager of Engineering/Assistant General Manager

Sylvie Lee
Manager of Planning and Environmental Compliance *AGC FOR SL*

Subject: Contract Award for Integrated Resources Plan WEAP Model Resiliency Testing

RECOMMENDATION

It is recommended that the Board of Directors:

1. Award a professional services contract to RAND for Integrated Resources Plan WEAP Model Resilience Testing to augment the Integrated Resources Plan (Project No. WR14019), for a not-to-exceed amount of \$75,000 to increase the total project budget from \$539,179 to \$614,179; and
2. Authorize the General Manager to execute the contract.

BACKGROUND

In 2013, during the FY 2013/14 Ten-Year Capital Improvement Plan process and discussions with Member Agencies, the Inland Empire Utilities Agency (IEUA/Agency) identified a need to develop an overarching Integrated Resources Plan (IRP). The IRP was intended to develop an overall strategy for meeting projected demands within the IEUA service area in a cost-effective manner.

The purpose of the IRP process was to integrate previously existing and new planning efforts into a focused, holistic implementation strategy to achieve improved near and long-term water resources management for IEUA and its member agencies. After initial scenarios were developed in 2014, the Agency identified a need for additional analysis: 1) to re-evaluate demand forecasts to reflect current development trends and obtain consensus from IEUA Member Agencies; 2) to conduct modeling of the Chino Basin in conjunction with the Chino

Basin WaterMaster; and 3) to stress test the Water Evaluation And Planning (WEAP) model's proposed project portfolios to determine the resiliency of the IRP under a variety of future climate conditions and other uncertainties.

Re-evaluation of the demand forecast is being conducted as part of the Water Use Efficiency Business Plan Update by A&N Technical Services, Inc. Chino Basin groundwater modeling will be done by Chino Basin WaterMaster consultant Wildermuth Environmental to determine impacts of proposed IRP portfolios and future climate conditions on the Chino Basin. This modeling will fall under a separate contract, and is expected to be within \$50,000.

Prior to finalizing the IRP, IEUA is interested in doing a resiliency test of the project portfolios in WEAP to test the plan under alternative estimates of future climate conditions, demand projections, and other uncertainties. This will enable the Agency to understand what investments might be necessary under different plausible futures.

From 2005-2007, IEUA worked with the RAND Corporation to use robust decision making tools and modeling to evaluate regional water resources resiliency in the face of climate change. This culminated in a climate vulnerability and response option analysis of IEUA's 2005 Urban Water Management Plan. Building off this prior collaboration, RAND will conduct additional analysis on the IRP to ensure that the plan recognizes uncertain future risks and opportunities, identifies conditions that indicate additional investments are needed, and defines investments that can be deferred and implemented if conditions warrant. Tasks will include:

- 1 – WEAP Model Evaluation & Updates
- 2 – IRP Vulnerability Assessment
- 3 – Interactive Planning Tool Development
- 4 – Adaptive Strategy Development

These additional analyses will enable the Agency to make robust decisions for long-term water resource planning under conditions of deep uncertainty. Workshops will be held with member agencies and regional stakeholders throughout the spring to discuss, develop, and evaluate project portfolios. The plan is anticipated to be completed by August 2015.

The implementation of the Integrated Resources Planning is consistent with the Agency's Business Goal of increasing *Water Reliability* by promoting cost-effective, reliable, efficient and sustainable water supplies within the region.

PRIOR BOARD ACTION

On November 12, 2014, the Board approved a contract with A&N Technical Services, Inc. for the development of the revised Water Use Efficiency Business Plan for a not-to-exceed amount of \$75,000. This includes activities for revising the base water demand forecast.

On August 21, 2013, the Board approved a contract with RMC for the Development of an IRP for \$539,179.

IMPACT ON BUDGET

If approved, the service contract of \$75,000 for the WEAP Model Resilience Testing to augment the Integrated Resources Plan Integrated Resources Plan (Project No. WR14019) will increase the project budget, from \$539,179 to \$614,179 in the Water Resources (WW) Fund. The \$75,000 is offset by a \$45,000 budget transfer from the WW Fund Professional Fees and Service (10700-124100-110000-521080) Account and \$30,000 transfer from the General Manager's contingency fund to WR14019.

Attachment:

Draft Contract with RAND for Integrated Resources Plan WEAP Modeling



**CONTRACT NUMBER 4600001836
FOR
CONSULTING SERVICES FOR THE AGENCY'S
2015 ADAPTIVE INTEGRATED RESOURCES PLAN**

THIS CONTRACT (the "Contract"), is made and entered into this ____ day of February, 2015, by and between the Inland Empire Utilities Agency*, a public agency, 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 "Agency"), and the RAND Corporation, (hereinafter referred to as "Consultant"), for consulting services in support of the Agency's 2015 Adaptive Integrated Resources Plan.

NOW, THEREFORE, in consideration of the mutual promises and obligations set forth herein, the parties agree as follows:

1. **PROJECT MANAGER ASSIGNMENT:** All technical direction related to this Contract shall come from the designated Project Manager. Details of the Agency's assignment are listed below.

Project Manager: Elizabeth Hurst
Inland Empire Utilities Agency
Address: 6075 Kimball Avenue, Building A
Chino, California 91708
Telephone: (909) 993-1634
Facsimile: (909) 993-1983
E-mail: ehurst@ieua.org

2. **CONSULTANT ASSIGNMENT:** Special inquiries related to this Contract and the effects of this Contract shall be referred to the following:

Consultant Contact: David Groves
RAND Corporation
Address: 1776 Main Street
Santa Monica, California 90407
Telephone: (310) 393-0411, Extension 7279
Email: dgroves@rand.org

3. **ORDER OF PRECEDENCE:** The documents referenced below represent the Contract Documents. Where any conflicts exist between the General Terms and Conditions, or addenda attached, then the governing order of precedence shall be as follows:
 1. Amendments to Contract Number 4600001836
 2. Contract Number 46000001836 General Terms and Conditions.

3 Consultant's Proposal dated February 16, 2015

4. **SCOPE OF SERVICES:** Consultant services, responsibilities and deliverables shall include and be in accordance with Consultant's Proposal dated February 16, 2015, which is attached hereto and made a part hereof.
5. **TERM:** The term of this Contract shall extend from the date of the Notice to Proceed, and terminate upon completion of all Project services, or December 31, 2015, whichever occurs first, unless agreed to by both parties, reduced to writing, and amended to this Contract.
6. **COMPENSATION:** Agency shall pay Consultant's properly executed invoice approved by the Project Manager within thirty calendar days following receipt of the invoice. Payment will be withheld for any service which does not meet or exceed reasonably anticipated and mutually agreed to Agency requirements or for services that have proven unacceptable until such services are revised, the invoice resubmitted, and accepted by the Agency's Project Manager.

All invoices shall include the Contract number 4600001836 for payment. An original copy of the invoice shall be emailed to the Agency's Accounts Payable with an electronic copy to the Project Manager.

Consultant's invoicing shall be submitted electronically with all required back-up to apgroup@ieua.org.

In compensation for the services represented by this Contract, the Agency shall pay Consultant a not-to-exceed maximum total of **\$74,853.00**, based upon milestones completed and delivered, in accordance with Consultant's Cost Proposal attached.

7. **CONTROL OF WORK:** Consultant shall perform the Work in compliance with the Work Schedule. If performance of the Work falls behind schedule, through no fault of the Agency, the Consultant shall accelerate the performance of the Work to comply with the Work Schedule as directed by the Project Manager. If the nature of the Work is such that Consultant is unable to accelerate the Work, Consultant shall promptly notify the Project Manager of the delay, the causes of the delay, and submit a proposed revised Work Schedule. If acceleration of the Work is requested by Agency despite their fault in the delay the not-to-exceed amount shall be equitably adjusted to account for any such additional costs reasonably incurred by Consultant.
8. **FITNESS FOR DUTY:**
 - A. **Fitness:** Consultant and its Subconsultant personnel on the Jobsite:
 - 1) shall report to work in a manner fit to do their job.

- 2) shall not be under the influence of or in possession of any alcoholic beverages or of any controlled substance (except a controlled substance as prescribed by a physician so long as the performance or safety of the Work is not affected thereby); and
 - 3) shall not have been convicted of any serious criminal offense which, by its nature, may have a discernible adverse impact on the business or reputation of the Agency.
- B. Compliance: Consultant shall advise all Consultant and subconsultant personnel and associated third parties of the requirements of the Contract (Fitness for Duty Requirements) before they enter on the jobsite and shall immediately remove from the Jobsite any employee determined to be in violation of these requirements. Consultant shall impose these requirements on its subconsultants. Agency may cancel the Contract if Consultant violates these Fitness for Duty Requirements.
9. **INSURANCE**: During the term of this Contract, the Consultant shall maintain at Consultant's sole expense, the following insurance.
- A. Minimum Scope of Insurance:
- 1) General Liability: \$1,000,000 combined single limit per occurrence for bodily injury, personal injury and property damage. Coverage shall be at least as broad as Insurance Services Office form number CG 00 01 10 01, covering Commercial General Liability. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location, or the general aggregate limit shall be twice the required occurrence limit.
 - 2) Automobile Liability: \$1,000,000 combined single limit per accident for bodily injury and property damage. Coverage shall be at least as broad as Insurance Services Office form number CA 00 01 10 01, covering Automobile Liability, including "any auto".
 - 3) Workers' Compensation and Employers Liability: Workers' compensation limits as required by the Labor Code of the State of California and employers Liability limits of \$500,000 per accident.
 - 4) Professional Liability insurance in the amount of \$1,000,000 per occurrence.
- B. Deductibles and Self-Insured Retention: Any deductibles or self-insured retention must be declared to and approved by the Agency. At the option of the Agency, either: the insurer shall reduce or eliminate such deductibles or

self-insured retention as respects the Agency, its officers, officials, employees and volunteers; or the Consultant shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.

C. Other Insurance Provisions: The policies are to contain, or be endorsed to contain, the following provisions:

1) General Liability and Automobile Liability Coverage

- a. The Agency, its officers, officials, employees and volunteers are to be covered as insureds, endorsements CG 2010 1185 as respects: liability arising out of activities performed by or on behalf of the Consultant, products and completed operations of the Consultant, premises owned, occupied or used by the Consultant, or automobiles owned, leased, hired or borrowed by the Consultant. The coverage shall contain no special limitations on the scope of protection afforded to the Agency, its officers, officials, employees or volunteers. If Form CG 2010 10 93 or CG 2010 03 97 are issued in place of the CG 2010 11 85, then it is also necessary to issue a Form CG 2037 10 01 in addition to the 10 93 or 03 97.
- b. The Consultant's insurance coverage shall be primary insurance as respects the Agency, its officer, officials, employees and volunteers. Any insurance or self-insurance maintained by the Agency, its officers, officials, employees, or volunteers shall be excess of the Consultant's insurance and shall not contribute with it.
- c. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the Agency, its officers, officials, employees or volunteers.
- d. The Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
- e. The Consultant may satisfy the limit requirements in a single policy or multiple policies. Any Such additional policies written as excess insurance shall not provide any less coverage than that provided by the first or primary policy.

2) Workers' Compensation and Employers Liability Coverage: The insurer shall agree to waive all rights of subrogation against the Agency, its officers, officials, employees and volunteers for losses arising from services performed by the Consultant for the Agency.

3) All Coverages: Each insurance policy required by this contract shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the Agency.

D. Acceptability of Insurers: With the exception of Professional Liability Insurance, all insurance is to be placed with insurers with a Best's rating of no less than A:VII, and who are admitted insurers in the State of California.

Unless other levels of acceptability are approved by the Human Services Administrator, Professional Liability Insurance is to be placed with insurers with a Best's rating of no less than B:VII.

E. Verification of Coverage: Consultant shall furnish the Agency with certificates of insurance and with original endorsements effecting coverage required by the Agency for themselves and all subconsultants prior to commencing activities or allowing any subconsultant to commence activities under any subcontract. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. All certificates and endorsements are to be approved by the Agency before activity commences. The Agency reserves the right to require complete, certified copies of all required insurance policies, at any time.

F. Submittal of Certificates: Consultant shall submit all required certificates and endorsements to the following:

Angela Witte
Inland Empire Utilities Agency
6075 Kimball Avenue, Building A
Chino, California 91708

10. LEGAL RELATIONS AND RESPONSIBILITIES

A. Professional Responsibility: The Consultant shall be responsible, to the level of competency presently maintained by other practicing professionals performing the same or similar type of services.

B. Status of Consultant: The Consultant is retained as an independent Consultant only, for the sole purpose of rendering the services described herein, and is not an employee of the Agency.

C. Observing Laws and Ordinances: The Consultant shall keep itself fully informed of all existing and future state and federal laws and all county and city ordinances and regulations which in any manner affect the conduct of any services or tasks performed under this Contract, and of all such orders and

decrees of bodies or tribunals having any jurisdiction or authority over the same. The Consultant shall at all times observe and comply with all such existing and future laws, ordinances, regulations, orders and decrees, and shall protect and indemnify, as required herein, the Agency, its officers, employees and agents against any claim or liability arising from or based on the violation of any such law, ordinance, regulation, order or decree, whether by the Consultant or its employees.

- D. Subcontract Services: Any subcontracts for the performance of any services under this Contract shall be subject to the written approval of the Project Manager.
- E. Indemnification: To the fullest extent permitted by law, and not precluded by the express terms of this Agreement, Consultant shall indemnify and hold harmless and defend the Agency, its directors, officers, employees, or authorized volunteers, each of them from and against:
1. Any and all claims, demands, causes of action, damages, costs, expenses, losses or liabilities, in law or in equity, of every kind or nature whatsoever for, but not limited to, injury to or death of any person including Agency and/or Consultant, or any directors, officers, employees, or authorized volunteers of Agency or Consultant, and damages to or destruction of property of any person, including but not limited to, Agency and/or Consultant or their directors, officers, employees, or authorized volunteers, only to the extent the losses and liabilities are caused as a result of negligent errors, omissions, or willful misconduct of Consultant in the performance of the Agreement;
 2. Any and all actions, proceedings, damages, costs, expenses, penalties or liabilities, in law or equity, or every kind or nature whatsoever, arising out of, resulting from, or on account of the violation of any governmental law or regulation, compliance with which is the responsibility of the Consultant;
 3. Any and all losses, expenses, damages (including damages to the work itself), attorneys' fees, and other costs, including all costs of defense, which any of them may incur with respects to the failure, neglect, or refusal of Consultant to faithfully perform the work and all of the Consultant's obligations under the agreement. Such costs, expenses, and damages shall include all costs, including attorneys' fees, incurred by the indemnified parties in any lawsuit to which they are a party.
- F. Liens: Consultant shall pay all sums of money that become due from any labor, services, materials or equipment furnished to Consultant on account of said services to be rendered or said materials to be furnished under this Contract and that may be secured by any lien against the Agency. Consultant shall fully discharge each such lien at the time performance of the obligation

secured matures and becomes due.

- G. Conflict of Interest: No official of the Agency who is authorized in such capacity and on behalf of the Agency to negotiate, make, accept or approve, or to take part in negotiating, making, accepting or approving this Contract, or any subcontract relating to services or tasks to be performed pursuant to this Contract, shall become directly or indirectly personally interested in this Contract.
- H. Equal Opportunity: During the performance of this Contract, the Consultant shall not unlawfully discriminate against any employee or employment applicant because of race, color, religion, sex, age, marital status, ancestry, physical or mental disability, sexual orientation, veteran status or national origin. The Agency is committed to creating and maintaining an environment free from harassment and discrimination. To accomplish these goals the Agency has established procedures regarding the implementation and enforcement of the Agency's Harassment Prohibition and Equal Employment Opportunity commitments. Please refer to Agency Policies A-29 (Equal Employment Opportunity) and A-30 (Harassment Prohibition) for detailed information or contact the Agency's Human Resources Administrator. A copy of either of these Policies can be obtained by contacting the Project Manager for your respective Contract. Please advise any of your staff that believes they might have been harassed or discriminated against while on Agency property, to report said possible incident to either the Project Manager, or the Agency's Human Resources Administrator. Please be assured that any possible infraction will be thoroughly investigated by the Agency.
- I. Non-Conforming Work and Warranty: Consultant represents and warrants that the Work and documentation shall be adequate to serve the purposes described in the Contract. For a period of one year after acceptance of the completed Work, Consultant shall, at no additional cost to the Agency, correct any and all errors in and shortcomings of the Work or Documentation, regardless of whether any such errors or shortcomings is brought to the attention of Consultant by Agency, or any other person or entity, upon written notice. Consultant shall within three calendar days, correct any error or shortcoming that renders the Work or Documentation dysfunctional or unusable and shall correct other errors with thirty (30) calendar days after Consultant's receipt of notice of the error. Upon request of Agency, Consultant shall correct any such error deemed important by Agency in its sole discretion to Agency's continued use of the Work or Documentation within seven calendar days after Consultant's receipt of notice of the error. If the Project Manager rejects all or any part of the Work or Documentation as unacceptable and agreement to correct such Work or Documentation cannot be reached without modification the Contract. Consultant shall notify the Project Manager, in writing, detailing the dispute and reason for the Consultant's position. Any dispute that cannot be resolved between the

Project Manager and Consultant shall be resolved in accordance with the provisions of this Contract.

J. Disputes:

- 1) All disputes arising out of or in relation to this Contract shall be determined in accordance with this section. The Consultant shall pursue service activities to completion in accordance with the instruction of the Agency's Project Manager notwithstanding the existence of dispute. By entering into this Contract, both parties are obligated, and hereby agree, to submit all disputes arising under or relating to the Contract which remain unresolved after the exhaustion of the procedures provided herein, to independent arbitration. Except as otherwise provided herein, arbitration shall be conducted under California Code of Civil Procedure Sections 1280, et. seq, or their successor.
- 2) Any and all disputes during the pendency of service activities shall be subject to resolution by the Agency Project Manager and the Consultant shall comply, pursuant to the Agency Project Manager instructions. If the Consultant is not satisfied with any such resolution by the Agency Project Manager, they may file a written protest with the Agency Project Manager within seven (7) calendar days after receiving written notice of the Agency's decision. Failure by Consultant to file a written protest within seven (7) calendar days shall constitute waiver of protest, and acceptance of the Agency Project Manager's resolution. The Agency's Project Manager shall submit the Consultant's written protests to the General Manager, together with a copy of the Agency Project Manager's written decision, for his or her consideration within seven (7) calendar days after receipt of said protest(s). The General Manager shall make his or her determination with respect to each protest filed with the Agency Project Manager within ten (10) calendar days after receipt of said protest(s). If Consultant is not satisfied with any such resolution by the General Manager, they may file a written request for arbitration with the Project Manager within seven (7) calendar days after receiving written notice of the General Manager's decision.
- 3) In the event of arbitration, the parties hereto agree that there shall be a single neutral Arbitrator who shall be selected in the following manner:
 - a. The Demand for Arbitration shall include a list of five names of persons acceptable to the Consultant to be appointed as Arbitrator. The Agency shall determine if any of the names submitted by Consultant are acceptable and, if so, such person will be designated as Arbitrator.
 - b. In the event that none of the names submitted by Consultant are

acceptable to Agency, or if for any reason the Arbitrator selected in Step (a) is unable to serve, the Agency shall submit to Consultant a list of five names of persons acceptable to Agency for appointment as Arbitrator. The Consultant shall, in turn, have seven (7) calendar days in which to determine if one such person is acceptable.

- c. If after Steps (a) and (b), the parties are unable to mutually agree upon a neutral Arbitrator, the matter of selection of an Arbitrator shall be submitted to the San Bernardino County Superior Court pursuant to Code of Civil Procedure Section 1281.6, or its successor. The costs of arbitration, including but not limited to reasonable attorneys' fees, shall be recoverable by the party prevailing in the arbitration. If this arbitration is appealed to a court pursuant to the procedure under California Code of Civil Procedure Section 1294, et. seq., or their successor, the costs of arbitration shall also include court costs associated with such appeals, including but not limited to reasonable attorneys' fees which shall be recoverable by the prevailing party.

- 4) Joinder in Mediation/Arbitration: The Agency may join the Consultant in mediation or arbitration commenced by a consultant on the Project pursuant to Public Contracts Code Sections 20104 et seq. Such joinder shall be initiated by written notice from the Agency's representative to the Consultant.

11. **OWNERSHIP OF MATERIALS AND DOCUMENTS/CONFIDENTIALITY:** The Agency retains copyright ownership of any and all partial or complete reports, drawings, plans, notes, computations, lists, and/or other materials, documents, information, or data ("Deliverables") prepared by the Consultant and/or the Consultant's subconsultant(s) pertaining to this Contract. Consultant shall have the right to use the Deliverables without cost for Consultant's research and informational purposes. Said materials and documents shall be available to the Agency from the moment of their preparation, and the Consultant shall deliver same to the Agency whenever requested to do so by the Project Manager and/or Agency. Consultant shall not use Deliverables for profit making enterprises.

12. **TITLE AND RISK OF LOSS:**

A. Documentation: Title to the Documentation shall pass to Agency when prepared; however, a copy may be retained by Consultant for its records and internal use. Consultant shall retain such Documentation in a controlled access file, and shall not reveal, display or disclose the contents of the Documentation to others without the prior written authorization of Agency or for the performance of Work related to the Project.

B. Material: Title to all Material, field or research equipment, and laboratory

models, procured or fabricated under the Contract shall pass to Agency when procured or fabricated, and such title shall be free and clear of any and all encumbrances. Consultant shall have risk of loss of any Material or Agency-owned equipment of which it has custody.

- C. Disposition: Consultant shall dispose of items to which Agency has title as directed in writing by the Project Manager and/or Agency.

13. **PROPRIETARY RIGHTS:**

- A. Rights and Ownership: Agency's rights to inventions, discoveries, trade secrets, patents, copyrights, and other intellectual property, including the Information and Documentation, and revisions thereto (hereinafter collectively referred to as Proprietary Rights), used or developed by Consultant in the performance of the Work, shall be governed by the following provisions:

- 1) Proprietary Rights conceived, developed, or reduced to practice by Consultant in the performance of the Work shall be the property of Agency, and Consultant shall cooperate with all appropriate requests to assign and transfer same to Agency.
- 2) If Proprietary Rights conceived, developed, or reduced to practice by Consultant prior to the performance of the Work are used in and become integral with the Work or Documentation, or are necessary for Agency to have complete enjoyment of the Work or Documentation, Consultant shall grant to Agency a non-exclusive, irrevocable, royalty-free license, as may be required by Agency for the complete enjoyment of the Work and Documentation, including the right to reproduce, correct, repair, replace, maintain, translate, publish, use, modify, copy or dispose of any or all of the Work and Documentation and grant sublicenses to others with respect to the Work and Documentation.
- 3) If the Work or Documentation includes the Proprietary Rights of others, Consultant shall procure, at no additional cost to Agency, all necessary licenses regarding such Proprietary Rights so as to allow Agency to complete enjoyment of the Work and Documentation, including the right to reproduce, correct, repair, replace, maintain, translate, publish, use, modify, copy or dispose of any or all of the Work and Documentation. All such licenses shall be in writing and shall be irrevocable and royalty-free.

- B. No Additional Compensation: Nothing set forth in this Contract shall require payment by Agency to Consultant of any compensation specifically for the assignments and assurances required hereby, other than the payment of expenses as may be actually incurred by Consultant in complying with this Contract.

14. **INFRINGEMENT**: Consultant represents and warrants that the Work and

Documentation shall be free of any claim of trade secret, trade mark, trade name, copyright, or patent infringement or other violations of any Proprietary Rights of any person

Consultant shall defend, indemnify and hold harmless, Agency, its officers, directors, agents, employees, successors, assigns, servants, and volunteers free and harmless from any and all liability, damages, losses, claims, demands, actions, causes of action, and costs including reasonable attorney's fees and expenses arising out of any claim that use of the Work or Documentation infringes upon any trade secret, trade mark, trade name, copyright, patent, or other Proprietary Rights.

Consultant shall, at its expense and at Agency's option, refund any amount paid by Agency under the Contract, or exert its best efforts to procure for Agency the right to use the Work and Documentation, to replace or modify the Work and Documentation as approved by Agency so as to obviate any such claim of infringement, or to put up a satisfactory bond to permit Agency's continued use of the Work and Documentation.

15. **NOTICES**: 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:

Agency: Warren T. Green
Manager of Contracts and Facilities Services
Inland Empire Utilities Agency
6075 Kimball Avenue, Building A
Chino, California 91708

Consultant: Samantha Springs, J.D.
Contracts and Grant Services
RAND Corporation
1776 Main Street
Santa Monica, California 90407

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.

16. **SUCCESSORS AND ASSIGNS**: All of the terms, conditions and provisions of this Contract shall inure to the benefit of and be binding upon the Agency, the Consultant, and their respective successors and assigns. Notwithstanding the foregoing, no assignment of the duties or benefits of the Consultant under this Contract may be assigned, transferred or otherwise disposed of without the prior written consent of the Agency; and any such purported or attempted assignment, transfer or disposal without the prior written consent of the Agency shall be null, void and of no legal effect whatsoever.

17. **PUBLIC RECORDS POLICY:** Information made available to the Agency may be subject to the California Public Records Act (Government Code Section 6250 et seq.) The Agency's use and disclosure of its records are governed by this Act. The Agency shall use its best efforts to notify Consultant of any requests for disclosure of any documents pertaining to Consultant.

In the event of litigation concerning disclosure of information Consultant considers exempt from disclosure; (e.g., Trade Secret, Confidential, or Proprietary) Agency shall act as a stakeholder only, holding the information until otherwise ordered by a court or other legal process. If Agency is required to defend an action arising out of a Public Records Act request for any of the information Consultant has marked "Confidential," "Proprietary," or "Trade Secret," Consultant shall defend and indemnify Agency from all liability, damages, costs, and expenses, including attorneys' fees, in any action or proceeding arising under the Public Records Act.

18. **RIGHT TO AUDIT:** The Agency reserves the right to review and/or audit all Consultant's records related to the Work. The option to review and/or audit may be exercised during the term of the Contract, upon termination, upon completion of the Contract, or at any time thereafter up to twelve (12) months after final payment has been made to Consultant. The Consultant shall make all records and related documentation available within three (3) working days after said records are requested by the Agency
19. **INTEGRATION:** The Contract Documents represent the entire Contract of the Agency and the Consultant 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 Contract Documents. This Contract may not be modified, altered or amended except by written mutual agreement by the Agency and the Consultant.
20. **GOVERNING LAW:** This Contract is to be governed by and constructed in accordance with the laws of the State of California and the jurisdiction of the Superior Court located in the County of San Bernardino,
21. **TERMINATION FOR CONVENIENCE:** The Agency reserves and has the right to immediately suspend, cancel or terminate this Contract at any time upon written notice to the Consultant. In the event of such termination, the Agency shall pay Consultant for all authorized and Consultant-invoiced services up to the date of such termination.
22. **FORCE MAJEURE:** Neither party shall hold the other responsible for the effects of acts occurring beyond their control; e.g., war, riots, strikes, acts of God, etcetera.

23. **CHANGES:** The Agency may, at any time, make changes to this Contract's Scope of Work, including additions, reductions and other alterations to any or all of the work. However, such changes shall only be made via a written amendment to this Contract. The Contract Price and Work Schedule shall be equitably adjusted, if required, to account for such changes and shall be set forth with the Contract Amendment.
24. **NOTICE TO PROCEED:** No services shall be performed or furnished under this Contract unless and until this document has been properly signed by all responsible parties and a Notice to Proceed order has been issued to the Consultant.

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

INLAND EMPIRE UTILITIES AGENCY:

RAND CORPORATION:

P. Joseph Grindstaff
General Manager




Date

President/CEO

Date

**INFORMATION
ITEM**

2A

Date: March 18, 2015
To: The Honorable Board of Directors
Through: Finance, Legal, and Administration Committee (03/11/15)
From:  P. Joseph Grindstaff
General Manager
Submitted by:  Christina Valencia
Chief Financial Officer/Assistant General Manager
 Javier Chagoyen-Lazaro
Manager of Finance and Accounting
Subject: Treasurer's Report of Financial Affairs

RECOMMENDATION

This is an Information item for the Board of Directors to receive and file

BACKGROUND

The Treasurer's Report of Financial Affairs for the month ended January 31, 2015, is submitted in a format consistent with State requirements.

Total cash, investments, and restricted deposits of \$135,063,313, reflects an increase of \$5,184,095 compared to the total reported for December 2014. The average days of cash on hand for the month ended January 31, 2015 also increased from 167 days to 173 days. The increase was attributed to property tax receipts. Average days of cash on hand is calculated using the monthly ending balance of unrestricted cash and cash equivalents divided by disbursements associated with operating expenses, debt service and capital expenditures as recorded in the Agency's cash flow.

The Agency's investment portfolio average rate of return in January 2015 was 0.496%, a decrease of 0.17% compared to the average yield at 0.513% reported in December 2014, due to slight decline in LAIF and government securities yield.

The Financial Affairs report is consistent with the Agency's Business Goal of *Fiscal Responsibility* in providing financial reporting that accounts for cash and investment activities to fund operating requirements and to optimize investment earnings.

The Financial Affairs report is consistent with the Agency's Business Goal of Fiscal Responsibility in providing financial reporting that accounts for cash and investment activities to fund operating requirements and to optimize investment earnings.

PRIOR BOARD ACTION

The Board reviewed the Financial Affairs Report for the month of December, 2014 on February 18, 2015.

IMPACT ON BUDGET

The interest earned on the Agency's investment portfolio increases the Agency's reserves.

Attachment: January 2015 Treasurer's Report of Financial Affairs

TREASURER'S REPORT OF FINANCIAL AFFAIRS

For the Month Ended January 31, 2015



All investment transactions have been executed in accordance with the criteria stated in the Agency's Investment Policy (Resolution No. 2014-6-11) adopted by the Inland Empire Utilities Agency's Board of Directors during its regular meeting held on June 18, 2014.

The funds anticipated to be available during the next six-month period are expected to be sufficient to meet all foreseen expenditures during the period.

* A Municipal Water District

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
 January 31, 2015

	January	December
<u>Cash, Bank Deposits, and Bank Investment Accounts</u>	\$1,526,132	\$1,449,664
<u>Investments</u>		
CBB Repurchase (Sweep)	\$26,896,148	\$22,187,441
Local Agency Investment Fund (LAIF)	24,819,768	24,802,560
CalTrust	3,536,539	3,531,839
Certificates of Deposit	4,172,210	4,172,210
Municipal Bonds	3,528,568	3,539,046
Medium Term Notes	6,001,341	6,001,075
U.S. Treasury Notes	999,663	999,852
U.S. Government Sponsored Entities	11,579,856	11,579,852
Total Investments	\$81,534,093	\$76,813,875
Total Cash and Investments Available to the Agency	\$83,060,225	\$78,263,539
<u>Restricted Deposits</u>		
Debt Service Accounts	\$3,257,385	\$2,544,740
GCRA Deposits Held by Member Agencies	36,311,996	36,311,996
OPEB (CERBT) Account	7,108,767	6,969,100
Escrow Deposits	5,324,940	5,789,843
Total Restricted Deposits	\$52,003,088	\$51,615,679
Total Cash, Investments, and Restricted Deposits	\$135,063,313	\$129,879,218

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

*Month Ended
 January 31, 2015*

Cash, Bank Deposits, and Bank Investment Accounts

Citizens Business Bank Demand Account	\$264,916
Citizens Business Bank Workers' Compensation Account	49,104
Bank of America Payroll Account	51,866
Bank of America Payroll Taxes Account	51,445
Subtotal Demand Deposits	\$417,331

Other Cash and Bank Accounts

Petty Cash	\$2,250
Subtotal Other Cash	\$2,250

Bank of the West Money Market Account

\$1,050,336

US Bank Pre-Investment Money Market Account

\$56,215

Total Cash and Bank Accounts

\$1,526,132

Investments

CBB Repurchase (Sweep) Investments

Fannie Mae Bonds	\$19,427,725
Federal Home Loan	3,947,225
Fannie Mae Bonds	3,521,198
Subtotal CBB Repurchase (Sweep)	\$26,896,148

Local Agency Investment Fund (LAIF)

LAIF Non-Restricted Fund	\$18,909,684
LAIF Insurance Sinking Fund	5,910,084
Subtotal Local Agency Investment Fund	\$24,819,768

CalTrust

Short Term	\$3,536,539
Subtotal CalTrust	\$3,536,539

Certificates of Deposit

Citizens Business Bank	\$4,172,210
Subtotal Certificates of Deposit	\$4,172,210

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
 January 31, 2015

<u>Investments Continued</u>		
Municipal Bonds		
State and Local Municipal Bonds		\$3,528,568
Subtotal State Municipal Bonds		<u>\$3,528,568</u>
Medium Term Notes		
Toyota Motor Corporation	1,001,111	
General Electric Capital Corporation	998,255	
JP Morgan Securities	2,999,733	
John Deere Capital Corp	1,002,242	
Subtotal Medium Term Notes		<u>\$6,001,341</u>
U.S. Treasury Notes		
Treasury Note		\$999,663
Subtotal U.S. Treasury Notes		<u>\$999,663</u>
U.S. Government Sponsored Entities		
Fannie Mae Bonds		\$2,999,856
Freddie Mac Bonds		2,580,000
Federal Home Loan Bank Bonds		6,000,000
Subtotal U.S. Government Sponsored Entities		<u>\$11,579,856</u>
Total Investments		<u>\$81,534,093</u>
<u>Restricted Deposits</u>		
Debt Service Reserves		
08B Debt Service Accounts		\$2,544,710
10A Debt Service Accounts		712,675
Subtotal Debt Service Reserves		<u>\$3,257,385</u>

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

*Month Ended
 January 31, 2015*

CCRA Deposits Held by Member Agencies	
City of Chino	\$8,630,258
Cucamonga Valley Water District	7,495,546
City of Fontana	6,143,478
City of Montclair	2,515,077
City of Ontario	6,236,654
City of Chino Hills	2,729,068
City of Upland	2,561,915
Subtotal CCRA Deposits Held by Member Agencies	\$36,311,996
CalPERS	
OPEB (CERBT) Account	\$7,108,767
Subtotal CalPERS Accounts	\$7,108,767
Escrow Deposits	
Chicago Title (Forestar/IEUA Holding Escrow)	\$4,636,441
Community Bank (MNR Construction)	625,361
Fresno First Bank (WM Lyles)	63,138
Subtotal Escrow Deposits	\$5,324,940
Total Restricted Deposits	
	\$52,003,088
Total Cash, Investments, and Restricted Deposits as of January 31, 2015	
	\$135,063,313
Total Cash, Investments, and Restricted Deposits as of 1/31/15	
Less: Total Cash, Investments, and Restricted Deposits as of 12/31/14	
Total Monthly Increase (Decrease)	
	\$5,184,095

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
 January 31, 2015

	Credit Rating @ Purchase		CHANGES IN Credit Rating		Par Amount	Cost Basis Amount	Term (Days)	January Amortization	January Value	% Coupon	% Yield to Maturity	Maturity Date	Market Value
	S&P	Moody's	S&P	Moody's									
Cash, Bank Deposits, and Bank Investment Accounts													
Citizens Business Bank													
Demand Account					\$264,916	\$264,916	N/A	N/A	\$264,916		0.25%	N/A	\$264,916
Subtotal CBB					\$264,916	\$264,916			\$264,916		0.25%		\$264,916
Workers' Compensation Account					\$49,104	\$49,104	N/A	N/A	\$49,104		N/A	N/A	\$49,104
Subtotal CBB					\$49,104	\$49,104			\$49,104		N/A		\$49,104
Bank of America													
Payroll Checking					\$51,866	\$51,866	N/A	N/A	\$51,866		N/A	N/A	\$51,866
Payroll Tax Checking					51,445	51,445	N/A	N/A	51,445		N/A	N/A	51,445
Subtotal B of A					\$103,311	\$103,311			\$103,311		N/A		\$103,311
Bank of the West													
Money Market Plus - Business Account					\$1,050,336	\$1,050,336	N/A	N/A	\$1,050,336		0.19%	N/A	\$1,050,336
Subtotal Bank of the West Money Market					\$1,050,336	\$1,050,336			\$1,050,336		0.19%		\$1,050,336
US Bank													
Federated Automated MMA					\$56,215	\$56,215	N/A	N/A	\$56,215		0.01%	N/A	\$56,215
Subtotal USB Money Market					\$56,215	\$56,215			\$56,215		0.01%		\$56,215
Petty Cash					\$2,250	\$2,250	N/A	N/A	\$2,250		N/A	N/A	\$2,250
Total Cash, Bank Deposits and Bank Investment Accounts					\$1,526,132	\$1,526,132			\$1,526,132				\$1,526,132
Investments													
CBB Daily Repurchase (Sweep) Accounts													
Federal Home Loan					\$3,947,225	\$3,947,225	N/A	N/A	\$3,947,225		0.25%	N/A	\$3,947,225
Fannie Mae Bond					19,427,725	19,427,725	N/A	N/A	19,427,725		0.25%	N/A	19,427,725
Fannie Mae Bond					3,521,198	3,521,198	N/A	N/A	3,521,198		0.25%	N/A	3,521,198
Subtotal CBB Repurchase Accounts					\$26,896,148	\$26,896,148			\$26,896,148		0.25%		\$26,896,148
LAIF Accounts													
Non-Restricted Funds					\$18,909,684	\$18,909,684	N/A	N/A	\$18,909,684		0.262%	N/A	\$18,909,684
LAIF Sinking Fund					5,910,084	5,910,084	N/A	N/A	5,910,084		0.262%	N/A	5,910,084
Subtotal LAIF Accounts					\$24,819,768	\$24,819,768			\$24,819,768		0.262%		\$24,819,768
CALTRUST Accounts													
Short-Term					\$3,536,539	\$3,536,539	N/A	N/A	\$3,536,539		0.41%	N/A	\$3,536,539
Subtotal CalTrust Accounts					\$3,536,539	\$3,536,539			\$3,536,539		0.41%		\$3,536,539
Certificates of Deposit													
CBB Certificate of Deposit					\$4,172,210	\$4,172,210	425	N/A	\$4,172,210		0.45%	09/19/15	\$4,172,210
Subtotal Certificate of Deposits					\$4,172,210	\$4,172,210			\$4,172,210		0.45%		\$4,172,210

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

*Month Ended
 January 31, 2015*

	Credit Rating @ Purchase		CHANGES IN Credit Rating		Par Amount	Cost Basis Amount	Term (Days)	January Amortization	January Value	% Coupon	% Yield to Maturity	Maturity Date	Market Value
	S&P	Moody's	S&P	Moody's									
Investments (continued)													
US Treasury Note													
US Treasury Note	N/A	AAA			\$1,000,000	\$999,463		15	\$999,663	0.63%	0.62%	12/15/16	\$1,003,200
Subtotal Treasuries					\$1,000,000	\$999,463		15	\$999,663		0.62%		\$1,003,200
U.S. Government Sponsored Entities													
(As of August 2011, all US GSE's have been downgraded to AA+ Rating by S&P)													
Freddie Mac Bond	AA+	AAA			1,000,000	1,000,000	1,080		1,000,000	0.75%	0.75%	12/19/16	1,000,810
Federal Home Loan Bank	AA+	AAA			2,000,000	2,000,000	1,080		2,000,000	0.63%	0.63%	08/28/17	2,001,520
Fannie Mae Bond	AA+	AAA			1,000,000	999,750	1,800	4	999,856	0.75%	0.75%	12/18/17	1,000,370
Federal Home Loan Bank	AA+	AAA			2,000,000	2,000,000	1,260		2,000,000	1.33%	1.32%	01/16/18	2,003,740
Federal Home Loan Bank	AA+	AAA			2,000,000	2,000,000	1,800		2,000,000	1.25%	1.25%	04/24/19	2,005,060
Fannie Mae Bond	N/A	AAA			2,000,000	2,000,000	1,459		2,000,000	1.63%	1.60%	12/28/18	2,026,260
Freddie Mac Bond	AA+	AAA			1,580,000	1,580,000	1,804		1,580,000	1.13%	1.13%	05/28/19	1,580,695
Subtotal U.S. Gov't Sponsored Entities					\$11,580,000	\$11,579,750		4	\$11,579,856		1.112%		\$11,618,455
Municipal Bonds													
California State General Obligation Bond	A-	A1	A+	AA3	1,000,000	1,117,280		(3,433)	1,000,111	5.00%	0.89%	02/01/15	1,000,140
California State General Obligation Bond	A-	A1	A+	AA3	1,500,000	1,673,955		(4,898)	1,509,480	5.45%	1.50%	04/01/15	1,512,705
California State General Obligation Bond	A-	A1	A+	AA3	1,000,000	1,089,000		(2,147)	1,018,977	3.95%	1.35%	11/01/15	1,025,750
Subtotal State and Local Municipal Bonds					\$3,500,000	\$3,880,235		(\$10,478)	\$3,528,568		1.28%		\$3,538,595
Medium Term Notes													
JP Morgan Securities	A	A2		A3	2,000,000	1,993,460	668	304	1,999,197	0.80%	0.98%	04/23/15	2,001,220
Toyota Motor Credit Corp	AA-	AA3			1,000,000	1,006,293	946	(206)	1,001,111	0.88%	0.87%	07/17/15	1,002,450
General Electric Floating Rate													
(75 bp over Libor - 1% floor)	AA+	AA2	AA+	A1	1,000,000	988,500	1,265	282	998,255	1.26%	1.26%	08/11/15	1,003,590
JP Morgan Securities	A	A2		A3	1,000,000	1,001,500	1,094	(43)	1,000,536	1.125%	1.07%	02/26/16	1,002,210
John Deere Capital Corp	A	A2			1,000,000	1,004,000	1,754	(71)	1,002,242	1.85%	1.11%	10/10/17	1,001,580
Subtotal Medium Term Notes					\$6,000,000	\$5,993,753		\$266	\$6,001,341		1.05%		\$6,011,050
Total Investments					\$81,504,665	\$81,877,866			\$81,534,093				\$81,595,966

Source of Investment Market Value: US Bank

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
 January 31, 2015

	Credit Rating @ Purchase		CHANGES IN Credit Rating	Par Amount	Cost Basis Amount	Term (Days)	January Amortization	January Value	% Coupon	% Yield to Maturity	Maturity Date	Market Value
	S&P	Moody's									S&P	Moody's
Restricted Deposits												
Debt Service and Arbitrage Accounts												
08B Debt Service Accounts												
US Bank Debt Serv. Accounts				\$2,544,710	\$2,544,710	N/A	N/A	\$2,544,710		0.00%	N/A	\$2,544,710
Subtotal '08B Debt Service Accts				\$2,544,710	\$2,544,710			\$2,544,710		0.00%		\$2,544,710
10A Debt Service Accounts												
US Bank Debt Serv. Accounts				\$712,675	\$712,675	N/A	N/A	\$712,675		0.02%	N/A	\$712,675
Subtotal '10A Debt Service Accts				\$712,675	\$712,675			\$712,675		0.02%		\$712,675
Total Debt Service Accounts				\$3,257,385	\$3,257,385			\$3,257,385				\$3,257,385

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
 January 31, 2015

	Credit Rating @ Purchase		CHANGES IN Credit Rating		Par Amount	Cost Basis Amount	Term (Days)	January Amortization	January Value	% Coupon	% Yield to Maturity	Maturity Date	Market Value	
	S&P	Moody's	S&P	Moody's									Value	Value
CCRA Deposits Held by Member Agencies														
City of Chino					\$8,630,258	\$8,630,258	N/A	N/A	\$8,630,258		N/A	N/A	\$8,630,258	
Cucamonga Valley Water District					7,495,546	7,495,546	N/A	N/A	7,495,546		N/A	N/A	7,495,546	
City of Fontana					6,143,478	6,143,478	N/A	N/A	6,143,478		N/A	N/A	6,143,478	
City of Montclair					2,515,077	2,515,077	N/A	N/A	2,515,077		N/A	N/A	2,515,077	
City of Ontario					6,236,654	6,236,654	N/A	N/A	6,236,654		N/A	N/A	6,236,654	
City of Chino Hills					2,729,068	2,729,068	N/A	N/A	2,729,068		N/A	N/A	2,729,068	
City of Upland					2,561,915	2,561,915	N/A	N/A	2,561,915		N/A	N/A	2,561,915	
<i>Subtotal CCRA Deposits Held by Member Agencies</i>					<u>\$36,311,996</u>	<u>\$36,311,996</u>			<u>\$36,311,996</u>				<u>\$36,311,996</u>	
(Totals as reported through December 31, 2014)														
CalPERS Deposits														
OP&B (CERT) Account					\$7,000,000	\$7,000,000	N/A	N/A	\$7,000,000		N/A	N/A	\$7,000,000	
<i>Subtotal CalPERS Deposits</i>					<u>\$7,000,000</u>	<u>\$7,000,000</u>			<u>\$7,000,000</u>				<u>\$7,000,000</u>	
Escrow Deposits														
Forestar/JEHA Holding Escrow (RP-1 Outfall)					\$4,636,441	\$4,636,441	N/A	N/A	\$4,636,441		N/A	N/A	\$4,636,441	
MNR Construction					625,361	625,361	N/A	N/A	625,361		N/A	N/A	625,361	
WM Lyles					63,138	63,138	N/A	N/A	63,138		N/A	N/A	63,138	
<i>Subtotal Escrow Deposits</i>					<u>\$5,324,940</u>	<u>\$5,324,940</u>			<u>\$5,324,940</u>				<u>\$5,324,940</u>	
Total Restricted Deposits					<u>\$51,894,321</u>	<u>\$51,894,321</u>			<u>\$52,003,088</u>				<u>\$52,003,088</u>	
Total Cash, Investments, and Restricted Deposits as of January 31, 2015					<u>\$134,925,118</u>	<u>\$135,298,319</u>			<u>\$135,063,313</u>				<u>\$135,125,186</u>	

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
 January 31, 2015

January Purchases			Par Amount	Investment
No.	Date	Transaction	Purchased	Yield
		No Purchases		
Total Purchases			\$ -	

January Investment Maturities, Calls & Sales			Par Amount	Investment
No.	Date	Transaction	Matured/Sold	Yield to Maturity
		No Maturities		
Total Maturities, Calls & Sales			\$ -	

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
 January 31, 2015

<u>Directed Investment Category</u>	<u>Amount Invested</u>	<u>Yield</u>
CBB Repurchase (Sweep)	\$26,896,148	0.250%
Local Agency Investment Fund	24,819,768	0.262%
CalTrust	3,536,539	0.410%
Medium Term Notes	6,001,341	1.047%
Municipal Bonds	3,528,568	1.283%
US Treasury Notes	999,663	0.620%
U.S. Government Sponsored Entities	11,579,856	1.112%
	\$77,361,883	0.504%
Bank Deposit and Investment Accounts		
Citizens Business Bank - Demand Account	\$264,916	0.250%
Citizens Business Bank - Certificate of Deposit	4,172,210	0.450%
Bank of the West Money Market Account	1,050,336	0.190%
	\$5,487,462	0.391%

Total Portfolio

Investment Portfolio Rate of Return

\$82,849,345

0.496%

Restricted/Transitory/Other Demand Accounts

<u>Restricted/Transitory/Other Demand Accounts</u>	<u>Amount Invested</u>	<u>Yield</u>
US Bank - 2008B Debt Service Accounts	\$2,544,710	0.000%
US Bank - 2010A Debt Service Accounts	712,675	0.020%
CCRA Deposits Held by Member Agencies	36,311,996	N/A
Citizens Business Bank - Workers' Compensation Account	49,104	N/A
US Bank - Pre-Investment Money Market Account	56,215	0.010%
CalPERS OPEB (CERBT) Account	7,108,767	N/A
Other Accounts*	105,561	N/A

Total Other Accounts

Average Yield of Other Accounts

\$46,889,028

0.004%

Total Agency Directed Deposits

\$129,738,373

* Note: Bank of America Payroll Deposits used as compensating balances for bank services.

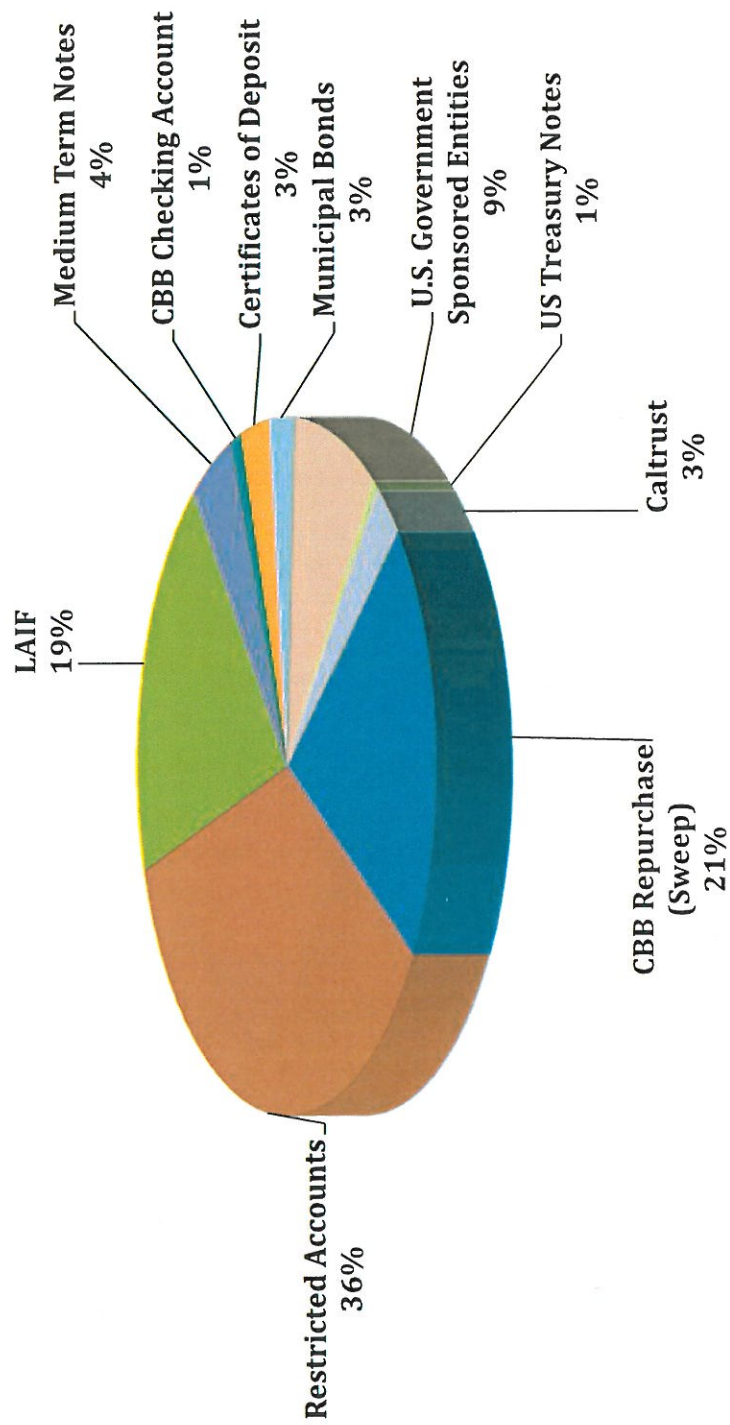
Inland Empire Utilities Agency

Treasurer's Report of Financial Affairs

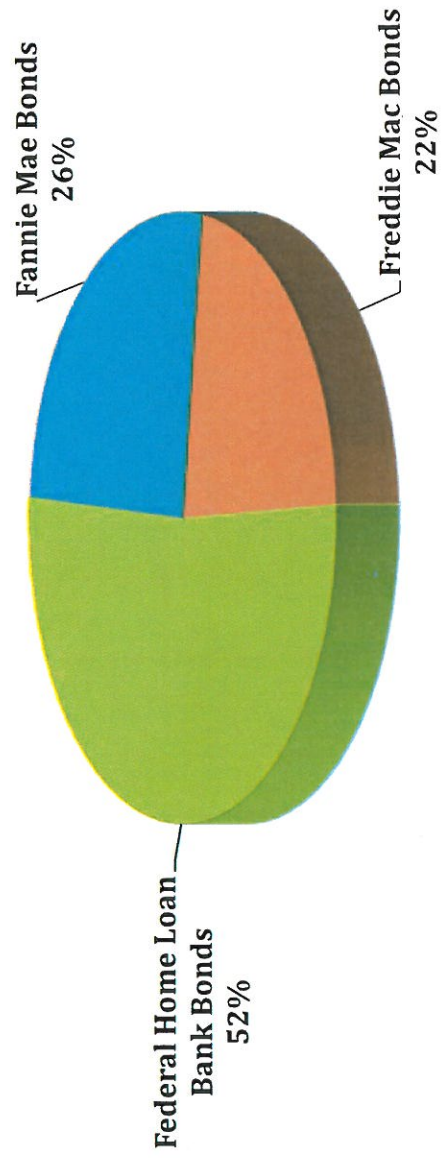
For the Month Ended January 31, 2015

Combined Agency Portfolio (net of escrow deposits)

\$129,738,373



Inland Empire Utilities Agency
Treasurer's Report of Financial Affairs
For the Month Ended January 31, 2015
U.S. Government Sponsored Entities Portfolio
\$11,579,856



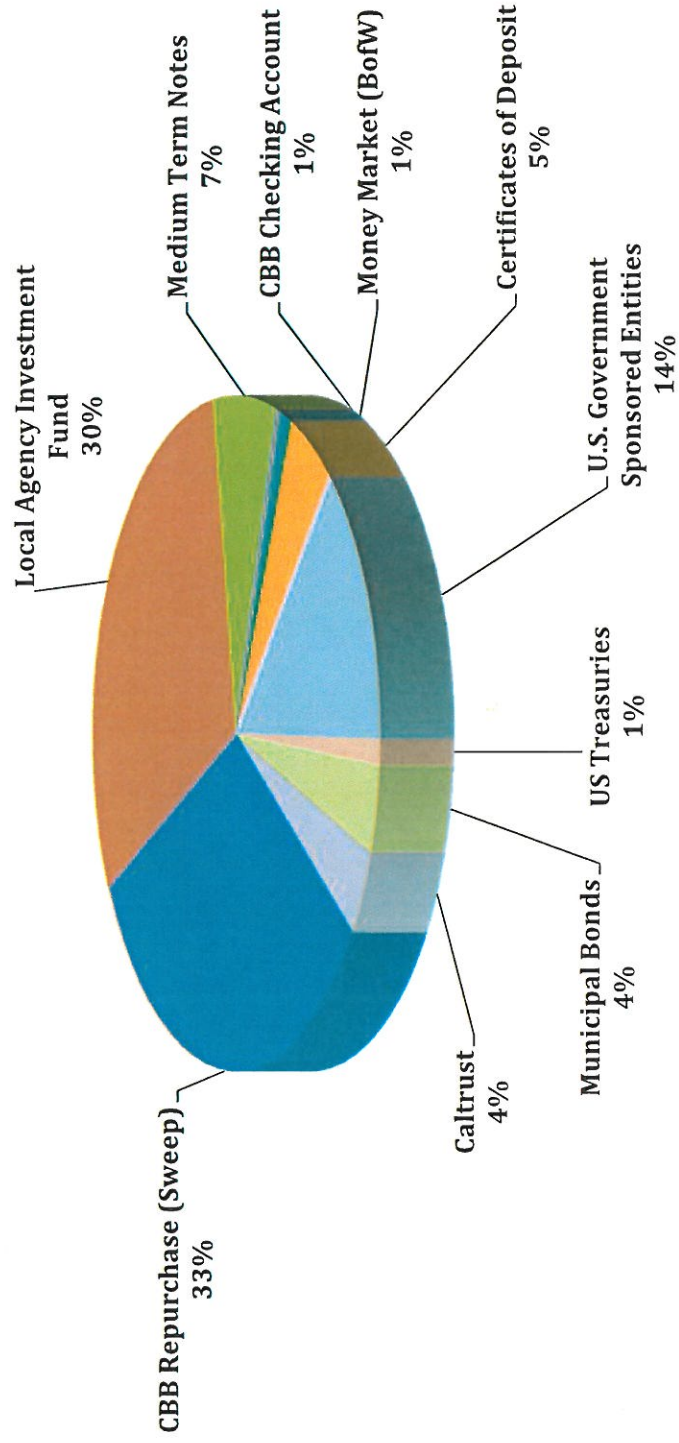
Inland Empire Utilities Agency

Treasurer's Report of Financial Affairs

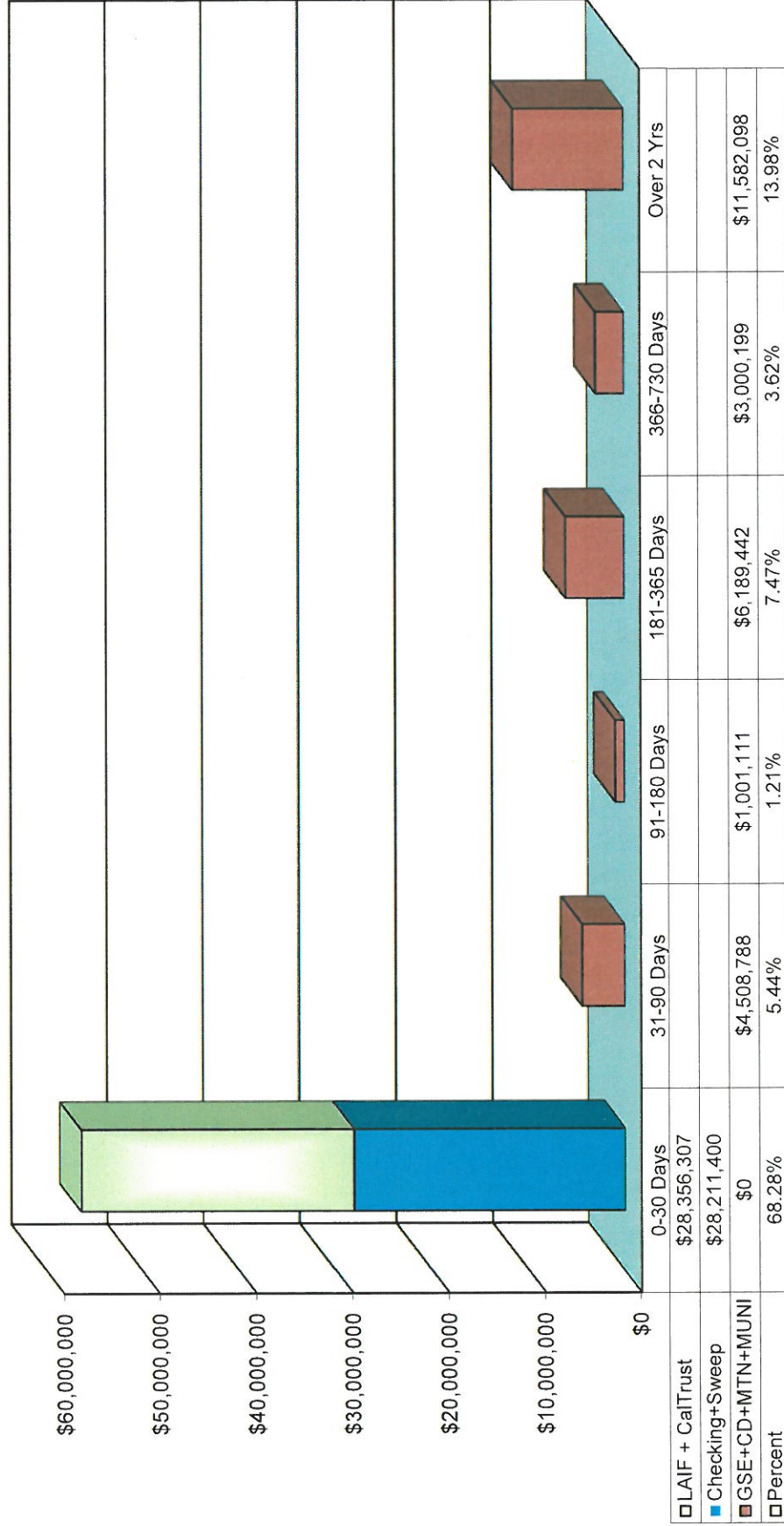
For the Month Ended January 31, 2015

Unrestricted Agency Investment Portfolio

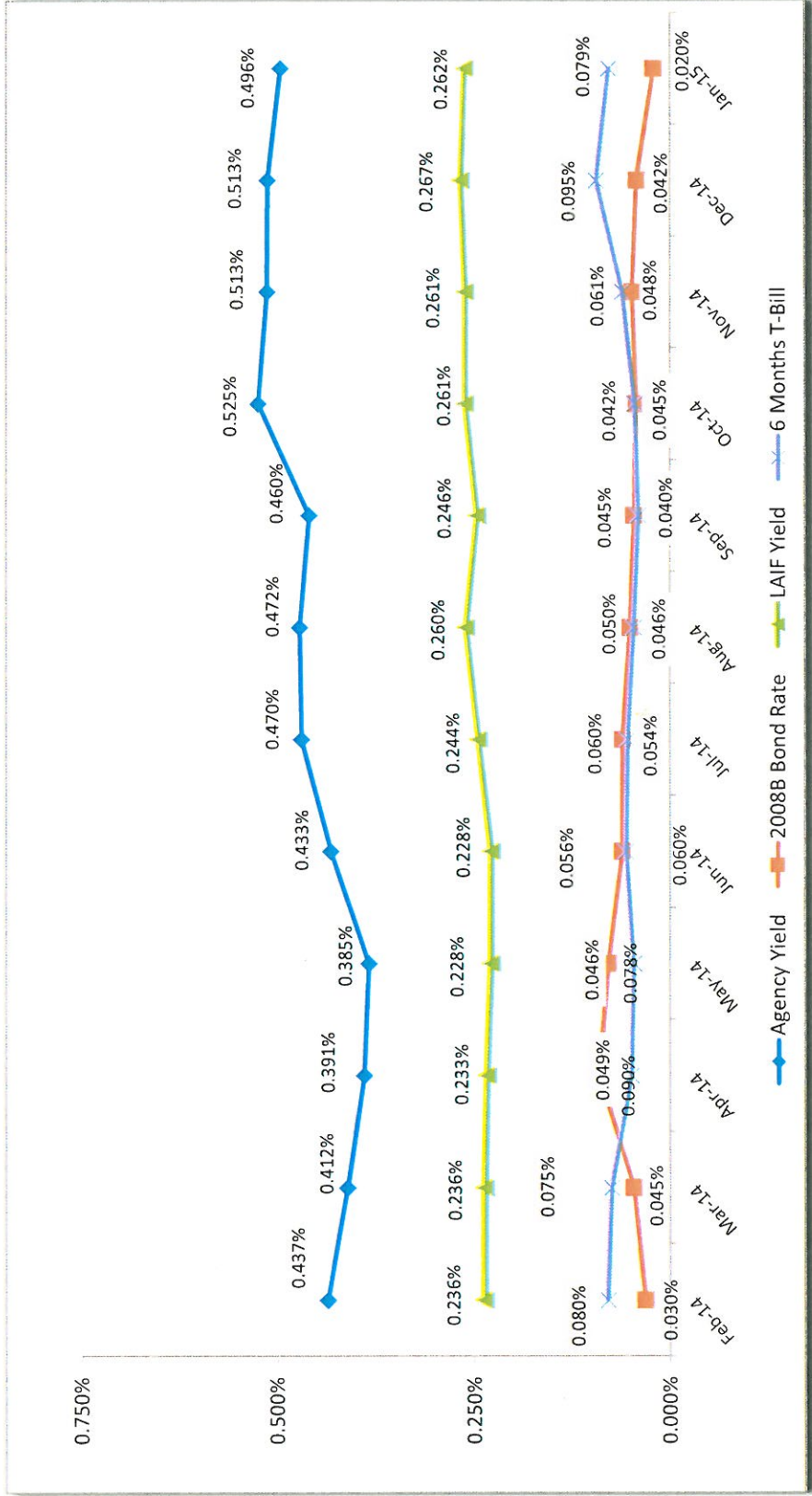
\$82,849,345



Inland Empire Utilities Agency
Treasurer's Report of Financial Affairs
 For the Month Ended January 31, 2015
Directed Investment Portfolio Maturity Distribution
\$82,849,345



Inland Empire Utilities Agency
Treasurer's Report of Financial Affairs
 Demand Deposit Accounts
 Agency Yield Comparison





Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

Treasurer's Report of Financial Affairs for January 31, 2015

March 2015

Board Meeting

Report of Financial Affairs



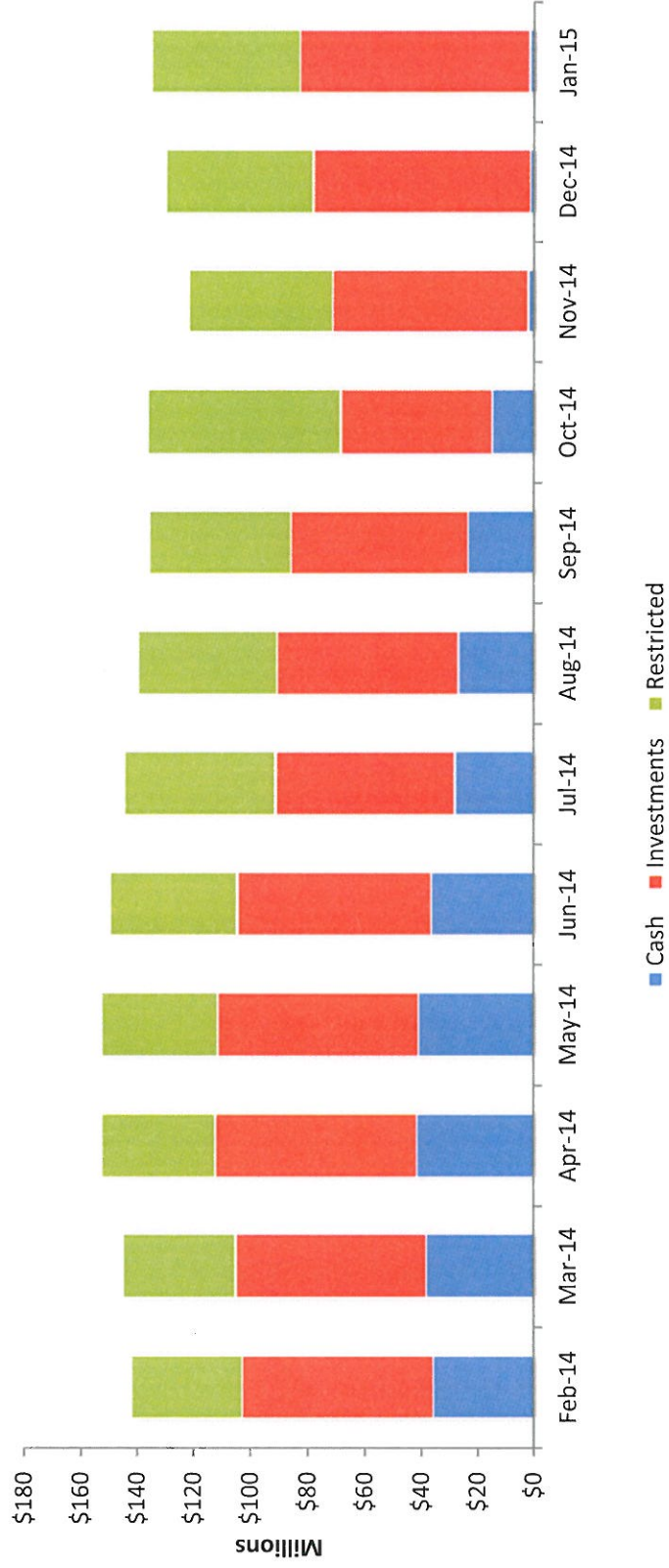
Liquidity

Description	January 2015	December 2014	Increase (Decrease)
Cash, Investments, Restricted Deposits	\$135.1M	\$129.9M	\$5.2M
Investment Portfolio Yield	0.496%	0.513%	(0.17%)
Average Days Cash on Hand	173 Days	167 Days	6 Days

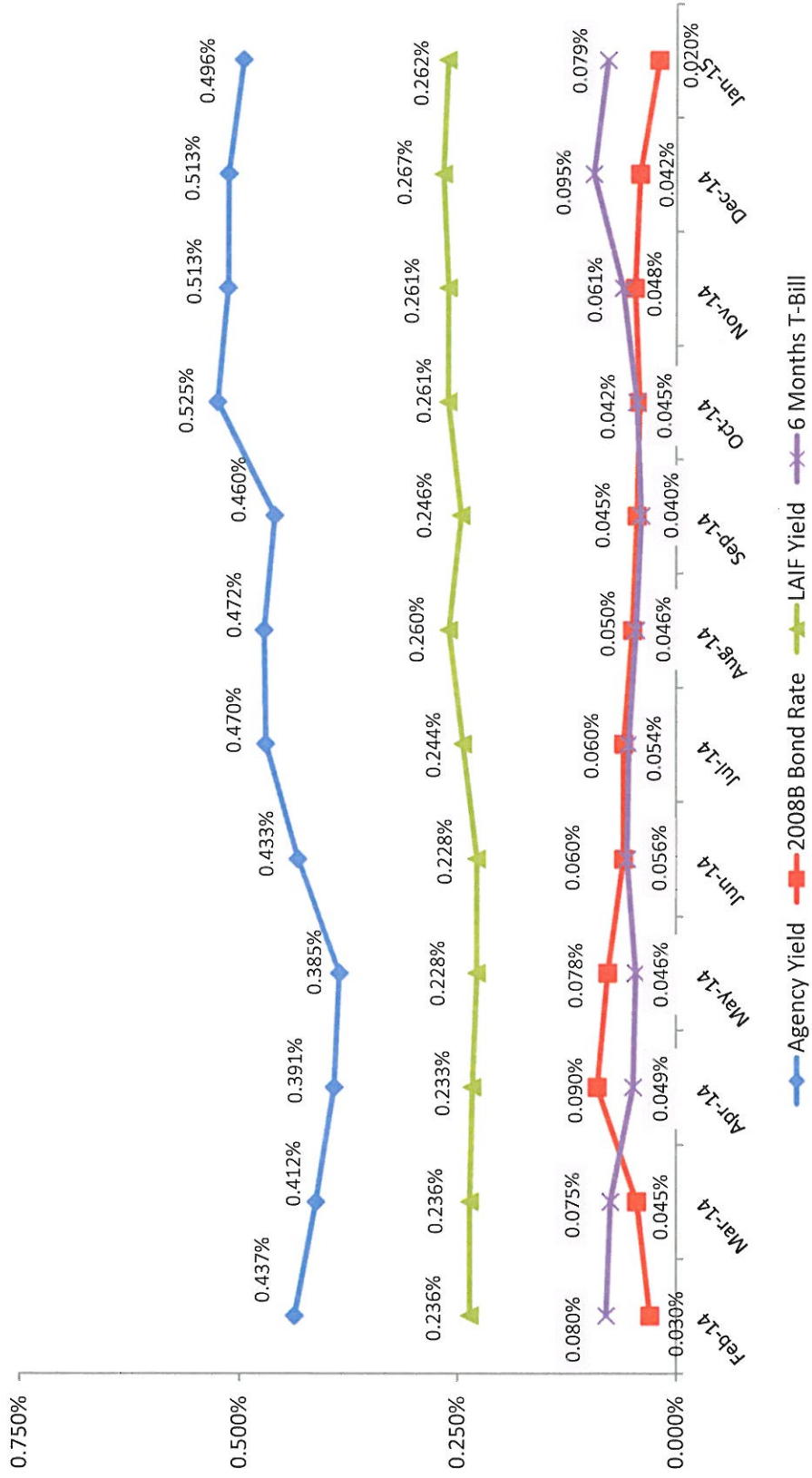
Portfolio

Description	Allowable Threshold	Investment Value (\$ million)	Yield	Current Portfolio %
Short Term, Under 1 Year:				
LAIF	\$50M	\$24.8	0.262%	30%
CalTrust	\$20M	\$3.5	0.410%	4%
Citizens Business –Sweep	40%	\$26.9	0.250%	33%
CBB – Certificate of Deposit	20%	\$4.2	0.450%	5%
Bank of the West – MMA	20%	\$1.1	0.190%	1%
State and Local Municipal Bonds	9%	\$3.5	1.280%	4%
Medium Term Notes	20%	\$4.0	0.68%	5%
CBB Checking	40%	\$0.2	0.25%	1%
1 to 3 Years:				
Medium Term Notes	20%	\$2.0	0.36%	2%
US Treasury Note	n/a	\$1.0	0.630%	1%
US Government Securities	n/a	\$6.0	0.465%	7%
Over 3 Years:				
US Government Securities	n/a	\$5.6	0.646%	7%

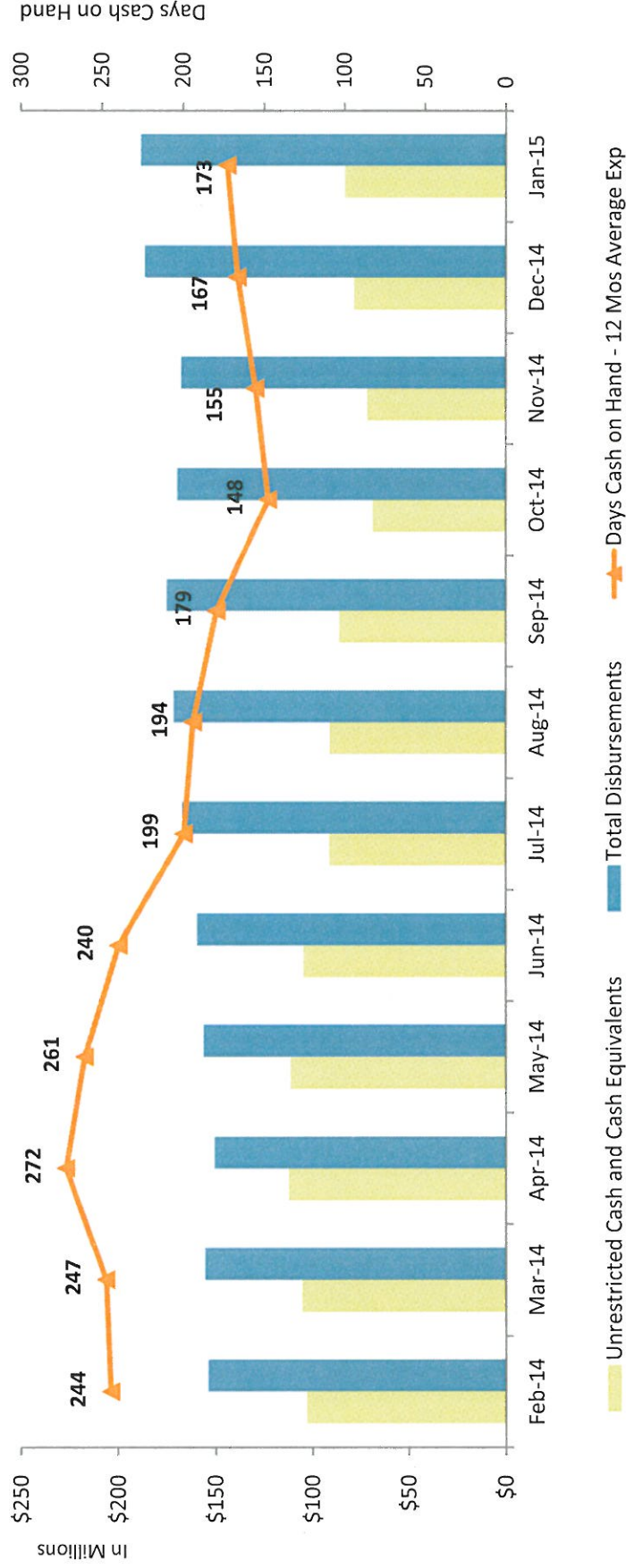
Cash, Investments and Restricted Deposits



Month End Portfolio Yield Comparison



Day Cash On Hand 12 Months Rolling Average





Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

Questions?

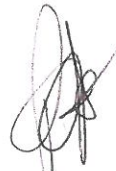
The Financial Affairs Report is consistent with the Agency's Business Goal of Fiscal Responsibility in providing financial reporting that accounts for cash and investment activities to fund operating requirements and to optimize investment earnings.

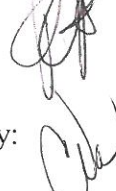
**INFORMATION
ITEM**

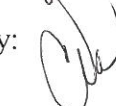
2B


Date: March 18, 2015

To: The Honorable Board of Directors

Through:  Finance, Legal, and Administration Committee (3/11/15)

From:  P. Joseph Grindstaff
General Manager

Submitted by:  Christina Valencia
Chief Financial Officer/Assistant General Manager

 Javier Chagoyen-Lazaro
Manager of Finance and Accounting

Subject: FY 2014/15 Second Quarter Budget Variance, Performance Goals Updates, and Budget Transfer

RECOMMENDATION

This is an informational item for the Board of Directors to receive and file.

BACKGROUND

The Budget Variance report presents the Agency's financial performance through second quarter ending December 31, 2014. Exhibit A provides a comparison of actual revenues and expenses against the FY 2014/15 Amended Budget including a discussion of major categories with the most significant variances. Exhibit B provides a progress status of Division and Department Goals and Objectives as established in FY 2014/15 Adopted Budget, Exhibit C presents a summary of Operations and Maintenance (O&M) budget transfers approved by management during the second quarter, and Exhibit D lists Board approved budget amendments and the management approved budget transfers between capital projects and between O&M projects by Agency fund. Attachment A provides the FY 2014/15 financial overview of each of the Agency's programs.

TOTAL REVENUES AND OTHER FUNDING SOURCES

Overall, the Agency received total revenues and other funding sources at the end of the second quarter of \$66.8 million, or 40.8% of the Amended budget (Exhibit A detail). The following section highlights key variances:

- **Connection Fees** – Member agencies reported a total of 1,231 Equivalent Dwelling Units (EDU) new connections, approximately 40.9% of the budgeted 3,000 EDUs which is equivalent to \$6.3 million of the budgeted \$15.3 million.
- **Recycled Water Sales** – Recycled water sales at the end of the second quarter were \$6.5 million. Direct delivery was 14,556 AF, \$4.5 million, and groundwater recharge was 4,781 AF, \$2.0 million, for 68.3% of the annual budget. Total year to date deliveries of 19,337 AF compared to the 32,000 AF projected for the fiscal year.
- **MWD LPP Rebate** –Direct recycled water sales in excess of 3,500 AF and up to 17,000 AF are eligible for the Metropolitan Water District (MWD) Local Project Program (LPP) at a rate of \$154/AF, for a maximum amount of \$2.1 million per fiscal year. At the end of the second quarter, the total rebate was \$1.8 million for 11,704 AF of credit or 86.7% of total budget.
- **Property Taxes** – General ad-valorem property tax receipts from the San Bernardino County Tax Assessor (County) for the second quarter were \$13.8 million or 34.4% of the annual budgeted amount of \$40.2 million. RDA pass through payments are due from the County in January and June.
- **Grants & Loans** – Total receipts were \$3.5 million or 15.1% of the budget. Delays in construction for the Central/Wineville area recycled water projects accounted for the low receipts which are expected to increase during the third and fourth quarters as construction nears completion. The projects are expected to be complete in July 2015.
- **Cost Reimbursements** – Total cost reimbursements were \$2.6 million or 48.1% of the annual budget. Reimbursements include \$1.7 million from the Inland Empire Regional Composting Authority (IERCA), \$0.7 million from Chino Basin Desalter Authority (CDA), and \$0.2 million from Chino Basin Watermaster (CBWM). Total cost reimbursement budget of \$5.4 million, includes \$1.2 million from CDA, \$3.5 million from IERCA, and \$0.7 million from CBWM for the O&M cost share portion.
- **Other Revenues** – Total other revenues were \$1.3 million or 26.7% of the annual budget. Other revenues include \$0.6 million for the recovery of the deferred 4R capital charges from Non-Reclaimable (NC) fund, \$0.2 million from lease payment for the RP-5 Solids Handling Facility, and \$0.05 million for other items such as project cost reimbursements, energy capacity rebates and a small gain on the sale of assets. The total other revenue budget of \$2.9 million includes \$1.2 million inter-fund loan transfer from Water Resource (WW) fund, \$1.2 million of recovery from the deferred 4R capital project costs, and \$0.5 million of annual lease revenue.

TOTAL EXPENSES AND USES OF FUNDS

The Agency’s total expenses through the second quarter were \$86.8 million, or 45.9% of the \$189.3 million Amended budget. The Amended Budget includes \$19.3 million of encumbrances carried forward from FY 2014/15. In accordance with Agency Policy A-81 (Fiscal Year-End Carry Forward of Encumbrances and Related Budget), carry forward encumbrances and budget that are not expended by December 31st of each year are subject to cancellation, unless otherwise approved by Executive Management. As of January 31, 2014, a total of \$2.5 million in unspent carry over encumbrances and budget were reversed; \$2.5 million from projects and less than twenty thousand dollars from O&M expenses.

	Capital & Special Projects	O&M	Total
Carried Forward – September 2014	\$18.0	\$1.3	\$19.3
Encumbrance Return – January 2015	(\$2.5)	(\$0.02)	(\$2.5)
Total Used or Remaining Encumbrance	\$15.5	\$1.3	\$16.8

Key highlights of expenses are:

- **Employment Expenses** – Employment expenses through the second quarter were \$17.8 million or approximately 43.5% of Amended Budget. The favorable variance was due to a higher than anticipated vacancy factor. A total of 23 positions were vacant and an additional 15 were on hold at the end of the quarter, equivalent to a 13.1% vacancy factor. Hiring activities are anticipated to increase by March, which will reduce the vacancy factor by fiscal year end.
- **Chemical Expenses** – This category expended approximately \$2.0 million, or 41.3% of Amended Budget. Chemicals usage was below budgeted projections through the second quarter due to seasonal changes in the usage of sodium bisulfite and installation of new CJ2 analyzers which reduced the need for additional solutions and chemicals as well as to the bulk procurement of iron sponge media at the end of prior fiscal year.
- **Biosolids Recycling** – Biosolids expenses at the end of the second quarter were \$1.5 million or 42.5% of the budget. The favorable variance was caused by a delay of biosolids disposal due to laboratory testing. Testing is now complete and disposal of biosolids will be scheduled in the third and fourth quarters.

- **Utilities** – This category expended \$5.1 million or 48.8% of the budget. The slight favorable variance was due to reduced purchases of generated power due to fuel cell maintenance during the first two quarters. Grid electricity usage was higher but was offset by the second quarter average of \$0.116/kWh compared to the budgeted rate of \$0.120/kWh. Also reducing the overall category variance was natural gas expense with the rate averaging \$0.503/therm compared to the budgeted rate of \$0.80/therm.
- **Capital** - Total project expenditures through the end of the second quarter were \$20.4 million or 39.1% of the \$52.2 million amended budget. Approximately 54.4% of the quarter to date project costs are related to Recycled Water and 33.8% are related to Regional Wastewater capital pr
- **Debt Service** – Total financial and debt service expenses were \$28.4 million or 68.4% of the \$41.6 million budget through the second quarter, mainly due to the timing of the debt repayment such as the 2005A Bond retirement of \$16.2 million paid in November. Interest rate for the 2008B Variable Rate Demands Bonds continues to stay below the budgeted 1% rate, the average year to date actual rate is .046%.

More detailed explanations of significant revenue and expenses are included in the attached Exhibit A.

FUND BALANCES AND RESERVES

Total fund balance for the year ended June 30, 2014 was \$151.1 million. The net result through the end of the second quarter is a decrease in total fund balance of \$20.0 million resulting in an ending fund balance of \$131.1 million.

GOALS AND OBJECTIVES

Exhibit B provides information on division and related department goals and objectives and the status of each through the end of the second quarter. The goals and objectives indicators are measures used to track the volume and complexity of work by type and to track the effort invested to accomplish that work. Staff will use the indicators to justify current resource allocations, requests for additional resources or re-allocation of staff and to track productivity.

BUDGET TRANSFERS AND AMENDMENTS

Exhibit C presents a summary of O&M budget transfers, total of \$31,000, approved by management during the second quarter. Exhibit D includes a list of budget transfers and amendments between capital and O&M projects by fund. Total capital project budget transfers of \$3.0 million were completed in the second quarter. The Regional Operations (RO) fund requested \$1.8 million, Regional Capital (RC) fund requested \$0.4 million, Recycled Water (WC) fund requested \$0.4 million, and the remaining transfers were requested by the General Administrative

(GG) and the Non-Reclaimable (NC) funds. Total O&M project budget transfers of \$0.5 million were primarily in RO (\$0.2 million) and WW Funds (\$0.1 million).

Additionally, FY 2014/15 Adopted Budget included \$400,000 of General Manager (GM) Contingency Account in the RO Fund and \$100,000 in the GG Fund to support unexpected and necessary expenses. As of the end of first quarter, \$100,000 from GG Fund and \$84,000 from RO Fund of the GM Contingency Account has been utilized to support the following activities: \$53,000 for the Water Discovery program, \$50,000 for WateReuse Research Foundation pledge, \$50,000 to cover fees related to the MWH TCE feasibility study, \$1,000 to cover labor related to the Wastewater Facilities Update and CEQA project, and \$30,000 in legal litigation.

The budget variance analysis report is consistent with the Agency's business goal of *Fiscal Responsibility*; to demonstrate the Agency appropriately funded operational, maintenance, and capital costs.

PRIOR BOARD ACTION

The Board reviewed the Agency's variance report for FY 2014/15 First Quarter Ending September 30, 2014, on December 17, 2014.

IMPACT ON BUDGET

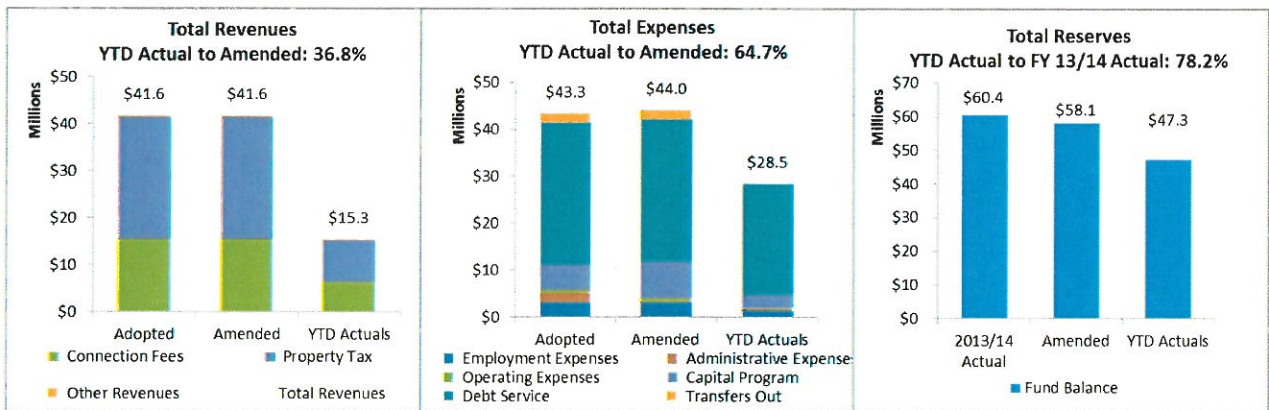
The net shortfall in total revenues over total expenses in the amount of \$20.0 million results in a total estimated fund balance of \$131.1 million in quarter ended December 31, 2014.

**Attachment A:
FY 2014/15 Financial Overview of Agency's programs**

FY 2014/15 Total Revenues, Expenses, and Fund Balance -

Regional Wastewater Capital Improvement (RC) Fund

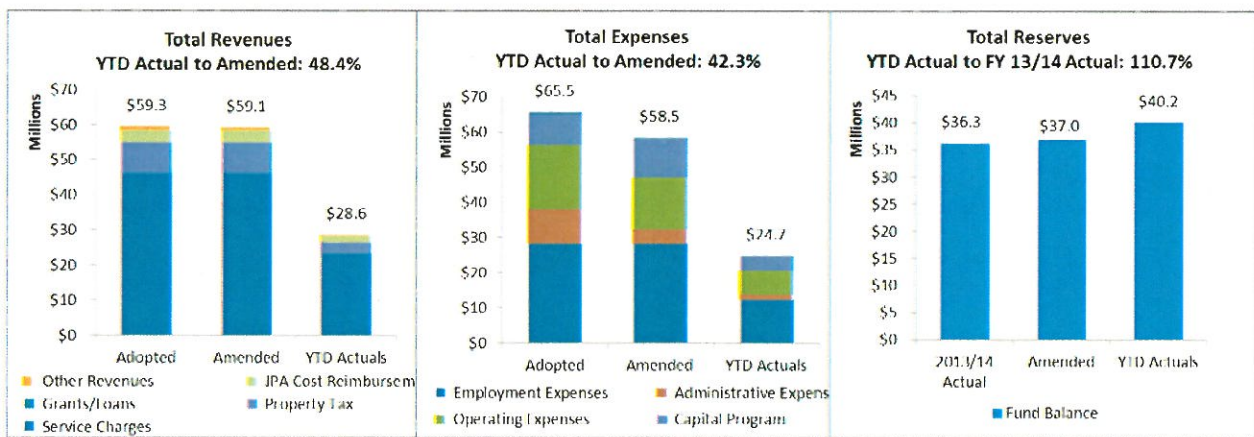
- Second quarter year-to-date fund balance decrease of \$13.1 million compared to the FY 2013/14 ending fund balance was primarily due to payment of the 2005A Revenue Bond retirement paid November 2014, coupled with low property tax revenue receipts in the first half of the fiscal year.



FY 2014/15 Total Revenues, Expenses, and Fund Balance -

Regional Wastewater Operations and Maintenance (RO) Fund

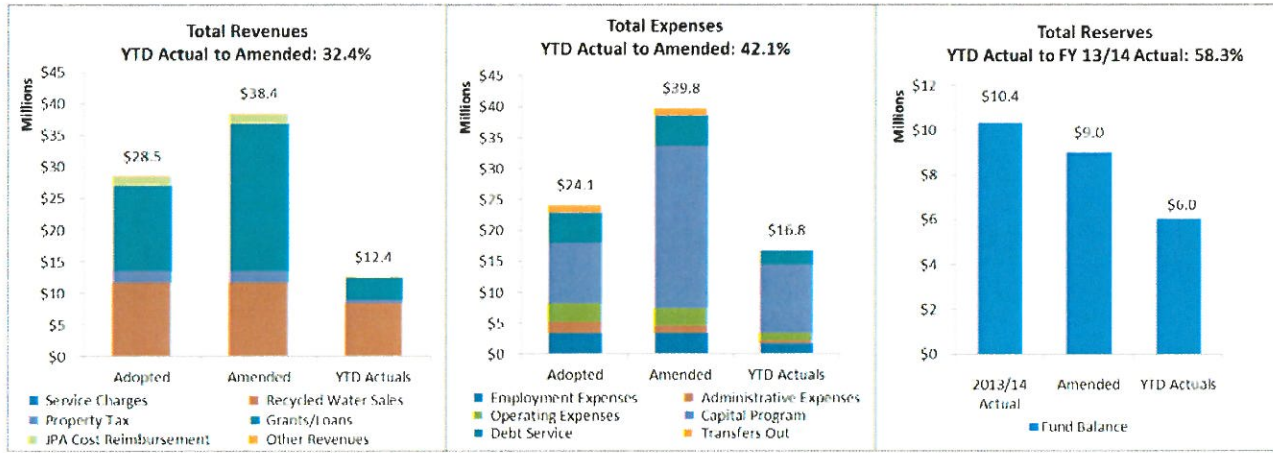
- Second quarter year-to-date fund balance increase of \$3.9 million compared to the FY 2013/14 ending fund balance was primarily due to delayed execution of capital Replacement and Rehabilitation (R&R) and O&M projects.



FY 2014/15 Total Revenues, Expenses, and Fund Balance –

Recycled Water (WC) Fund

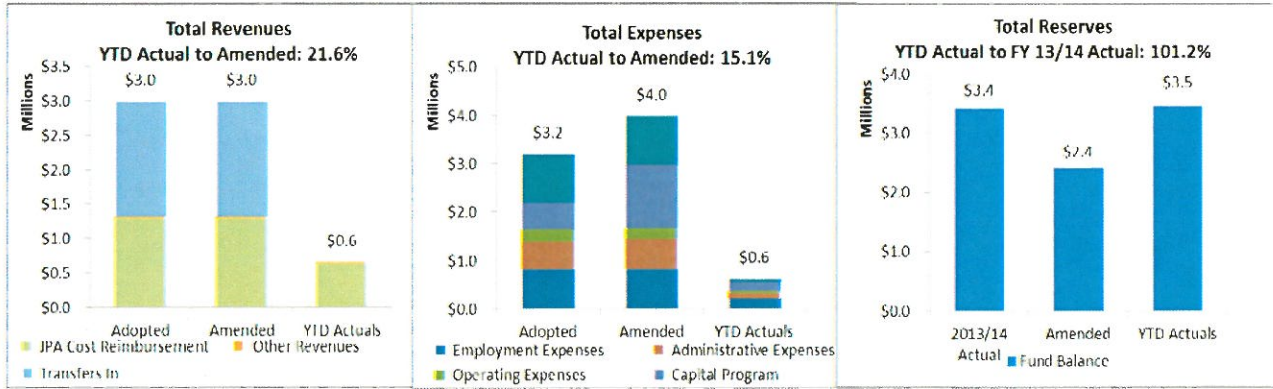
- Second quarter year-to-date fund balance decrease of \$4.4 million compared to the FY 2013/14 ending fund balance was primarily due to timing of the property tax revenue and lower SRF loan receipts due to delays in Central/Wineville project costs.



FY 2014/15 Total Revenues, Expenses, and Fund Balance –

Recharge Water (RW) Fund

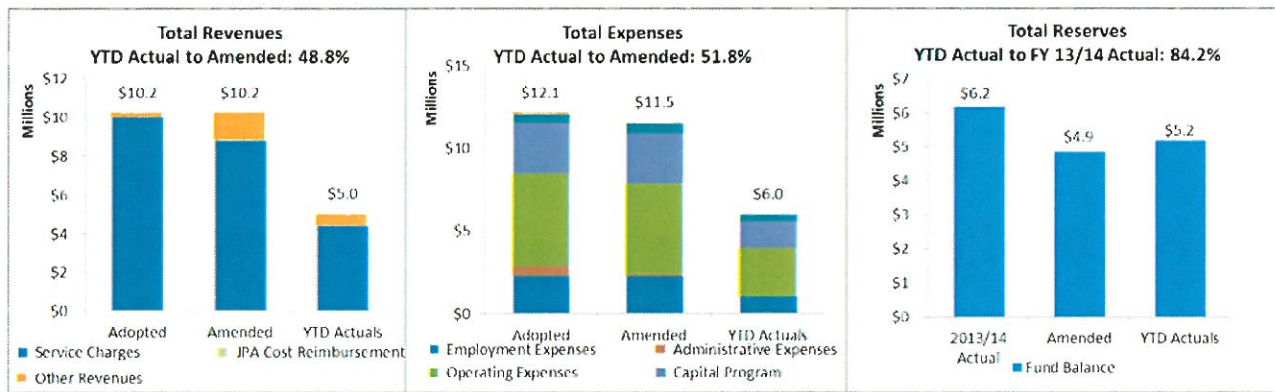
- Second quarter year-to-date fund balance increase of \$0.1 million compared to the FY 2013/14 ending fund balance, was due to lower capital and debt service costs.



FY 2014/15 Total Revenues, Expenses, and Fund Balance –

Non-Reclaimable Wastewater (NC) Fund

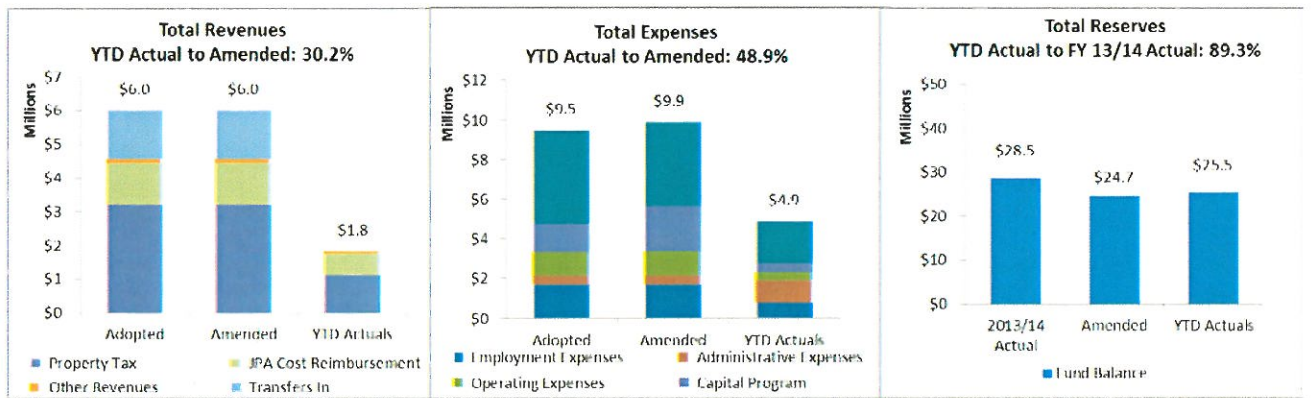
- Second quarter year-to-date fund balance decrease of \$1.0 million compared to the FY 2013/14 ending fund balance was primarily due to lower capital and O&M expense in the first half of the fiscal year.



FY 2014/15 Total Revenues, Expenses, and Fund Balance –

Administrative Services (GG) Fund

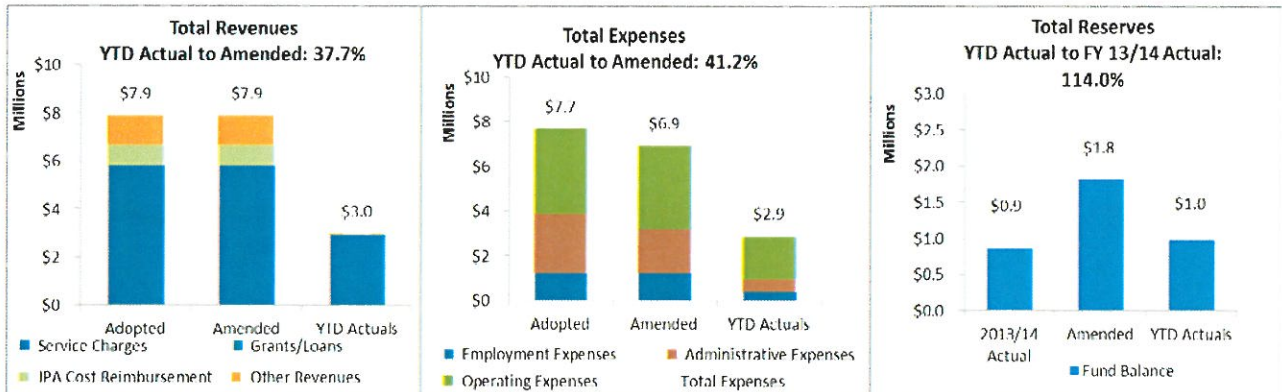
- Second quarter year-to-date fund balance decrease of \$3.0 million compared to the FY 2013/14 ending fund balance was primarily due to the timing of property tax receipts, which is the key revenue source for this fund, will be received in quarters three and four.



FY 2014/15 Total Revenues, Expenses, and Fund Balance –

Water Resources (WW) Fund

- Second quarter year-to-date fund balance increase of \$0.1 million compared to the FY 2013/14 ending fund balance was primarily due to contributions and sponsorships expense and other contract service expense not being fully utilized during the first two quarters. An increase in both expense items are projected bringing them in-line with budget in the following quarters.



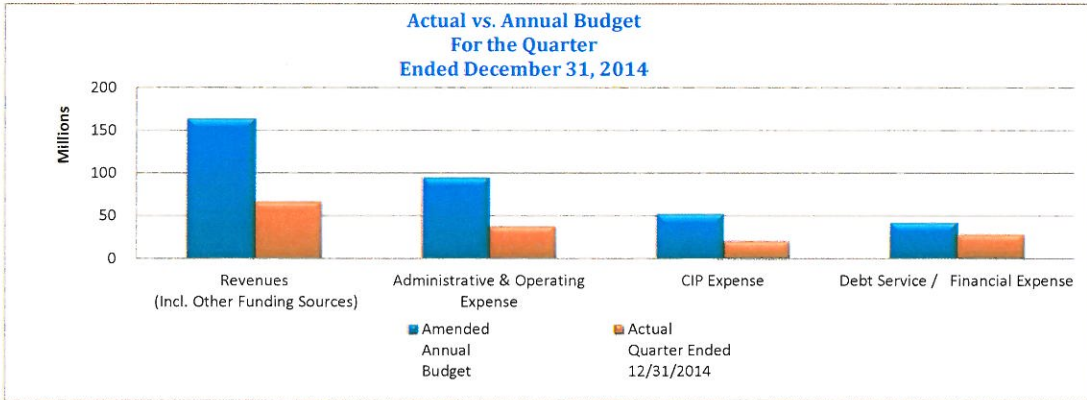


I. Actual vs. Budget Summary:

Second Quarter December 31, 2014

% of the Year Elapsed: 50%

	Adopted Annual Budget	Amended Annual Budget	Actual Quarter Ended 12/31/2014	Amended vs. Actual	% of Amended Budget
Operating Revenues	\$82,996,623	\$82,996,625	\$42,969,277	(40,027,348)	51.8%
Non-Operating (Other Sources of Fund)	70,436,544	80,558,184	23,823,313	(56,734,871)	29.6%
TOTAL FUNDING SOURCES	153,433,167	163,554,809	66,792,590	(96,762,219)	40.8%
Administrative & Operating Expense	(91,015,073)	(95,062,947)	(37,612,332)	57,450,614	39.6%
CIP Expense	(29,314,800)	(52,240,546)	(20,412,783)	31,827,763	39.1%
Debt Service / Financial Expense	(41,966,339)	(41,966,339)	(28,794,777)	13,171,562	68.6%
TOTAL USES OF FUNDS	(162,296,212)	(189,269,831)	(86,819,892)	102,449,939	45.9%
Surplus/(Deficit)	(8,863,045)	(25,715,022)	(20,027,301)	5,687,720	77.9%



2. Actual Revenue vs. Budget:

	Adopted Annual Budget	Amended Annual Budget	Actual Quarter Ended 12/31/2014	Amended vs. Actual	% of the Year Elapsed: 50% % of Amended Budget
Operating Revenues:					
User Charges	\$61,812,614	\$61,812,614	\$30,759,831	\$31,052,783	49.8%
Recycled Water Sales	9,502,500	9,502,502	6,488,903	3,013,599	68.3%
MWD LPP Rebate	2,079,000	2,079,000	1,802,431	276,569	86.7%
Property Tax - O&M	3,216,278	3,216,278	1,105,602	2,110,676	34.4%
Cost Reimbursement	5,437,786	5,437,786	2,614,330	2,823,456	48.1%
Interest	948,445	948,445	198,181	750,264	20.9%
OPERATING REVENUES	82,996,623	82,996,625	42,969,277	40,027,348	51.8%
Non-Operating Revenues:					
Property Tax - Debt, Capital, Reserves	\$36,987,196	\$36,987,196	\$12,714,420	\$24,272,776	34.4%
Connection Fees	\$15,321,000	\$15,320,999	\$6,273,882	\$9,047,117	40.9%
Grants & Loans	13,394,355	23,301,249	3,511,828	19,789,421	15.1%
Other Revenue	4,733,993	4,948,740	1,323,184	3,625,556	26.7%
NON-OPERATING REVENUES	70,436,544	80,558,184	23,823,313	56,734,871	29.6%
Total Revenues	\$153,433,167	\$163,554,809	\$66,792,590	\$96,762,219	40.8%

User Charges	User charges were \$30.7 million, or 49.8% of the Amended Budget. This category includes EDU volumetric fees of \$24.2 million, \$3.6 million Non-Reclaimable wastewater fees paid by industrial and commercial users connected to the brine line system; \$2.4 million for water meter service charge to meet our Readiness-to-Serve obligation from MWD and water use efficiency programs; and \$0.5 million for imported potable water surcharge.
Property Tax/ AdValorem	General ad-valorem property tax receipts from the San Bernardino County Tax Assessor are \$13.8 million, or 34.4% of budget for the second quarter. RDA pass through payments are due from the County in January and June.
Recycled Water Sales	Actual direct and recharged recycled sales water at the end of the second quarter were \$6.5 million or 68.3% of budget. 14,556 AF of Direct delivery and 4,781 AF GWR delivery. Total deliveries of 19,337 AF compares favorably to the direct and recharge recycled water budget of 32,000 AF. A wet winter season may impact future deliveries due to reduced demand for recycled water and limit the recharge deliveries to groundwater basins.
Interest Income	Interest Income is approximately 20.9% of the annual budget due to a lower interest rate of return of .046% compared to the budgeted interest rate of .50%.
MWD LPP Rebates	MWD LPP rebate is budgeted at \$2.1 million or \$154/AF for direct recycled water deliveries up to 17,000 AFY, excluding the initial 3,500 AFY. Total rebate revenue is \$1.8 million for 11,704 AF of credit, or 86.7% of total budget through the second quarter.
Connection Fees	Member agencies reported a total of 1,231 new connections, \$6.3 million in new EDU connection fees or 40.9% of budget, compared to the annual budget of \$15.3 million (3,000 new EDU connections).

Grants and Loans	Total receipts were \$3.5 million or 15.1% of the budget, \$0.2 million grants and \$3.3 million of loan proceeds from SWRCB for the Recycled Water Southern and Central/Wineville Area projects. Amended budget of \$23.3 million consists of \$20.0 million from the Clean Water State Revolving Fund (CWSRF) Program and \$3.3 million from SWRCB/USBR Water Recycling Program for the Southern and Central/Wineville Area projects.
Cost Reimbursements JPA	Total cost reimbursements were \$2.6 million or 48.1% of the annual budget. Category actual includes reimbursements of \$1.7 million from the Inland Empire Regional Composting Authority (IERCA), \$0.7 million from Chino Basin Desalter Authority (CDA), and \$0.2 million from Chino Basin Watermaster (CBWM). Total cost reimbursement budget of \$5.4 million, includes \$1.2 million from CDA, \$3.5 million from IERCA, and \$0.7 million from CBWM for the O&M portion.
Other Revenues	Total other revenues were \$1.3 million or 26.7% of the annual budget. Revenues include \$0.6 million for the recovery of the deferred 4R capital charges from Non-Reclaimable (NC) fund and \$0.2 million from lease revenue for the RP-5 Solids Handling Facility, \$0.5 million for items such as project cost reimbursements, energy rebates and gain on the sale of assets. The total other revenue budget of \$2.9 million, includes \$1.2 million from Non-Reclaimable Wastewater Fund (NC), \$1.2 million inter-fund loan transfer from Water Resource (WW) fund, and \$0.5 million of annual lease revenue.

3. Actual Operating and Capital Expense vs. Budget:

	Adopted Annual Budget	Amended Annual Budget	Actual Quarter Ended 12/31/2014	Amended vs. Actual	% of the Year Elapsed: 50%
Operating Expenses:					
Employment	\$40,890,683	\$40,890,683	\$17,794,470	\$23,096,213	43.5%
Admin & Operating	50,124,390	54,172,264	19,817,862	\$34,354,402	36.6%
OPERATING EXPENSES	\$91,015,073	\$95,062,947	\$37,612,332	\$57,450,615	39.6%
Non-Operating Expenses:					
Capital	29,314,800	52,240,546	20,412,783	\$31,827,763	39.1%
Debt Service and All Other Expenses	41,966,339	41,966,339	28,794,777	\$13,171,562	68.6%
NON-OPERATING EXPENSES	\$71,281,139	\$94,206,885	\$49,207,560	\$44,999,325	52.2%
Total Expenses	\$162,296,212	\$189,269,831	\$86,819,892	\$102,449,940	45.9%

Employment Expense *Employment - 43.5%*
 This category includes both wages and benefits. Employment expenses through the second quarter were \$17.8 million or approximately 43.5% of Amended Budget. The favorable variance was due to a higher than anticipated vacancy factor. A total of 23 positions were vacant and an additional 15 were on hold at the end of the quarter, equivalent to a 13.1% vacancy factor which exceeds the Agency's budgeted rate of 5.0%.

Administrative & Operating Expense *Office and Administrative - 12.9%*
 The favorable variance was mainly due to deferral of computer software licensing, office supplies, recruitment expenses, training, travel related expenses, and avoided election expenses. Training in 3rd quarter includes wastewater, contracts and procurement, and operator certification renewals. This category also includes the GM contingency budget which currently has 60% of budget remaining.

Professional Fees & Services - 25.7%
 Favorable variance was due to timing of contract services to be performed, in the subsequent months items such as lab sampling, contract labor for services such as aeration system evaluation and foul air flow measurements, cleaning and repair of groundwater basins, headquarter asphalt repair and painting, and heavy operations housekeeping. Other items which account for the favorable variance include: external audit, actuarial services, landscaping, security and computer system support.

Materials & Supplies/Leases/Contribution - 32.9%
 The favorable variance was mainly due to the delay of materials and supply purchases. In the following quarters purchases are expected for item such as disaster preparation supplies, promotional items to promote Earth Day and Solar Cup challenge, and purchase of two groundwater field vehicles.

Biosolids Recycling - 42.5%
 Favorable variance was due to the delay of disposal of biosolids due to lab testing and cleaning of the digester. Biosolids disposal is currently being scheduled and will take place during the third and fourth quarters.

Chemicals - 41.3%
 Chemicals usage was below budgeted projections due to installation of 24 new CL2 analyzers which reduced the need for additional solutions and chemicals, and seasonal variations were responsible for lowered sodium bisulfite usage. Iron sponge media purchases are anticipated to increase in the 3rd and 4th quarters due to the installation of redundant iron sponge tanks at RP-1.

Operating Fees - 53.2%
 Operating fees spending is higher than Q2 spending expectations. Due to an increase in TSS and BOD expense in north system. Also contributing to the unfavorable variance, a majority of annual NPDES and AQMD permit fees were paid during the second quarter.

Utilities - 48.8%
 Utilities are just slightly below budget as of the end of Q2. Electricity costs were higher than anticipated for the second quarter as purchases from the grid increased due to lower fuel cell PPA purchases which has been under going maintenance during the first two quarters. However, the increased usage was offset by the actual average of \$0.116/kWh compared to the budgeted rate of \$0.120/kWh. Also offsetting the higher energy costs was natural gas expense, with actual average rate of \$0.503/therm compared to the budgeted rate of \$0.80/therm.

Special and Reimbursable Projects - 10.1% and 22%

Special and reimbursable project expenditures are below budget. Combined actual costs were \$1.1 million or 12.7% of the amended budget of \$8.5 million. The table below provides a summary of the major projects and current status.

Financial Expenses

Financial Expense - 68.4%

Total debt service and financial expenses were \$28.4 million through the second quarter, the variance is mainly due to the timing of debt repayment. During the second quarter, the final installment of \$16.2 million was paid to retire the 2005A bonds, resulting in the over budget status of this category. The category is expected to remain slightly below budget in the final quarter of the year if the interest rate on the 2008B Variable Rate Demand Bonds continues to stay below the 1% budgeted rate, the average year to date actual rate is 0.046%.

Capital Expense

Capital Costs - 39.1%

Capital expenditures through the second quarter were approximately \$20.4 million. Recycled Water projects accounted for approximately 54.4% of costs through the second quarter and 33.8% are related to Regional Wastewater projects. Listed below is a brief status report on some of the major projects currently under construction.

Summary of major capital and special project expenses and status as of December 31, 2014

Capital Project		Amended FY 2014/15	YTD Expenditure	Budgeted Amount Remaining
EN13023	930 Zone Recycled Water Reservoir 80% of the budget was expended by the end of the second quarter. The purpose of the project is to provide storage in the Southern Service Area and increase pump station capacities. Currently the project is in construction. Last month sewer repair, appurtenances, and street resurfacing on Foxglove were completed. All construction is complete, currently final testing is underway, the project is scheduled to be complete in March 2015.	Capital Projects	5,999,432	1,530,312
EN13038	RP-1 Outfall Relocation & Upsizing Less than 1% of the budget was expended by the end of the second quarter. This project includes the relocation of an existing 30-inch RP-1 Outfall recycled water pipeline outside of its easement into public right-of-way. Due to increasing capacity demand from the City of Ontario, the pipeline will be upgraded to a 72-inch pipeline. Pipe delivery and excavation and grading are to be complete in January, project is expected to be completed in June 2015.	Capital Projects	12,457	5,187,543
EN06025	Wineville Extension Recycled Water Pipeline 69% of the budget was expended by the end of the second quarter, a budget is expected to go to the Board in February in anticipated of heavy construction activities. The project is to construct a 24 and 20 inch recycled water pipeline from the Wineville Recycled Water Pipeline at Jurupa and Wineville to the RP-3 basins at Beech and Jurupa. The pipeline is located in the cities of Ontario and Fontana. The project consists of approximately 24,000 lineal feet of pipe and will serve recycled water customers as well as provide recycled water for ground water recharge at the RP-3 and Declez Basins. Construction and permitting are currently underway for this project and the project is estimated to be completed in July 2015.	Capital Projects	2,242,658	994,092
EN13045	Wineville Extension Recycled Water Pipeline Segment B 14% of the budget was expended by the end of the second quarter. The project involves the installation of 2.8 miles of 30" recycled water pipeline in addition to the associated appurtenances. This project is in conjunction with EN06025. Currently permitting and construction are in progress. In December notification to residents and pipe delivery along Marlay was completed, during January installation of pipe is expected. This project is estimated to be complete in July 2015.	Capital Projects	417,839	2,582,161
EN13054	Montclair Lift Station Upgrades 18% of the budget was expended by the end of the second quarter. The project will work to eliminate the ragging problem at the Montclair Pump Station that arose due to additional flow diverted to RP-1. The project is currently in the construction phase. HVAC redesign has been completed and the complete bypass and outage plan is being finalized. Coordination with SCE should result in an early SCE cut-over. Construction is projected to be finished in March 2015.	Capital Projects	467,920	2,109,911
EN11035	Philadelphia Pump Station Upgrades 87% of the budget was expended by the end of the second quarter. The project will mitigate problems at the pump station including walls and floor surfaces that will be recoated with a strong resin. Construction is complete and thirty day operational tests are being performed. Project completion is expected in February 2015.	Capital Projects	1,232,262	178,480
EN14012	RP-2 Drying Beds Rehabilitation 26% of the budget was expended by the end of the second quarter. The project includes the design, procurement, and installation of drying bed improvements and temporary provisions for dewatering. The project is currently in construction and recent activities include grading of the west side drying beds, projects expected to be completed by April 2015.	Capital Projects	326,719	951,560

O&M & Reimbursable Projects		Amended FY 2014/15	YTD Expenditure	Budgeted Amount Remaining
WR15022	Water Use Assessments 0% of the budget was expended by the end of the second quarter. A DWR grant, to help offset costs, is expected to be awarded sometime between March and June 2015 once the grant has been approved the project is expected to begin. The project will identify water efficiency programs and tools to evaluate municipal water use assessments. This will help identify high water users to target with necessary conservation programs.	O&M Projects	-	800,000
PA15001	Underground Piping Rehabilitation 0% of the budget was expended by the end of the second quarter. This project is an annual appropriation for the rehabilitation or repair of the Agency's underground assets. This includes pipes vaults, channels, and process galleries.	O&M Projects	-	500,000
EP15001	RP-1/RP-2 Digester Cleaning Project 0% of the budget was expended by the end of the second quarter. The project involves the removal of solids from Wastewater Treatment Facility Digesters to allow for better processing, a reduction of equipment failures, and improvement in process performance. Digester cleaning services contract will be awarded in February 2015 with estimated project completion by fiscal year end.	O&M Projects	-	630,000
WR15005	Residential Landscape Device Retrofit 20% of the budget was expended by the end of the second quarter. This program is a continuation of the regional landscape audit and monitoring program. The project is a grant-funded program from SAWPA / DWR. New work for the project began in July, and to date there have been 103 sites retrofitted with 158 weather-based irrigation controllers and 2,179 high efficiency nozzles installed. The Residential Landscape Device Retrofit program will continue through FY 2016/17.	Reimbursable Proje	81,840	318,160
WR14003	Wastewater Facilities Update and CEQA 53% of the budget was expended by the end of the second quarter. The project includes analysis on future uses of RP-2 and RP-5 solids handling facilities and expansion to the WWTPs, the Recycled Water Program, Recharge Program, Energy Program, and Water Resources Program.	O&M Projects	214,659	187,044

INLAND EMPIRE UTILITIES AGENCY
Fiscal Year 2014/15
CONSOLIDATED BUDGET VARIANCE ANALYSIS REPORT
Second Quarter December 31, 2014

	Adopted FY 2014/15 Annual Budget	Amended FY 2014/15 Annual Budget	YTD Actual	YTD Variance	YTD % Budget Used
<u>OPERATING REVENUES</u>					
User Charges	\$61,812,614	\$61,812,614	\$30,759,831	(\$31,052,783)	49.8%
Recycled Water	9,502,500	9,502,502	6,488,903	(3,013,599)	68.3%
MWD LPP Rebates	2,079,000	2,079,000	1,802,431	(276,569)	86.7%
Property Tax - O&M	3,216,278	3,216,278	1,105,602	(2,110,676)	34.4%
Cost Reimbursement from JPA	5,437,786	5,437,786	2,614,330	(2,823,456)	48.1%
Interest Revenue	948,445	948,445	198,181	(750,264)	20.9%
TOTAL OPERATING REVENUES	\$82,996,623	\$82,996,625	\$42,969,277	(\$40,027,348)	51.8%
<u>NON-OPERATING REVENUES</u>					
Property Tax - Debt, Capital, Reserves	\$36,987,196	\$36,987,196	\$12,714,420	(\$24,272,776)	34.4%
Connection Fees (CCRA)	15,321,000	15,320,999	6,273,882	(9,047,117)	40.9%
Grants	2,320,000	3,337,654	211,709	(3,125,945)	6.3%
SRF Loan Receipts	11,074,355	19,963,595	3,300,119	(16,663,476)	16.5%
Project Reimbursements	1,969,220	1,969,220	415,978	(1,553,242)	21.1%
Other Revenue	2,764,773	2,979,520	907,206	(2,072,314)	30.4%
TOTAL NON OPERATING REVENUES	\$70,436,544	\$80,558,184	\$23,823,313	(\$56,734,871)	29.6%
TOTAL REVENUES	\$153,433,167	\$163,554,809	\$66,792,590	(\$96,762,219)	40.8%
<u>ADMINISTRATIVE and OPERATING EXPENSES</u>					
EMPLOYMENT EXPENSES					
Wages	\$22,295,053	\$22,295,053	\$11,407,942	\$10,887,111	51.2%
Benefits	18,595,630	18,595,630	6,386,528	12,209,102	34.3%
TOTAL EMPLOYMENT EXPENSES	\$40,890,683	\$40,890,683	\$17,794,470	\$23,096,213	43.5%
ADMINISTRATIVE EXPENSES					
Office & Administrative	\$1,513,247	\$2,177,860	\$280,749	\$1,897,112	12.9%
Insurance Expenses	739,000	739,000	303,169	435,831	41.0%
Professional Fees & Services	7,651,114	8,905,404	2,289,833	6,615,571	25.7%
O&M Projects	3,939,500	6,647,348	674,634	5,972,714	10.1%
Reimbursable Projects	1,158,750	1,856,628	408,641	1,447,987	22.0%
TOTAL ADMINISTRATIVE EXPENSES	\$15,001,611	\$20,326,241	\$3,957,025	\$16,369,215	19.5%

INLAND EMPIRE UTILITIES AGENCY
Fiscal Year 2014/15
CONSOLIDATED BUDGET VARIANCE ANALYSIS REPORT
Second Quarter December 31, 2014

	Adopted FY 2014/15 Annual Budget	Amended FY 2014/15 Annual Budget	YTD Actual	YTD Variance	YTD % Budget Used
OPERATING EXPENSES					
Material & Supplies/Leases	\$2,985,473	\$3,555,895	\$1,170,425	\$2,385,470	32.9%
Biosolids Recycling	3,633,660	3,607,924	1,535,114	2,072,810	42.5%
Chemicals	4,629,380	4,779,463	1,973,688	2,805,775	41.3%
CSDLAC & SARI, Operating Fees/Water	13,349,199	11,371,674	6,044,713	5,326,961	53.2%
Utilities	10,525,067	10,531,067	5,136,897	5,394,170	48.8%
TOTAL OPERATING EXPENSES	\$35,122,779	\$33,846,023	\$15,860,837	\$17,985,186	46.9%
TOTAL ADMINISTRATIVE and OPERATING EXPENSES	\$91,015,073	\$95,062,947	\$37,612,332	\$57,450,614	39.6%
<u>NON-OPERATING EXPENSES</u>					
CAPITAL OUTLAY	\$29,314,800	\$52,240,546	\$20,412,783	\$31,827,763	39.1%
FINANCIAL EXPENSES					
Principal, Interest and Financial Expenditures	41,572,489	41,572,489	28,421,503	13,150,986	68.4%
OTHER NON OPERATING EXPENSES	393,850	393,850	373,274	20,576	94.8%
TOTAL NON-OPERATING EXPENSES	\$71,281,139	\$94,206,885	\$49,207,560	\$44,999,325	52.2%
TOTAL EXPENSES	\$162,296,212	\$189,269,831	\$86,819,892	\$102,449,939	45.9%
REVENUES IN EXCESS/ (UNDER) EXPENSES	(\$8,863,045)	(\$25,715,022)	(\$20,027,301)	(\$5,687,722)	
FUND BALANCE SUMMARY					
Beginning Balance, July 01	\$146,164,676	151,081,114	\$151,081,114	\$0	
Surplus/ (Deficit)	(8,863,045)	(25,715,022)	(\$20,027,301)	(5,687,722)	
ENDING BALANCE, June 30	\$137,301,631	\$125,366,092	\$131,053,814	\$5,687,722	

Business Goals & Objectives Report By Department

2/18/2015

Department: ALL
Report Month: January : Year: 2015

Goal ID	FY Start	Reporting Required	Division	Bus. Goal	Work Plan	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
Contracts and Facilities Services													
10	FY 2014/15	Quarterly	Finance and Administration	A	Continue commitment to cost containment for operating and capital costs	June-2015	Increase of 5% in cost savings	Warren Green	January	2015	On Schedule	No	Cost savings of \$202,244 was realized in the second quarter of FY 2014/15.
25	FY 2014/15	Quarterly	Finance and Administration	A	Conduct or participate in a consortium to compile performance measures for agencies across the state that will serve as a benchmarking tool to drive awareness of strengths and opportunities for improvement by June 2016	June-2015	Increase in performance measurements.	Warren Green	January	2015	On Schedule	No	Staff attended the cooperative purchasing meeting on October 14, 2014, hosted by EMWD. Staff benchmarked Planning, Engineering and Maintenance staff to identify items that might fit with a cooperative purchase. A follow-up meeting is set for January 19, 2015, at IEUA's Event Center.
25	FY 2014/15	Quarterly	Finance and Administration	A	Conduct or participate in a consortium to compile performance measures for agencies across the state that will serve as a benchmarking tool to drive awareness of strengths and opportunities for improvement by June 2016	June-2015	Increase in performance measurements.	Warren Green	January	2015	On Schedule	No	Approximately 54 percent of purchase orders issued during the first half of FY 2014/15 were processed within CAP's service level objectives lead-time.
69	FY 2014/15	Quarterly	Finance and Administration	C	Identify and participate in organizations that advance the Agency's mission, vision and key initiative	July-2015	Attend at least 5 training sessions/meetings for CAPPO and ARMA.	Warren Green	January	2015	On Schedule	No	CFS staff continues to participate in their professional associations, attending relevant training when practical to ensure staff keeps up with best practices.
19	FY 2014/15	Quarterly	Finance and Administration	A	Transition to a biennial budget beginning July 1, 2015	July-2015	50% of newly issued applicable contracts	Warren Green	January	2015	On Schedule	No	
19	FY 2014/15	Quarterly	Finance and Administration	A	Transition to a biennial budget beginning July 1, 2015	July-2015	50% of newly issued applicable contracts	Warren Green	January	2015	On Schedule	No	Contracts staff continues to discuss the benefits of managed spend with our customers, seeking longer term, multi-year fixed priced contracts. Staff negotiated several amendment extensions through December 2016, over the last quarter.

Goal FY ID	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
103	FY 2014/15 Quarterly	Finance and Administration	F	Ensure Agency programs promote environmental stewardship, sustainability, and preservation of heritage measures, utilizing green procurement and reuse of surplus materials, equipment, and parts when possible	Identify educational opportunities for environmentally friendly facilities and landscapes.	June-2015	Increase educational signage for Agency facilities where accessible by the public by 15%.	Warren Green	January	2015	On Schedule	No	Signage is being identified for the park in partnership with the External Affairs Department for the Water Discovery Program and public tours. This will be a multi-phase project that will lead into the next fiscal year. Signage for the new HQ A frontage landscape is being determined and will be reviewed by the External Affairs Department. Regional Plant No.5 frontage will have new location signage to stay consistent with the current aesthetic from Regional Plant No.4. This design will be incorporated into the Beautification Project benchmark. Partnered with the External Affairs Department to create educational signage for the Regional Plant No. 5 for educational tours.
105	FY 2014/15 Quarterly	Finance and Administration	B	Ensure staff understands and upholds their role in achieving the Agency's Mission, Vision, and Values	Conduct Agency training on department processes that are in line with the Agency's M/V's.	July-2016	Conduct at least 3 sessions for 3 related topics.	Warren Green	January	2015	On Schedule	No	Staff has completed training on the Email Management through Managed Folders. RM staff is on target for the 3/15/2015 "Go Live" target date.
105	FY 2014/15 Quarterly	Finance and Administration	B	Ensure staff understands and upholds their role in achieving the Agency's Mission, Vision, and Values	Conduct Agency training on department processes that are in line with the Agency's M/V's.	July-2016	Conduct at least 3 sessions for 3 related topics.	Warren Green	January	2015	On Schedule	No	Staff is collaborating with Maintenance to deliver refresher training and lesson's learned from recent procurements.
108	FY 2014/15 Quarterly	Finance and Administration	C	Replace the legacy Document Management System to ensure it meets Agency-wide and regulatory public records requirements and eliminates redundant archiving systems by December 2015	Implement the new Document Management System and the Agency's taxonomy.	July-2016	Reduce time spent on production of records by improving the location and retrieval time by 20%.	Warren Green	January	2015	On Schedule	No	The RFP review of consultants for the ECM project has begun. Consultant scheduled to begin ECM project roadmap on March 9th. RM staff will present Taxonomy project to Agency managers at the managers meeting in February.
112	FY 2014/15 Quarterly	Finance and Administration	F	Develop a communication plan to promote being a good neighbor by June 2015	Ensure all current and future landscaping, and new facilities are in cooperation with current LEED and water-efficiency programs and advancements.	June-2015	100% of new landscaping design and material along with facility design are measured against programs.	Warren Green	January	2015	On Schedule	No	The Agency-wide Beautification project is moving forward with RP-4 portion getting completed to meet the projects standards. The design and install of the new water-efficient landscape for HQ A was completed in December 2014. The RP-5 water-efficient landscape design is 70% complete with the first review completed by internal staff stakeholders.

Engineering

Goal FY ID Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
95	FY 2014/15 Quarterly	Engineering, Planning and Science	E	Provide engineers training to understand business aspects of capital projects and increase engineering consultant design services in lieu of in-house designs to complete more projects in a shorter timeframe by July 2015	Provide high quality project management for the completion of Capital Improvement Projects	FY 2014/15	Design Schedule on time >=80% Complete Construction Schedule on time >=80% Project Costs within initial Total Project Budget >=90% Initial Fiscal year Project Budget >=90% All Expenditures as a Percentage of Forecasted Expenditures >=50% Change Orders as a percentage of initial contract award value <=10%	Majid Karim	January	2015	On Schedule	No	Completed Design Schedule on time = 75% Completed Construction Schedule on time = 77% Project Costs within initial Total Project Budget = 86% Project Costs within initial Fiscal year Project Budget 29% All Expenditures as a Percentage of Forecasted Expenditures = 74% Change Orders as a percentage of initial contract award value = 15%
2	FY 2014/15 Monthly	Engineering, Planning and Science	E	Conduct Lesson's Learned sessions to evaluate key construction implementations	Review and evaluate all projects for best practices that can be applied to future projects	Monthly	10x/year = 90%	Majid Karim	January	2015	On Schedule	No	1 Session: RP2 Digester No 4 Dome Improvements, Gary Dix
Finance and Accounting													
6	FY 2014/15 Quarterly	Finance and Administration	A	Integrate projects identified in the long range financial planning documents, such as the Facilities Wastewater Master Plan, Technology Master Plan, Energy Plan, and the Integrated Resources Plan, into the operating and capital budget by July 2016	Work with pertinent departments in identifying projects from various master plan and integrated into the respective program budget	December - April	None	Javier Chagoyen -	January	2015	On Schedule	No	Worked with Planning and Compliance Department and consultants in the development of Water rate structure, reviewing and analyzing data and reports provided by consultants
8	FY 2014/15 Quarterly	Finance and Administration	A	Continue commitment to cost containment for operating and capital costs	Collaborate with various department in identifying cost containment items and monitoring the performance through regular budget variance review	Throughout the fiscal year	None	Javier Chagoyen -	January	2015	On Schedule	No	Reviewed with Division/departments on FY 2014/15 First quarter budget variances and presented the analysis report to the board in December 2014
Internal Audit													
12	FY 2014/15 Quarterly	Agency Management	A	Continue commitment to cost containment for operating and capital costs	Promote a strong control environment by conducting independent and objective audits of Agency operations where the focus and audit scope includes identifying areas and providing recommendations for cost containment, effectiveness and efficiency in operations and opportunities to improve and areas of cost	On-going and through the Audit Committee and the Board during the Annual Audit Plan presentation	Completed planned and scheduled audits. Feedback from stakeholders.	Teresa Velarde	January	2015	On Schedule	No	Completed scheduled audits and On-going. Audits approved by the Board through the Annual Audit Plan are in progress as scheduled.

Goal FY ID Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
16	FY 2014/15 Quarterly	Agency Management	A	Amend the Regional Sewerage Service Contract to provide more flexibility in the use of property taxes by July 2015	Complete the Regional Contract Review and provide recommendations to improve the consistent and fair application of the Regional Contract requirements among all Agencies. Additionally, provide recommendations to Agency management to improve and clarify clauses and requirements of the contract to negotiate a new contract going forward. Complete the evaluation of the connection and monthly sewer rate calculations, as well as Exhibit J application, processes and procedures, supporting documentation, to determine if these meet the intent and requirements of the contract.	Complete by December 2014.	Board of Director filing of the final report by December 2014.	Teresa Velarde	January	2015	On Schedule	No	On-Schedule and on-going. Completed 4 of the 7 member agency audits and have documented results in audit reports submitted to the Board and Executive Management. Continuously provide updates and information related to audit findings. IA continues to work with the remaining 3 member agencies.
34	FY 2014/15 Quarterly	Agency Management	B	Ensure staff understands and upholds their role in achieving the Agency's Mission, Vision, and Values	Promote a strong control environment by conducting independent, objective audits of Agency operations where the scope of the audits incorporate evaluating that Agency processes and systems comply with the Agency's Mission, Vision, Values, best practice operations, processes and programs, as well as senior management input, as the criteria against which to measure performance and results. Internal Audits are to provide an independent and objective opinion, and feedback on how closely the criteria, Agency policies, procedures, including Mission, Vision and Values are met, followed or understood. Provide recommendations to the appropriate personnel where to address gaps identified.	On-going. Through the audits approved by the Audit Committee and the Board	Feedback from auditees, senior/Executive Management, the Audit Committee Advisor, and the Audit Committee and/or Board of Directors.	Teresa Velarde	January	2015	On Schedule	No	IA has 3 professional senior-level internal auditors that uphold the values of the Institute of Internal Auditors and the values of IEUA. Internal Audits are to provide an independent and objective opinion, and feedback on how closely the criteria, Agency policies, procedures, including Mission, Vision and Values are met, followed or understood. Provide recommendations to the appropriate personnel where to address gaps identified.

Goal FY ID Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
35	FY 2014/15 Quarterly	Agency Management	B	Ensure staff understands and upholds their role in achieving the Agency's Mission, Vision, and Values	Consult and assist all levels of staff, management and Executive Management by providing audit recommendations to improve efficiencies and comply with Agency policies and procedures, as well as for improvement of practices, to strengthen controls, and incorporate best practices. Assist in providing training or coordinating roundtable discussions with the necessary levels of staff.	On-going. Through the audits approved by the Audit Committee and the Board	Feedback from auditees, senior/Executive Management, the Audit Committee Advisor, and the Audit Committee and/or Board of Directors.	Teresa Velarde	January	2015	On Schedule	No	The IAD is composed of very professional auditors that understand the value of the work and quality of work to the organizations. Internal auditors consult and assist all levels of staff, management and Executive Management by providing audit recommendations to improve efficiencies and comply with Agency policies and procedures, as well as for improvement of practices, to strengthen controls, and incorporate best practices. Assist in providing training or coordinating roundtable discussions with the necessary levels of staff.
38	FY 2014/15 Quarterly	Agency Management	B	Develop a plan to conduct a feedback study to measure employee satisfaction by December 2014	Perform a survey of auditee/customer satisfaction at the conclusion of each audit project to gather information about auditor involvement, professionalism, knowledge and ability to communicate to gain information on continuous improvement.	After each completed audit/project.	Feedback from customers.	Teresa Velarde	January	2015	On Schedule	No	After each audit, hold discussions with the auditees. Quarterly, make presentations to the Audit Committee and assess their satisfaction with the audit results through the discussions.
44	FY 2014/15 Quarterly	Agency Management	B	Uphold a strong internal control environment by conducting independent objective internal and external audits of Agency finances and operations	Per direction or approval by the Audit Committee and Board, and through coordination with senior management, Internal Audit would identify areas "program audits" or areas for audit where the goal and scope are to measure the performance of a program, a process, or a service or compare results to program goals and identify areas for improvement, and make recommendations to improve efficiencies.	Ongoing and through approved audits as approved through the Annual Audit Plan.	Completed audits and feedback from stakeholders.	Teresa Velarde	January	2015	On Schedule	No	Evaluating risk areas and planning/scheduling audits is an on-going process. Per direction or approval by the Audit Committee and Board, and through coordination with senior management, Internal Audit identify areas for audit where the goal and scope are to measure the performance of a program, a process, or a service or compare results to program goals and identify areas for improvement, and make recommendations to improve efficiencies.

Goal FY ID Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
21	FY 2014/15 Quarterly	Agency Management	A	Initiate discussions to revise and renew the Regional Sewerage Service Contract set to expire in 2023 by January 2018	Complete the Regional Contract Review and provide recommendations to improve the consistent and fair application of the Regional Contract requirements among all Agencies. Additionally, provide recommendations to Agency management to improve and clarify clauses and requirements of the contract to negotiate a new contract going forward. Complete the evaluation of the connection and monthly sewer rate calculations, as well as RCA's internal processes and procedures, supporting documentation to determine if these meet the intent and requirements of the contract.	Complete by December 2014.	Board of Director filing of the final report by December 2014.	Teresa Valarde	January	2015	On Schedule	No	Completed the review of 4 of the 7 member agency and provided to-date. 23 audit recommendations to Executive Management to consider in moving forward with amending the contract and in contract administration processes. Continue to work with the remaining 3 member agencies as scheduled.
Laboratory													
9	FY 2014/15 Quarterly	Engineering, Planning and Science	A	Continue commitment to cost containment for operating and capital costs	Evaluate and Implement new technologies for laboratory analyses as they become available.	Ongoing	None	Nel Groenewald	January	2015	On Schedule	No	evaluating BOD calculation option for LIMS
147	FY 2014/15 Once Complete	Engineering, Planning and Science	B	Promote a safer work environment by administering and monitoring required safety and regulatory trainings	Meet the bi-weekly safety fatigue meeting requirement.	All required topics completed by each December.	Document training	Nel Groenewald	January	2015	On Schedule	No	2014 safety fatigates completed by end of calendar year
31	FY 2014/15 Quarterly	Engineering, Planning and Science	A	Annually, promote superior customer service when working internally with colleagues	<ul style="list-style-type: none"> Meet efficient and effective sample turnaround times (TAT) Respond to rush sample requests and special sample requests as needed. 	Daily as needed	Compliance results are approved in LIMS within the following TATs: <ul style="list-style-type: none"> PTSC: average 20 days NPDES: 10th of month following receipt of sample DS-1 & GWR: 10th of month following analyses 	Nel Groenewald	January	2015	On Schedule	No	Meeting all targets. PTSC reporting averaging 16 days, data submitted to CDPH and NPDES on time.
Maintenance													
93	FY 2014/15 Quarterly	Operations	E	Ensure reliability of Agency assets by annually implementing the asset management monitoring and assessment program (Asset Management Plan)	Conduct major condition assessments annually	Complete condition n assessment of underground process piping at RP-1 by end of FY14/15 Complete RP-1 headworks condition assessment by end of the second quarter FY14/15	Complete at least five major condition assessments	Francis Concemino	January	2015	On Schedule	No	RP-1 condition assessment will be performed during the RP-1 headworks rehab, which is currently scheduled in April 2015. Condition assessment of major assets at RP-4 is completed. Condition reports expected from the consultants by end of January 2015. Repair or rehab recommendations will be submitted to Technical Services for review and project prioritization in AMP.
Operations													

Goal FY ID	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
84	FY 2014/15 Quarterly	Operations	D	Develop and implement Water Peak Demand Management Plan to optimize efficient use of recycled water by June 2015	Develop written RW storage and delivery strategies to meet department forecasts of diurnally variable RW supplies and seasonally variable RW demands.	November-2014	Written strategies and forecasts developed by RW and GWR staff by December 1, 2014	Jason Marselles	January	2015	Behind Schedule	No	Operational strategies have been created and SOP's are being created. Draft SOP's are anticipated to be distributed in March 2015 for review by key Agency personnel. Department goal is to have written SOP's for the beginning of the 2015 peak RW season.
85	FY 2014/15 Quarterly	Operations	D	Develop and implement Water Peak Demand Management Plan to optimize efficient use of recycled water by June 2015	Develop RW GWR SCADA improvements that implement the storage and delivery strategies by working the DCS Department	May-2015	System Improvement request to DCS Department by March 15, 2015	Jason Marselles	January	2015	On Schedule	No	The RW system has the ability to operate the RP-4 1158 RWPS, RP-1 1158 RWPS, CCWRF 930 RWPS, and RP-5 800 RWPS in level control mode. This maximizes the amount of RW delivered to the RW distribution system. RW staff is reviewing 2014 peak RW demand operations to develop a list of improvement projects. The list will be reviewed internally by key operations staff in March 2015 and then forwarded to DCS for implementation.
86	FY 2014/15 Quarterly	Operations	D	Develop and implement Water Peak Demand Management Plan to optimize efficient use of recycled water by June 2015	Continue weekly Peak Demand Management Meetings with key operations staff for start of CY2015 Peak Demand season	June 30, 2015	Demand Management meetings scheduled in Outlook by March 31, 2015	Jason Marselles	January	2015	On Schedule	No	Weekly demand management meetings were held through October 2014 with key operations personnel to ensure maximum operation of all Recycled Water facilities. Weekly demand management meetings will continue in April 2015 in preparation for the 2015 peak demand season.
78	FY 2014/15 Quarterly	Operations	D	Optimize IEJA's use of potable and recycled water by July 2016	Establish potable and recycled water baseline monitoring plan for all Agency facilities.	FY 2014/15	One facility per quarter	Matt Melendrez	January	2015	On Schedule	No	Potable water and utility water flow meters are being monitored for RP-5, CCWRF and RP-2.
157	FY 2014/15 Once Complete	Operations	E	Develop a design concept for the proposed South Compost Facility by December 2014	Conduct a feasibility study for the South Compost Facility	Complete feasibility study by September 2014	Not applicable	Jeff Ziegenbein	January	2015	On Schedule	No	Capital improvement projects have been established to add utility water flow meters at RP-1 and RP-4.
101	FY 2014/15 Quarterly	Operations	F	Annually review and update Key Performance Indicators (KPI's) to monitor and comply with all regulatory requirements	Review and update all facility KPI's	FY 2014/15	1 Facility per Quarter	Chander Letulle	January	2015	On Schedule	No	South Compost Facility Feasibility Study was completed and submitted in May 2014.
102	FY 2014/15 Quarterly	Operations	F	Annually review and update the Emergency Response and Operational Plans for all facilities	Support Human Resources and Safety Department in the review and update of the Emergency Response and Operational Plans for all facilities.	FY 2014/15	1 Facility per Quarter	Chander Letulle	January	2015	Behind Schedule	No	Operations KPI's for all facilities were reviewed, standardized and updated. All Operations facility KPI's are monitored daily and reviewed monthly to ensure compliance with regulatory requirements and optimization goals.
98	FY 2014/15 Quarterly	Operations	F	Strive for 100% use of Agency bi-products by 2021	Ensure all treatment standards are met to maximize availability of recycled water	FY 2014/15	Attain 100% NPDES Compliance	Matt Melendrez	January	2015	On Schedule	No	Human Resources established completion of this goal for FY 2015/16. Operations facility specific plans are being developed to support the larger Agency wide Emergency Response Plan. The first Operations plan is for RP-1 and it will be completed by March 2015.
99	FY 2014/15 Quarterly	Operations	F	Strive for 100% use of Agency bi-products by 2021	Maximize use of biosolids by sending 90% of organics to IERCF	FY 2014/15	Send 90% of organics to IERCF	Matt Melendrez	January	2015	On Schedule	No	Based on the Engineering, Planning and Science Department's 2014 Environmental Compliance Incident Report all Operations facilities achieved 100% NPDES Compliance and AOMD Compliance for the 2nd Quarter of FY 2014/15.

Planning and Environmental Compliance

Goal FY ID	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
100	FY 2014/15 Quarterly	Engineering, Planning and Science	F	Lead efforts to advocate for emerging trends and proposed changes to rules and regulations	Active participation into the legislative process through advise letters, comments.	Ongoing	Participate in local water/wastewater/air regulatory and association committee meetings.	Sylvie Lee	January	2015	On Schedule	No	Actively participating and support comments letters as issues arise through organizations such as WaterReuse, ACWA, etc.
96	FY 2014/15 Quarterly	Engineering, Planning and Science	E	Complete an Agency-wide greenhouse gas emission (GHG) baseline assessment using the Climate Registry protocol to allow the Agency to sell credits by July 2016	<ul style="list-style-type: none"> Complete GHG emission baseline Develop GHG reduction plan consistent with the Energy Management Plan Measure GHG reduction (tons CO2 eq/yr) work plan needs to be reworded - agency does not sell credits 	July-2016	Complete the GHG emission baseline July 2014	Sylvie Lee	January	2015	On Schedule	No	Completed
97	FY 2014/15 Quarterly	Engineering, Planning and Science	F	Develop a communication plan to promote being a good neighbor by June 2015	Perform odor monitoring, assist Operations. External Affair during complaints investigation and mitigation	Ongoing	Perform periodic/as needed odor monitoring	Sylvie Lee	January	2015	On Schedule	No	RP-5 SHF odor monitoring conducted weekly
154	FY 2014/15 Once Complete	Engineering, Planning and Science	D	Accelerate implementation of capital projects where appropriate to "drought proof" regional water supplies and optimize use of available federal and state grants and low interest rate financing	Develop project list and implement based on priority	continuous	Keep updated project list and be coordinated with member agencies	Sylvie Lee	January	2015	On Schedule	No	placeholder for identified drought projects titled "local resources resiliency projects" in TYCIP. Dialog to identify and refine projects is ongoing with MA's.
154	FY 2014/15 Once Complete	Engineering, Planning and Science	D	Accelerate implementation of capital projects where appropriate to "drought proof" regional water supplies and optimize use of available federal and state grants and low interest rate financing	Develop project list and implement based on priority	continuous	Keep updated project list and be coordinated with member agencies	Sylvie Lee	January	2015	On Schedule	No	REQUEST for project updates and review sent to member agencies on 07/06/15
155	FY 2014/15 Once Complete	Engineering, Planning and Science	D	Advocate strategies that help anticipate and mitigate the impacts of droughts and climate change on the region	Develop strategies in the IRP	December-2014	Adoption of IRP, ensure the goals of the 2010 UW/MP are met	Sylvie Lee	January	2015	Behind Schedule	No	Estimated completion for IRP is August 2015. Goals and Objectives to be complete by 02/01/15
158	FY 2014/15 Once Complete	Engineering, Planning and Science	F	Complete odor baselines report by June 2015	Coordinate odor survey and develop baseline report	June-2015		Sylvie Lee	January	2015	On Schedule	No	Odor surveys continuing. Odor baseline report in process - draft expected by end of first quarter.
164	FY 2014/15 Once Complete	Engineering, Planning and Science	D	Integrate water supply, water efficiency, storm water management, energy efficiency, water quality and land use measures to promote sustainable watershed management	<ul style="list-style-type: none"> Complete Integrated Resources Plan Complete Water Use Efficiency Business Plan Complete 2015 Urban Water Management Plan Coordinate the implementation of Recharge Master Plan Update Complete the Recycled Water Program Strategy Complete Waste water Facilities Master Plan 	<ul style="list-style-type: none"> Dec 2014 June 2015 June 2016 June 2020 Sep 2014 Sep 2014 	Completion and coordination of said documents	Sylvie Lee	January	2015	On Schedule	No	2015 WUE Business Plan update is approximately 60% complete. Scope of work was expanded in November 2014 and plan completion scheduled has been extended to June 30, 2015. RWPS has been drafted, estimated completion is March 2015. IRP estimated completion is August 2015. UWMP 2015 Guidelines are under development.
81	FY 2014/15 Quarterly	Engineering, Planning and Science	D	Identify and evaluate supplemental water supplies for the region by October 2014	Complete the IRP	December-2014	Completion of the IRP	Sylvie Lee	January	2015	Behind Schedule	No	Additional studies being performed to identify impacts to Chino Basin caused by WUE, water use and changes in basin management. Estimated completion of IRP is August 2015.
82	FY 2014/15 Quarterly	Engineering, Planning and Science	D	Work with other agencies on the implementation of local regional programs to meet the region's goal of reaching 50,000 A/FY of recycled water use by June 2022	Develop planning documents and regulatory permitting strategy to support the implementation plan as identified in the RWPS and IRP	June-2015	Development of Permitting Strategy of the IRP/RWPS	Sylvie Lee	January	2015	On Schedule	No	PEIR of the planning documents will commence at the completion of the IRP. Expected start date of the PEIR is July 2015

Goal FY ID Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
83	FY 2014/15 Quarterly	Engineering, Planning and Science	D	Develop and implement Recycled Water Peak Demand Management Plan to optimize efficient use of recycled water by June 2015	Develop a plan for peak management Work with member agencies to encourage new development to connect to RW	Continuous	Development of plan and member agency communication	Sylvie Lee	January	2015	On Schedule	No	continuing dialogues with member agencies and their customers, as needed to help connect new customers, and support demand management initiatives
70	FY 2014/15 Quarterly	Engineering, Planning and Science	D	Complete update of the Water Use Efficiency Business Plan by December 2014, the Integrated Resources Plan by October 2014, and the Urban Water Management Plan by June 2016	Integrated Resources Plan	December-2014	Adoption of the documents	Sylvie Lee	January	2015	Behind Schedule	No	Water Use Efficiency Scope of Work was expanded, along with added modeling efforts to depict basin management. Estimated completion date is August 2015.
71	FY 2014/15 Quarterly	Engineering, Planning and Science	D	Complete update of the Water Use Efficiency Business Plan by December 2014, the Integrated Resources Plan by October 2014, and the Urban Water Management Plan by June 2016	Urban Water Management Plan	June-2015	Adoption of the documents	Sylvie Lee	January	2015	On Schedule	No	No update, staff attending DWR workshops on development of 2015 guidelines
72	FY 2014/15 Quarterly	Engineering, Planning and Science	D	Complete update of the Water Use Efficiency Business Plan by December 2014, the Integrated Resources Plan by October 2014, and the Urban Water Management Plan by June 2016	Recycled Water Program Strategy	December-2014	Adoption of the documents	Sylvie Lee	January	2015	Behind Schedule	No	Draft document has been developed. Member Agency discussions have been delayed. Plan expected to be finalized and adopted by March 2015
73	FY 2014/15 Quarterly	Engineering, Planning and Science	D	Develop new targets and programs to achieve 20 x 2020 requirement through water use efficiency measures, including improve rate structures, integrate water use into billing, expand outdoor water use efficiency, and increase local use of stormwater by December 2014	Develop tools to target the 2020 requirements	June-2015	226 gpcd by 2015 <200 gpcd by 2018	Sylvie Lee	January	2015	On Schedule	No	Water Use Efficiency Business Plan is approximately 60% complete. Scope of Work was expanded in November and completion date has been extended to June 30, 2015.
77	FY 2014/15 Quarterly	Engineering, Planning and Science	D	Optimize IEUA's use of potable and recycled water by July 2016	Complete the Recycled Water Program Strategy and begin the implementation plan	December-2014	Completion of RWFS	Sylvie Lee	January	2015	Behind Schedule	No	Draft RWFS document has been developed. Member Agency discussions have been delayed. Plan expected to be finalized and adopted by March 2015
92	FY 2014/15 Quarterly	Engineering, Planning and Science	E	Update Wastewater Facilities Master Plan by December 2014 and thereafter every 10 years to ensure timely expansion of Agency facilities to address anticipated regional growth	Update growth forecasts for WWFMP with updated population projections and demand forecast	December-2014	Completion of WWFMP	Sylvie Lee	January	2015	Behind Schedule	No	WWFMP draft to be circulated 1/19/2015 in coordination with T/CIP posting. Expected to be finalized by March 2015
94	FY 2014/15 Quarterly	Engineering, Planning and Science	E	Monitor and integrate the Building Activity Report (BAR) data for actual and projected growth with the Asset Management Plan into regional wastewater planning	Continue to work with RCAs to review and maintain accurate building activity reports.	ongoing	Periodic checks to ensure that the forecasts are consistent with the adopted projections provided in the WWFMP	Sylvie Lee	January	2015	On Schedule	No	Prepared monthly building activity reports and GIS maps.
17	FY 2014/15 Quarterly	Engineering, Planning and Science	A	Begin the nexus study for regional connection fees by January 2015	Conduct the study to evaluate past fees and provide framework for future development	January-2015	Completion of study by Jan 2015	Sylvie Lee	January	2015	Behind Schedule	No	2nd Workshop on 12/11; 3rd Workshop on 1/13; Joint Technical Committee and Water Manager's Meeting 1/28; Regional Technical Committee Meeting 1/29; Policy Committee Meeting 2/5. Tentative rate adoption/study completion scheduled for March 2015
55	FY 2014/15 Quarterly	Engineering, Planning and Science	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Develop long term strategy for permitting of the O&M activities of recharge basins	June-2015	Completion of strategy by Jun 2015	Sylvie Lee	January	2015	On Schedule	No	EC staff is preparing the individual permit application. Task order issued to Tom Dodson in support of Agency staff.

Goal FY ID Start	Reporting Required	Division	Business Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
66	FY 2014/15 Quarterly	Engineering, Planning and Science	C	Identify and participate in organizations that advance the Agency's mission, vision and key initiatives	Attend local and regional meetings such as CASA, SCAP, WaterReuse, SCWC, CWEA, ACWA, etc.	Continuous	Attendance at regular meetings	Sylvie Lee	January	2015	On Schedule	No	Staff continue to participated in meetings.
26	FY 2014/15 Quarterly	Engineering, Planning and Science	A	Integrate and fully fund the Replacement and Rehabilitation (R&R) projects identified in the Agency's Asset Management Plan into the annual capital improvement plan (CIP)	Integrate the Asset Management Plan into the TYCIP	February-2015	Completion of TYCIP by Feb 2015	Sylvie Lee	January	2015	On Schedule	No	TYCIP Draft has been circulated internally and will be posted on IEUA's website by 1/19/15 for IA, Tech & Policy Committee, and Board review and comments.
26	FY 2014/15 Quarterly	Engineering, Planning and Science	A	Integrate and fully fund the Replacement and Rehabilitation (R&R) projects identified in the Agency's Asset Management Plan into the annual capital improvement plan (CIP)	Integrate the Asset Management Plan into the TYCIP	February-2015	Completion of TYCIP by Feb 2015	Sylvie Lee	January	2015	On Schedule	No	TYCIP is on scheduled - draft was posted online in January for the contracting agencies, with adoption in February/March 2015 by the Regional Committees and the IEUA Board
Technical Services													
148	FY 2014/15 Once Complete	Operations	C	Review and update the Asset Management Plan by December 2014	Update the Asset Management Plan annually by incorporating the findings of Condition Assessment reports and documenting changes relating to Agency assets	Complete by December 2014.	Not applicable	Jeff Noelle	January	2015	Behind Schedule	No	The updates to the System Summaries chapter and project lists were completed in December. Updates to remaining chapters are being reviewed. The Fiscal Year 2015/16 AMP will be complete by the end of January.

Inland Empire Utilities Agency
 Inter-Departmental/Division Transfers FY 2014/2015
 O&M Budget Transfers

Fund	Date	O & M Transfer From	Category	Amt Transfer Out	O & M Transfer To	Category	Amount Transfer In	Description	QTR
10300	10/9/14	521050	Contract Materials	\$25,000	512170	O & M Supplies	\$25,000	Transfer requested to cover the costs of the basins repairs. To supplement for water paid to the City of Ontario for Philadelphia Pump Station To supplement for water paid to the City of Ontario for Philadelphia Pump Station	2
10500	11/6/14	512110	Operation Supplies General	\$3,000	545370	Water (Utilities)	\$3,000		
10500	11/6/14	521120	Outside Svcs Security	\$3,000	545370	Water (Utilities)	\$3,000		
			Total O&M Transfers Out	\$31,000		Total O&M Transfers In	\$31,000		

Inland Empire Utilities Agency
Changes in Total Project Budgets: Inter-Departmental/Division Transfers FY 2014/15

Fund	Capital or Spec Proj	Request Date	Total Proj Budget Change (Y/N)?	Annual Proj Budget Change (Y/N)?	New Proj? (Y/N)?	Project Number	Project Title	Adopted Total Project Budget	Prior FY 2014/15 TP Changes	Current Total Project Budget	Amt. of Transfer In / (Out)	New TP Budget	FY 2014/15 Annual Project Budget	Annual Proj Budget Change	New Annual Project Budget	Project Transferred To/(From)	Justification
10200	Capital	11/25/14	Yes	Yes	Yes	FP10200	Financial Planning Forecast	\$2,854,000	(\$36,000)	\$2,918,000	(\$100,000)	\$2,718,000	\$262,000	(\$100,000)	\$162,000	EN15052	Transfer from FP10200 to create new project EN15052 in order to support the department in managing all current and future projects more effectively by giving them flexibility to add more detail to their schedules in Primavera.
						EN15052	Primavera Enhancements	\$0	\$0	\$0	\$100,000	\$100,000	\$0	\$100,000	\$100,000	(FP10200)	
Capital		11/26/14	Yes	Yes	No	IS13030	Server Replacement	\$128,000	\$0	\$128,000	(\$102,000)	\$26,000	\$102,000	(\$102,000)	\$0	IS15012	Transfer from IS13030 to IS15012 to allow staff to replace aging servers now and close the old server replacement project.
						IS15012	Business Network IT Improvements	\$200,000	\$0	\$200,000	\$102,000	\$302,000	\$300,000	\$102,000	\$302,000	(IS13030)	
			Subtotal Administration (GG):														
						EN14040	Jurupa Pump Station HVAC	\$300,000	\$0	\$300,000	(\$114,800)	\$185,200	\$278,881	(\$114,800)	\$164,081	EN12025	Transfer from EN14040 to fund the Kersh settlement and legal fees associated with project EN12025.
10300	Capital	10/14/14	Yes	Yes	No	EN12025	Hickory Basin - Arizona Crossing	\$329,000	\$0	\$329,000	\$114,800	\$443,800	\$0	\$114,800	\$114,800	(EN14040)	
			Subtotal Groundwater Recharge (RW):														
						EN14035	NRW Collection System Repairs-Phase 4	\$850,000	(\$37,100)	\$812,900	(\$50,000)	\$762,900	\$528,882	(\$50,000)	\$478,882	EN15046	Transfer from EN14035 to create new project EN15046 to cover the costs of repair to eight (8) NRW collection system manholes.
10500	Capital	9/15/14	Yes	Yes	Yes	EN15046	NRW Manhole Upgrades	\$0	\$0	\$0	\$50,000	\$50,000	\$0	\$50,000	\$50,000	(EN14035)	
			Subtotal Non-Reclaimable Water (NC):														
						EN15035	Misc. WC Projects	\$850,000	(\$40,000)	\$160,000	(\$120,000)	\$812,900	\$528,882	(\$120,000)	\$400,000	EN15047	Transfer from EN15035 to create new project EN15047 to replace the existing valves at 1630 W PVPWS with new check valves.
10600	Capital	9/23/14	Yes	Yes	Yes	EN15047	1630 W PVPWS Check Valves Replacement	\$0	\$0	\$0	\$120,000	\$120,000	\$0	\$120,000	\$120,000	(EN15035)	
			Subtotal Recycled Water (RC):														
						EN12016	North CDM Lateral	\$210,900	\$0	\$210,900	(\$90,000)	\$120,900	\$100,000	(\$90,000)	\$10,000	EN15049	Transfer from EN12016 to create new project EN15049 to fund the replacement of existing A/s with new pre-purchased A/s at each location (SACP - S-C-B) and to cover the installation of additional fittings and 'fault adjustments.
Capital		9/24/14	Yes	Yes	Yes	EN15049	AV Replacement on SACP - Segment B	\$0	\$0	\$0	\$90,000	\$90,000	\$0	\$90,000	\$90,000	(EN12016)	
			Subtotal Recycled Water (WC):														
						EN13029	Turner 1 Turnout & Deer Creek Drop	\$1,025,000	\$0	\$1,025,000	(\$50,000)	\$975,000	\$524,801	(\$50,000)	\$474,801	EN15050	Transfer from EN13029 to create new project EN15050 to prepare the RFP for design and construction of a surge tank to dampen the surges in the 1299 recycled water pipeline.
Capital		10/16/14	Yes	Yes	Yes	EN15050	Water Pump Station Surge Tank Installation	\$0	\$0	\$0	\$50,000	\$50,000	\$0	\$50,000	\$50,000	(EN13029)	
			Subtotal Recycled Water (WC):														
						EN13029	Turner 1 Turnout & Deer Creek Drop	\$1,025,000	(\$50,000)	\$975,000	(\$50,000)	\$925,000	\$474,801	(\$50,000)	\$424,801	EN15051	Transfer from EN13029 to create new project EN15051 to construct the Splitter Box Modifications and cover management fees of the project for CCWRF.
Capital		10/22/14	Yes	Yes	Yes	EN15051	CCWRF Chlorine Contact Basins Splitter Box Modifications	\$0	\$0	\$0	\$50,000	\$50,000	\$0	\$50,000	\$50,000	(EN13029)	
			Subtotal Recycled Water (WC):														
						WR08020	Misc. Connections & Retrofits	\$34,190,180	(\$100,000)	\$34,090,180	(\$100,000)	\$33,990,180	\$300,000	(\$100,000)	\$200,000	RW15005	Transfer from WR08020 to create new project RW15005 to buy equipment and pay for services needed to create alternatives to prevent midge flies at the recharge basins.
Capital		12/29/14	Yes	Yes	Yes	RW15005	Midgefly Prevention Alternative Project	\$0	\$0	\$0	\$100,000	\$100,000	\$0	\$100,000	\$100,000	(WR08020)	
			Subtotal Recycled Water (WC):														
								\$36,651,080		\$36,651,080		\$36,461,080			\$1,559,602		

Inland Empire Utilities Agency
Changes in Total Project Budgets: Inter-Departmental/Division Transfers FY 2014/15

Fund	Capital or Spec Proj?	Request Date	Total Proj Budget Change (Y/N)?	Annual Proj Budget Change (Y/N)?	New Proj? (Y/N)?	Project Number	Project Title	Adopted Total Project Budget	Prior FY 2014/15 TP Changes	Current Total Project Budget	Amt. of Transfer In/ (Out)	New TP Budget	FY 2014/15 Annual Project Budget	Annual Proj Budget Change	New Annual Project Budget	Project Transferred To/(From)	Justification		
10800	Capital	9/24/14	Yes	Yes	No	EN13016	SCADA Enterprise System	\$10,000,000	\$0	\$10,000,000	(\$500,000)	\$9,500,000	\$1,217,247	(\$500,000)	\$717,247	EN14012	Transfer from EN13016 and EN13049 to support the completion of the construction phase for project EN14012.		
						EN13049	RP-2 Digester No. 4 Dome Improvements	\$1,900,000	\$0	\$1,900,000	(\$150,000)	\$1,750,000	\$502,157	(\$150,000)	\$352,157	EN14012			
						EN14012	RP-2 Drying Beds Rehabilitation	\$1,168,400	\$0	\$1,168,400	\$650,000	\$1,818,400	\$628,279	\$650,000	\$1,778,279	(EN13016 / EN13049)			
Capital	10/1/14	Yes	Yes	No	IS15016	RP-4 ControlNet Replacement	\$112,000	\$0	\$112,000	(\$10,000)	\$102,000	\$112,000	(\$10,000)	\$102,000	IS15014	Transfer from IS15016 to IS15014 because ISS staff under-estimated the hardware cost for IS15014. The project will replace an old component at RP-4 that has failed frequently which results in Operations staff losing control of valves associated with air flow at the plant.			
					IS15014	RP-4 Foundation Field Bus Link Device	\$42,000	\$0	\$42,000	\$10,000	\$52,000	\$42,000	\$10,000	\$52,000	(IS15016)				
Capital	10/15/14	Yes	Yes	No	EN13049	RP-2 Digester No. 4 Dome Improvements	\$1,900,000	(\$150,000)	\$1,750,000	(\$25,000)	\$1,725,000	\$352,157	(\$25,000)	\$327,157	EN14052	Transfer from EN13049 to complete the remaining construction tasks for EN14052 which include automation of the new gate controls for the new west effluent pipeline.			
					EN14052	RP01 Primary Clarifier West Effluent Pipeline Replacement	\$945,000	\$0	\$945,000	\$25,000	\$970,000	\$445,502	\$25,000	\$470,502	(EN13049)				
Capital	10/23/14	Yes	Yes	No	IS15016	RP-4 ControlNet Replacement	\$112,000	(\$10,000)	\$102,000	(\$2,500)	\$99,500	\$102,000	(\$2,500)	\$99,500	IS15017	Transfer from IS15016 to IS15017 to make up the additional costs necessary to upgrade the I/O scanning hardware at RP-4 to a newer and more reliable technology.			
					IS15017	RP-4 Replace Remote I/O Scanner	\$26,000	\$0	\$26,000	\$2,500	\$28,500	\$26,000	\$2,500	\$28,500	(IS15016)				
Capital	10/23/14	Yes	Yes	No	EN15012	RP-1 East Primary Effluent Pipe Rehab	\$750,000	\$0	\$750,000	(\$450,000)	\$300,000	\$600,000	(\$450,000)	\$150,000	EN09021	Transfer from EN15012 and EN15013 to EN09021 for use in funding the construction of the RP-4 Headworks Retrofit so that the project EN09021 can reach completion in this fiscal year.			
					EN15013	RP-1 TWAAS & Primary Effluent Piping Replacement	\$500,000	\$0	\$500,000	(\$250,000)	\$250,000	\$400,000	(\$250,000)	\$150,000	EN09021				
					EN09021	RP-4 Headworks Retrofit	\$2,185,900	\$0	\$2,185,900	\$700,000	\$2,885,900	\$1,030,075	\$700,000	\$1,730,075	(EN15012 / EN15013)				
Capital	12/8/14	Yes	Yes	No	EP14002	Major Facilities Repair FY13/14	\$1,480,000	\$0	\$1,480,000	(\$255,525)	\$1,224,475	\$881,725	(\$255,525)	\$626,200	EP14002	Transfer from EP14002 and PA14004 to EP15002 which will support the RP-1 Head Works Rehabilitation Project, the RP-1 Head Works Bypass Project, and the RP-1 from Sponge Tank Install Project.			
					PA14004	Replace RP-1 Headworks	\$250,000	\$0	\$250,000	(\$197,000)	\$53,000	\$250,000	(\$197,000)	\$53,000	PA14004				
					EP15002	Major Facilities Repair FY14/15	\$4,400,000	\$0	\$4,400,000	\$452,525	\$4,852,525	\$700,000	\$452,525	\$1,152,525	(EP14002 / PA14004)				
Subtotal Regional Operations (RO):																			
												\$25,771,300	\$25,611,300	\$7,289,143	\$7,289,143				

Inland Empire Utilities Agency
 Changes in Total Project Budgets: Inter-Departmental/Division Transfers FY 2014/15

Fund	Capital or Spec Proj	Request Date	Total Proj Budget Change (Y/N)?	Annual Proj Budget Change (Y/N)?	New Proj? (Y/N)?	Project Number	Project Title	Adopted Total Project Budget	Prior FY 2014/15 TP Changes	Current Total Project Budget	Amt. of Transfer In / (Out)	New TP Budget	FY 2014/15 Annual Project Budget	Annual Proj Budget Change	New Annual Project Budget	Project Transferred To/(From)	Justification		
10200	O&M Proj	9/16/14	Yes	Yes	No	EP14003	General Fund Repair	\$50,000	\$0	\$50,000	(\$37,103)	\$12,897	\$39,434	(\$37,103)	\$2,331	PA15008	Transfer from EP14003 to PA15008 to support the tenant improvement / rehabilitation project for the RP-1 Paint Room conversion for a training center.		
						PA15008	Major Asset Repair/ Replacement	\$200,000	\$0	\$200,000	\$37,103	\$237,103	\$200,000	\$37,103	\$237,103	(EP14003)			
Subtotal Administration (GG):																			
								\$250,000		\$250,000		\$250,000	\$239,434		\$239,434				
10600	O&M Proj	11/5/14	Yes	Yes	Yes	EN14023	RW Asset Mgmt Condition Assessments	\$100,000	\$0	\$100,000	(\$25,000)	\$75,000	\$100,000	(\$25,000)	\$75,000	EN15053	Transfer from EN14023 to create new project, EN15053, to determine if IEUA facilities are vulnerable to numerous pressure surges and to install surge protection to prevent future damage to identified "weak zones" in IEUA facilities inside the 1299 zone.		
						EN15053	Risk Mgmt and Surge Analysis of the 1299 Zone	\$0	\$0	\$0	\$25,000	\$25,000	\$0	\$25,000	\$25,000	(EN15053)			
O&M Proj		12/4/14	Yes	Yes	No	WR14020	MWD Foundational Actions Funding	\$174,585	\$0	\$174,585	\$38,000	\$212,585	\$107,407	\$38,000	\$145,407	(O&M - Contract Labor)	Transfer from O&M contract labor to WR14020 to fund professional services contracts for the VVC Inertite Study and the VVC Recharge Enhancement study.		
Subtotal Recycled Water (WV):																			
								\$274,585		\$274,585		\$312,585	\$207,407		\$245,407				
10700	O&M Proj	10/30/14	Yes	Yes	No	WR14011	FY 13/14 Free Sprinkler Voucher Program	\$192,750	\$0	\$192,750	(\$50,300)	\$162,450	\$81,442	(\$30,300)	\$51,142	WR15011	Transfer from WR08010 and WR14011 to WR15011 to amend the existing MOU with Western MWD and to provide 44,203 high efficiency nozzles through the freesprinklenozzles.com program for FY 14/15.		
						WR15011	FY 14/15 Free Sprinkler Voucher Program	\$243,800	(\$143,750)	\$100,050	\$43,750	\$143,800	\$100,000	\$43,750	\$143,750	(WR08010 / WR14011)			
O&M Proj		11/19/14	Yes	Yes	Yes	WR15023	2015 Water Use Efficiency Business Plan Update	\$0	\$0	\$0	\$75,000	\$75,000	\$0	\$75,000	\$75,000	(WW Reserves)	Board approved amendment to create project WR15023 to fund the additional proposals for the Water Use Efficiency Business Plan Updates.		
Subtotal Water Resources (WW):																			
								\$3,484,950		\$3,484,950		\$3,416,200	\$248,720		\$323,720				
10800	O&M Proj	12/8/14	Yes	Yes	No	EN14005	Asset Mgmt Condition Assessments	\$150,000	\$0	\$150,000	(\$50,000)	\$100,000	\$150,000	(\$50,000)	\$100,000	EP15001	Transfer from EN14004 and EN14005 to EP15001 to provide adequate funding for the RP-2 Digester Cleaning project. Projects EN14004 and EN14005 will be closed once the budget transfer is complete.		
						EN14004	Asset Mgmt Master Plan	\$160,000	\$0	\$160,000	(\$160,000)	\$0	\$160,000	(\$160,000)	\$0	EP15001			
						EP15001	RP-1/ RP-2 Digester Cleaning	\$420,000	\$0	\$420,000	\$210,000	\$630,000	\$420,000	\$210,000	\$630,000	(EN14005 / EN14004)			
O&M Proj		12/22/14	Yes	Yes	No	PK11001	Water Discovery Field Program	\$257,050	\$0	\$257,050	\$29,462	\$286,512	\$53,150	\$29,462	\$82,612	(O&M - S21010)	Transfer from RO O&M Budget to PK11001 which was extended into the current fiscal year. The project is eligible for 50% reimbursement from State Parks & Rec Department.		
Subtotal Regional Operations (RO):																			
								\$987,050		\$1,016,512		\$1,016,512	\$783,150		\$812,612				
								O&M Total Project Budget Adopted		\$4,995,585	O&M Total Project Budget Amended		\$4,995,297	Total Annual O&M Project Budget Adopted		\$1,478,711	Total Annual O&M Project Budget Amended		\$1,621,173



Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

FY 2014/15 2nd Quarter Budget Variance Report

Board of Directors

March 18, 2015

Revenue Highlights Actual vs. Amended Budget



GOOD NEWS...

- ❖ **Recycled Water Sales** – \$6.5M, 68.3% of amended budget
 - 19,337 AFY actual vs. 32,000 AFY amended budget

OKAY NEWS...

- ❖ **New EDU Connection Fees** - \$6.3M, 40.9% of amended budget
 - 1,231 new connections compared to budgeted 3,000 units.

NOT SO GOOD NEWS...

- ❖ **Grant and Loan Proceeds** - \$3.5M, 15.1% of amended budget
 - Construction for the Central/Wineville area recycled water projects accounts for the low receipts, project is expected to be complete in July 2015.

Expense Highlights Actual vs. Amended Budget



GOOD NEWS...

- ❖ **Utilities - \$5.1M, 48.8% of amended budget**
 - Lower actual SCE rate of 11.6 cents/kWh versus budgeted rate of 12.0 cents/kWh however usage was increased through the second quarter; also lower natural gas rates, actual average was \$0.503/therm compared to the budgeted rate of \$0.80/therm.
- ❖ **Employment - \$17.8M, 43.5% of amended budget**
 - Weighted average vacancy factor of 13.1%, or 38 FTE's, far above the 5% budgeted rate.

NOT SO GOOD NEWS...

- ❖ **Operating Fees - \$6.0M, 53.2% of amended budget**
 - Increase in TSS and BOD expense in the north system, due to digester clean up activity.

FY 2014/15 Q2 Operating & Non-Operating Net Decrease

(\$Millions)

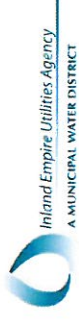


Operating	FY 2014/15 Amended Budget	Quarter Ended 12/31/14	Actual % of Amended
Operating Revenue	\$83.0	\$43.0	51.8%
Operating Expense	\$95.1 ¹	\$37.6	39.6%
Operating Net Increase (Decrease)	(\$12.1)	\$5.4	
Non-Operating	FY 2014/15 Amended Budget	Quarter Ended 12/31/14	Actual % of Amended
Non-Operating Revenue	\$80.6	\$23.8	29.6%
Non-Operating Expense	\$94.2 ¹	\$49.2 ²	52.2%
Non-Operating Net Increase (Decrease)	(\$13.6)	(\$25.4)	

¹Total budget encumbrance carry forward of \$19.3 million from FY 2013/14 to FY 2014/15: \$1.3 million for O&M expenses, \$3.1 million for special projects and \$14.9 million for capital projects.

²Includes debt service of \$28.4 million and capital expenditures of \$20.4 million.

FY 2014/15 Q2 Ending Fund Balance (\$Millions)



Fund Balance	Amended Annual Budget	Quarter Ended 12/31/14	Actual % of Amended
Total Revenue	\$163.6	\$66.8	40.8%
Total Expense	\$189.3	\$86.8	45.9%
Total Net Increase (Decrease)	(\$25.7)	(\$20.0)	
Beginning Fund Balance	\$151.1	\$151.1	
Ending Fund Balance	\$125.4	\$131.1	

FY 2014/15 Budgeted Encumbrance Carry Forward/Return (\$Millions)



- ❖ **2013/14 Budget Carried Forward** – \$19.3M of encumbrances and project budgets were carried forward to FY 2014/15
- ❖ **Budget Returned *** - \$2.5M of unspent or unused carry over budget to be returned in January

	Capital & Special Projects	O&M	Total
Carried Forward – September 2014	\$18.0	\$1.3	\$19.3
Encumbrance Return – January 2015	(\$2.5)	(\$0.02)	(\$2.5)
Total Used or Remaining Encumbrance	\$15.5	\$1.3	\$16.8

*In accordance with Agency Policy A-81 - carry forward encumbrances and budget not expended by December 31st of each year are subject to cancellation.



QUESTIONS?

The budget variance analysis report is consistent with the Agency's business goal of *Fiscal Responsibility*; to demonstrate the Agency appropriately funded operational, maintenance, and capital costs.

**INFORMATION
ITEM**

2C



Inland Empire Utilities Agency

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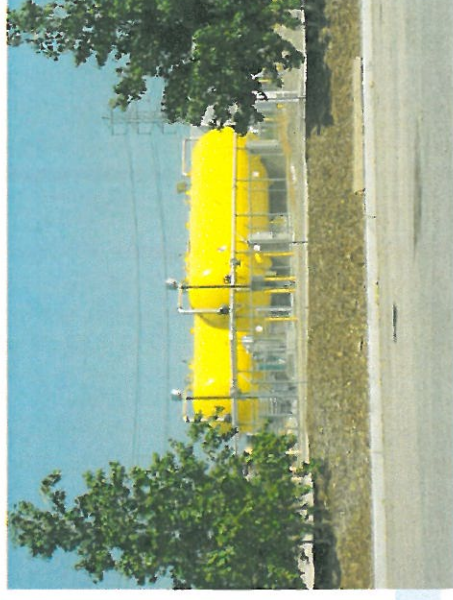
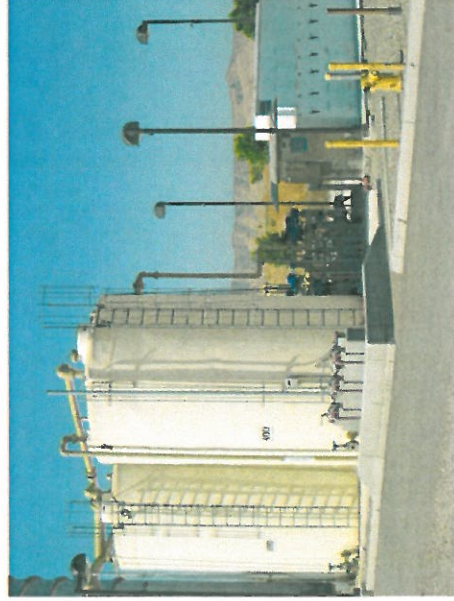
Inland Bioenergy Project Update

March 18, 2015

Sylvie Lee
Manager of Planning &
Environmental Compliance

Lease Overview

- Lessee: Inland Bioenergy, LLC
- Lease Terms = 10/1/2011 – 9/30/2021
- Current Rent = \$51,800/month
- Sale of Electricity
 - Phase 1 = 95% of SCE Rate
 - Phase 2 = 89% of SCE Rate



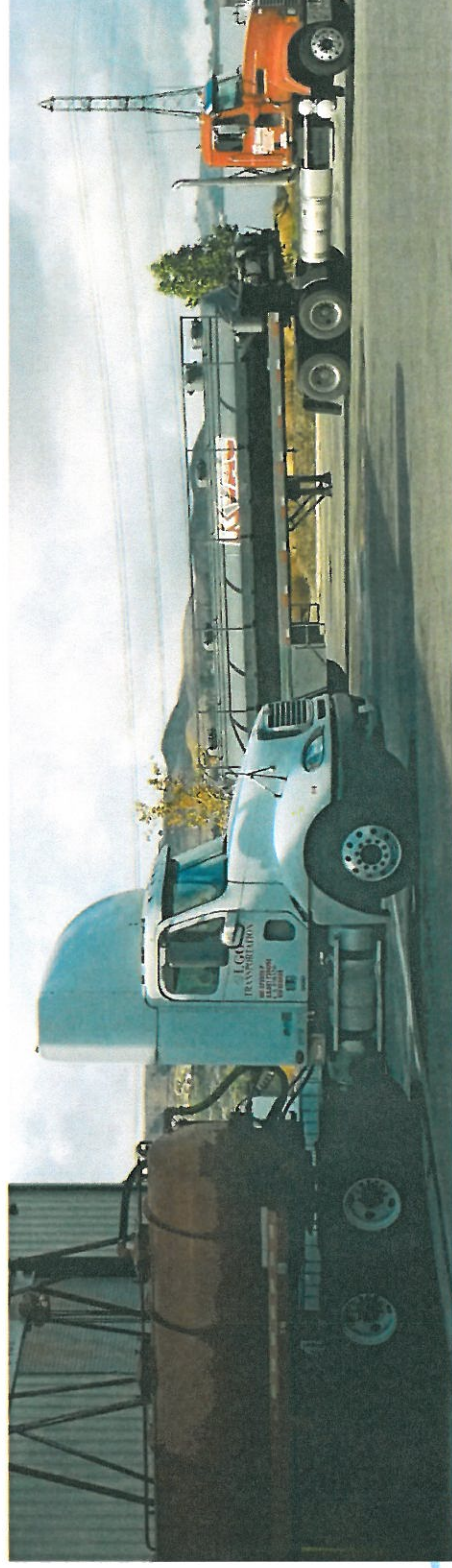
Facility Upgrades Completed

- Mixing and Digester Upgrades
- Tested DODA food waste processing
- Compressor Repair
- New Centrifuge
- Engine Start-up



Current Operations

- Food Waste = 5 - 7 Loads/Day
- Biogas Production \cong 250,000 cft/day
- Electricity Generation
 - SCE Interconnection Agreement (1/14/2015)



Next Steps

- Screening Upgrades
 - Automation REEP Engines Operations
 - Gas Production Increase
 - Post Combustion System Installation
 - Biogas to CNG Pilot Demonstration
- 



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Questions?