



AGENDA

MEETING OF THE BOARD OF DIRECTORS

**WEDNESDAY, MAY 20, 2015
10:00 A.M.**

**INLAND EMPIRE UTILITIES AGENCY*
AGENCY HEADQUARTERS
6075 KIMBALL AVENUE, BUILDING A
CHINO, CALIFORNIA 91708**

CALL TO ORDER **OF THE INLAND EMPIRE UTILITIES AGENCY BOARD OF DIRECTORS MEETING**

FLAG SALUTE

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 are 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. PUBLIC HEARING AND ADOPTION OF ORDINANCE NO. 103

It is recommended that the Board:

1. Hold a Public Hearing to receive public comments prior to the adoption of Ordinance No. 103, establishing water connection fees, classes of water service and regulating the sale and delivery of water; and
2. After closing the Public Hearing, adopt Ordinance No. 103.

2. CONSENT CALENDAR

NOTICE: All matters listed under the Consent Calendar are considered to be routine and non-controversial and will be acted upon by the Board by one motion in the form listed below. There will be no separate discussion on these items prior to the time the Board votes unless any Board members, staff or the public requests specific items be discussed and/or removed from the Consent Calendar for separate action.

A. MINUTES

The Board will be asked to approve the minutes from the April 15, 2015 Board meeting.

B. TREASURER'S REPORT ON GENERAL DISBURSEMENTS

It is recommended that the Board approve the total disbursements for the month of March 2015, in the amount of \$12,608,608.36.

C. ADOPTION OF RESOLUTION NO. 2015-5-3, DECLARING ITS INTENT TO ADOPT THE FY'S 2015/16 AND 2016/17 BUDGETS FOR ALL AGENCY PROGRAMS

It is recommended that the Board:

1. Adopt Resolution No. 2015-5-3, declaring its intent to adopt the FY's 2015/16 and 2016/17 budgets for the Agency's Regional Wastewater, Recycled Water, Non-Reclaimable Wastewater, and Water Resources Programs and fixing time and place of hearing thereon for FY 2015/16; and
2. Set a hearing date, and direct staff to distribute the Resolution to the appropriate agencies in compliance with the Regional Sewage Service Contract.

D. ADOPTION OF RESOLUTION NO. 2015-5-1, PROCEDURES FOR RECORDS RETENTION, DESTRUCTION, AND AMENDMENT OF THE RECORDS RETENTION SCHEDULES

It is recommended that the Board adopt Resolution No. 2015-5-1, procedures for records retention, destruction, and amendment of the records retention schedules.

E. ENGINEERING CONTRACT AWARD FOR THE SAN SEVAINE BASIN RMPU IMPROVEMENTS

It is recommended that the Board:

1. Approve the consulting engineering services contract award for the San Sevaire Basin Recharge Master Plan Update Improvements, Project No. EN13001, to Dudek for the not-to-exceed amount of \$358,828; and
2. Authorize the General Manager to execute the contract.

F. APPROVAL OF A MEMORANDUM OF UNDERSTANDING FOR PARTICIPATION IN THE DEVELOPMENT OF THE SANTA ANA RIVER MULTIPLE SPECIES HABITAT CONSERVATION PLAN

It is recommended that the Board:

1. Approve the Memorandum of Understanding (MOU) between Inland Empire Utilities Agency and San Bernardino Valley Municipal Water District for participation in the development of the Santa Ana River Multiple Species Habitat Conservation Plan to address permitting issues of threatened and endangered species associated with Recharge Master Plan construction projects.
2. Authorize the General Manager to make non-substantive changes and execute the final MOU.

G. RENEWAL OF ASR AGREEMENT WITH MONTE VISTA WATER DISTRICT

It is recommended that the Board:

1. Approve the Aquifer Storage and Recover (ASR) agreement between Monte Vista Water District, Chino Basin Watermaster, and Inland Empire Utilities Agency; and
2. Authorize the General Manager to execute the agreement.

H. AGENCY-WIDE ELECTRICAL TRANSFORMER TESTING SERVICE CONTRACT

It is recommended that the Board:

1. Award Contract No. 4600001860 to Transformer Testing and Repairs, Inc. for the provision to test and analyzing Agency-wide electrical power transformers for a five-year term for the not-to-exceed amount of \$147,675; and
2. Authorize the General Manager to execute the contract.

I. CONTRACT AMENDMENT TO POLYDYNE INC.

It is recommended that the Board:

1. Approve a Contract Amendment No. 4600000676-005 to Polydyne, Inc., extending the contract for one year to supply Flosperse 30S at a fixed unit price of \$0.919/pound, including sales tax and delivery; and
2. Authorize the General Manager to execute the contract amendment.

J. AGENCY-WIDE CONTRACT SERVICES FOR THE REPAIR, REBUILD, OR REFURBISHMENT OF ROTATING MACHINERY

It is recommended that the Board:

1. Approve the award of Contract No. 4600001868 to Superior Electric Motor Service, Inc. to provide repair, rebuild, or refurbishment services of rotating machinery for a total aggregate not-to-exceed amount of \$240,000 over a three-year period, with a one-year option to extend;
2. Approve the award of Contract No. 4600001864 to Vaughan's Industrial Repair, Inc. to provide repair, rebuild, or refurbishment services of rotating machinery for a total aggregate not-to-exceed amount of \$240,000 over a three-year period, with a one-year option to extend; and
3. Authorize the General Manager to execute the contracts.

3. ACTION ITEMS

A. ADOPTION OF RESOLUTIONS FOR RATES/FEEES FOR FISCAL YEARS 2015/16-2019/20, AND REVIEW OF PROPOSED BIENNIAL BUDGET FOR FISCAL YEARS 2015/16 AND 2016/17

It is recommended that the Board:

1. Adopt rate Resolution Nos. 2015-5-4 through 2015-5-7, 2015-5-9, and 2015-5-10, for the Regional Wastewater Operations and Maintenance (RO) fund, Regional Wastewater Capital Improvement (RC) fund, Recycled Water (WC) fund, Water Resources (WW) fund; and
2. Adopt rate Resolution Nos. 2015-5-11 and 2015-5-12, for Fiscal Year 2015/16, equipment rental rates and laboratory fees.

B. COMMERCIAL, INDUSTRIAL, INSTITUTIONAL (CII) TURF REBATE PROGRAM POLICY PRINCIPLES

It is recommended that the Board:

1. Approve the policy principles for the CII Turf Removal Rebate Program; and
2. Authorize staff to execute the required Supplemental Funding Authorization, setting a maximum CII Turf application funding level.

C. ADOPTION OF RESOLUTION NO. 2015-5-8, CALLING FOR SUPPORT OF THE GOVERNOR'S EXECUTIVE ORDER B-29-15

It is recommended that the Board adopt Resolution No. 2015-5-8, calling for support of the Governor's Executive Order B-29-15; Statewide Mandatory Water Reductions to sustain regional water supplies in the Chino Basin.

D. CONSULTING ENGINEERING SERVICES CONTRACT AWARD FOR THE NEW WATER QUALITY LABORATORY

It is recommended that the Board:

1. Approve the consulting engineering services contract award to The Austin Company for the New Water Quality Laboratory, Project No. EN15008, for the not-to-exceed amount of \$1,273,900;
2. Approve a Fiscal Year (FY) 2014/15 budget appropriation in the amount of \$100,000; and
3. Authorize the General Manager to execute the budget appropriation and contract.

E. SANTA ANA RIVER WATERSHED-SCALE CONJUNCTIVE USE PROGRAM

It is recommended that the Board:

1. Approve the foundational principles of the Santa Ana River Watermaster Action Team;
2. Approve the final draft Memorandum of Understanding (MOU) for the Santa Ana River Watershed-Scale Conjunctive Use Program (SARCUP);
3. Authorize the General Manager to make non-substantive changes and execute the final MOU; and
4. Approve, in concept, the submission of a grant application of \$60 million in funding from SAWPA and DWR for projects totaling \$125 million.

F. BIOSOLIDS TRANSPORTATION AND RECYCLING SERVICES CONTRACT

It is recommended that the Board:

1. Approve a two-year contract, with three one-year renewal options, with Viramontes Express, Inc. for biosolids transportation and recycling services for approximately \$500,000 per year (renewals to be adjusted annually using the Consumer Price Index), not to exceed \$3,000,000 for five years; and
2. Authorize the General Manager to execute the contract.

4. INFORMATION ITEMS

A. ENGINEERING AND CONSTRUCTION MANAGEMENT MONTHLY UPDATE (POWERPOINT)

B. MWD UPDATE (ORAL)

RECEIVE AND FILE INFORMATION ITEMS

- C. **TREASURER'S REPORT OF FINANCIAL AFFAIRS (WRITTEN/ POWERPOINT)**
- D. **PUBLIC OUTREACH AND COMMUNICATION (WRITTEN)**
- E. **LEGISLATIVE REPORT FROM INNOVATIVE FEDERAL STRATEGIES (WRITTEN)**
- F. **LEGISLATIVE REPORT FROM WEST COAST ADVISORS (WRITTEN)**
- G. **LEGISLATIVE REPORT FROM AGRICULTURAL RESOURCES (WRITTEN)**
- H. **CALIFORNIA STRATEGIES, LLC MONTHLY ACTIVITY REPORT (WRITTEN)**
- I. **STATE LEGISLATIVE TRACKER (WRITTEN)**
- J. **FY 2015/16 ADOPTED BUDGET FOR INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY (WRITTEN)**
- K. **RP-1 FUEL CELL UPDATE (POWERPOINT)**
- L. **ODOR STUDY (POWERPOINT)**

Materials related to an item on this agenda submitted to the Agency, after distribution of the agenda packet, are available for public inspection at the Agency's office located at 6075 Kimball Avenue, Chino, California during normal business hours.

5. AGENCY REPRESENTATIVES' REPORTS

- A. **SAWPA REPORT (WRITTEN)**
- B. **MWD REPORT (WRITTEN)**
- C. **REGIONAL SEWERAGE PROGRAM POLICY COMMITTEE REPORT (WRITTEN)**
- D. **CHINO BASIN WATERMASTER REPORT (WRITTEN)**

6. GENERAL MANAGER'S REPORT (WRITTEN)

7. BOARD OF DIRECTORS' REQUESTED FUTURE AGENDA ITEMS

8. DIRECTORS' COMMENTS

9. CONFERENCE REPORTS

This is the time and place for the Members of the Board to report on prescheduled Committee/District Representative Assignment meetings, which were held since the last regular Board meeting, and/or any other items of interest.

10. CLOSED SESSION

A. PURSUANT TO GOVERNMENT CODE SECTION 54956.9(a) – CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

1. Chino Basin Municipal Water District vs. City of Chino, Case No. RCV51010
2. Martin vs. IEUA, Case No. CIVRS 1000767
3. Sheilds vs. IEUA, Case No. CIVRS 1301638
4. Desaddi vs. IEUA, Case No. CIVRS 1304617
5. Mwembu vs. IEUA, Case No. CIVDS 1415762
6. Southern California Edison vs. IEUA, Case No. CIVRS 1308595

B. PURSUANT TO GOVERNMENT CODE SECTION 54956.8 – CONFERENCE WITH REAL PROPERTY NEGOTIATOR

1. Property: Water and Pipeline Capacity/Cadiz
Negotiating Party: General Counsel Jean Cihigoyenetché
2. Supplemental Water Transfer/Purchase
Negotiating Parties: General Manager P. Joseph Grindstaff
Under Negotiation: Price and Terms of Purchase

C. PURSUANT TO GOVERNMENT CODE SECTION 54956.9 CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION

1. One (1) Case

D. PURSUANT TO GOVERNMENT CODE SECTION 54957 – PERSONNEL MATTERS

1. Various Positions – Compensation Study
2. Various Positions

E. PURSUANT TO GOVERNMENT CODE SECTION 54957 – PERSONNEL MATTERS – PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Manager of Internal Audit

11. ADJOURN

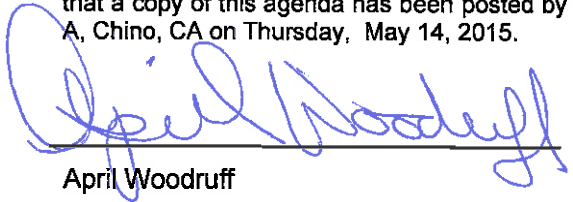
*A Municipal Water District

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

Proofed by: _____

Declaration of Posting

I, April Woodruff, Board Secretary of the Inland Empire Utilities Agency*, A Municipal Water District, hereby certify that a copy of this agenda has been posted by 5:30 p.m. at the Agency's main office, 6075 Kimball Avenue, Building A, Chino, CA on Thursday, May 14, 2015.



April Woodruff

**ACTION
ITEM**

3E

Date: May 20, 2015

To: The Honorable Board of Directors

Through: Public, Legislative Affairs, and Water Resources Committee (05/13/15)
Finance, Legal, and Administration Committee (05/13/15)

From: *PJ* P. Joseph Grindstaff *PJ*
General Manager

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

SL Sylvie Lee *SL*
Manager of Planning and Environmental Resources

Subject: Santa Ana River Watershed-Scale Conjunctive Use Program

RECOMMENDATION

It is recommended that the Board of Directors:

1. Approve the Foundational Principles of the Santa Ana River Watermaster Action Team;
2. Approve the final draft Memorandum of Understanding (MOU) for the Santa Ana River Watershed-Scale Conjunctive Use Program (SARCUP);
3. Authorize the General Manager to make non-substantive changes and execute the final MOU; and
4. Approve in concept the submission of a grant application of \$60 million in funding from SAWPA and DWR for project totaling \$125 million.

BACKGROUND

In 2014, Inland Empire Utilities Agency (IEUA), San Bernardino Valley Municipal Water District (SBVMWD), Eastern Municipal Water District (EMWD), Western Municipal Water District (WMWD), and Orange County Water District (OCWD) formed the Santa Ana River Watermaster Action Team (Team) for the main purposes of developing cooperative plans for SARCUP, a watershed-scale conjunctive use program. Developing phase 1 of SARCUP would be the basis for the 2015 OWOW grant application for \$60 million in DWR funding. Other phases would be the core of future grant opportunities, for example from future State funding from 2014's Proposition 1. Through 2014 and into 2015, the general managers of the Team's

founding agencies developed Foundation Principles and a Memorandum of Understanding (MOU), which are attached to this board letter. The principles and MOU are statements of cooperation to maximize development of local and imported supplies, to collaborate as equitable partners, and to not compete for grants or imported water supplies that can be used for SARCUP. In addition to conjunctive use of the regions aquifers and infrastructure, the Team would also work cooperatively on regional water use efficiency programs and habitat restoration/*Arundo* removal programs. The Team is supported by a consulting team of experts in water supply namely Rich Atwater, Mark Wildermuth, Ed Means, and Bob Ohlund.

In 2015, planning managers for the Team met regularly to develop concepts for infrastructure for a water bank that could be used by all Team members as needed to store water during wet years when there is surplus water in State Water Project and to extract water during dry years when there is a shortage of water. The infrastructure would be available for other uses by their owners when not in use for the water bank. Program elements of the conjunctive use program will form \$90 million of a \$125 million project list in the grant application to SAWPA and DWR. Habitat and conservation within the watershed will comprise \$35 million in projects and programs.

For the 2015 OWOW funding, the Team is preparing a proposal for submission that includes:

Grant Application Costs and Benefits	Supply Benefit	DWR Grant	Local Match ⁽¹⁾	Total Project ⁽¹⁾
Habitat Restoration: Arundo Removal	4,000 AFY	\$ 5M	\$ 5M	\$10M
Water Use Efficiency: Turf Replacement	500 AFY	\$10M	\$20M ⁽²⁾	\$30M
SARCUP Water Bank: Put & Take Facilities	60,000 AFY ⁽³⁾	\$45M	\$40M	\$85M
	64,500 AFY ⁽³⁾	\$60M	\$65M ⁽²⁾	\$125M

(1) All 5 SAWPA member agencies share local match and total costs equally. Agency Local match is \$9M (\$65M total - \$20M MWD / 5 agencies). Local match is 36 cents per 1 dollar in total project costs.
 (2) Cost share includes MWD \$2.00/ square foot turf removal program
 (3) Dry-Year Yield

The benefits and costs of the program will be shared by all Team members. While the OWOW/Proposition 84 DWR funding requires a 25% match, the Team has agreed to pursue the grant application with a match just above 50%. While the groundwater bank will be available for use by all five Team members, it will be located in the four main groundwater basins in upper Santa Ana River watershed (Chino, San Bernardino, Elsinore, and San Jacinto Basins) to facilitate cascading multiple reuses of the waters put into the bank. The created bank will require later filling with water coordinated by the agency desiring the bank's use. Institutional agreements among the Team and governing water management agencies will be required to operate the water bank puts and takes. Puts (deposits) into the bank may be wet water recharge or in lieu deliveries. Takes (withdrawals) from the bank may be from wet water exchanges or paper transfers.

Santa Ana River Watershed-Scale Conjunctive Use Program

May 20, 2015

Page 3 of 4

or in lieu deliveries. Takes (withdrawals) from the bank may be from wet water exchanges or paper transfers.

Within the Chino Basin, proposed SARCUP would include 100,000 AF of storage capacity and up to 35,000 AFY of dry year extraction available to the Action Team agencies. The 2015 proposal will include the following phase 1 water supply elements in the Chino Basin:

- Baseline Feeder extension from Rialto to San Sevaine Creek
- One recharge and two potable intertie on the extended Feeder
- Recharge diversion capacity increases at Jurupa and Montclair Basins
- Recharge turnout on the Devil Canyon-Azusa pipeline
- Well rehabilitations and retrofits for exchanging banked for recycled water

The below table lists the general Phase 1 SARCUP projects and capacities of the bank by basin.

Action Team 2015 OWOW Grant Application Elements	Water Bank Storage	New Dry-Year Yield	New Annual Yield
SARCUP			
Bunker Hill Groundwater Basin	60,000 AF	20,000 AFY	
5 Extraction Wells			
Transmission pipeline			
Expand Redlands PS (add 20 cfs pump)			
Baseline Feeder extension from Rialto to San Sevaine Creek			
San Jacinto Groundwater Basin	19,500 AF	6,500 AFY	
Mountain Ave. West Recharge Basin			
3 Extraction Wells			
Elsinore Groundwater Basin	4,500 AF	1,500 AFY	
2 Dual Use Wells (Injection and Extraction)			
Chino Groundwater Basin	96,000 AF	32,000 AFY	
Baseline Feeder extension from Rialto to San Sevaine Creek			
One recharge and two potable intertie on the extended Feeder			
Recharge diversion capacity increases at Jurupa and Montclair Basins			
Recharge turnout on the Devil Canyon-Azusa pipeline			
Well rehabilitations and retrofits for exchanging banked for recycled water			
Water Use Efficiency			4,000 AFY
Habitat Restoration			500 AFY
Totals	180,000 AF	60,000 AFY	4,500 AFY

PRIOR BOARD ACTION

On May 21, 2014, the IEUA Board approved the Memorandum of Understanding for the Santa Ana River Action Team.

IMPACT ON BUDGET

IEUA would be required to fund \$18 million of the \$125 million in capital improvements, habitat restoration, and water use efficiency programs in the Santa Ana River Watershed, with significant direct costs used in the Chino Basin. IEUA will need to establish \$18 million in funding for these grant projects. Of the \$18 million, 50% would be grant funded by the 2015 OWOW program. The net \$9 million costs to IEUA would be expended over 5 years and would be part of the region's planned drought year projects.

MEMORANDUM OF UNDERSTANDING

This amendment to the May 2014 Memorandum of Understanding ("MOU") to collaborate to identify possible large-scale water supply reliability and water use efficiency projects that could benefit the entire Santa Ana Watershed is executed as of _____, 2015 ("Effective Date"), by and among, Inland Empire Utilities Agency ("IEUA"), Orange County Water District ("OCWD"), San Bernardino Valley Municipal Water District ("Valley District"), Western Municipal Water District ("Western"), and Eastern Municipal Water District ("Eastern"). IEUA, OCWD, Valley District, Western and Eastern are collectively referred to herein as "Parties" and individually as "Party."

RECITALS

- A. On April 17, 1969, the Superior Court entered a Stipulated Judgment as a result of the case of Orange County Water District v. City of Chino, *et al.*, (Case No. 117628-County of Orange), concerning rights of the water users and other entities in the lower area of the Santa Ana River basin downstream of Prado Dam as against those in the upper area tributary to Prado Dam. The Judgment designates the Parties, excluding Eastern, as responsible for representing the interests of the upper and lower areas and gives such agencies the responsibility to fulfill the obligations set forth in the Stipulated Judgment.
- B. Each Party represents a regional water agency that covers the Santa Ana River watershed, and with the exception of Eastern, collectively makes up the Santa Ana River Watermaster created by the Stipulated Judgment.
- C. Although Eastern is not a member of the Santa Ana River Watermaster, the Parties collectively desire to participate in large-scale water supply reliability and water use efficiency projects/programs that benefit the entire Santa Ana Watershed, which projects may only be possible through securing grant funding. The combination of such projects and water resources management programs comprise a Santa Ana River Conjunctive Use Program (SARCUP).
- D. The Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006, commonly known as Proposition 84, authorized over \$1.5 billion for water supply and water quality projects throughout the State of California. The Proposition 84 funding is allocated to various regions with the Santa Ana region receiving a funding allocation of \$114 million.
- E. To date, the state of California has released Proposition 84 funding in two rounds, with \$12 million released in the first round and \$16 million released in the second round. A third round is expected in 2015.
- F. The Water Quality, Supply, and Infrastructure Improvement Act of 2014 (Proposition 1), approved by California voters in November 2014, authorizes \$7.12 billion in general obligation bonds for state water supply infrastructure projects, such as public water system improvements, surface and groundwater storage, drinking water protection, water recycling and advanced water treatment technology, water supply management and conveyance, wastewater treatment, drought relief, emergency water supplies, and ecosystem and watershed protection and restoration. Specific spending proposals in Proposition 1 include:

- \$520 million to improve water quality for “beneficial use,” for reducing and preventing drinking water contaminants, disadvantaged communities, and the State Water Pollution Control Revolving Fund Small Community Grant Fund.
- \$1.495 billion for competitive grants for multi-benefit ecosystem and watershed protection and restoration projects.
- \$810 million for expenditures on, and competitive grants and loans to, integrated regional water management plan projects.
- \$2.7 billion for water storage projects, dams and reservoirs.
- \$725 million for water recycling and advanced water treatment technology projects.
- \$900 million for competitive grants and loans for projects to prevent or clean up the contamination of groundwater that serves as a source of drinking water.
- \$395 million for statewide flood management projects and activities.

These monies are expected to be distributed to worthy projects in the next few years.

G. The Santa Ana Watermaster Committee supports the Parties' desire to explore and identify possible watershed-wide projects, and has unofficially named the Parties the "Santa Ana Watermaster Action Team."

I. The Parties desire to collaborate to secure Proposition 84 and 1 funding and any other available funding for the identification, evaluation and implementation of certain SARCUP projects and any future projects determined by the Parties, all of which will wholly affect and benefit the Santa Ana River Watershed per the Foundational Principles attached as Exhibit A.

J. This MOU may be amended in the future to include other interested public agencies, non-profit organizations and other stakeholders.

Now, THEREFORE, in consideration of the matters recited above and the covenants, conditions and promises contained herein, the Parties agree as follows:

OPERATIVE PROVISIONS

1. **Purpose.** The Parties desire to collaborate in the implementation of SARCUP including any future projects identified by the Parties, concerning large-scale water supply reliability projects that will provide benefits to the entire watershed. Further, the Parties will work together and take such action as may be necessary to secure grants or other necessary funding, including Propositions 84 and 1 funding, to pay for the SARCUP projects selected by the Parties.

2. **Term.** The term of this MOU shall commence on the Effective Date and shall continue until terminated upon the written consent of the Parties. An individual Party may terminate its participation in the MOU at any time without approval of the remaining Parties.

3. **Projects.** The current proposed SARCUP contemplated by this MOU includes the following:

- a. **Habitat Restoration and *Arundo* Removal.** Develops plans and creates habitat for listed species to help offset any "take" associated with water projects and removes *Arundo*, an invasive plant that consumes approximately 4 acre-feet of water per acre.

b. **Regional Conjunctive Use.** Regional conjunctive use is an integrated water resources management strategy that optimizes all sources of water in a coordinated surface and groundwater storage program including water use efficiency best practices in order to maximize the drought reliability of water supplies for the whole Santa Ana River watershed and better manage emergency outages from imported supplies. Agencies in the watershed participate in and receive reliability benefit from regional projects that increase the storage of local stormwater and imported water primarily in wet years for later extraction, treatment and delivery both directly and through in-lieu exchange primarily during dry years.

c. **Economic Based Water Use Efficiency Program.** Develops a set of innovative, best-in-class water conservation tools, new and supplemental incentive programs, and water use efficiency rate structure implementation support that can be applied on a regional basis to help achieve water conservation targets established by the State of California.

4. **Future Projects.** In addition to the SARCUP projects identified in Section 3 above, the Parties will continue, during the term of this MOU, to diligently work together to identify, examine and implement additional SARCUP projects, all of which will be subject to this MOU. The implementation of any SARCUP project, and the associated terms and obligations, will be determined and may be memorialized in a separate written agreement executed by participating Parties.

5. **Contracting Party.** One of Parties will serve as the contracting Party for each of the SARCUP projects contemplated by this MOU. The Parties hereby agree that whichever agency is designated as the contracting Party for the SARCUP project has the authority and power to bind the Santa Ana River Watermaster Action Team within the authority previously established by the Team. The designated Party shall not bind the Team in excess of the previously established authority without prior approval of the Team. The Contracting Party will also provide necessary administrative support for the various SARCUP projects contemplated and/or implemented by the Parties. The Parties agree that the Contracting Party shall have no liability of any kind for acts performed or taken as the contracting party in furtherance of the purpose of this MOU. Selection of the Contracting Party will be done by general consensus and will be ratified by an action of the Contracting Party's Board of Directors.

6. **Obligations of the Parties.** Each Party agrees to cooperate in the fulfillment of the purpose of this MOU and to act in good faith at all times. Exhibit A contains the Foundational Principles of the collaboration. The Parties will be responsible for cost sharing, in such amounts as determined by the Parties, of any costs or fees incurred in connection with the SARCUP projects. The Parties will make every effort to collaborate to identify possible projects that satisfy the intent of this Agreement and further agree to enter into additional agreements and execute documents reasonably necessary to carry out the intent of this MOU.

7. **General.**

a. **Notices.** Any written communication required or permitted to be given hereunder will be deemed received upon personal delivery or forty-eight (48) hours after deposit in any United States mail depository, first class postage prepaid, and addressed to the Party for whom intended as follows:

If to IEUA: Inland Empire Utilities Agency
6075 Kimball Ave.
Chino, CA 91708
Attn: Joe Grindstaff, General Manager

If to OCWD: Orange County Water District
18700 Ward Street
Fountain Valley, CA 92708
Attn: Michael R. Markus, General Manager

If to Valley District: San Bernardino Valley Municipal Water District
3 80 East Vanderbilt Way
San Bernardino, California 92408
Attn: Douglas D. Headrick, General Manager

If to Western: Western Municipal Water District
14205 Meridian Parkway
Riverside, CA 92518
Attn: John V. Rossi, General Manager

If to Eastern: Eastern Municipal Water District
2270 Trumble Road
Perris, CA 92570
Attn: Paul D. Jones II, P.E., General Manager

b. Entire Agreement. This MOU contains the entire agreement between the Parties with respect to the matters herein provided and may only be amended by a subsequent written amendment executed by all the Parties.

c. Counterparts. This MOU may be executed in one or more counterparts, each of which shall be deemed an original but which together shall constitute a single agreement.

d. Signing Authority. Each of the Parties represent that the persons signing this MOU have the appropriate authority to execute this MOU and bind the respective Party to the terms contained herein.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have agreed to execute this MOU as of

Inland Empire Utilities Agency

By: _____

Name: Joe Grindstaff

Its: General Manager

Orange County Water District

By: _____

Name: Shawn Dewane

Its: President, Board of Directors

**San Bernardino Valley Municipal
Water
District**

By: _____

Name: Douglas D. Headrick

Its: General Manager

Western Municipal Water District

By: _____

Name: John V. Rossi

Its: General Manager

Eastern Municipal Water District

By: _____

Name: Paul D. Jones II, P.E.

Its: General Manager

EXHIBIT "A"

Santa Ana River Conjunctive-Use Program (SARCUP)

Foundational Principles

The goals of the SARCUP are to maximize the development and use of local and imported water supplies and to conjunctively manage these local water supplies such that the aggregate yield and water supply reliability generated by the SARCUP is greater than the independent management of these resources. Local supplies include surface water, groundwater, and recycled water originating in the Watershed. Imported supplies include State Water Project (SWP), Colorado River Aqueduct (CRA) water and other supplies that can be imported into the Watershed through SWP, CRA and other facilities. When the total of local and imported supplies exceed demand the surplus supplies will be stored in Watershed groundwater basins, groundwater basins outside the Watershed and potentially surface storage facilities. The basic principles required to build the SARCUP are listed below.

1. **Maximize the Development and Use of Local and Imported Supplies.** Local water supplies will be developed to their maximum potential limited by water rights agreements and permits issued by the State Board. The Parties will maximize their take of imported water by taking as much imported water as is available to them.
2. **Collaborative Management of Unused Storage Space in the Watershed.** Unused storage space in a groundwater basin consists of the volume of unsaturated sediments that is not needed to regulate normal sources of recharge to achieve the current yields of a basin. The maximum unused storage space in the Watershed is about 1,000,000 af and is distributed as follows:
 - Chino Basin – 500,000 af¹
 - Elsinore and Riverside Basins – 60,000 af
 - Orange County Basin – 100,000 af
 - San Bernardino Basin Area (SSBA) – 40,000 af
 - San Jacinto Basin – 300,000 af
3. **There are many projects that can be used to exploit this unused storage to improve water supply reliability and reduce demand on imported-water sources during drought and other periods of reduced local and imported water supplies.** Some of the lower cost and simpler drought/emergency water supply projects are currently known and can be implemented rapidly while the more expensive and complex projects need information to flesh out and time to

¹ IEUA and the Chino Basin and Watermaster have an existing 150,000 storage program included in the 500,000 af space.

develop implementation agreements. A watershed-scale conjunctive-use architecture is proposed herein to facilitate the implementation of the lower cost and simpler projects in the context of the regional need for conjunctive use projects that improve drought/emergency water supply, and to assure that regional benefit of watershed-scale conjunctive-use projects. The Parties propose to:

- Work together to develop and implement conjunctive-use projects that improve water supply reliability by increasing drought/emergency water supply. Such projects will include water conservation measures and habitat improvement activities (e.g. *Arundo* removal) that improve watershed water reliability.
 - Facilitate cooperative use of the unused storage space in the watershed's groundwater basins by identifying storage blocks that will be sequentially developed to increase dry-year yield for the watershed.
 - Conjunctive-use projects will be developed to produce dry-year yield from each storage block with the lowest cost and simplest projects being developed in first storage block and subsequent storage blocks consisting of more expensive and complex projects.
 - The early dry-year yield projects would use exchange agreements and existing conveyance facilities to put water into storage and produce water from storage and convey it to Parties when a dry-year call is made. Subsequent projects may require new conveyance facilities to achieve more aggressive dry-year yield goals.
 - The Parties would conduct planning investigation that result in a watershed-scale conjunctive-use program master plan that would lead to the implementation of conjunctive-use programs with successive storage blocks of unused storage.
 - Use the next round of Proposition 84 funding plus local matching funds to implement the first storage block projects and to develop a master plan for the maximum development of water supplies and conveyance facilities for the utilization of the remaining unused storage space in the watershed.
 - Establish baseline storage levels, recharge and recovery capacity from which to measure dry-year yield performance.
4. **The Parties share equitably for the benefits of the SARCUP.** The benefits and costs of the SARCUP would be allocated based on each Party's relative financial participation.
5. **Water may be stored asymmetrically relative to where the dry-year yield benefits occur.** For example, water may be stored in the Chino and San Jacinto

basins and the water produced from this storage would be distributed to all the participating Parties based on their participation.

6. **Non-compete for grant funding.** A Party(s) that opts out of participating in a new local water supply development project, imported water supply project and or conjunctive-use project will not compete for grant funding from the Proposition 84 funding source and other grant funding sources that the participating Parties are pursuing.
7. **The Parties will not compete for the imported water that can be obtained for the purposes of the SARCUP.** Imported water sources include SWP and CRA water acquired from Metropolitan Water District of Southern California (Metropolitan), SWP water acquired by SBVMWD, Sacramento Valley water acquired by a Party or the Parties and conveyed to the watershed through the SWP, and water produced by future ocean desalination² projects. The Parties will pool their resources, based on their level of participation, to acquire and convey imported water being sought by the SARCUP participants to the watershed for the SARCUP projects.
8. **Recovery of water from storage.** In the initial development of the SARCUP, the Parties that overlie basins with stored SARCUP water would reduce their take of imported water during stored water recovery periods. Imported water deliveries will be reprogrammed from Parties that have direct access to water in storage to Parties that do not have direct access to the SARCUP stored water. This will require exchange agreements that involve the Parties and Metropolitan and others.

In the subsequent expansion of the SARCUP, the Parties will seek to maximize the use of existing regional conveyance facilities to deliver SARCUP water to and from storage and subsequently improve regional conveyance facilities consistent with the SARCUP master plan.

9. **Continue Expansion of the SARCUP.** The Parties will continue to: refine the SARCUP over time adapting to changes in the water supply environment and economic conditions; implement subsequent phases of the SARCUP; and collaborate on the acquisition of grant funding.

² Ocean desalination is characterized herein as imported water as it originates outside what is conventionally referred to as the Santa Ana Watershed.

SANTA ANA RIVER CONJUNCTIVE USE PROGRAM (SARCUP) PHASE 1 PRINCIPLES, MOU, & GRANT APPLICATION



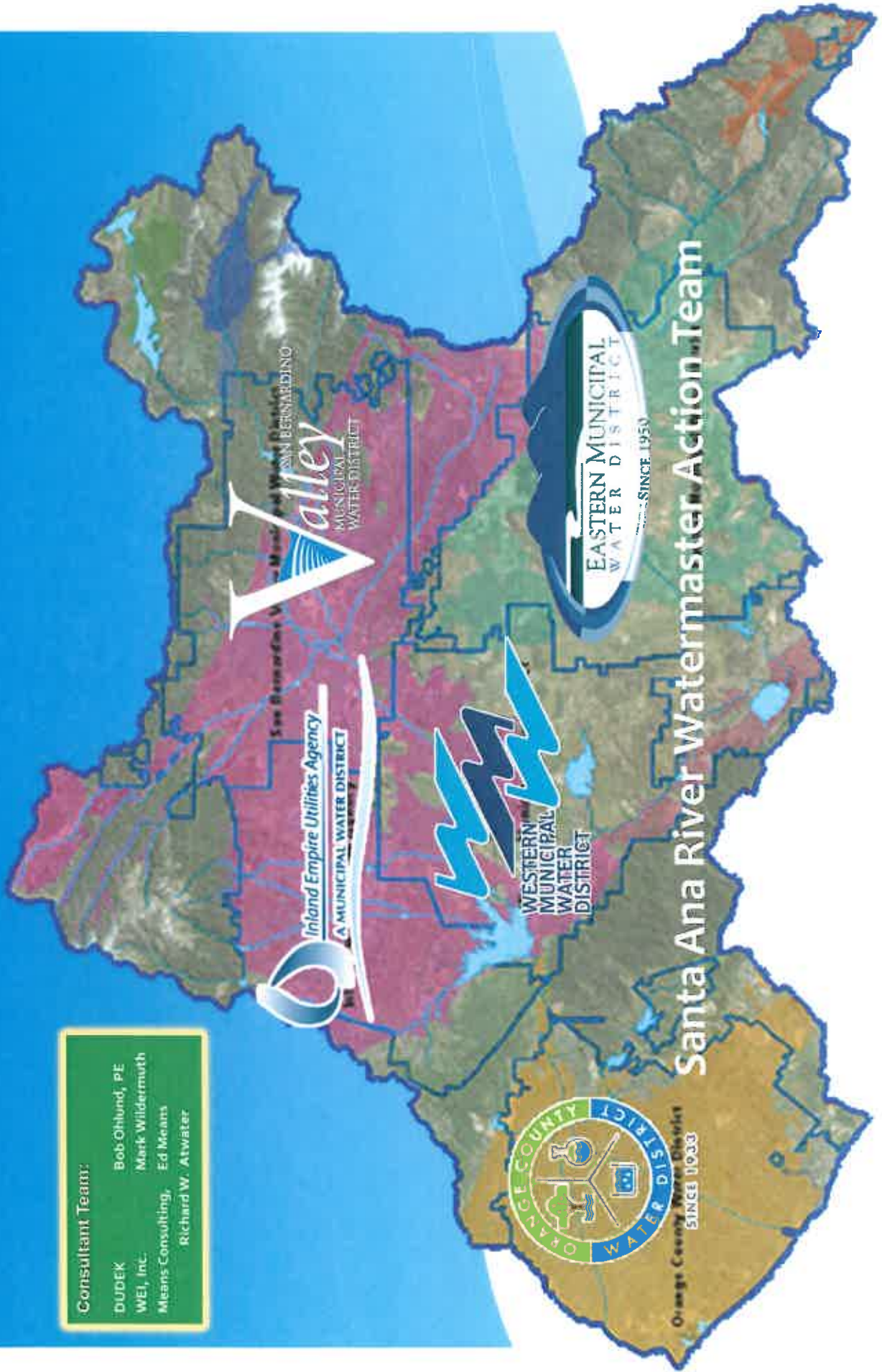
Prop 84, 2015 OWOW Grant Application Description
Santa Ana River Watermaster Action Team

Andy Campbell
May 20, 2015

WATERSHED-SCALE COLLABORATION

Consultant Team:

DUDEK Bob Ohlund, PE
WEI, Inc. Mark Wildermuth
Means Consulting, Ed Means
Richard W. Atwater



Concepts Meet Key Grant Goals

- * Provides watershed-wide regional collaboration
- * Creates new supply
 - 4,500 AFY from Arundo and Turf removal
 - 60,000 AFY dry-year yield capacity
- * Increases resiliency of water supply
- * Improves natural environment/reduces pollution
- * Is a key element of the OWOW IRWMP

Action Team - Foundational Principles

- * Maximize development of local and imported supplies
- * Collaborate as an equitable partnership of SAR Agencies
- * Do not compete as individual SAR Agencies for grants or for imported water that can be used for SARCUP

Benefits & Costs

Proposed Phase 1

Grant Application Costs and Benefits	Supply	DWR	Local	Total
	Benefit	Grant	Match ⁽¹⁾	Project ⁽¹⁾
Habitat Restoration: Arundo Removal	4,000 AFY	\$ 5M	\$ 5M	\$10M
Water Use Efficiency: Turf Replacement	500 AFY	\$10M	\$20M ⁽²⁾	\$30M
SARCUP Water Bank: Put & Take Facilities	60,000 AFY ⁽³⁾	\$45M	\$40M	\$85M
	64,500 AFY ⁽³⁾	\$60M	\$65M ⁽²⁾	\$125M

(1) All 5 SAWPA member agencies share local match and total costs equally. Agency Local match is \$9M (\$65M total - \$20M MWD / 5 agencies). Local match is 36 cents per 1 dollar in total project costs.

(2) Cost share includes MWD \$2.00/ square foot turf removal program

(3) Dry-Year Yield

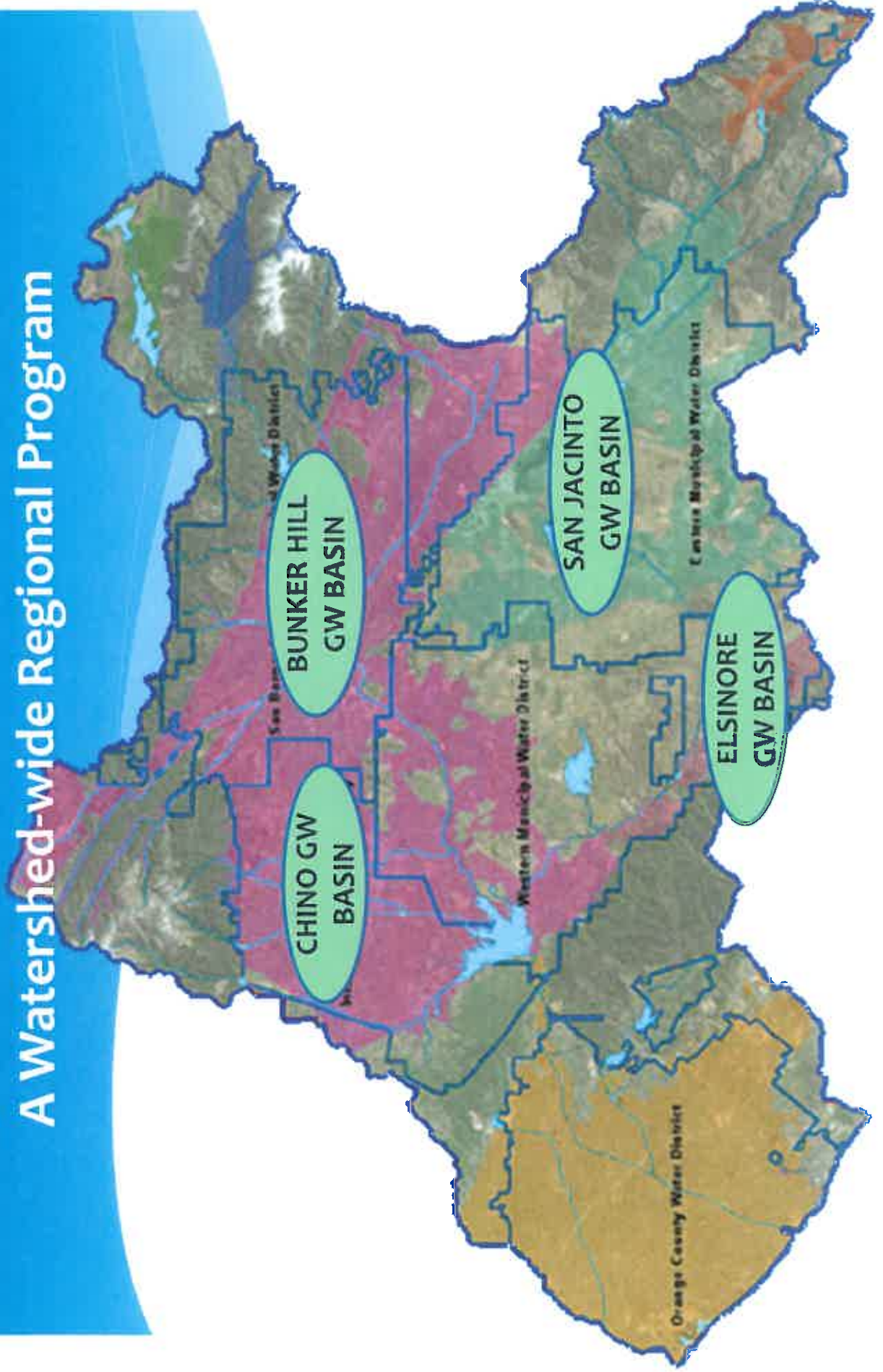
Habitat Restoration & Water Use Efficiency

- * 1,000 acres of Arundo removal
- * 1 acre uses 4 feet of water per year
- * 4,000 AFY of water conserved
- * Removal to be completed within 5 years
- * 5,000,000 sq. ft. turf removal
- * 500 AFY water savings
- * Adds \$1.00/sq. ft. to MWD turf replacement Program



SARCUP Groundwater Bank

A Watershed-wide Regional Program

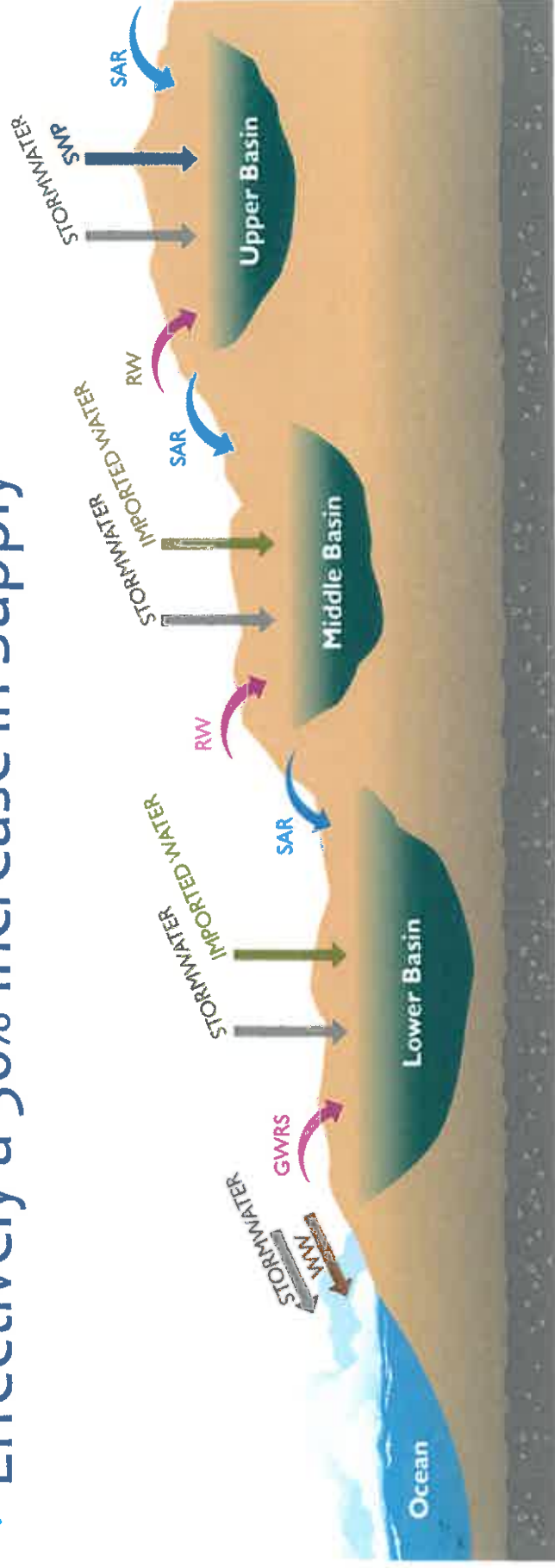


Groundwater Bank – Phase 1

Agency	GWR Basin	Storage (AF)	DY (AFY)
SBVMWD	Bunker Hill	60,000	20,000
IEUA	Chino	96,000	32,000
EMWD	San Jacinto	19,500	6,500
WMWD	Elsinore	4,500	1,500
OCWD	Orange County	0	0
		180,000	60,000

SARCUP Side Benefit: Cascading Effect

- * Banked supplies in upper watershed can be reused as recycled water is added back to river/ basin.
- * Effectively a 30% Increase in Supply



Chino Groundwater Basin (IEUA)

Features

- * 96,000 AF Storage Capacity
- * 32,000 AFY New Dry-Year Yield Production and exchanges

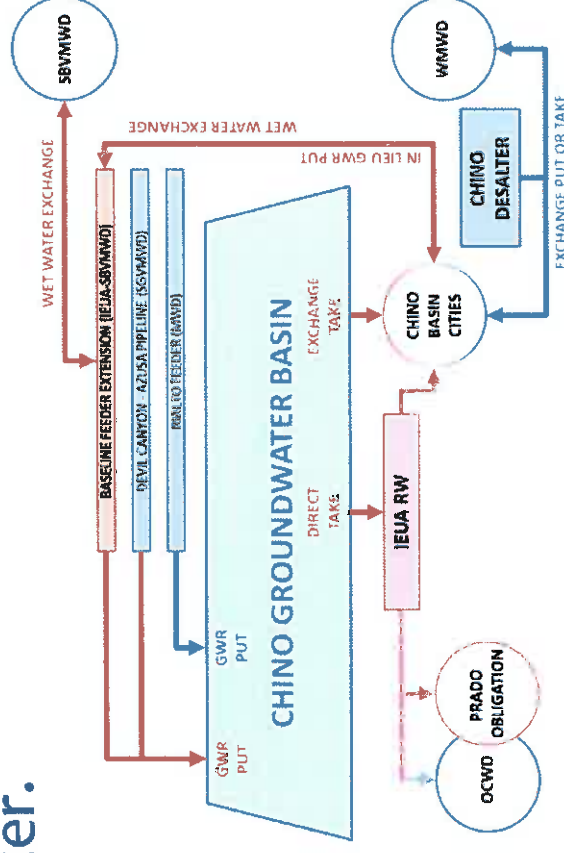
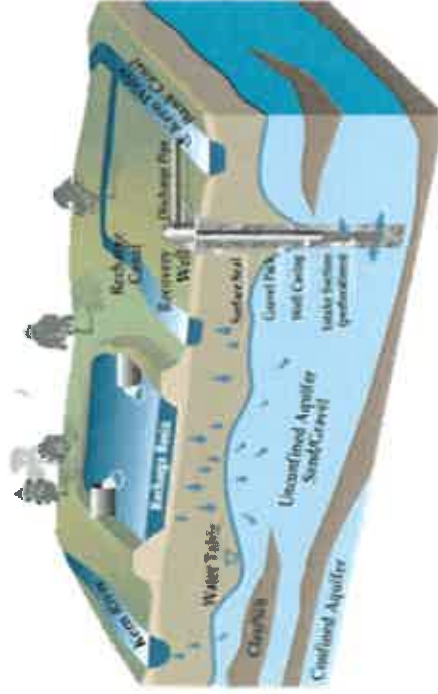
Construct

- * 48-in. Baseline Feeder Extension
- * Turnout & Interties at San Sevaine Crk
- * Devil Canyon-Azusa PL dual use turnout near San Antonio Crk
- * Extraction wells – into South Pressure Zone of RW system (for OCWD take)

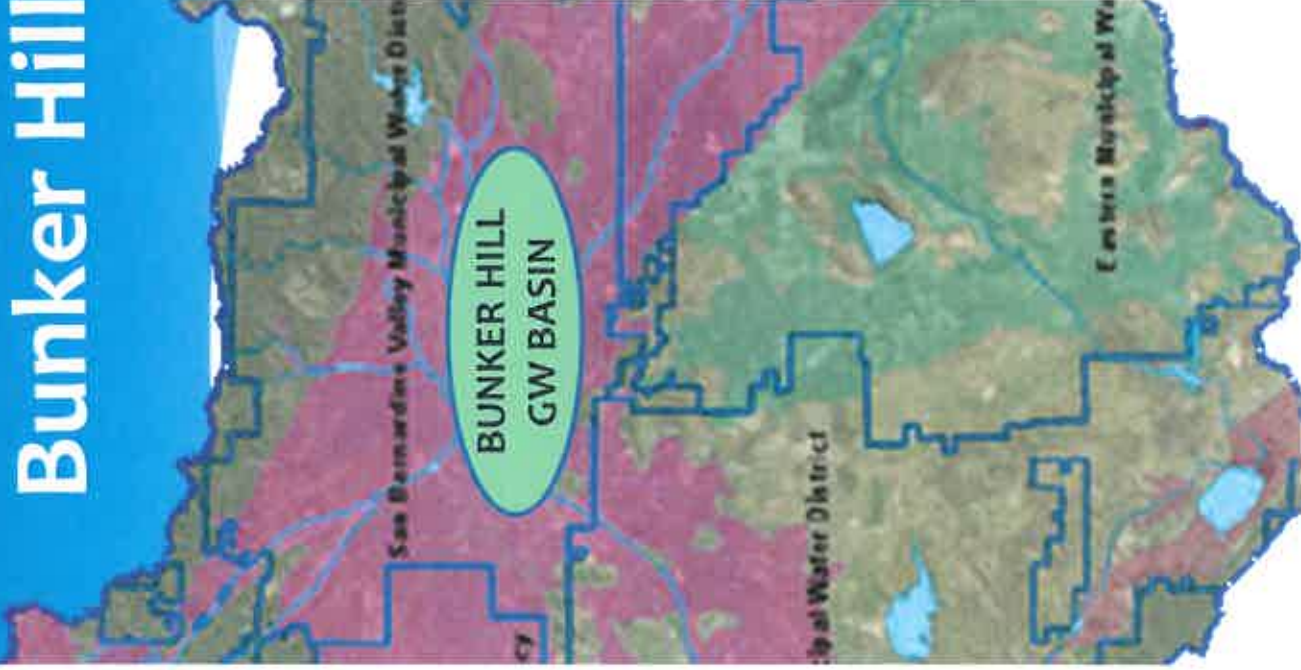


Chino Groundwater Basin Proposed Phase 1

- * Chino Basin exchanges can be paper SWP exchanges, wet water put and takes, or exchanges through CDA.
- * Institutional agreements will be required for puts & takes.
- * The Water Bank requires a storage account with each groundwater basin's Watermaster.



Bunker Hill GW Basin (SBVMWD)



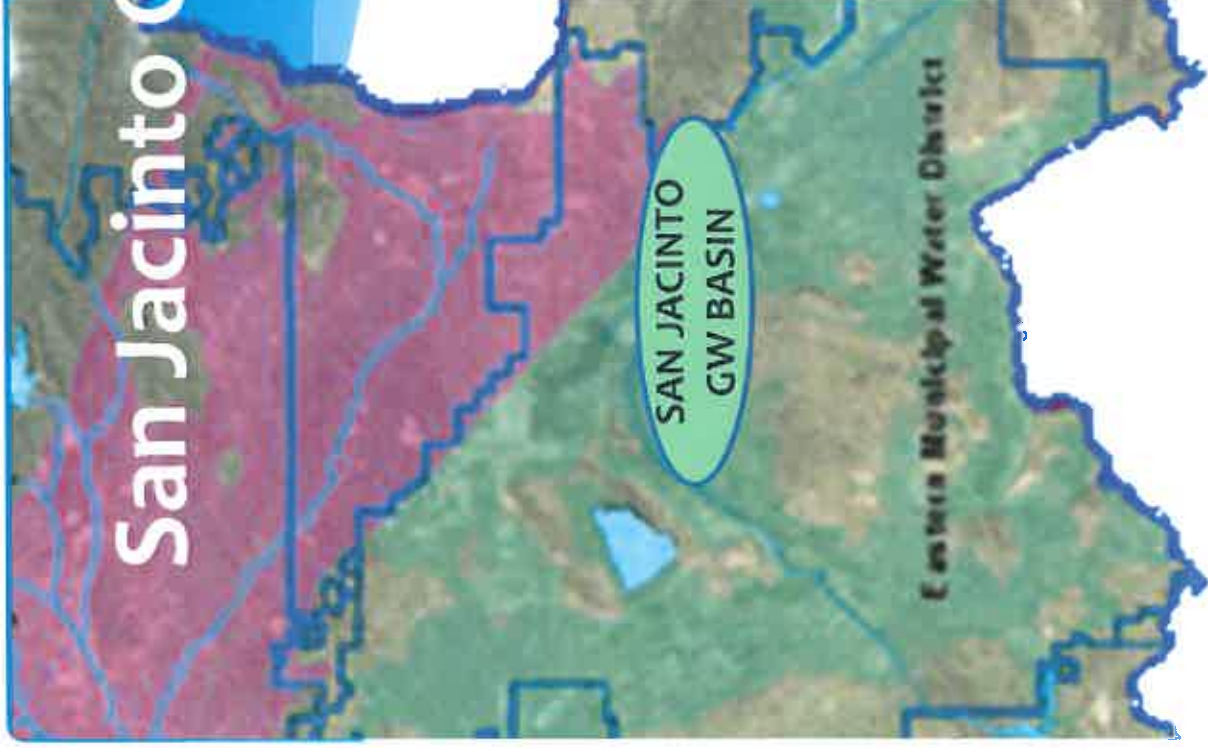
Features

- * 60,000 AF Storage Capacity
- * 20,000 AFY New Dry-Year Yield

Construct

- * 5 Extraction Wells
- * Transmission pipeline
- * Expand Redlands PS
(add 20 cfs pump)

San Jacinto GW Basin (EMWD)

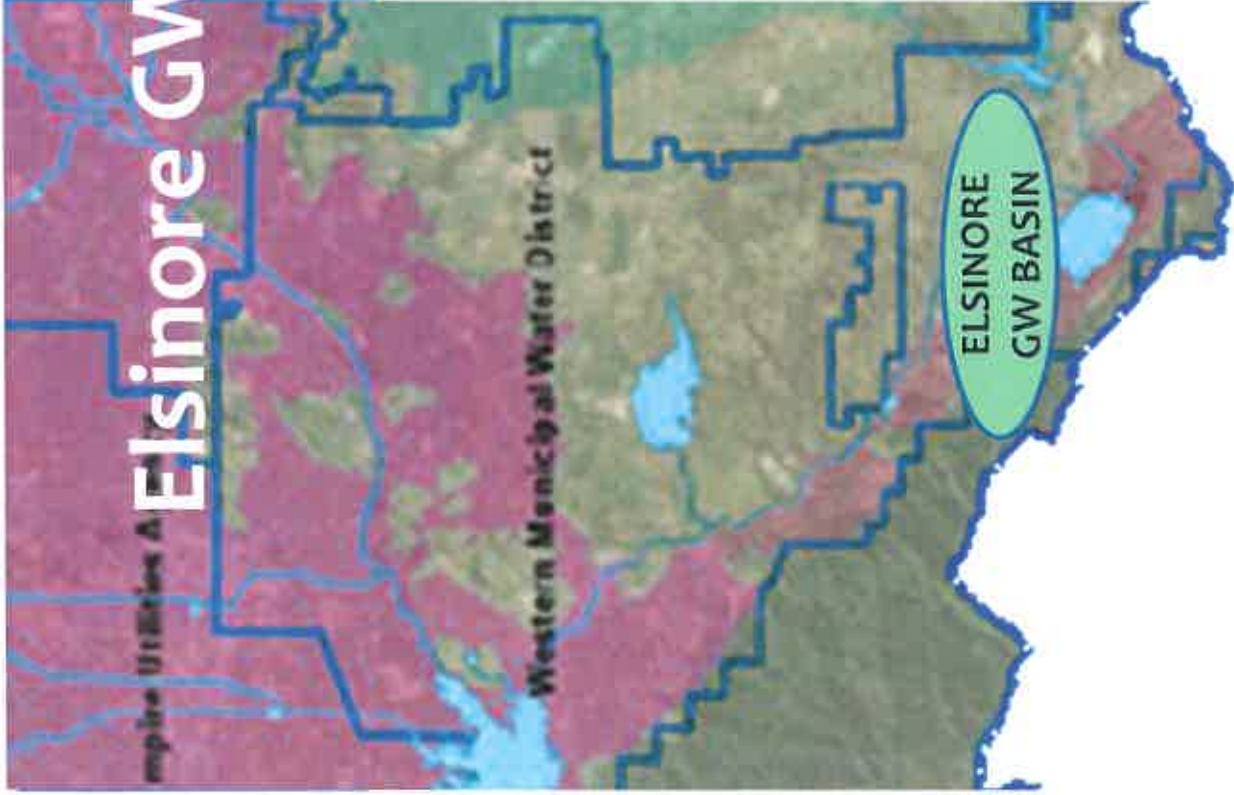


Features

- * 19,500 AF Storage Capacity
- * 6,500 AFY New Dry-Year Yield

Construct

- * Mountain Ave. West Recharge Basin
- * 3 Extraction Wells



Elsinore GW Basin (WMWD)

Features

- * 4,500 AF Storage
- * 1,500 AFY New Dry-Year Yield

Construct

- * 2 Dual Use Wells (Injection and Extraction)

Schedule

- * May - SAR Agencies consider approval of Foundational Principals and MOU to Support Prop 84 Grant Application
- * May 27, 2015 - SARCUP OWOW Application
- * August 2015 – With OWOW award, submit SARCUP Application to DWR for Prop 84 Grant

Recommended for Board Approval

1. Approve the Foundational Principles of the Santa Ana River Watermaster Action Team
2. Approve the final draft MOU for SARCUP while authorizing the General Manager to make non-substantive changes and execute the final MOU; and
3. Approve submission a \$60-million SAWPA-DWR grant application for \$125-million in projects

**ACTION
ITEM**

3F

Date: May 20, 2015

To: The Honorable Board of Directors

Through: Engineering, Operations, and Biosolids Management Committee
(05/13/15)

From: *for* P. Joseph Grindstaff *WJG*
General Manager

Submitted by: *for* Ernest Yeboah *WJG*
Executive Manager of Operations/Assistant General Manager

for Jeff Ziegenbein *WJG*
Manager of Regional Compost Operations

Subject: Biosolids Transportation and Recycling Services Contract

RECOMMENDATION

It is recommended that the Board of Directors:

1. Approve a two-year contract with three one-year renewal options with Viramontes Express, Inc. for biosolids transportation and recycling services for approximately \$500,000 per year (renewals to be adjusted annually using the Consumer Price Index) not to exceed \$3,000,000 for five years; and
2. Authorize the General Manager to execute the contract.

BACKGROUND

Gabriel I. Cruz (GIC) Transport, Inc. is currently under contract with the Inland Empire Utilities Agency (IEUA) for biosolids transportation and recycling services through June 30, 2015. The current contract includes transportation services to deliver biosolids to the Inland Empire Regional Composting Facility (IERCF), and alternate locations, as needed, during the contract term. On March 24, 2015, a Request for Proposal was prepared and sent via the BidNet Network System, as well as individual mailings to contractors, soliciting prices for the transportation of biosolids produced at IEUA's Regional Water Recycling Plant No. 1 (RP-1) and Regional Water Recycling Plant No. 2 (RP-2) to the IERCF and to alternate locations.

The IERCF has been operating at full capacity since late December 2008, and processes approximately 150,000 wet tons of biosolids per year. IEUA and County Sanitation District of

Biosolids Transportation and Recycling Services Contract

May 20, 2015

Page 2 of 3

Los Angeles County (CSDLAC) are each contributing biosolids to the facility. IEUA produces approximately 60,000 wet tons per year and requires transportation services to haul the biosolids to IERCF or alternate approved locations.

Three contractors, GIC Transport, Inc., Denali, and Viramontes Express submitted responsive proposals on April 16, 2015. Summary of the current and proposed rates are shown below:

Company	RP-1 to IERCF	RP-2 to IERCF	RP-1 to RP-2 (drying bed)	Alternative Recycling Location	Annual Total
<i>Current Rate (/wet ton)</i>					
GIC	\$5.38	\$6.48	\$6.48	\$42.84	\$401,575
<i>Proposed Rate (/wet ton)</i>					
Viramontes Express	\$5.60	\$6.00	\$4.00	\$50.00	\$401,952
GIC	\$5.92	\$8.63	\$5.92	\$43.75	\$477,861
Denali	\$7.49	\$7.49	\$7.49	\$52.50	\$515,324

Viramontes proposes to use Nursery Products as its approved alternative recycling location for excess IEUA biosolids. Nursery Products, located in Barstow, California, is fully permitted to receive biosolids from IEUA.

Operations staff provided a technical review of the three proposals and recommend awarding the contract to Viramontes Express, Inc.

PRIOR BOARD ACTION

On April 16, 2014, the IEUA Board of Directors approved the one-year option to renew Contract No. 4600000926 with GIC Transport, Inc. for biosolids transportation and recycling services in the amount of \$500,000 through June 30, 2015.

On June 19, 2013, the IEUA Board of Directors approved an amendment to the GIC contract for \$500,000 through June 30, 2014.

On September 19, 2012, the IEUA Board of Directors approved an amendment to the GIC contract for \$500,000 through June 30, 2013. The contract was amended to include additional funds to cover unforeseen transportation expenses related to tonnage reductions at the IERCF.

On June 15, 2011, the IEUA Board of Directors awarded a two-year service contract to GIC Transport, Inc. for the period beginning July 1, 2011 through June 30, 2013.

IMPACT ON BUDGET

If approved, the biosolids transportation and recycling services will be funded from the Fiscal Year 2015/16 through Fiscal Year 2019/20 budgets of Regional Wastewater Operations and Maintenance (RO) funds.



Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

CONTRACT NUMBER: 4600001876

**FOR
BIOSOLIDS TRANSPORTATION
SERVICES**

THIS CONTRACT (the "Contract"), 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" or "IEUA"), and Viramontes Express, of Corona, California (hereinafter referred to as "Contractor"), for all services needed to provide biosolids transportation and recycling services for a multi-year term.

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: Jeff Ziegenbein
Address: 2662 Walnut Street
Ontario, California 91761
Telephone: (909) 993-1981
Facsimile: (909) 993-1510
Cell: (909) 573-6190
Email: jziegenbein@ieua.org

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

Contractor: Henry Viramontes, Owner
Address: 17130 Hellman Avenue
Corona, California 92880
Telephone: (909) 597-7232
Facsimile: (909) 597-6473
Cell: (951) 712-9712
Email: ViramontesXpress@msn.com

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:
 - A. Amendments to Contract Number 4600001876.
 - B. Contract Number 4600001876 General Terms and Conditions.
 - C. Agency's Request for Proposal, RFP-HD-15-026, dated March 24, 2015.
 - D. Contractor's proposal, dated April 16, 2015.

4. **SCOPE OF WORK AND SERVICES:** Contractor's services and responsibilities shall encompass the procurement and deployment of equipment and personnel required to provide biosolids transportation services; and, when needed, biosolids recycling services. All services provided will be in accordance with both the Agency's Request for Proposal, RFP-HD-15-026, dated March 24, 2015, (see Attachment A) and the Contractor's proposal, dated April 16, 2015, (see Attachment B). Both attachments are, by this reference incorporated into this contract and made a part thereof.
 - A. Services shall begin on July 1, 2015.
 - B. Prior to July 1, 2015, the Contractor shall prepare a schedule of work and services for review and approval by the Agency's Project Manager.
 - C. Through the duration of this contract, the Agency and Contractor may identify additional tasks, which on a "time and material" basis, shall be reduced to writing, signed by both parties, and amended to this contract.

5. **TERM:** The approved term of this contract shall be up to five years. The current term shall be twenty-four months (two years). There will be an option for the Project Manager to annually extend the term of the contract annually, after the initial two-year term. A total of three additional (one year) extensions can be executed to extend the term of the contract to a total of five years. The contract will terminate after five years, on June 30, 2020. In the event that additional one-year extensions are in the best interest of the Agency, amendments to the contract shall be prepared, mutually agreed upon, reduced to writing, signed by both parties, and formally amended to this contract.

6. **COMPENSATION:** Agency shall pay Contractor's properly executed monthly invoices, which have been reviewed and approved by the Project Manager, within thirty (30) days following receipt of the invoice. Payment will be withheld for any service that doesn't meet the Agency requirements or has proven to be unacceptable until such service is revised, the invoice resubmitted, and accepted by the Project Manager.

All invoices shall display "Contract Number 4600001876" and Contract Release Purchase Order Number _____ to qualify for payment.

All invoices will be formulated in a manner consistent with the rates and fees provided in Attachment B, incorporated herein and made a part hereof by this reference.

Compensation for the satisfactory performance of the work and services represented by this Contract, shall be determined by the individuals identified on Page 1 of this contract. The mutually agreed compensation for the Contractor, as shown in Attachment B, shall be firmly fixed for the initial two-year term of the contract. Thereafter, should additional one-year term amendments be amended to the contract, the compensation rates will be adjusted in accordance with an agreed-upon index (such as the CPI for Los Angeles County, Riverside County, and San Bernardino County).

Agency may, at any time, make changes to the Scope of Work, including additions, reductions, and changes to any or all of the Work, as directed in writing by the Agency. Such changes shall be made by an Amendment to the Contract. The Total Authorized Amount and Term shall be equitably adjusted, if required, to account for such changes, and shall be set forth in the written Amendment, agreed to and signed by both parties, prior to becoming effective.

7. CONTROL OF THE WORK: The Contractor shall perform the Work in compliance with the Work Schedule. If performance of the Work falls behind schedule, the Contractor 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 Contractor is unable to accelerate the Work, Contractor shall promptly notify the Project Manager of the delay, the causes of the delay, and submit a proposed revised Work Schedule.

8. FITNESS FOR DUTY:

A. Fitness: Contractor on the Jobsite:

1. Shall report for 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 Agency.

9. INSURANCE: During the term of this Contract, the Contractor shall maintain at its 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 GL 00 01 10 01, covering Comprehensive 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:** 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 \$1,000,000 per accident.
- 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.
- 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, endorsement GL 2010 11 85, as respects: liability arising out of activities performed by or on behalf of the Contractor, products and completed operations of the Contractor, premises owned, occupied or used by the Contractor, or automobiles owned, leased, hired, or borrowed by the Contractor. 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 CG2037 10 01 in addition to Form CG 2010 10 93 or CG 2010 03 97.

- b. The Contractor'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 Contractor'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 Contractor'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 Contractor 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 work performed by the Contractor 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 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. Professional Liability Insurance is to be placed with insurers with a Best's rating of no less than B:VII, and who are admitted insurers in the State of California.
- E. Verification of Coverage: Contractor shall furnish the Agency with certificates of insurance and with original endorsements effecting coverage required by the Agency for themselves and all subcontractors prior to commencing work or allowing any subcontractor to commence work 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 work commences. The Agency reserves the right to require complete, certified copies of all required insurance policies, at any time.

10. Submittal of Certificates: Contractor shall submit all required certificates and endorsements to the following:

Inland Empire Utilities Agency
Attn: Angela Witte
P.O. Box 9020
Chino Hills, California 91709

11. LEGAL RELATIONS AND RESPONSIBILITIES

- A. Professional Responsibility: The Contractor shall be responsible, to the level of competency presently maintained by other practicing professionals performing the same or similar type of work.
- B. Status of Contractor: The Contractor is retained as an independent Contractor 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 Contractor shall keep itself fully informed of existing and future state and federal laws and county and city ordinances and regulations which in any manner affect the conduct of any services or tasks performed under this Contract, and of such orders and decrees of bodies or tribunals having any jurisdiction or authority over the same. The Contractor shall at all times observe and comply with such existing, at the time services are rendered, 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, in effect at the time the services are performed, whether by the Contractor 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. 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.

F. Equal Opportunity and Unlawful Discrimination: During the performance of this Contract, the Contractor 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. Please be assured that any possible infraction will be thoroughly investigated by the Agency.

G. Prevailing Wage Project: This Contract is subject to the requirements Section 1770 (and the following) of the California Labor Code. Contractor shall not pay less than general prevailing wage rates, as determined by the Director of the State of California Department of Industrial Relations, for the locality in which the work is to be performed, and for each craft or type of worker needed to execute the work required under this contract. The Contractor, and any sub-consultant performing part of said work, shall strictly adhere to all provisions of the Labor Code, including, but not limited to, minimum wages, work days, non-discrimination, apprentices, maintenance, availability, and submittal of accurate payroll records, and any other matters required under all Federal, State, and local laws related to labor.

H. Disputes:

1. All disputes arising out of or in relation to this Contract shall be determined in accordance with this section. The Contractor shall pursue the work 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 the work shall be subject to resolution by the Agency Project Manager and the Contractor shall comply, pursuant to the Agency Project Manager instructions. If the Contractor 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 Contractor 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 Contractor'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 Contractor is not satisfied with any such resolution by the General Manager, they may file a written request for mediation 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 Contractor to be appointed as Arbitrator. The Agency shall determine if any of the names submitted by Contractor are acceptable and, if so, such person will be designated as Arbitrator.
 - b. In the event that none of the names submitted by Contractor are acceptable to Agency, or if for any reason the Arbitrator selected in Step (a) is unable to serve, the Agency shall submit to Contractor a list of five names of persons acceptable to Agency for appointment as Arbitrator. The Contractor 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 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, which shall be recoverable by the prevailing party.
4. Joinder in Mediation/Arbitration: The Agency may join the Contractor in mediation or arbitration commenced by a contractor 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 Contractor.

12. INDEMNIFICATION: To the fullest extent permitted by law, Contractor shall indemnify the Agency, its directors, employees and assigns, and shall defend

and hold them harmless for all liabilities, demands, actions, claims, losses, and expenses, which arise out of or are related to the negligence, recklessness, or willful misconduct of the Contractor, its directors, employees, agents and assigns in the performance of the work under this contract.

13. TITLE AND RISK OF LOSS:

- A. Documentation: Title to the Documentation shall pass to Agency when prepared; however, a copy may be retained by Contractor for its records and internal use. Contractor 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 Scope of Work described herein.
- 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. Contractor shall have risk of loss of any Material or Agency-owned equipment of which it has custody.
- C. Disposition: Contractor shall dispose of items to which Agency has title as directed in writing by the Project Manager and/or a designated Agency representative.

14. 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 Contractor in the performance of the Work, shall be governed by the following provisions:
 - 1. Proprietary Rights conceived, developed, or reduced to practice by Contractor in the performance of the Work shall be the property of Agency, and Contractor shall cooperate with all appropriate requests to assign and transfer same to Agency.
 - 2. If Proprietary Rights conceived, developed, or reduced to practice by Contractor 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, Contractor 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, Contractor shall procure, at no additional cost to Agency, all necessary licenses regarding such Proprietary Rights so as to allow Agency 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. All such licenses shall be in writing and shall be irrevocable and royalty-free to Agency.
- B. No Additional Compensation: Nothing Set forth in this Contract shall be deemed to require payment by Agency to Contractor of any compensation specifically for the assignments and assurances required hereby, other than the payment of expenses as may be actually incurred by Contractor in complying with this Contract.
15. LIENS: Contractor represents 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.
- Contractor shall pay all sums of money that become due for any labor, services, materials, or equipment furnished to Contractor 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. Contractor shall fully discharge each such lien at the time performance of the obligation secured matures and becomes due.
16. 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/Procurement
and Facilities Services
Inland Empire Utilities Agency
P.O. Box 9020
Chino Hills, California 91709
- Contractor: Henry Viramontes
17130 Hellman Avenue
Corona, California 92880
- 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.
17. 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 Contractor, and their respective successors and assigns. Notwithstanding the foregoing, no assignment of the duties or benefits of the Contractor 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.

18. **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 Contractor of any requests for disclosure of any documents pertaining to this work.

In the event of litigation concerning disclosure of information Contractor 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 Contractor has marked "Confidential," "Proprietary," or "Trade Secret," Contractor shall defend and indemnify Agency from all liability, damages, costs, and expenses, in any action or proceeding arising under the Public Records Act.

19. **RIGHT TO AUDIT:** The Agency reserves the right to review and/or audit all Contractor'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 Contractor. The Contractor shall make all records and related documentation available within three (3) working days after said records are requested by the Agency.
20. **INTEGRATION:** The Contract Documents represent the entire Contract of the Agency and the Contractor 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 Contractor.
21. **GOVERNING LAW:** This Contract is to be governed by and constructed in accordance with the laws of the State of California, County of San Bernardino.
22. **TERMINATION FOR CONVENIENCE:** The Agency and/or Contractor each reserve and has the right to immediately suspend, cancel, or terminate this Contract at any time upon written notice to the other party. In the event of such termination, the Agency shall pay Contractor for all authorized and Contractor-invoiced services up to the date of such termination.
23. **FORCE MAJEURE:** Neither party shall hold the other responsible for the effects of acts occurring beyond their control; e.g., war, riots, strikes, natural disasters, etcetera.

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 Contractor.

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:

VIRAMONTES EXPRESS, INC.:

P. Joseph Grindstaff
General Manager

(Date)

Henry Viramontes
Owner

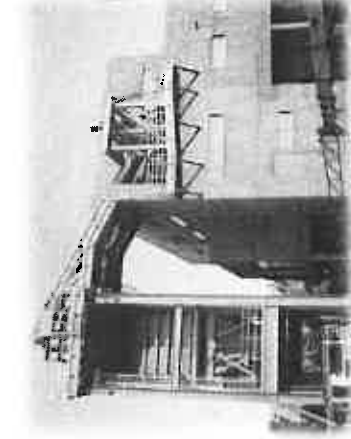
(Date)

**INFORMATION
ITEM**

4A

Engineering and Construction Management Project Updates

May 2015



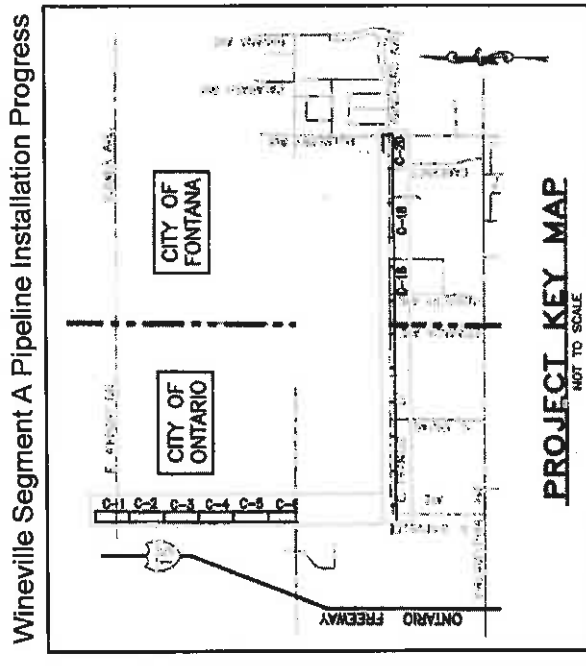
Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

Majid Karim, P.E.,
Acting Manager of Engineering

David Mendez,
Deputy Manager of Construction Management

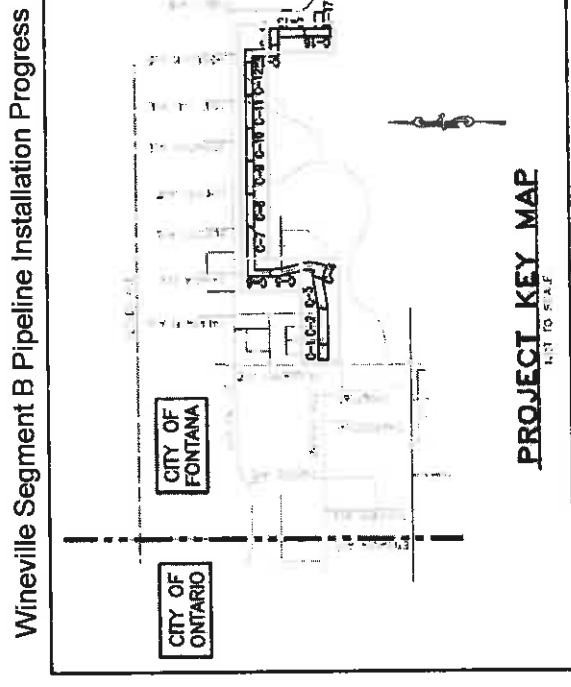
EN06025 – Wineville Recycled Water Pipeline Extension Segment A

- Contractor: CCL Contracting, Inc.
- Current Contract: \$10.2 M
- Scope of Work: Construct 2.6 miles of 36-in RW Pipeline and 1.0 mile of 24-in RW Pipeline
- Current Activities:
 - ~ 2.6 miles of 36" pipe installed (approx. 13,500-ft)
 - ~ 1.0 miles of 24" pipe installed (approx. 5,400-ft)
 - Hydrostatic testing complete
- Contract Completion: July 2015
- Percent Complete: 85%
- Focus Points:
 - Project closeout activities



EN13045 – Wineville Recycled Water Pipeline Extension Segment B

- Contractor: Mike Bubalo Construction
- Current Contract Value: \$8.3 M (with VE)
- Scope of Work: Construct 2.6 miles of RW Pipeline (VE Alignment Total)
- Current Activities:
 - Flow control structures
 - ~2.3 miles of 36" pipe installed (approx. 12,000-ft)
 - ~0.2 miles of 16" PVC pipe installed (approx. 1,000-ft)
- Contract Completion: July 2015
- Percent Complete: 85%
- Focus Points:
 - Delivery of RP-3 control panel, which is a long lead item



RA11004 – IERCF Conveyance Improvements

- Contractor: Olsson Construction
- Current Contract Value: \$3.5 M
- Scope of Work: Belt conveyor modifications
- Current Activities:
 - Punch list and pickup work
- Contract Completion: April 2015
- Percent Complete: 99%
- Focus Points:
 - Project Closeout
 - 90 day Reliability Acceptance Testing

BC-18 After Mod's, Catwalk Installation Ongoing

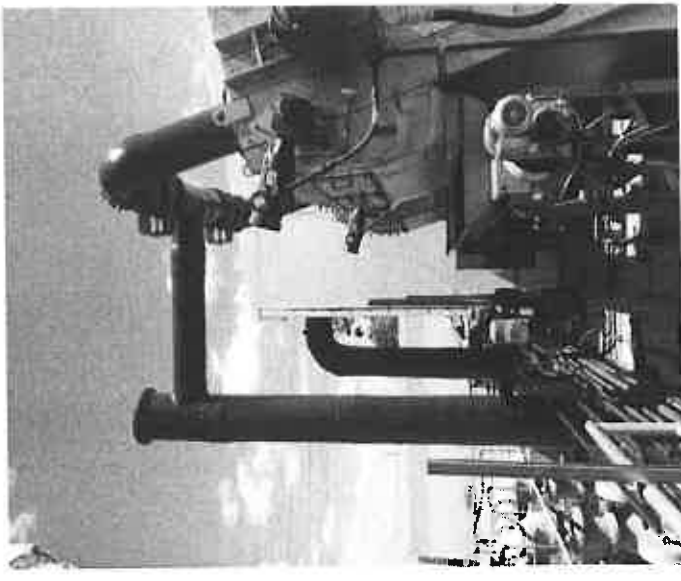


BC-19 Discharge Pile in New Configuration to Curing

EN09021 – RP-4 Headworks Retrofits

- Contractor: J.R. Filanc Construction
- Current Contract: \$1,176,000
- Scope of Work: Install new JWCE fine screens, washer/compactor and fiberglass reinforced plastic headworks building
- Current Activities:
 - FRP building erected and odor control piping complete and functional
 - Rollup doors and final paving remain to be completed
- Contract Completion: June 2015
- Percent Complete: 85%
- Focus Point:
 - Final adjustments being made to Washer/Compactor

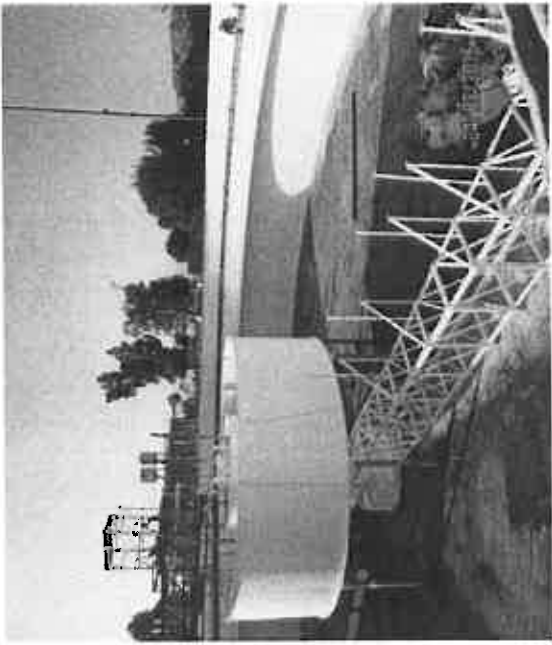
Backside of New Screening Process



EN14027 – CCWRF Rehab Secondary Clarifier No. 3

- Contractor: GSE Construction
- Current Contract: \$652,000
- Scope of Work: Rehab of Secondary Clarifier
- Current Activities:
 - Installation of weir wall baffles
 - CCTV and cleaning of 36' Influent and Effluent Piping
 - Installation of Clarifier Equipment
- Contract Complete: May 2015
- Percent Complete: 95%
- Focus Point:
 - Startup of Clarifier No.3 Equipment

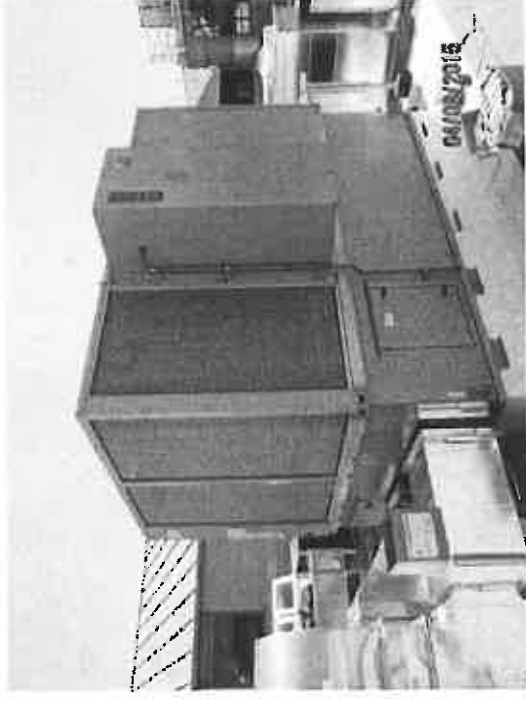
Weir Wall Baffle Installation



EN13056 – Agency Wide HVAC Improvements Package No. 3

- Contractor: Allison Mechanical Inc.
- Current Contract: \$557,000
- Scope of Work: HVAC Improvements at RP-1, RP-4, CCWRF
- Current Activities:
 - Install HVAC systems at RP-1, RP-4
- Contract Completion: April 2015
- Percent Complete: 95%
- Focus Point:
 - Installation and Startup of HVAC systems

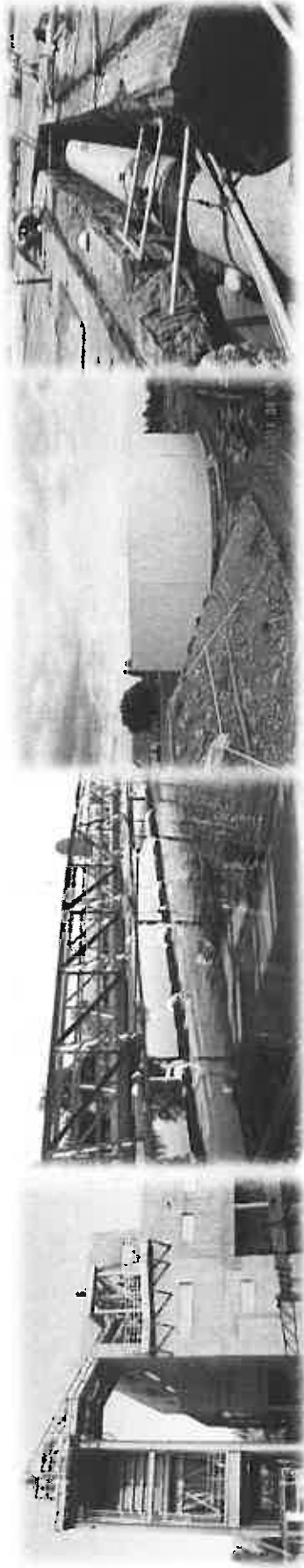
20 Ton AC unit at RP-1 Maintenance Bldg.



Design –Build

- EN13016.01 CCWRF Control & Server Room Modifications
 - IDS Group and SCA General Contracting Inc.
 - Current Contract: \$104,716
- EN13046 RP-1 Flare Bypass Improvements
 - W. A. Rasic and Civiltec
 - Current Contract: \$406,600
- EN15056 RP-1 Digester Gas System Evaluation & Improvements
 - J.R. Filanc Construction and PID Engineering
 - Current Contract: \$407,835

Questions?



Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

**INFORMATION
ITEM**

4C



Date: May 20, 2015

To: The Honorable Board of Directors

Through: Finance, Legal, and Administration Committee (05/13/15)

From: *for* P. Joseph Grindstaff *Chief*
General Manager

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

Javier Chagoyen-Lazaro *JCL*
Manager of Finance and Accounting

Subject: Treasurer's Report of Financial Affairs

RECOMMENDATION

The Treasurer's Report of Financial Affairs for the month ended March 31, 2015, is an informational item for the Board of Director's review. The monthly report denotes investment transactions that have been executed in accordance with the criteria stated in the Agency's Investment Policy (Resolution No. 2014-6-11).

BACKGROUND

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

Total cash, investments, and restricted deposits of \$128,717,875, reflects an increase of \$305,567 compared to the total reported for February 2015. The slight increase was attributed mainly due to CCRA deposits held by member agencies. On the other hand, the average days of cash on hand for the month ended March 31, 2015 decreased from 159 days to 153 days due to increase in the restricted cash. 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 March 2015 was 0.593%, an increase of 0.015% compared to the average yield of 0.578% reported in February 2015. The average rate of return increase was attributed to increase in LAIF and U.S. Government Sponsored Entities yields.

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 February 2015 on April 15, 2015.

IMPACT ON BUDGET

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

Attachment: March 2015 Treasurer's Report of Financial Affairs



Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

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

May 2015

Board Meeting

Report of Financial Affairs

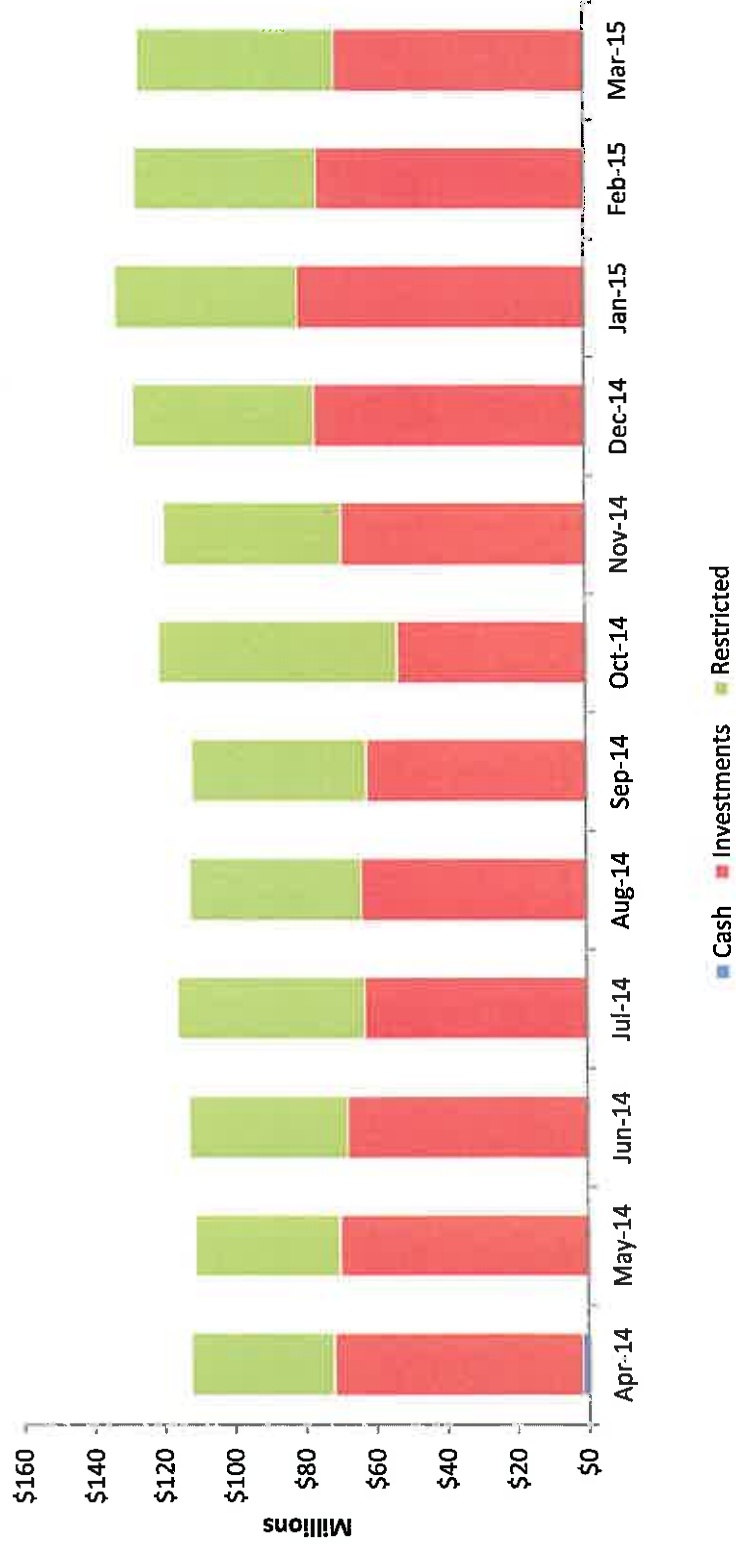
Liquidity

Description	March 2015	February 2015	Increase (Decrease)
Cash, Investments, Restricted Deposits	\$128.7M	\$128.4M	\$0.3M
Investment Portfolio Yield	0.593%	0.578%	0.015%
Average Days Cash on Hand	153 Days	159 Days	(6 Days)

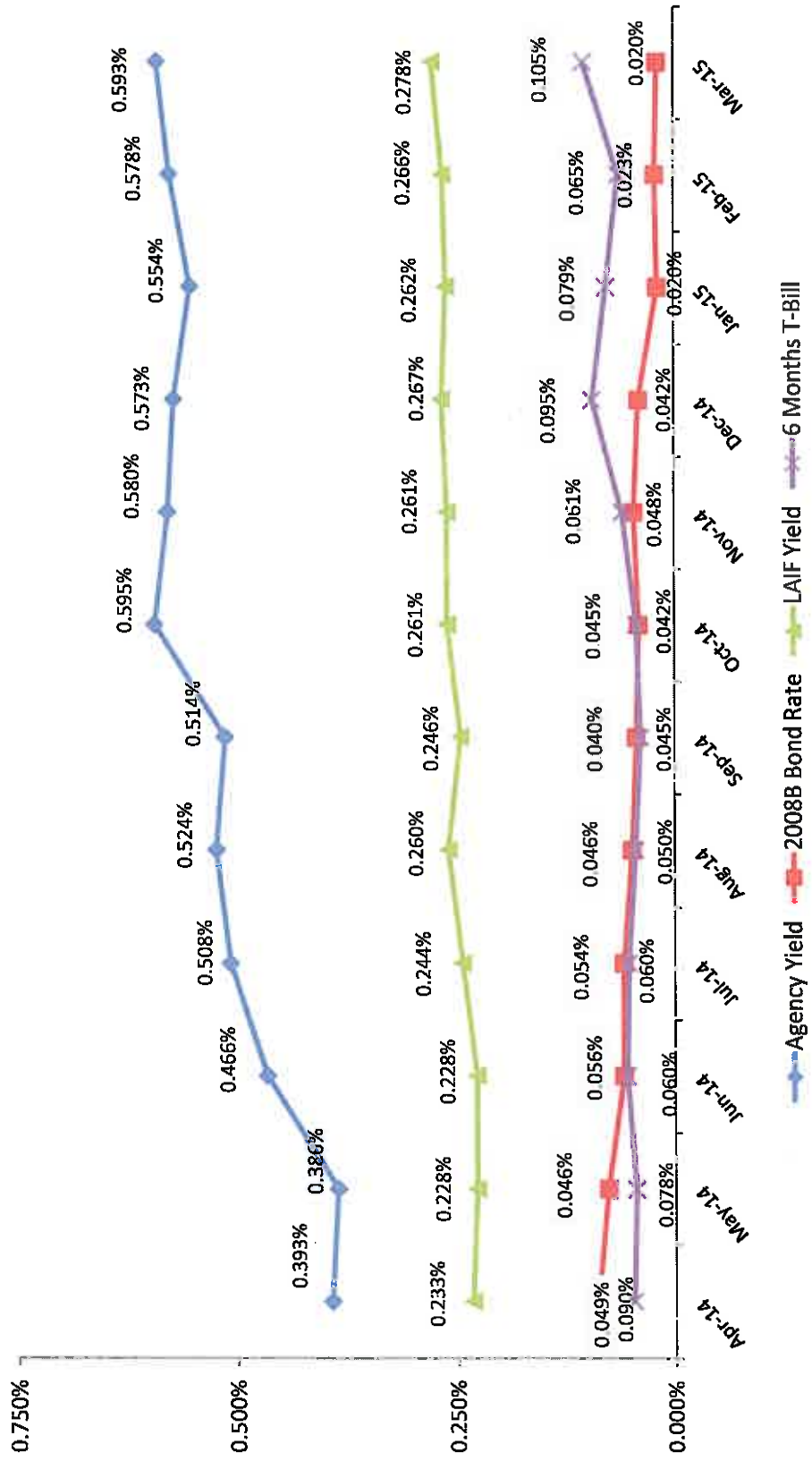
Portfolio

Description	Allowable Threshold	Investment Value (\$ million)	Yield	Current Portfolio %
Short Term, Under 1 Year:				
LAIF	\$50M	\$24.8	0.278%	35%
CalTrust	\$20M	\$3.5	0.40%	5%
Citizens Business –Sweep	40%	\$15.4	0.25%	22%
CBB – Certificate of Deposit	20%	\$4.2	0.45%	6%
Bank of the West – MMA	20%	\$1.1	0.18%	2%
State and Local Municipal Bonds	9%	\$2.5	1.44%	4%
Medium Term Notes	20%	\$5.0	0.82%	7%
CBB Checking	40%	(\$1.0)	0.00%	(1%)
1 to 3 Years:				
Medium Term Notes	20%	\$1.0	1.11%	1%
US Treasury Note	n/a	\$1.0	0.64%	1%
US Government Securities	n/a	\$6.0	0.89%	8%
Over 3 Years:				
US Government Securities	n/a	\$7.6	1.42%	10%

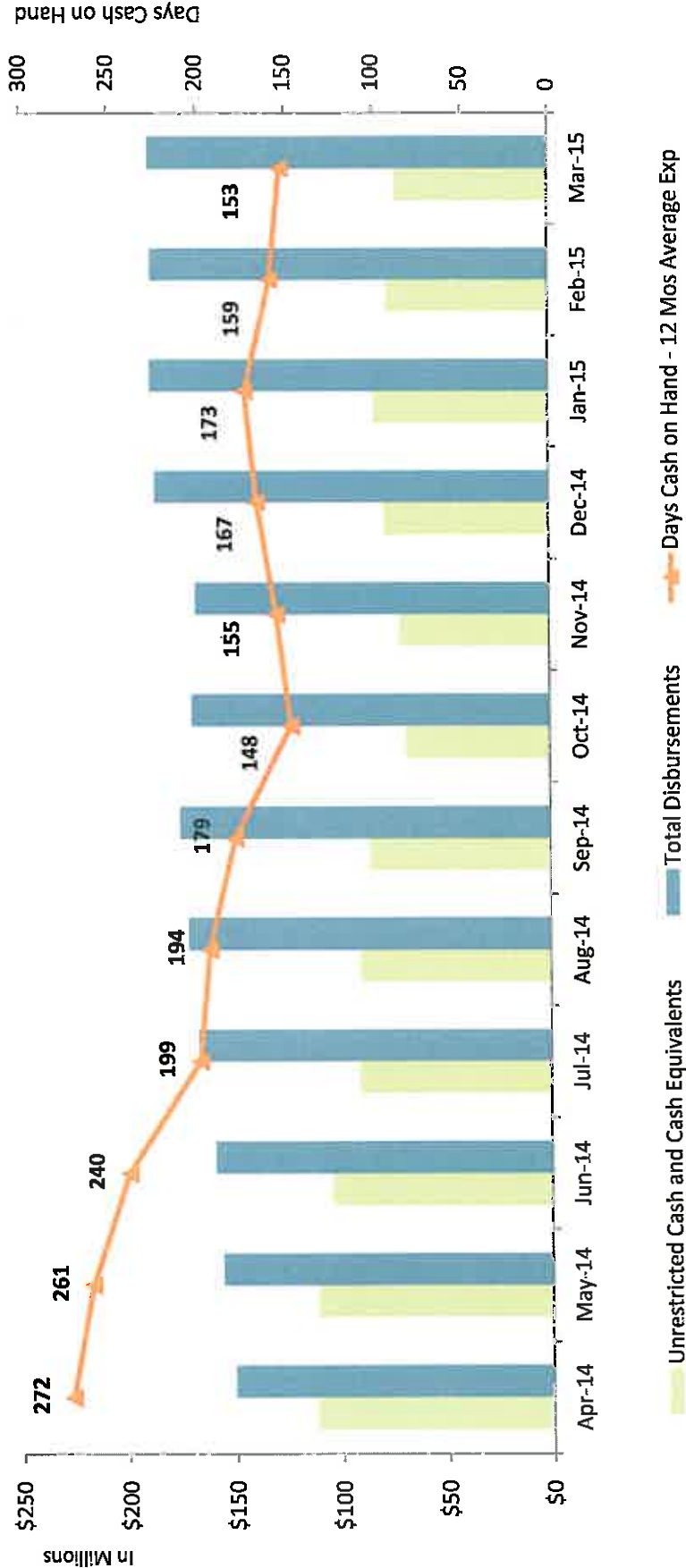
Cash, Investments and Restricted Deposits



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.

TREASURER'S REPORT OF FINANCIAL AFFAIRS

For the Month Ended March 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
 March 31, 2015*

	March	February
<u>Cash, Bank Deposits, and Bank Investment Accounts</u>	\$1,711,263	\$520,185
<u>Investments</u>		
CBB Repurchase (Sweep)	\$15,417,350	\$22,357,989
Local Agency Investment Fund (LAIF)	24,819,768	24,819,768
CalTrust	3,539,064	3,534,204
Certificates of Deposit	4,172,210	4,172,210
Municipal Bonds	2,515,049	2,522,094
Medium Term Notes	6,001,846	6,001,581
U.S. Treasury Notes	999,692	999,677
U.S. Government Sponsored Entities	13,579,366	11,579,860
Total Investments	\$71,044,346	\$75,987,383
Total Cash and Investments Available to the Agency	\$72,755,609	\$76,507,568
<u>Restricted Deposits</u>		
Debt Service Accounts	\$2,544,713	\$2,544,712
CCRA Deposits Held by Member Agencies	42,174,333	37,070,259
OPEB (CERBT) Account	7,123,318	7,147,727
Escrow Deposits	4,119,903	5,142,042
Total Restricted Deposits	\$55,962,267	\$51,904,740
Total Cash, Investments, and Restricted Deposits	\$128,717,875	\$128,412,308

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
March 31, 2015

Cash, Bank Deposits, and Bank Investment Accounts

Citizens Business Bank Demand Account (Offset by CBB Sweep Balance)	(\$968,368)
Citizens Business Bank Workers' Compensation Account	79,650
Bank of America Payroll Account	1,452,582
Bank of America Payroll Taxes Account	53,030
Subtotal Demand Deposits	\$616,894
Other Cash and Bank Accounts	
Petty Cash	\$2,250
Subtotal Other Cash	\$2,250
Bank of the West Money Market Account	\$1,050,648
US Bank Pre-Investment Money Market Account	\$41,471
Total Cash and Bank Accounts	\$1,711,263

Investments

CBB Repurchase (Sweep) Investments	
Fannie Mae Bonds	\$1,569,999
Fannie Mae Bonds	13,847,351
Subtotal CBB Repurchase (Sweep)	\$15,417,350
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	\$3,539,064
Subtotal CalTrust	\$3,539,064
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
 March 31, 2015

Investments Continued

Municipal Bonds

State and Local Municipal Bonds
 Subtotal State Municipal Bonds

\$2,515,049
\$2,515,049

Medium Term Notes

Toyota Motor Corporation
 General Electric Capital Corporation
 JP Morgan Securities
 John Deere Capital Corp
 Subtotal Medium Term Notes

\$1,000,718
 998,791
 3,000,230
1,002,107
\$6,001,846

U.S. Treasury Notes

Treasury Note
 Subtotal U.S. Treasury Notes

\$999,692
\$999,692

U.S. Government Sponsored Entities

Fannie Mae Bonds
 Freddie Mac Bonds
 Federal Home Loan Bank Bonds
 Subtotal U.S. Government Sponsored Entities

\$2,999,864
 2,580,000
7,999,502
\$13,579,366

Total Investments

\$71,044,346

Restricted Deposits

Debt Service Reserves

08B Debt Service Accounts
 10A Debt Service Accounts
 Subtotal Debt Service Reserves

\$2,544,710
 3
\$2,544,713

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

*Month Ended
 March 31, 2015*

CCRA Deposits Held by Member Agencies

City of Chino	\$11,571,041
Cucamonga Valley Water District	7,663,672
City of Fontana	6,633,068
City of Montclair	2,559,335
City of Ontario	7,948,522
City of Chino Hills	2,986,104
City of Upland	2,812,591
Subtotal CCRA Deposits Held by Member Agencies	<u>\$42,174,333</u>

CalPERS

OPEB (CERBT) Account	\$7,123,318
Subtotal CalPERS Accounts	<u>\$7,123,318</u>

Escrow Deposits

Chicago Title (Forestar/IEUA Holding Escrow)	\$3,489,261
Community Bank (MNR Construction)	630,642
Subtotal Escrow Deposits	<u>\$4,119,903</u>

Total Restricted Deposits

\$55,962,267

Total Cash, Investments, and Restricted Deposits as of February 28, 2015

\$128,717,875

Total Cash, Investments, and Restricted Deposits as of 3/31/15

\$128,717,875

Less: Total Cash, Investments, and Restricted Deposits as of 2/28/15

128,412,308

Total Monthly Increase (Decrease)

\$305,567

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
 March 31, 2015

	Credit Rating @ Purchase		CHANGES IN Credit Rating		Par Amount	Cost Basis Amount	Term (Days)	March Amortization	March Value		% Coupon	% Yield to Maturity	Maturity Date	Market Value
	S&P	Moody's	S&P	Moody's					Value	Value				
Cash, Bank Deposits, and Bank Investment Accounts														
Citizens Business Bank														
Demand Account*					(\$968,368)	(\$968,368)	N/A	N/A	(\$968,368)	(\$968,368)		0.25%	N/A	(\$968,368)
Subtotal CBB					(\$968,368)	(\$968,368)			(\$968,368)	(\$968,368)		0.25%		(\$968,368)
Workers' Compensation Account														
Subtotal CBB					\$79,650	\$79,650	N/A	N/A	\$79,650	\$79,650		N/A	N/A	\$79,650
Bank of America														
Payroll Checking					\$1,452,582	\$1,452,582	N/A	N/A	\$1,452,582	\$1,452,582		N/A	N/A	\$1,452,582
Payroll Tax Checking					53,030	53,030	N/A	N/A	53,030	53,030		N/A	N/A	53,030
Subtotal B of A					\$1,505,612	\$1,505,612	N/A	N/A	\$1,505,612	\$1,505,612		N/A	N/A	\$1,505,612
Bank of the West														
Money Market Plus - Business Account					\$1,050,648	\$1,050,648	N/A	N/A	\$1,050,648	\$1,050,648		0.18%	N/A	\$1,050,648
Subtotal Bank of the West Money Market					\$1,050,648	\$1,050,648			\$1,050,648	\$1,050,648		0.18%		\$1,050,648
US Bank														
Federated Automated MMA					\$41,471	\$41,471	N/A	N/A	\$41,471	\$41,471		0.01%	N/A	\$41,471
Subtotal USB Money Market					\$41,471	\$41,471			\$41,471	\$41,471		0.01%		\$41,471
Petty Cash					\$2,250	\$2,250	N/A	N/A	\$2,250	\$2,250		N/A	N/A	\$2,250
Total Cash, Bank Deposits and Bank Investment Accounts					<u>\$1,711,264</u>	<u>\$1,711,264</u>			<u>\$1,711,264</u>	<u>\$1,711,264</u>				<u>\$1,711,264</u>
<i>*Negative demand checking balance if offset by the Daily Repurchase (Sweep) Account balance</i>														
Investments														
CBB Daily Repurchase (Sweep) Accounts														
Federal Home Loan Bank					\$1,569,999	\$1,569,999	N/A	N/A	\$1,569,999	\$1,569,999		0.25%	N/A	\$1,569,999
Fannie Mae Bond					13,847,351	13,847,351	N/A	N/A	13,847,351	13,847,351		0.25%	N/A	13,847,351
Subtotal CBB Repurchase Accounts					\$15,417,350	\$15,417,350			\$15,417,350	\$15,417,350		0.25%		\$15,417,350
LAIF Accounts														
Non-Restricted Funds					\$18,909,684	\$18,909,684	N/A	N/A	\$18,909,684	\$18,909,684		0.278%	N/A	\$18,909,684
LAIF Sinking Fund					5,910,084	5,910,084	N/A	N/A	5,910,084	5,910,084		0.278%	N/A	5,910,084
Subtotal LAIF Accounts					\$24,819,768	\$24,819,768			\$24,819,768	\$24,819,768		0.278%		\$24,819,768
CALTRUST Accounts														
Short-Term					\$3,539,064	\$3,539,064	N/A	N/A	\$3,539,064	\$3,539,064		0.40%	N/A	\$3,539,064
Subtotal CalTrust Accounts					\$3,539,064	\$3,539,064			\$3,539,064	\$3,539,064		0.40%		\$3,539,064
Certificates of Deposit														
CBB Certificate of Deposit					\$4,172,210	\$4,172,210	425	N/A	\$4,172,210	\$4,172,210		0.45%	09/19/15	\$4,172,210
Subtotal Certificate of Deposits					\$4,172,210	\$4,172,210			\$4,172,210	\$4,172,210		0.45%		\$4,172,210

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
 March 31, 2015

	Credit Rating @ Purchase		CHANGES IN Credit Rating		Par Amount	Cost Basis Amount	Term (Days)	March Amortization	March Value	% Coupon	% Yield to Maturity	Maturity Date	Market Value
	S&P	Moody's	S&P	Moody's									

Investments (continued)

US Treasury Note	N/A	AAA			\$1,000,000	\$999,463		15	\$999,692	0.63%	0.64%	12/15/16	\$1,002,340
US Treasury Note Subtotal Treasuries					\$1,000,000	\$999,463		15	\$999,692		0.64%		\$1,002,340

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	\$1,000,980
Federal Home Loan Bank	AA+	AAA			2,000,000	2,000,000	1,080		2,000,000	0.63%	1.25%	08/28/17	2,001,140
Fannie Mae Bond	AA+	AAA			1,000,000	999,750	1,800	4	999,864	0.75%	1.18%	12/18/17	998,180
Federal Home Loan Bank	AA+	AAA			2,000,000	2,000,000	1,260		2,000,000	1.33%	1.33%	01/16/18	2,000,880
Federal Home Loan Bank	AA+	AAA			1,000,000	999,800	1,096	1	999,801	1.00%	1.50%	03/26/18	1,001,280
Federal Home Loan Bank	AA+	AAA			1,000,000	999,700	1,096	1	999,701	1.38%	1.39%	03/26/18	1,001,810
Fannie Mae Bond	N/A	AAA			2,000,000	2,000,000	1,459		2,000,000	1.63%	1.63%	12/28/18	2,016,940
Federal Home Loan Bank	AA+	AAA			2,000,000	2,000,000	1,800		2,000,000	1.25%	2.08%	04/24/19	2,001,440
Freddie Mac Bond	AA+	AAA			1,580,000	1,580,000	1,804		1,580,000	1.13%	2.13%	05/28/19	1,582,022
Subtotal U.S. Gov't Sponsored Entities					\$13,580,000	\$13,579,250		6	\$13,579,366		1.316%		\$13,604,672

Municipal Bonds

California State General Obligation Bond	A-	A1	A+	AA3	\$1,500,000	\$1,673,955		(4,898)	\$1,500,158	5.45%	1.50%	04/01/15	\$1,500,000
California State General Obligation Bond	A-	A1	A+	AA3	1,000,000	1,089,000		(2,147)	1,014,891	3.95%	1.35%	11/01/15	1,021,250
Subtotal State and Local Municipal Bonds					\$2,500,000	\$2,762,955		(\$7,045)	\$2,515,049		1.44%		\$2,521,250

Medium Term Notes

JP Morgan Securities	A	A2		A3	\$2,000,000	\$1,993,460	668	304	\$1,999,775	0.80%	0.98%	04/23/15	\$2,000,200
Toyota Motor Credit Corp	AA-	AA3			1,000,000	1,006,293	946	(206)	1,000,718	0.88%	0.63%	07/17/15	1,001,620
General Electric Floating Rate (75 bp over Libor -1% floor)	AA+	AA2	AA+	A1	1,000,000	988,500	1,265	282	998,791	1.26%	1.26%	08/11/15	1,002,410
JP Morgan Securities	A	A2		A3	1,000,000	1,001,500	1,094	(43)	1,000,455	1.125%	1.07%	02/26/16	1,002,420
John Deere Capital Corp	A	A2			1,000,000	1,004,000	1,754	(71)	1,002,107	1.85%	1.11%	10/10/17	1,001,130
Subtotal Medium Term Notes					\$6,000,000	\$5,993,753		\$265	\$6,001,847		1.01%		\$6,007,780

Total Investments

Total Investments					\$71,028,393	\$71,283,814			\$71,044,347				\$71,084,435
-------------------	--	--	--	--	--------------	--------------	--	--	--------------	--	--	--	--------------

Source of Investment Market Value: US Bank

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
 March 31, 2015

	Credit Rating @ Purchase		CHANGES IN Credit Rating		Par Amount	Cost Basis Amount	Term (Days)	March Amortization	March 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					\$3	\$3	N/A	N/A	\$3		0.00%	N/A	\$3
Subtotal '10A Debt Service Accts					\$3	\$3			\$3		0.00%		\$3
Total Debt Service Accounts					\$2,544,713	\$2,544,713			\$2,544,713				\$2,544,713
CCRA Deposits Held by Member Agencies													
City of Chino					\$11,571,041	\$11,571,041	N/A	N/A	\$11,571,041		N/A	N/A	\$11,571,041
Cucamonga Valley Water District					7,663,672	7,663,672	N/A	N/A	7,663,672		N/A	N/A	7,663,672
City of Fontana					6,633,068	6,633,068	N/A	N/A	6,633,068		N/A	N/A	6,633,068
City of Montclair					2,559,335	2,559,335	N/A	N/A	2,559,335		N/A	N/A	2,559,335
City of Ontario					7,948,522	7,948,522	N/A	N/A	7,948,522		N/A	N/A	7,948,522
City of Chino Hills					2,986,104	2,986,104	N/A	N/A	2,986,104		N/A	N/A	2,986,104
City of Upland					2,812,591	2,812,591	N/A	N/A	2,812,591		N/A	N/A	2,812,591
Subtotal CCRA Deposits Held by Member Agencies					\$42,174,331	\$42,174,331			\$42,174,331				\$42,174,331
[*] totals as reported through January 31, 2015													
CalPERS Deposits													
OPEB (CERBT) Account					\$7,000,000	\$7,000,000	N/A	N/A	\$7,123,318		N/A	N/A	\$7,123,318
Subtotal CalPERS Deposits					\$7,000,000	\$7,000,000			\$7,123,318				\$7,123,318
Escrow Deposits													
Forestar/IEUA Holding Escrow (RP-1 Outfall)					\$3,489,261	\$3,489,261	N/A	N/A	\$3,489,261		N/A	N/A	\$3,489,261
MNR Construction					630,642	630,642	N/A	N/A	630,642		N/A	N/A	630,642
Subtotal Escrow Deposits					\$4,119,903	\$4,119,903			\$4,119,903				\$4,119,903
Total Restricted Deposits					\$55,838,947	\$55,838,947			\$55,962,265				\$55,962,265
Total Cash, Investments, and Restricted Deposits as of March 31, 2015					\$128,578,604	\$128,834,025			\$128,717,876				\$128,757,964

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
 March 31, 2015

March Purchases

No.	Date	Transaction	Investment Security	Par Amount Purchased	Investment Yield
1	03/26/15	Purchase	Federal Home Loan Bank	\$ 1,000,000	1.000%
2	03/26/15	Purchase	Federal Home Loan Bank	\$ 1,000,000	1.370%
Total Purchases				\$ 2,000,000	

March Investment Maturities, Calls & Sales

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

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
 March 31, 2015

<u>Directed Investment Category</u>	<u>Amount Invested</u>	<u>Yield</u>
CBB Repurchase (Sweep)	\$15,417,350	0.250%
Local Agency Investment Fund	24,819,768	0.278%
CalTrust	3,539,064	0.400%
Medium Term Notes	6,001,847	1.007%
Municipal Bonds	2,515,049	1.440%
US Treasury Notes	999,692	0.640%
U.S. Government Sponsored Entities	13,579,366	1.316%
	\$66,872,137	0.603%
Bank Deposit and Investment Accounts		
Citizens Business Bank - Demand Account	(\$968,368)	0.250%
Citizens Business Bank - Certificate of Deposit	4,172,210	0.450%
Bank of the West Money Market Account	1,050,648	0.180%
	\$4,254,490	0.429%

Total Portfolio
Investment Portfolio Rate of Return
\$71,126,627
0.593%

<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	3	0.000%
CCRA Deposits Held by Member Agencies	42,174,331	N/A
Citizens Business Bank - Workers' Compensation Account	79,650	N/A
US Bank - Pre-Investment Money Market Account	41,471	0.010%
CalPERS OPEB (CERBT) Account	7,123,318	N/A
Other Accounts*	1,507,862	N/A
	\$53,471,345	0.000%

Total Other Accounts
Average Yield of Other Accounts
\$124,597,972
0.000%

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

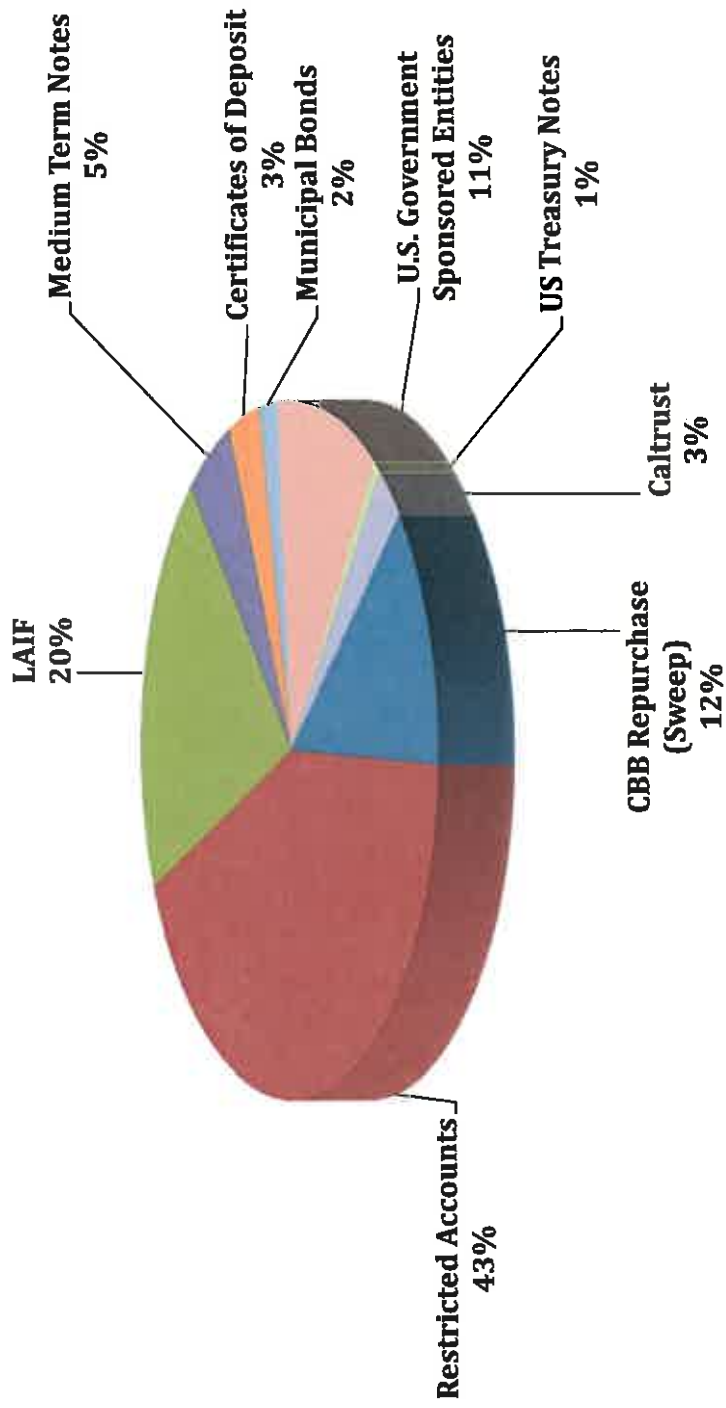
Inland Empire Utilities Agency

Treasurer's Report of Financial Affairs

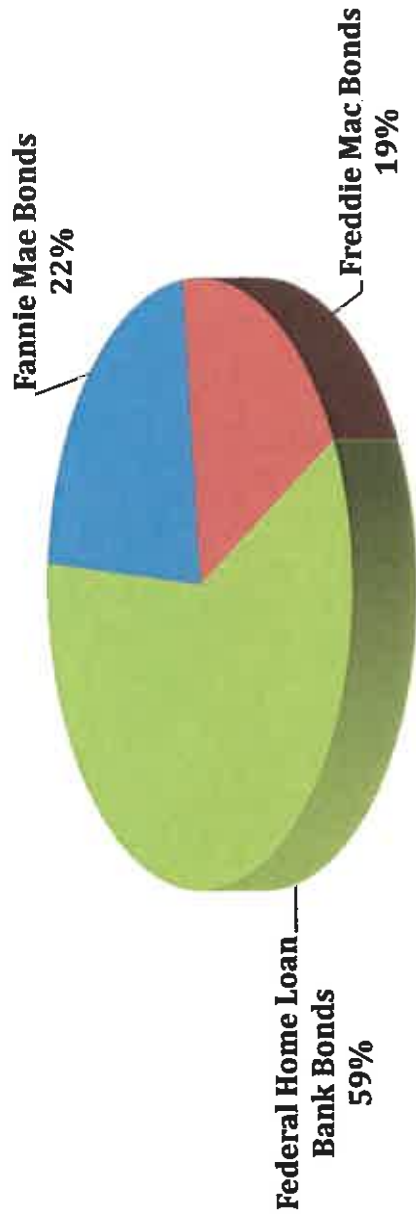
For the Month Ended March 31, 2015

Combined Agency Portfolio (net of escrow deposits)

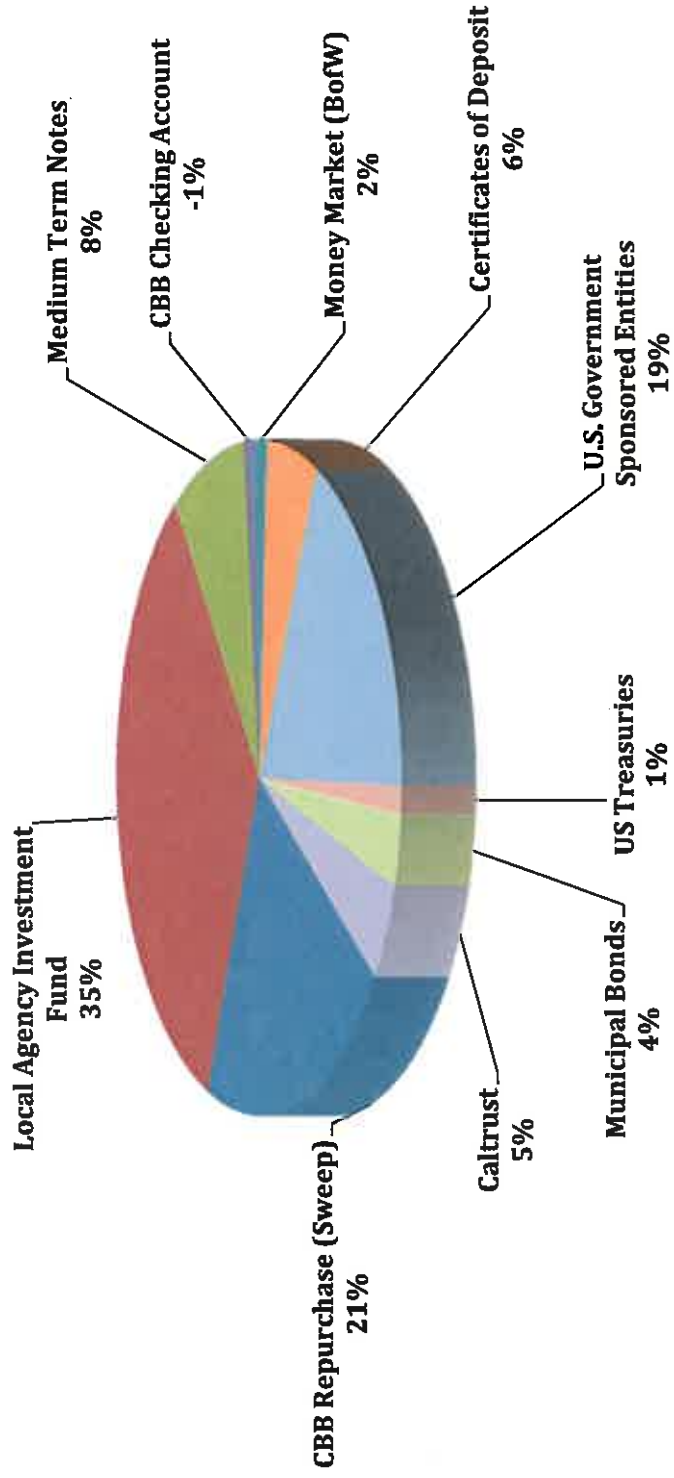
\$124,597,972



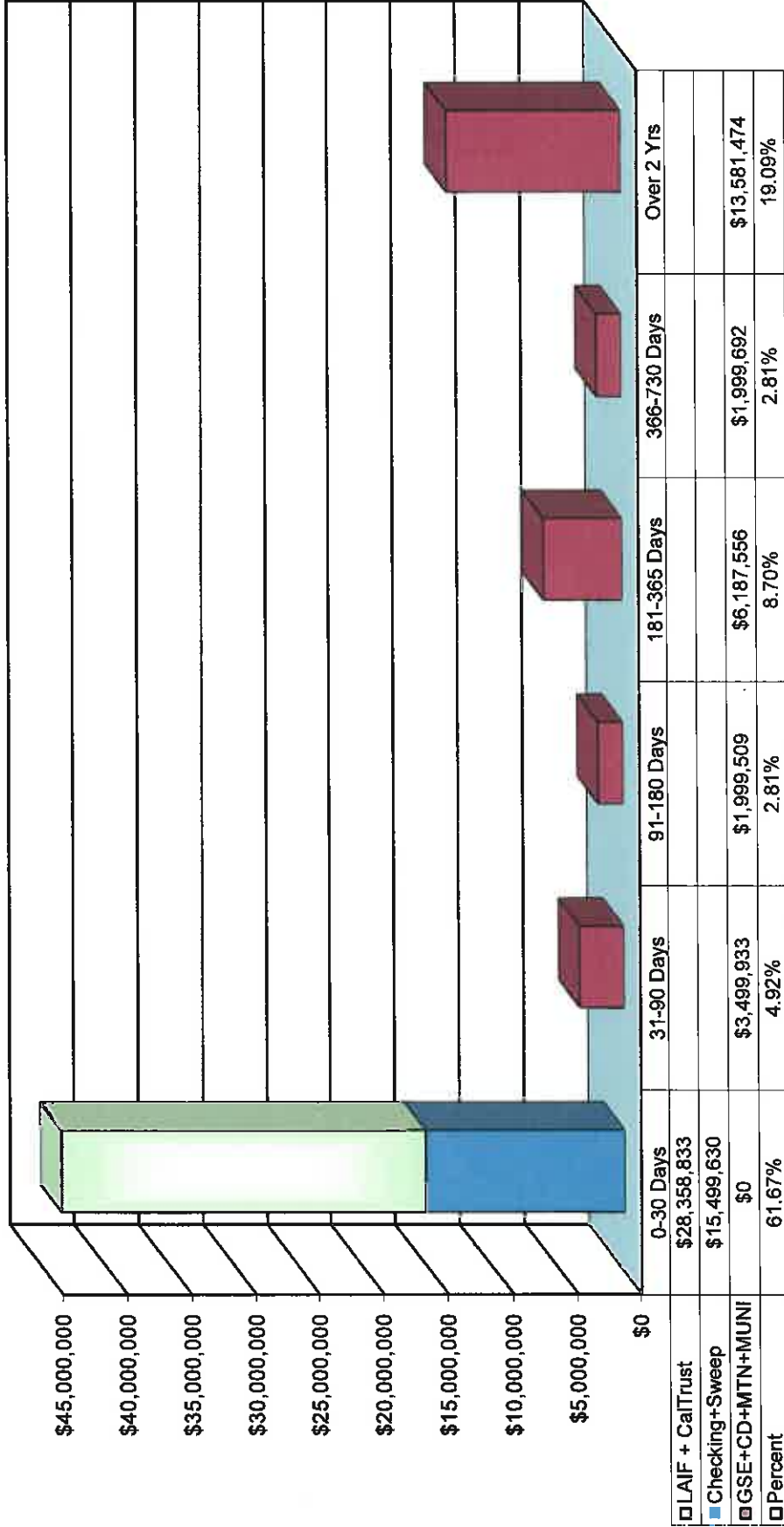
Inland Empire Utilities Agency
Treasurer's Report of Financial Affairs
For the Month Ended March 31, 2015
U.S. Government Sponsored Entities Portfolio
\$13,579,366



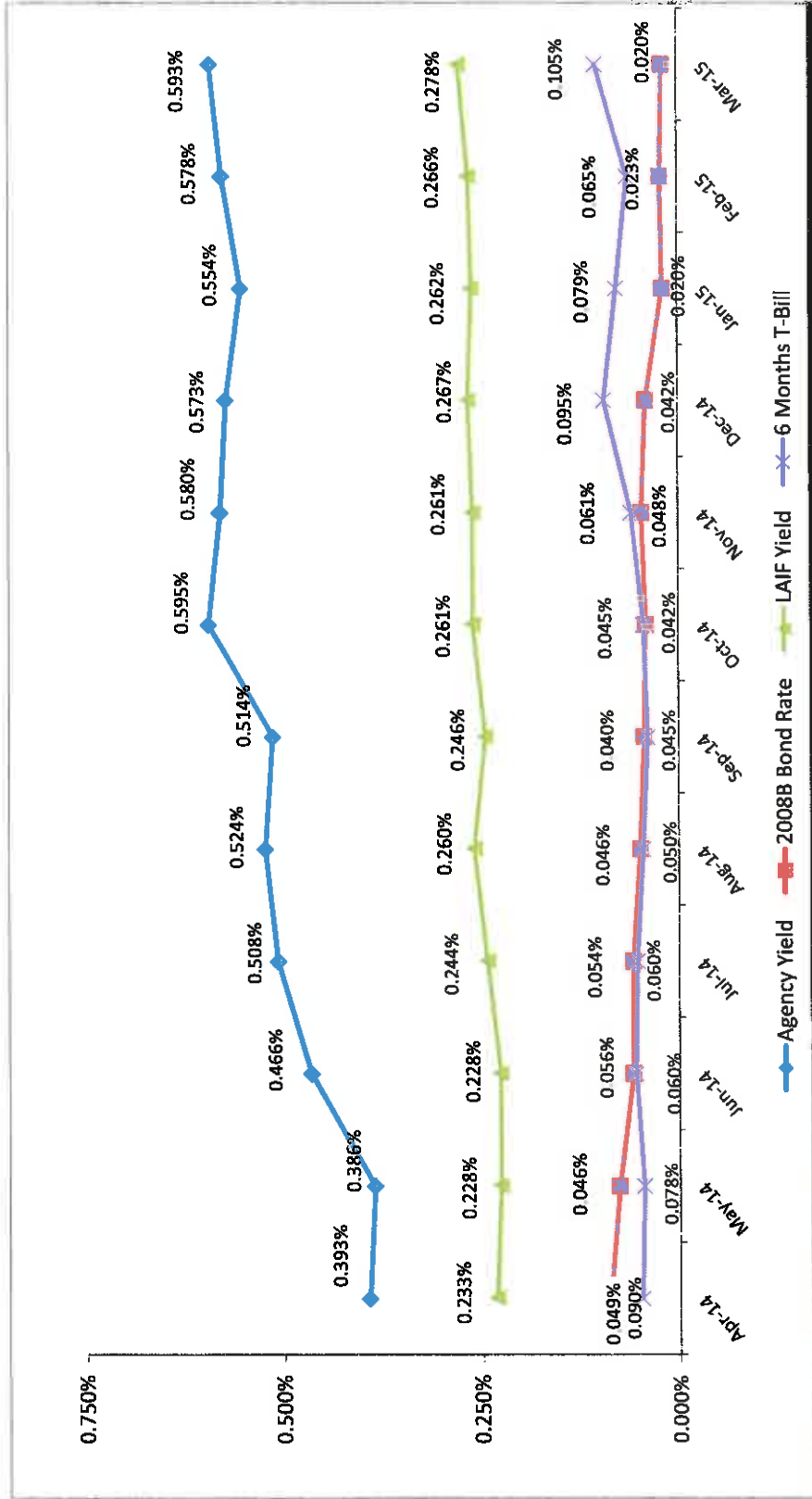
Inland Empire Utilities Agency
Treasurer's Report of Financial Affairs
For the Month Ended March 31, 2015
Unrestricted Agency Investment Portfolio
\$71,126,627



Inland Empire Utilities Agency
Treasurer's Report of Financial Affairs
 For the Month Ended March 31, 2015
 Directed Investment Portfolio Maturity Distribution
\$71,126,627



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



**INFORMATION
ITEM**

4D

Date: May 20, 2015

To: The Honorable Board of Directors

Through: Public, Legislative Affairs, and Water Resources Committee (05/13/15)

From: *for* P. Joseph Grindstaff *PKG*
General Manager

Submitted by: Kathy Besser *KAB*
Manager of External Affairs

Subject: Public Outreach and Communication

RECOMMENDATION

This is an informational item for the Board of Directors to review.

BACKGROUND

May 2015

- May, Water Awareness Month
- May 3-9, International Compost Awareness Week
- May 6, Compost Giveaway, IEUA HQA Parking Lot, 9:00 a.m.-2:00 p.m.
- May 15-17, MWD Solar Cup Competition, Lake Skinner

July 2015

- July 15, IEUA Annual Employee Appreciation Picnic, Location TBD, 11:30 a.m.-3:00 p.m.

August 2015

- August 21, 9th Annual San Bernardino County Water Conference, Cal State San Bernardino (5500 University Pkwy, San Bernardino), 8:00 a.m.-12:00 p.m.

Outreach/Education - Civic Publications Newspaper Campaign

- IEUA staff ran an email blast for the 2015 Earth Day event. 54,500 emails were distributed with the subject line reading "Join IEUA for an Earth Day Event in Chino on April 16th". The Earth Day flier was shown in the body of the email, which linked to the IEUA website. 52,000 emails were received. The email blast had a 24 percent open rate.

Based on those opened, about 50 percent clicked through to the IEUA website (approximately 6,093).

- IEUA staff is working with Civic Publications to develop a spring 2015 water-saving campaign. This campaign will include display ads, an email blast and print media as well. The display ads will feature ACWA's water saving messages and will be distributed mid-May. The email blast will be distributed early May and feature a local reservoir that has been affected by drought. Both digital methods will link to the IEUA micro-site with water-saving tips and rebate information.
- Staff will be running ads in the Daily Bulletin for Water Awareness Month and Compost Awareness Week.

Media and Outreach

- A water softener ad ran in the Champion Newspaper's Chino Connection Magazine on May 2, 2015. A compost giveaway ad ran in the Champion the first weekend in May.
- IEUA Staff ran Earth Day ads on La Opinion and Fontana Herald News' leaderboards for the month of April.
- IEUA staff has implemented an additional twelve week drought campaign in movie theaters featuring the 15 second ad that was created in fall 2014. The ad is currently being featured on all screens at Ontario Palace (Ontario), Victoria Gardens (Rancho Cucamonga) and Harkins (Chino Hills). This ad will be featured for 12 weeks and will play on all theaters as well as the Lobby Entertainment Network (LEN).
- IEUA staff will be working with member agencies to develop a regional drought alert logo and tagline and will be developing an outreach plan for consistent drought messaging across the region.

Education and Outreach Updates

- Water Discovery Program: 1,437 Girl Scout troop members, elementary and high school students have taken part in the park field trip from September 24, 2015 through April 30, 2015.
- IEUA staff held the annual Earth Day event on Wednesday, April 15, 2015 and Thursday, April 16, 2015. A total of 13 schools participated on Wednesday's school day with approximately 2,000 students, teachers and chaperones. Approximately 1,000 community members, vendors, etc. attended the April 16, 2015 community day. IEUA had over 50 volunteers assist throughout the two-day event.
- IEUA staff received applications for the 2015/16 Garden in Every School® Program (Deadline: April 3, 2015). Staff has reviewed the applications and is scheduling site evaluations for those schools that qualify. Final decisions will be made mid-May.
- Solar Cup 2015 will be taking place May 15-17 at Lake Skinner. Los Osos High School (Rancho Cucamonga), Chino High School (Chino), and Chino Hills High School (Chino Hills) will all be participating in this year's event. The teams are on track to compete and will be receiving team shirts and promotional items from IEUA.

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

The above-mentioned activities are budgeted in the FY 2014/15 Administrative Service Fund, Public Information Services budget.

INFORMATION
ITEM

4E

Innovative Federal Strategies LLC

Comprehensive Government Relations

MEMORANDUM

To: Joe Grindstaff and Kathy Besser, IEUA

From: Letitia White, Jean Denton, and Drew Tatum

Date: April 30, 2015

Re: April Monthly Legislative Update

Congress had an unusually productive month in spite of the first two weeks of the month scheduled as a district/state work period. Congress has started moving appropriations bills more quickly this year than we have seen in the last several decades. This month, the House has already passed the Military Construction / VA bill, the Energy and Water bill, the Legislative Branch Appropriations bill, and the Transportation-HUD bill out of Committee with the first two making their way to the floor for consideration by the full House. The passage of those bills marks the earliest point in the year that the House has considered an appropriations bill in the time they have been using the current process. Additionally, after ironing out an agreement, the House and Senate are on track to pass a budget resolution negotiated by a House and Senate conference committee after each chamber passed its own version. The House has already passed the compromise, and the Senate is expected to move it the first week of May. If it does pass, it will be the first time in several years that the Congress has agreed to a spending plan through regular order. The Senate has not begun the process of marking appropriations bills, but they usually start several weeks behind the House. We've included a few bill highlights below for measures of interest:

Transportation, Housing and Urban Development:

- The bill includes \$17.2 billion in discretionary appropriations for the Department of Transportation for fiscal year 2016. This is \$1 billion below the fiscal year 2015 enacted level. Of that money, the following will be spent on specific program areas.
 - Highways - \$40.25 billion from the Highway Trust Fund, contingent on a new authorization being enacted before the end of May. This puts the funding roughly even with last year's levels.
 - Air - \$15.0 billion for the FAA, which is a \$159 million increase over FY15 funding. It provides full funding for air traffic control and includes funding for the NextGen system.
 - Grants – Tiger Grants are funded at \$100 million, which is \$400 million below last year's number. This program has taken a hit over the last several years with Members concerned that smaller cities are losing out on funding dollars to large cities.
- Housing and Urban Development Community Development Block Grants are funded at \$3 billion which is equal to funding for FY15.

Innovative Federal Strategies LLC

Energy and Water Appropriations:

- The Energy and Water Appropriations bill included language instructing the Department of Interior to use flexibility and tools available to mitigate the impact of the western drought. The additional money for Western Drought Relief came out of the Senate last year, so we are hopeful that they will do the same again this year.
- The bill also instructed the Bureau of Reclamation to work with both Houses of Congress to develop and propose “recommendations for improvements, which may include programmatic changes and project specific authorizations”.

Bipartisanship (somewhat) Continues in the Senate

Progress in the Senate came to a screeching halt at the end of March over what was originally thought to be a noncontroversial human trafficking bill. Democrats discovered language in the bill related to abortions that they did not catch when the bill was passed at the Committee level. A senior staff member for a Democratic Senator admitted that she saw the language before Democrats supported it at the Committee level, but didn't run it up the chain of command. When the language was brought to light, Democrats withdrew their support of the legislation, denying Republicans the votes they needed to overcome procedural hurdles and pass the bill. In response, Majority Leader Mitch McConnell (R-KY) said that he would not move on to consider the nomination of Loretta Lynch to be Attorney General until the issues with the bill had been resolved—drawing the ire of Senate Democrats and the White House.

After several weeks, a bipartisan agreement was reached on the legislation that allowed both sides of the isle to offer and vote on additional amendments. The controversial language was also replaced by setting up two funding mechanisms for money directed to Human Trafficking Programs. It ensures that no federal money is used to fund abortions while not placing the same restrictions on other money in the program. This is the same type of agreement that has been used in the past to overcome obstacles related to abortion language. Even though the disagreement held up progress on the floor for other bills, it proved yet again that an open amendment process can help move legislation across the finish line. Earlier this year, we saw the open amendment process pave the way for the Keystone XL pipeline to pass the Senate before ultimately being vetoed by the President. Even though the Senate had a filibuster-proof majority with several Democrats supporting the legislation, they did not have enough to override a presidential veto.

Mitch McConnell made good on his promise to bring up the nomination of Loretta Lynch, with the Senate confirming her nomination two days after the trafficking bill cleared the Senate. The agreement also paved the way for the Senate to confirm its first judicial nomination of the year. Democrats were also disappointed in the amount of time Republicans burned before considering judicial nominations, but Republicans pointed to the unprecedented number of nominees confirmed in the closing days of the last Congress that would typically sit until the new Congress was seated a part of the reason for the holdup. There is also speculation that the Democrats use of the nuclear option in the last Congress might have also caused Republicans to stall consideration of nominees.

Innovative Federal Strategies LLC

White House Issues Early Veto Threats on Spending Bills

The White House has taken the unusual step of weighing in early to criticize and threaten to veto appropriations bills before they were brought up on the floor of the House. In a Statement of Administration Policy, senior White House advisors have said they would recommend that the President veto the Energy and Water as well as the Military Construction-VA bills in addition to any bill that implements the Republican budget framework because it “blocks the investments we need for our economy to compete in the future.” In the same statement, administration officials urged the House to reverse sequestration for both defense and non-defense priorities. They also gave the general outline that they would like to see increased spending offset with “commonsense spending and tax expenditure cuts”. In other words, the White House would like to see another agreement like the 2013 plan negotiated by the Chairmen of the House Budget Committee Paul Ryan (R-WI) and Senate Budget Committee Chairwoman Patty Murray (D-WA). Their agreement increased defense and domestic spending by mandatory spending cuts and an increase in certain fees, though the White House has indicated interest in raising taxes on the wealthiest Americans this time.

The White House threat has also further emboldened House Democrats, who might no longer support the two bills that typically receive bipartisan support. These bills tend to move through the process first due to strong support. Democrats and Republicans alike have been reluctant to oppose the Veterans spending bill in the past in order not to appear to be anti-Veteran. There are several conservative Republicans who have also threatened to vote against the measure due to spending being shifted to a non-capped fund (the Overseas Contingency Operation). With defectors on both sides, Speaker John Boehner (R-OH) has already indicated privately that there is a possibility that a continuing resolution might be on the table if no agreement between Republicans and the White House can be reached.

Since the current spending bills run through the remainder of the fiscal year expiring on September 30, 2015, Congress still has plenty of time to forge ahead with the twelve annual appropriations bills. Republicans hope that at least some portions of the government will be funded through regular order, something Capitol Hill hasn't seen in years.

GOP Focuses Attention on Water Rules

The Environmental Protection Agency has proposed a rule that would give them additional jurisdiction over water quality regulations. Last year the agency and Army Corps of Engineers released their proposed rule to redefine the “water of the United States” under the Clean Water Act. The proposal has drawn sharp criticism from the GOP who unsuccessfully attempted to block the rule from being finalized last year in an appropriations bill. This year's Energy and Water Appropriations bill includes similar language that was cited in a veto threat from the White House.

Republicans are taking several different approaches this year, with legislation being introduced in both the House and Senate. These bills would both set parameters for what can be covered in the final regulation and force the agencies to seek more public input before the final regulation is released. Senator John Barrasso (R-WY) indicated last week that he plans to introduce a bipartisan bill that would mirror a Senate budget resolution proposal that received a nearly filibuster proof majority with several Western state Democrats joining in support. The budget amendment, which is a non-binding proposal, signaled the Senate's intent to limit federal

Innovative Federal Strategies LLC

jurisdiction over puddles, roadside ditches, irrigation ditches, and storm and wastewater systems. Their inclusion in a final regulation could cost municipalities and farmers billions of dollars to comply.

In the House, Members advanced a bill with Democratic support from the Transportation and Infrastructure Committee that would force the EPA and Army Corps to withdraw the proposed rule and restart the conversation with stakeholders. While there is bipartisan support for the current proposals, the administration has made it clear that they do not support this type of legislation while the rule making process is ongoing. At this point, it doesn't appear that Congress would have the votes necessary to override a veto from President Obama.

More Transportation Reauthorization Hearings Coming

Congressman Paul Ryan (R-WI), the Chairman of the House Ways and Means Committee told reporters this week that he is planning to hold hearings on the Highway Trust Fund during the month of May. Ryan's committee is responsible for tax policy, and he has said that he is working on a short term extension that would keep the fund solvent through the end of the year. He has also indicated that he has ruled out repatriation, or a tax on profits being held abroad, as an option to bolster the fund. He did not indicate how he plans to come up with additional dollars to prop up the fund for the remainder of the year, telling reporters "I'll give you the answer to your question in about three weeks, because I don't have it right now." The Senate's top tax writer, Senator Orrin Hatch (R-UT) has also dismissed the idea of repatriation. There is speculation that his opposition stems from a desire for a broad tax overhaul, which could be complicated by taking this option off the table to pay for the Highway Trust Fund.

The Congressman's comments come in the wake of a flurry of transportation activity on the Senate side, where various committees have held hearings on reauthorization during April. Even with busy hearing schedules, neither the House nor Senate have put forth a legislative vehicle to reauthorize the nation's transit programs before the May 31st deadline, nor does consensus seem to be forming around the broad proposals touted by lawmakers. With the House in recess for the first week of the month, we anticipate a short-term bill will eventually make its way to the floor while lawmakers hope for the political will power to push for a long term bill.

Outlook for May

The Senate is expected to take up and pass the budget resolution negotiated between the House and Senate during the first week of May. They are also schedule to continue working on the Iran Nuclear Agreement legislation that will give Congress more oversight of any agreement negotiated between Iran and the United States. The House will be in recess the first week of the month as Members return home for a district work period. They are expected to continue to move appropriations bills when they return, and we anticipate that the process will only become more difficult going forward.

**INFORMATION
ITEM**

4F



May 1, 2015

To: Inland Empire Utilities Agency

From: Michael Boccadoro
President

RE: April Legislative Report

Overview:

The Legislature spent April with a packed schedule of policy committee hearings as hundreds of bills moved through the policy committee process ahead of the May 1 policy committee deadline. Budget sub committees also met weekly to review specific items in the budget, but are waiting for the Governor to release his May Revise. Once the revise, which includes updated revenues after April tax receipts, budget sub committees and the full committee will start to work on finalizing the budget before the June 15 deadline.

The California Public Utilities Commission (CPUC) released a report outlining the results of the Investor Own Utility (IOU) energy efficiency programs from 2010-2012. The report concluded that the \$2.5 billion the utilities have spent in the three-year cycle resulted in 7,745 GWh of energy savings, enough to power 800,000 homes for a year and cut carbon emissions by 5.3 million tons.

The third draft of emergency drought regulations to implement the 25 percent reduction in urban water use outlined in Governor Brown's April 1 executive order was released by the State Water Resources Control Board on April 28. This "formal" draft was released after a high volume of comments from stakeholders on the previous two drafts. The new draft makes minor modifications to the established tiers.

On April 9, the California Energy Commission (CEC) passed water conservation measures that are expected to save 10 billion gallons of water in the first year. By 2039, the regulations are expected to save 105 billion gallons annually. The new standard, adopted under authority granted by Governor Brown's executive order, regulates flow in toilets, urinals, and residential bathroom and kitchen faucets installed after January 2016.

On April 29, Governor Brown issued an executive order to establish a California greenhouse gas reduction target of 40 percent below 1990 levels by 2030 - the most aggressive benchmark enacted by any government in North America to reduce carbon emissions.

SB 385 (Lara, D- Los Angeles), sponsored by the Association of California Water Agencies would allow water agencies to apply for a short extension period to comply with the state's new hexavalent chromium (chrom 6) standards. The bill initially met significant opposition from environmentalists, but amendments have been taken to alleviate their concerns. This bill is important because there was a very short window for agencies to come to compliance with the

new maximum containment load (MCL). Agencies that prove they are on the way to complying will be able to apply for a short extension, should the bill pass and be signed by the Governor.

With the rainy season over, the Department of Water Resources conducted the final Sierra Snowpack Survey of 2015, finding the statewide snowpack at just 5 percent, the lowest total snowpack on record.

A new report by the Union of Concerned Scientists (UCS), "Clean Energy Opportunities in California's Water Sector," concluded that there are significant opportunities for water and wastewater utilities in California to invest in clean energy resources, but barriers limit the role the water sector can currently play in reducing the state's carbon footprint. The report offers several suggestions about how the water and wastewater sectors can participate further in the states energy and emissions goals.

Inland Empire Utilities Agency Status Report – April 2015

Energy Efficiency Review

The California Public Utilities Commission (CPUC) released a report outlining the results of the Investor Own Utility (IOU) energy efficiency programs from 2010-2012. The report concluded that the \$2.5 billion the utilities have spent in the three-year cycle resulted in 7,745 GWh of energy savings, enough to power 800,000 homes for a year and cut carbon emissions by 5.3 million tons. The report also found that for every dollar the IOUs invest in energy efficiency, \$1.31 in savings is returned to ratepayers. CPUC Commissioner Carla Peterman was pleased that the energy savings exceeded original goals for the program, but noted that there is significant room for improvement in the program.

Energy Drought Regulations

The third draft of emergency drought regulations to implement the 25 percent reduction in urban water use outlined in Governor Brown's April 1 executive order was released by the State Water Resources Control Board on April 28. This "formal" draft was released after a high volume of comments from stakeholders on the previous two drafts.

Comments are due on the formal regulation May 4 at 10 a.m. The State Board is scheduled to take action on the package May 5 or 6.

The latest draft does address with the requests of many stakeholders to modify the tiers from four percent increments to two percent increments, which would create 15 tiers, rather than nine. It is still possible that a change in the tiers could come ahead of the final adoption.

Officials said some water districts and cities fell into new reduction tiers under the current regulation because they recalculated their gallons per capita per day.

Among the changes officials made to the proposal is allowing commercial, industrial and institutional water use to be reported to the State Board as a combined figure, rather than separated out into different categories.

CEC Water Conservation Measures

On April 9, the California Energy Commission (CEC) passed water conservation measures that are expected to save 10 billion gallons of water in the first year. By 2039, the regulations are expected to save 105 billion gallons annually. The new standard, adopted under authority granted by Governor Brown's executive order, regulates flow in toilets, urinals, and residential bathroom and kitchen faucets installed after January 2016.

- Toilets shall not consumer more than 1.28 gallons per flush.
- Urinals shall not consumer more than 0.125 gallons per flush.
- Kitchen faucets shall not exceed 1.8 gallons per minute flow rate and may have capability to increase to 2.2 gallons per minute momentarily for filling pots and pans.

Governor Brown Executive Order on GHG Reductions

On April 29, Governor Brown issued an executive order to establish a California greenhouse gas reduction target of 40 percent below 1990 levels by 2030 - the most aggressive benchmark enacted by any government in North America to reduce dangerous carbon emissions.

The Governor's executive order aligns California's greenhouse gas reduction targets with those of leading international governments ahead of the United Nations Climate Change Conference in Paris later this year. The 28-nation European Union, for instance, set the same target for 2030 just last October.

California is on track to meet or exceed the current target of reducing greenhouse gas emissions to 1990 levels by 2020, as established in the California Global Warming Solutions Act of 2006 (AB 32). California's new emission reduction target of 40 percent below 1990 levels by 2030 will make it possible to reach the ultimate goal of reducing emissions 80 percent under 1990 levels by 2050. This is in line with the scientifically established levels needed in the U.S. to limit global warming below 2 degrees Celsius - the warming threshold at which scientists say there will likely be major climate disruptions, such as super droughts and rising sea levels.

Climate Adaptation

The executive order also specifically addresses the need for climate adaptation and directs state government to:

- Incorporate climate change impacts into the state's Five-Year Infrastructure Plan;
- Update the Safeguarding California Plan - the state climate adaption strategy - to identify how climate change will affect California infrastructure and industry and what actions the state can take to reduce the risks posed by climate change;
- Factor climate change into state agencies' planning and investment decisions; and
- Implement measures under existing agency and departmental authority to reduce greenhouse gas emissions.

Hexavalent Chromium Bill Moves Through Legislative Process

A bill to grant water agencies an additional five years, until 2020, to comply with drinking water maximum containments level (MCL) for hexavalent chromium (chrom 6) is successfully moving through the legislative process. SB 385 (Hueso) has passed the Senate Environmental Quality Committee and is awaiting a hearing in the Judiciary Committee.

The bill, sponsored by the Association of California Water Agencies (ACWA), allows water agencies to apply for a short delay in complying with the 2014 MCL of 0.02 ppb for chrom 6. According to the author, the bill is crucial to avoid litigation as agencies try to comply with the short compliance timeframe.

Opposition to the measure has been removed with some amendments that were taken in Environmental Quality Committee.

Water Supply Update

With the rainy season over, the Department of Water Resources conducted the final Sierra Snowpack Survey of 2015, finding the statewide snowpack at just 5 percent, the lowest total snowpack on record.

Despite the lack of snowpack, California’s water storage system improved earlier in the water year, due to a series of wet storms this winter, but remains historically low. With little snowpack in the Sierras, the reservoirs will have little runoff to recharge with later in the spring and reservoir conditions are expected to continue to decline.

The following is a chart of water levels at several California reservoirs, as of April 28:

Reservoir	Percent of Capacity	Percent of Historical Average
Lake Shasta	59%	68%
Lake Oroville	51%	62%
Folsom Lake	59%	80%
San Luis Reservoir	63%	70%
Lake Perris	39%	46%
Castaic Lake	30%	33%

Future Renewable Portfolio Standard at CPUC

A new proceeding at the California Public Utilities Commission (CPUC) could explore increasing the renewable portfolio standard (RPS), increasing distributed generation’s role in meeting RPS targets, and accounting for the greenhouse gas (GHG) emissions reduction value of different resources. At an April 16 prehearing conference, Commissioner Carla Peterman laid out the top possible priorities for the case to address:

- Updating the RPS calculator: a modeling tool that develops possible portfolios of renewables that meet RPS targets.
- Revising the least-cost, best-fit process to evaluate bids.
- Increasing the RPS percentage requirement.

- Making GHG reduction and an RPS program goal or incorporating GHG reduction into procurement mechanism.
- Using more distributed generation toward RPS compliance.

There are many parties to the case with many different opinions about the future of the RPS programs. Notably, Southern California Edison and the other Investor Owned Utilities urged that the CPUC wait until the Legislature acts on a new RPS target and not set one administratively.

Union of Concerned Scientists Report on Water Energy Nexus

A new report by the Union of Concerned Scientists (UCS), “Clean Energy Opportunities in California’s Water Sector,” concluded that there are significant opportunities for water and wastewater utilities in California to invest in clean energy resources, but barriers limit the role the water sector can currently play in reducing the state’s carbon footprint. They claim that while the water sector accounts for nearly 20 percent of the state’s electricity demand, the electricity purchased or generated by water utilities is not typically addressed by California’s climate and renewable energy policies.

The report recommends that in order for the state to understand the opportunities for the water sector to be part of the “climate solution,” water and wastewater utilities must publically report electricity usage in a standard format.

Additionally, they recommend that funding from the 2014 water bond, Department of Water Resources grants, or cap and trade revenues be contingent upon proven, utility-wide emissions reductions.

Finally, the report recommends if that the California Energy Commission and the California Public Utilities Commission assess the potential for water and wastewater utilities to provide grid flexibility, so the utilities “know how much flexibility they have within their system to adjust operations and the financial incentives for doing so.”

The Union of Concerned Scientists is also sponsoring a bill, SB 471 (D-Pavley), that addresses the energy used at water agencies. IEUA is monitoring the progress of this bill.

Legislative Update

The Legislature worked fervently on hundreds of bills ahead of the May 1 policy committee deadline for bills needing to go to appropriations committees. Non-fiscal bills have an additional week to be heard in policy committee.

Bills IEUA is watching:

Water Quality

AB 888 (Bloom D) Waste management: plastic microbeads.

Last Amend: 4/22/2015

Status: 4/29/2015-From committee: Do pass and re-refer to Com. on APPR. (Ayes 6. Noes 0.) (April 28). Re-referred to Com. on APPR.

Location: 4/29/2015-A. APPR.

Summary: Would prohibit, on and after January 1, 2020, a person, as defined, from selling or offering for promotional purposes in this state a personal care product containing plastic microbeads that are used to exfoliate or cleanse in a rinse-off product, as specified. The bill would exempt from those prohibitions the sale or promotional offer of a product containing less than 1 part per million (ppm) by weight of plastic microbeads, as provided. This bill contains other related provisions.

AB 1173 (Williams D) Water equipment: backflow prevention devices testing: certification.

Last Amend: 3/26/2015

Status: 4/29/2015-From committee: Do pass and re-refer to Com. on APPR. (Ayes 5. Noes 0.) (April 28). Re-referred to Com. on APPR.

Location: 4/29/2015-A. APPR.

Summary: Would require, if a local health officer does not maintain a program for certification of backflow prevention device testers, the testing and maintenance of a backflow prevention device be performed by a person who has received a California-specific certification for testing backflow prevention devices from one of specified entities or a similar certification provider deemed acceptable by the state board or the local health officer. Because a violation of these requirements would be a crime, this bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws.

AB 1463 (Gatto D) Onsite recycled water.

Status: 4/29/2015-From committee: Do pass and re-refer to Com. on APPR. with recommendation: To Consent Calendar. (Ayes 14. Noes 0.) (April 28). Re-referred to Com. on APPR.

Location: 4/29/2015-A. APPR.

Summary: Would require the State Water Resources Control Board, in consultation with the State Department of Public Health, the California Building Standards Commission, and stakeholders, to establish water quality standards and distribution, monitoring, and reporting requirements for onsite water recycling systems prior to authorizing the use of onsite recycled water in internal plumbing of residential and commercial buildings.

SB 385 (Hueso D) Primary drinking water standards: hexavalent chromium: compliance plan.

Last Amend: 4/7/2015

Status: 4/24/2015-Set for hearing May 5.

Location: 4/16/2015-S. JUD.

Calendar: 5/5/2015 1:30 p.m. - Room
112 SENATE JUDICIARY, JACKSON, Chair

Summary: Would authorize, until January 1, 2020, the State Water Resources Control Board, at the request of a public water system that prepares and submits a compliance plan to the state board, to grant a period of time to achieve compliance with the primary drinking water standard for hexavalent chromium by approving the compliance plan, as prescribed. This bill would require a public water system to provide specified notice regarding the compliance plan to its customers and the public water system to send written status reports to the state board.

SB 625 (Galgiani D) Waste management: synthetic plastic microbeads.

Last Amend: 4/20/2015

Status: 4/30/2015-April 29 set for first hearing canceled at the request of author.

Location: 4/22/2015-S. E.Q.

Summary: Would prohibit, on and after January 1, 2020, a person, as defined, from selling or offering for promotional purposes in this state a personal care product containing synthetic plastic microbeads, as specified. The bill would exempt from those prohibitions the sale or promotional offer of a product containing less than 1 part per million (ppm) by weight of synthetic plastic microbeads, as provided. This bill contains other related provisions.

Bay Delta

AB 1201 (Salas D) Fish and wildlife: Sacramento-San Joaquin Delta: predation by nonnative species.

Last Amend: 4/22/2015

Status: 4/28/2015-From committee: Do pass and re-refer to Com. on APPR. (Ayes 15. Noes 0.) (April 28). Re-referred to Com. on APPR.

Location: 4/28/2015-A. APPR.

Calendar: 5/6/2015 9 a.m. - State Capitol, Room 4202 ASSEMBLY APPROPRIATIONS, GOMEZ, Chair

Summary: Under the California Endangered Species Act, the Department of Fish and Wildlife may authorize the take of listed species if the take is incidental to an otherwise lawful activity and the impacts are minimized and fully mitigated. This bill would require the department, by June 30, 2016, to develop and initiate a science-based approach that addresses predation by nonnative species upon species of fish listed pursuant to the act that reside all or a portion of their lives in the Sacramento-San Joaquin Delta.

Water

AB 1 (Brown D) Drought: local governments: fines.

Status: 4/23/2015-In Senate. Read first time. To Com. on RLS. for assignment.

Location: 4/23/2015-S. RLS.

Summary: Would prohibit a city, county, or city and county from imposing a fine under any local maintenance ordinance or other relevant ordinance for a failure to water a lawn or having a brown lawn during a period for which the Governor has issued a proclamation of a state of emergency based on drought conditions.

AB 88 (Gomez D) Sales and use taxes: exemption: energy or water efficient home appliances.

Last Amend: 4/6/2015

Status: 4/20/2015-In committee: Set, second hearing. Referred to REV. & TAX. suspense file.

Location: 4/20/2015-A. REV. & TAX SUSPENSE FILE

Calendar: 5/18/2015 1:30 p.m. - State Capitol, Room 126 ASSEMBLY REVENUE AND TAXATION SUSPENSE, TING, Chair

Summary: Existing sales and use tax laws impose a tax on retailers measured by the gross receipts from their sales of tangible personal property sold at retail

in this state, or on the storage, use, or other consumption of tangible personal property purchased from a retailer for storage, use, or other consumption in this state, and specify certain exemptions from the amount of tax imposed. This bill would exempt from these taxes the gross receipts from the sale of, and the storage, use, or other consumption in this state of, an energy or water efficient home appliance purchased by a public utility that is provided at no cost to a low-income participant in a federal, state, or ratepayer-funded energy efficiency program for use by that low-income participant in the energy efficiency program. This bill contains other related provisions and other existing laws.

AB 149 (Chávez R) Urban water management plans.

Last Amend: 4/29/2015

Status: 4/30/2015-Read second time. Ordered to third reading.

Location: 4/30/2015-A. CONSENT CALENDAR

Calendar: 5/4/2015 #101 ASSEMBLY CONSENT CALENDAR-FIRST LEGISLATIVE DAY ASSEMBLY MEASURES

Summary: The Urban Water Management Planning Act requires an urban water supplier to submit to the Department of Water Resources a copy of its plan no later than 30 days after adoption and requires the department to prepare and submit to the Legislature, on or before December 31, in the years ending in 6 and 1, a report summarizing the status of plans adopted pursuant to the act. The act requires each urban water supplier to update and submit its 2015 plan to the department by July 1, 2016. This bill would require each urban water supplier to update and submit its 2020 plan to the department by July 1, 2021, and would require the department to submit its 2015 report to the Legislature by July 1, 2016, and its 2020 report by July 1, 2022 .

AB 349 (Gonzalez D) Common interest developments: property use and maintenance.

Status: 3/2/2015-Referred to Com. on H. & C.D.

Location: 3/2/2015-A. H. & C.D.

Calendar: 5/13/2015 9 a.m. - State Capitol, Room 126 ASSEMBLY HOUSING AND COMMUNITY DEVELOPMENT, CHAU, Chair

Summary: Current law makes void and unenforceable any provision of the governing documents or architectural or landscaping guidelines or policies in a common interest development declaration that prohibits use of low water-using plants, or prohibits or restricts compliance with water-efficient landscape ordinances or regulations on the use of water, as specified. This bill would also make void and unenforceable any provision of the governing documents or architectural or landscaping guidelines or policies that prohibits use of low

water-using landscapes that require not more than a specified amount of water. This bill contains other existing laws.

AB 401 (Dodd D) Low-Income Water Rate Assistance Program.

Last Amend: 4/8/2015

Status: 4/15/2015-In committee: Set, first hearing. Referred to suspense file.

Location: 4/15/2015-A. APPR. SUSPENSE FILE

Summary: Would require the Department of Community Services and Development, no later than January 1, 2017, in collaboration with the State Board of Equalization and relevant stakeholders, to develop a plan for the funding and implementation of the Low-Income Water Rate Assistance Program, which would include specified elements. The bill would require the department, no later than January 1, 2017, to report to the Legislature on its findings regarding the feasibility, financial stability, and desired structure of the program, including any recommendations for legislative action that may need to be taken. This bill contains other existing laws.

AB 478 (Harper R) Desalination.

Status: 2/24/2015-From printer. May be heard in committee March 26.

Location: 2/23/2015-A. PRINT

Summary: Current law provides that it is the intention of the Legislature that the Department of Water Resources shall undertake to find economic and efficient methods of desalting saline water so that desalted water may be made available to help meet the growing water requirements of the state. This bill would make a nonsubstantive change in these provisions.

AB 585 (Melendez R) Outdoor Water Efficiency Act of 2015: personal income tax credits: outdoor water efficiency.

Last Amend: 3/16/2015

Status: 3/17/2015-Re-referred to Com. on REV. & TAX.

Location: 3/17/2015-A. REV. & TAX

Calendar: 5/4/2015 1:30 p.m. - State Capitol, Room 126 ASSEMBLY REVENUE AND TAXATION, TING, Chair

Summary: The Personal Income Tax Law allows various credits against the taxes imposed by that law. This bill, for taxable years beginning on or after January 1, 2015, and before January 1, 2021, or an earlier specified date, would allow a credit equal to 25% of the amount paid or incurred by a qualified taxpayer for water-efficiency improvements made to outdoor landscapes on

qualified real property in this state, not to exceed \$2,500 per taxable year, as specified. This bill contains other related provisions.

AB 603 (Salas D) Income taxes: turf removal tax credit.

Status: 4/13/2015-In committee: Set, first hearing. Referred to REV. & TAX. suspense file.

Location: 3/9/2015-A. REV. & TAX SUSPENSE FILE

Calendar: 5/18/2015 1:30 p.m. - State Capitol, Room 126 ASSEMBLY REVENUE AND TAXATION SUSPENSE, TING, Chair

Summary: Would, under Personal Income Tax Law and the Corporation Tax Law, for taxable years beginning on and after January 1, 2015, allow a credit to a taxpayer participating in a lawn replacement program, as defined, in an amount equal to \$2 per square foot of conventional lawn removed from the taxpayer's property. The bill would make findings and declarations in this regard. This bill contains other related provisions.

AB 606 (Levine D) Water conservation.

Last Amend: 4/13/2015

Status: 4/29/2015-From committee: Do pass and re-refer to Com. on APPR. (Ayes 9. Noes 0.) (April 29). Re-referred to Com. on APPR.

Location: 4/29/2015-A. APPR.

Summary: Would, when the Department of General Services replaces landscaping or irrigation on public property or when new public property is added to the department's statewide property inventory, require the department to reduce water consumption and increase water efficiencies for that property, where feasible, through replacement of landscaping, irrigation timers, or spray sprinkler heads, implementation of recycled water irrigation, or any combination thereof.

AB 647 (Eggman D) Beneficial use: storing of water underground.

Last Amend: 4/15/2015

Status: 4/29/2015-Do pass as amended.

Location: 4/29/2015-A. APPR.

Summary: Would declare that the storing of water underground constitutes a beneficial use of water if the diverted water is used while it is in underground storage for specified purposes. This bill would provide that the period for the reversion of a water right does not include any period when the water is being used in the aquifer or storage area or is being held in storage for later application to beneficial use , as prescribed .

AB 725 (Wagner R) Water quality: recycled water: storm-induced overflow.

Last Amend: 3/26/2015

Status: 4/20/2015-In committee: Set, first hearing. Hearing canceled at the request of author.

Location: 4/6/2015-A. W.,P. & W.

Summary: Would, on or before December 31, 2016, require the State Water Resources Control Board, in consultation with stakeholders, to adopt a policy to address the potential for a storm-induced overflow from an impoundment in which recycled water is stored for subsequent beneficial use or aesthetic purposes.

AB 977 (Maves R) State Water Pollution Control Revolving Fund.

Last Amend: 3/26/2015

Status: 4/28/2015-In committee: Set, first hearing. Hearing canceled at the request of author.

Location: 4/6/2015-A. E.S. & T.M.

Summary: Current law continuously appropriates state and federal funds in the State Water Pollution Control Revolving Fund to the State Water Resources Control Board for loans and other financial assistance for the construction of publicly owned treatment works and other related purposes, to a municipality, intermunicipal agency, interstate agency, or state agency in accordance with the federal Clean Water Act and the Porter-Cologne Water Quality Control Act. Current law requires the loans to meet certain criteria, including requiring full amortization not later than 20 years after project completion, except as specified. This bill would, subject to the same exception, require full amortization not later than 30 years after project completion.

AB 1128 (Jones-Sawyer D) Water conservation.

Status: 3/2/2015-Read first time.

Location: 2/27/2015-A. PRINT

Summary: Current law declares the intent of the Legislature to, among other things, promote urban water conservation standards that are consistent with the California Urban Water Conservation Council's adopted best management practices and specified requirements for demand management. This bill would make nonsubstantive changes to these findings and declarations.

SB 7 (Wolk D) Housing: water meters: multiunit structures.

Status: 4/28/2015-Read second time. Ordered to third reading.

Location: 4/28/2015-S. THIRD READING

Calendar: 5/4/2015 #31 SENATE SENATE BILLS-THIRD READING FILE

Summary: Would express the intent of the Legislature to encourage the conservation of water in multifamily residential rental buildings through means either within the landlord's or the tenant's control, and to ensure that the practices involving the submetering of dwelling units for water service are just and reasonable, and include appropriate safeguards for both tenants and landlords. This bill contains other related provisions and other existing laws.

SB 13 **(Pavley D) Groundwater.**

Last Amend: 4/23/2015

Status: 4/30/2015-In Assembly. Read first time. Held at Desk.

Location: 4/30/2015-A. DESK

Summary: Would specify that the State Water Resources Control Board is authorized to designate a high- or medium-priority basin as a probationary basin. This bill would provide a local agency or groundwater sustainability agency 90 or 180 days, as prescribed, to remedy certain deficiencies that caused the board to designate the basin as a probationary basin. This bill would authorize the board to develop an interim plan for certain probationary basins one year after the designation of the basin as a probationary basin. This bill contains other related provisions and other existing laws.

SB 20 **(Pavley D) Wells: reports: public availability.**

Status: 4/27/2015-April 27 hearing: Placed on APPR. suspense file.

Location: 4/27/2015-S. APPR. SUSPENSE FILE

Summary: Current law requires a person who digs, bores, or drills a water well, cathodic protection well, or a monitoring well, or abandons or destroys a well, or deepens or re-perforates a well, to file a report of completion with the Department of Water Resources. Current law prohibits those reports from being made available to the public, except under certain circumstances. This bill would instead require the department to, upon request, make the reports available to the public. The bill would require the department to provide specified disclaimers when providing the reports to the public.

SB 208 **(Lara D) Integrated regional water management plans: grants: advanced payment.**

Status: 4/27/2015-April 27 hearing: Placed on APPR. suspense file.

Location: 4/27/2015-S. APPR. SUSPENSE FILE

Summary: Would require a regional water management group, within 90 days of notice that a grant has been awarded, to provide the state entity administering the grant with a list of projects to be funded by the grant funds where the project proponent is a nonprofit organization, as defined, or a disadvantaged community, as defined, or the project benefits a disadvantaged community. This bill contains other existing laws.

SB 471 (Pavley D) Water, energy, and reduction of greenhouse gas emissions: planning.

Last Amend: 4/13/2015

Status: 4/29/2015-Do pass as amended, and re-refer to the Committee on Appropriations.

Location: 4/29/2015-S. APPR.

Summary: Would require the State Air Resources Board, in cooperation with various other agencies, to develop an emissions inventory of greenhouse gas emissions from the water system in the state, using best available data. The bill would provide water recycling, wastewater treatment, water end-use efficiency, water technology improvements, best management practices, and other projects that reduce water system greenhouse gas emissions shall be eligible for funding from the Greenhouse Gas Reduction Fund. This bill contains other related provisions and other existing laws.

SB 553 (Wolk D) Water conservation.

Status: 4/28/2015-From committee: Do pass and re-refer to Com. on APPR. (Ayes 8. Noes 0.) (April 28). Re-referred to Com. on APPR.

Location: 4/28/2015-S. APPR.

Calendar: 5/11/2015 10 a.m. - John L. Burton Hearing Room (4203) SENATE APPROPRIATIONS, LARA, Chair

Summary: Would require the Department of General Services to identify each public property in the department's state property inventory where it is feasible for water consumption to be reduced and water efficiencies to be achieved through implementation of the relevant recommendations made in the model water efficient landscape ordinance and would require the department to implement the relevant recommendations where feasible, except as specified. This bill contains other existing laws.

SB 555 (Wolk D) Urban retail water suppliers: water loss management.

Last Amend: 4/16/2015

Status: 4/27/2015-April 27 hearing: Placed on APPR. suspense file.

Location: 4/27/2015-S. APPR. SUSPENSE FILE

Summary: Would require each urban retail water supplier, on or before July 1, 2017, and annually each year thereafter, to submit a completed and validated water loss audit report for the previous calendar year as prescribed by rules adopted by the Department of Water Resources on or before January 1, 2017, and updated as provided. The bill would require the department to post all validated water loss audit reports on its Internet Web site in a manner that allows for comparisons across water suppliers and to make these reports available for public viewing. This bill would require the department to provide technical assistance to guide urban retail water suppliers' water loss detection programs. The bill would require the department, in consultation with the State Water Resources Control Board, to develop metrics for reporting year-over-year progress on water loss reduction and would require the board to adopt rules requiring urban retail water suppliers to meet performance standards for the volume of water losses.

SB 615 (Berryhill R) Waste discharge requirements: waivers: managed wetlands.

Last Amend: 4/6/2015

Status: 4/28/2015-April 29 set for first hearing canceled at the request of author.

Location: 4/9/2015-S. E.Q.

Summary: Would require that managed wetlands be presumed to not pose a significant threat to water quality and would require, with respect to managed wetlands, the state board and regional boards to waive the above-described reporting requirements, regional board prescribed waste discharge requirements, and monitoring requirements of the waiver program, except that the state board or a regional board shall require water quality monitoring of a managed wetland not more than once during the duration of each waiver period unless results of downstream monitoring demonstrate a violation of water quality discharge standards. The bill would limit this monitoring to contaminants that are actually applied by wetland managers to the wetland and contaminants that are known to be naturally present in the wetland environment.

Energy

AB 645 (Williams D) Electricity: California Renewables Portfolio Standard.

Status: 4/28/2015-From committee: Do pass and re-refer to Com. on APPR. (Ayes 6. Noes 3.) (April 27). Re-referred to Com. on APPR.

Location: 4/28/2015-A. APPR.

Calendar: 5/6/2015 9 a.m. - State Capitol, Room
4202 ASSEMBLY APPROPRIATIONS, GOMEZ, Chair

Summary: Would express the intent of the Legislature for the purposes of the Renewables Portfolio Standard (RPS) program that the amount of electricity generated per year from eligible renewable energy resources be increased to an amount equal to at least 50% by December 31, 2030, and would require the PUC, by January 1, 2017, to establish the quantity of electricity products from eligible renewable energy resources to be procured by each retail seller for specified compliance periods sufficient to ensure that the procurement of electricity products from eligible renewable energy resources achieves 50% of retail sales by December 31, 2030, and that retail sellers procure not less than 50% of retail sales in all subsequent years.

AB 1144 (Rendon D) California Renewables Portfolio Standard Program: unbundled renewable energy credits.

Last Amend: 4/14/2015

Status: 4/28/2015-From committee: Do pass and re-refer to Com. on APPR. (Ayes 9. Noes 0.) (April 27). Re-referred to Com. on APPR.

Location: 4/28/2015-A. APPR.

Summary: Would, under the California Renewables Portfolio Standard Program, provide that unbundled renewable energy credits may be used to meet the first category of the portfolio content requirements if among other things that the credits are earned by electricity that is generated by an entity that, if it were a person or corporation, would be excluded from the definition of an electrical corporation by operation of the exclusions for a corporation or person employing landfill gas technology or digester gas technology. This bill contains other existing laws.

SB 32 (Pavley D) California Global Warming Solutions Act of 2006: emissions limit.

Last Amend: 3/16/2015

Status: 4/29/2015-Do pass as amended, and re-refer to the Committee on Appropriations.

Location: 4/29/2015-S. APPR.

Summary: Would require the State Air Resources Board to approve a statewide greenhouse gas emission limit that is equivalent to 80% below the 1990 level to be achieved by 2050, as specified. The bill would authorize the state board to adopt interim greenhouse gas emissions level targets to be achieved by 2030 and 2040. The bill also would state the intent of the Legislature for the Legislature

and appropriate agencies to adopt complementary policies that ensure long-term emissions reductions advance specified criteria.

SB 180 (Jackson D) Electricity: emissions of greenhouse gases.

Last Amend: 4/20/2015

Status: 4/29/2015-Do pass as amended, and re-refer to the Committee on Appropriations.

Location: 4/29/2015-S. APPR.

Summary: Would, on July 1, 2017, replace the greenhouse gases emission performance standards for baseload generation with greenhouse gases emission performance standards for nonpeaking generation and peaking generation. The bill would require the Public Utilities Commission, by June 30, 2017, through a rulemaking proceeding and in consultation with the State Energy Resources Conservation and Development Commission and the State Air Resources Board, to establish a greenhouse gases emission performance standard for all nonpeaking generation of load-serving entities, and a separate standard for peaking generation.

SB 189 (Hueso D) Clean Energy and Low-Carbon Economic and Jobs Growth Blue Ribbon Committee.

Last Amend: 3/26/2015

Status: 4/27/2015-April 27 hearing: Placed on APPR. suspense file.

Location: 4/27/2015-S. APPR. SUSPENSE FILE

Summary: Would create the Clean Energy and Low-Carbon Economic and Jobs Growth Blue Ribbon Committee, comprised of 7 members appointed by the Governor, the Speaker of the Assembly, and the Senate Committee on Rules, as provided. The bill would prescribe the terms and qualifications of committee members and would require the committee to advise state agencies on the most effective ways to expend clean energy and GHG-related funds and implement policies in order to maximize California's economic and employment benefits, and to take specified actions in that regard.

SB 471 (Pavley D) Water, energy, and reduction of greenhouse gas emissions: planning.

Last Amend: 4/13/2015

Status: 4/29/2015-Do pass as amended, and re-refer to the Committee on Appropriations.

Location: 4/29/2015-S. APPR.

Summary: Would require the State Air Resources Board, in cooperation with various other agencies, to develop an emissions inventory of greenhouse gas emissions from the water system in the state, using best available data. The bill would provide water recycling, wastewater treatment, water end-use efficiency, water technology improvements, best management practices, and other projects that reduce water system greenhouse gas emissions shall be eligible for funding from the Greenhouse Gas Reduction Fund. This bill contains other related provisions and other existing laws.

Public Agency

AB 168 (Maienschein R) Local government finance.

Status: 1/23/2015-From printer. May be heard in committee February 22.

Location: 1/22/2015-A. PRINT

Summary: Current law requires the county auditor, in the case in which a qualifying city becomes the successor agency to a special district as a result of a merger with that district as described in a specified statute, to additionally allocate to that successor qualifying city that amount of property tax revenue that otherwise would have been allocated to that special district pursuant to general allocation requirements. This bill would make nonsubstantive changes to the provision pertaining to property tax revenue allocations to a qualifying city that merges with a special district.

AB 712 (Mullin D) Redevelopment: successor agencies: Recognized Obligation Payment Schedule.

Status: 3/12/2015-Referred to Coms. on L. GOV. and H. & C.D.

Location: 3/12/2015-A. L. GOV.

Summary: Would, commencing July 1, 2016, revise the timeline for the preparation of the required Recognized Obligation Payment Schedule to provide

that the successor agency prepare a schedule for a 12-month fiscal period, with the first of these periods beginning July 1, 2016, and would authorize the Recognized Obligation Payment Schedule to be amended by the oversight board during a 12-month fiscal period if the amendment is approved at least 90 days before the date of the next property tax distribution.

AB 806 (Dodd D) Redevelopment: successor agencies to redevelopment agencies.

Last Amend: 4/6/2015

Status: 4/29/2015-From committee: Do pass and re-refer to Com. on APPR. (Ayes 6. Noes 0.) (April 29). Re-referred to Com. on APPR.

Location: 4/29/2015-A. APPR.

Summary: Would authorize a successor agency, if the successor agency has received a finding of completion, to amend or modify existing, contracts and agreements, or otherwise administer projects in connection with enforceable obligations, if the contract, agreement, or project will not commit new property tax funds or otherwise adversely affect the flow of specified tax revenues or payments to the taxing agencies, as specified. This bill contains other related provisions and other existing laws.

AB 1315 (Alejo D) Public contracts: water pollution prevention plans: delegation.

Last Amend: 4/21/2015

Status: 4/30/2015-From committee: Do pass and re-refer to Com. on APPR. (Ayes 9. Noes 0.) (April 29). Re-referred to Com. on APPR.

Location: 4/30/2015-A. APPR.

Summary: Would prohibit a public entity, charter city, or charter county from delegating to a contractor the development of a plan, as defined, used to prevent or reduce water pollution or runoff on a public works contract, except as provided. By requiring a public entity, charter city, or charter county to prepare a plan, the bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws.

AB 1362 (Gordon D) Local government: assessments, fees, and charges: stormwater definition.

Status: 3/23/2015-Referred to Com. on L. GOV.

Location: 3/23/2015-A. L. GOV.

Summary: Would define "stormwater" for purposes of the Proposition 218 Omnibus Implementation Act to mean any system of public improvements or service intended to provide for the quality, conservation, control, or conveyance

of waters that land on or drain across the natural or man-made landscape. This bill contains other related provisions.

SB 272 (**Hertzberg D**) **The California Public Records Act: local agencies: inventory.**

Last Amend: 4/6/2015

Status: 4/24/2015-Set for hearing May 4.

Location: 4/22/2015-S. APPR.

Calendar: 5/4/2015 11 a.m. - John L. Burton Hearing Room
(4203) SENATE APPROPRIATIONS, LARA, Chair

Summary: Would require each local agency, in implementing the California Public Records Act, to create a catalog of enterprise systems, as defined, to make the catalog publicly available upon request in the office of the clerk of the agency's legislative body, and to post the catalog on the local agency's Internet Web site. The bill would require the catalog to disclose a list of the enterprise systems utilized by the agency, and, among other things, the current system vendor and product. Because the bill would require local agencies to perform additional duties, it would impose a state-mandated local program. This bill contains other related provisions and other existing laws.

CEQA

SB 122 (**Jackson D**) **California Environmental Quality Act: record of proceedings.**

Last Amend: 4/20/2015

Status: 4/24/2015-Set for hearing May 4.

Location: 4/20/2015-S. APPR.

Calendar: 5/4/2015 11 a.m. - John L. Burton Hearing Room
(4203) SENATE APPROPRIATIONS, LARA, Chair

Summary: CEQA establishes a procedure for the preparation and certification of the record of proceedings upon the filing of an action or proceeding challenging a lead agency's action on the grounds of noncompliance with CEQA. This bill would require the lead agency, at the request of a project applicant and consent of the lead agency, to prepare a record of proceedings concurrently with the preparation of a negative declaration, mitigated negative declaration, EIR, or other environmental document for projects. This bill contains other related provisions.

Other

AB 1045 (Irwin D) Organic waste: composting.

Last Amend: 4/20/2015

Status: 4/30/2015-Read second time. Ordered to third reading.

Location: 4/30/2015-A. THIRD READING

Calendar: 5/4/2015 #87 ASSEMBLY ASSEMBLY THIRD READING FILE

Summary: Would require the California Environmental Protection Agency, in coordination with the Department of Resources Recycling and Recovery, to develop and implement policies to aid in diverting organic waste from landfills by promoting the composting of specified organic waste and by promoting the appropriate use of that compost throughout the state. The bill would require the agency to promote a goal of reducing at least 5 million metric tons of greenhouse gas emissions per year through the development and application of compost on working lands, and would require the agency to work with the Department of Food and Agriculture to achieve this goal.

**INFORMATION
ITEM**

4G

Agricultural Resources

635 Maryland Avenue, N.E.
Washington, D.C. 20002-5811
(202) 546-5115
agresources@erols.com

April 30, 2015

Legislative Report

TO: Joe Grindstaff
General Manager, Inland Empire Utility Agency

FR: David M. Weiman
Agricultural Resources
LEGISLATIVE REPRESENTATIVE, IEUA

SU: Legislative Report, April 2015

Snapshot. Congress moved to finalize an overall federal government budget (first time in years) mandating \$5 Trillion in cuts over the next ten years. House Rs were split on defense spending. Military hawks prevailed and the budget contains a major multi-billion dollar increase for DOD funding requiring a proportionate decrease in “*non-defense discretionary spending.*” Appropriators began marking up the first of twelve annual funding bills beginning with VA-Mil Con and Energy and Water Development. Drought conditions in California prevail. All of OR, CA, NV, AZ and UT are in drought (at some level). Governor’s Brown’s mandatory cut for urban water agencies made national news. The unintroduced and unseen drought bill advanced by SJ Valley House Members and Senator Feinstein was expected (rumors of its imminent introduction persisted, but the bill was not introduced. Meanwhile, IEUA joined many others submitting detailed comments to the Senate Finance Committee on the importance of retaining municipal bonds.

Budget Issues Dominate March in House and Senate

- ***At Close of April, House and Senate Budget Conferees Reached Agreement.*** For the first time in years, the House and Senate reached agreement on an overall federal budget spending level. It calls for \$5 Trillion in cuts over the next ten years to “balance” the Federal budget. It is, to be sure, highly controversial. R fiscal hawks oppose the increase and Ds generally oppose it. Budget conferees provided an almost \$100 Billion increase for defense spending over baseline caps which will require offset reductions in EPA,

DOI, DoCommerce, USDA, DOT, DoEducation and other domestic departments and agencies.

- ***First Funding Bill – VA/Military Construction Brought to House Floor – Then Immediately Pulled (Bill Would Have Been Rejected).*** Conflict over spending levels forced the House leadership to pull the first funding bill presented to the House at the end of April. House R fiscal hawks, objecting to the funding levels for DOD signaled unwavering opposition to the bill. It was pulled and now leadership will have to figure out how to move the bill early next month (if they are unable to do so – that would signal trouble for all funding bills).
- ***Energy and Water Annual Funding Bill Brought to House Floor – Passed at the End of April.*** Rep. Sam Farr (D-Monterey), an Appropriator from Central California declared that the bill failed to address the drought and voted against it. The Administration threatened to veto it. Rep. McClintock offered an amendment, which was accepted, to prohibit Federal agencies from purchasing water for fish (ESA) implementation. BuRec was provided its flatline budget of \$1 Billion. Money for Title XVI was minimal. Language was added that may reduce the Trinity River’s restoration program (at least two and perhaps three Tribes will turn against the bill). One Member said, this bill is a “conflict-generator.” It is assumed (and rumored) that a California drought bill may only surface as an amendment to the Appropriations bill when considered in the Senate.

International Issues Continue to Dominate and Influence the Congressional Agenda

- ***Major Foreign Policy and International Conflict Issues Continue to Dominate National Agenda.*** As reported the past several months, more than a dozen international issues “continue to dominate – and, at times, overwhelm – the national and congressional agenda. They compete for time, attention and dollars.”

2016 – Presidential Politics.

- ***2016 President Election – Very Underway.*** Each week brings new announcements and new entrants into the Presidential sweepstakes. Senators Rand Paul (R-KY) and Senator Mario Rubio (R-FL) formally entered on the Republican side and Vermont Independent Senator Bernie Sanders tossed his hat in the ring on the Democratic side. In May, an additional two, three or more candidates are expected to formally announce campaigns.

Water and Drought

- ***End of Wet Season in California.*** Stating the obvious, statewide April was dry. A few late-season storms were of minor consequence and did little or nothing to dent the on-going drought.
- ***Governor’s Mandatory Urban Water Cuts – Jolted California – Made News Nationally.*** Stating the obvious – for the past four years, the California drought has been serious. It became VERY serious the moment the Governor issued an Executive Order making cuts mandatory. Controversy followed as the exclusion of agriculture (consuming 80% of the

State's water), as the "why?" questions immediately arose. As April came to a close, the State's implementing regulations were announced – raising new questions and generating even more controversy.

- ***State Water Resources Control Board Signals that Historic Water Rights to Be Reviewed, Possibly Reconsidered.*** In a single word, this development is "radical" and is certain to invite conflict and explosion of litigation. No one quite knows what this means or how it will be addressed. Dozens of questions have or will surface. One thing is certain: that is, what constitutes "reasonable use" will become a central if not defining issue.
- ***Ever-Mysterious Drought Legislation.*** Last November, a drought relief bill negotiated behind closed doors blew up. At the time, negotiators said that another day or two and the final issues could have been resolved. Statements were made suggesting that drafting would be completed and the bill introduced at the top of the 114th Congress in January. Since, rumors circulated that it would be introduced following the President's Birthday recess in February and the Easter Break last month. April came to a close and there's still no word on a drought bill. Meanwhile, Senator Boxer has now been excluded from the talks, Boxer and Rep. McCarthy (House Majority Leader) have been publicly feuding over the bill. Still other interests in the State (North Coast and American River) have requested a seat at the negotiating table, but those requests were ignored. Based on reports, and "sneak peaks" at the ever-changing bill reveal that it is NOT a 58-County bill, even though drought is impacting the entire state. Rumors persist that a bill is about to be introduced "any day now." Reportedly talks have now included Sen. Energy Committee Chair, Sen. Lisa Murkowski. In March, it was reported that the State raised numerous questions about the bill, but it is not known how the drafters addressed those concerns – if at all. If the bill is introduced AND if the bill has the effect of allowing junior water right holders (think Westlands) to jump the water rights line, then that has the potential to become a federal issue, not only in California, but in Washington as well (during my entire career, federal preemption of state water rights has been "third-rail" taboo).
- ***Drought Conditions – California.*** All 58 California Counties are today experiencing drought (again). March to April was the traditional transition from wet to dry periods in the State. According to the NOAA/USDA's Drought Monitor, 100% of California is in drought. The Monitor's weekly report for April 28 indicated that more than 90% of the entire State was in severe, extreme or exceptional drought status.
- ***Drought Conditions – Rest of the West.*** This month, all 17 Western States are still experiencing some level of drought (Montana only mildly). It begins in the Pacific Northwest, comes down the map through California and Nevada. All of OR, AZ, UT and CO are experiencing some level of drought. Approximately half of NM is in drought and Texas and Oklahoma continue to be in serious drought.

- ***Governor Brown Sends Water Tunnel Plan Back to Drawing Board for Modification – No One Knows What It Really Means.*** As April came to a close, the Governor ordered his twin tunnel water plan back to the drawing board. He also ordered the mitigation provisions to be dealt with separately. What this means for BDCP is not known. Speculation is on over-drive. Some think the plan has collapsed. Others believe it can now move. This announcement cannot be considered to be positive.

Municipal Bonds

- ***50 Associations Write President – Urge Muni Bonds Be Protected.*** At the very end of March some 50 different Associations, part of the DON'T MESS WITH OUR BONDS COALITION weighed in to protect Muni Bonds. Firefighters, engineers, NACO and many others – covering all of infrastructure signed the letter. AWWA, CASA, WEF, WIN and AMWA all signed from the water sector.
- ***124 House Members Send Bi-Partisan Letter to Boehner-Pelosi Opposing Administration's Tax Cap on Bonds.*** Letter highlights that bonds finance schools, hospital, transportation, airports, water and waste water, public utilities and others dependent on bonds are at risk to the Administration's proposals to modify tax rules could undermine future investments. In 2013 alone, 11,000 bonds were issued amounting to a third of a trillion dollars in infrastructure funding.
- ***Municipal Bonds for America Coalition Submitted Comprehensive Comments to Senate Finance Committee Urging Tax-Exempt Municipal Bonds Be Protected, Preserved and Retained – IEUA Signed Letter.*** The Senate Finance Committee, under the direction of Chairman Hatch (R-UT) established five bi-partisan "working groups" – one of which was Community Development and Infrastructure, headed by Senator Heller (R-NV) and Senator Michael Bennet (D-CO). MBFA prepared and submitted comprehensive comments on April 15 urging the Committee, when considering tax reform, not alter or amend bond provisions.

Quick Takes. ***Drought Bill Has New Problem – Farm Income Strong (Drought Notwithstanding).*** It's one of those quirky inconvenient reports. Overall, farm income in California has been relatively strong, severe drought notwithstanding (to be sure, there are some hurt badly), but overall...not so. ***Media Reports Slamming One Another – Drought Story Misrepresented.*** Reports emerged criticizing certain media reports for sensationalizing and distorting the drought story. To be sure, the drought is serious and in some individual or regional cases catastrophic. But overall, it's being managed. But photos of parched fields created the impression that the entire SJ Valley was parched (not accurate). Water banking, water transfers, water sales and conservation are making a difference (for now). ***Professor Michaels, University of the Pacific, Says Reports of Job Dislocation in SJ Valley are Distorted – Overstated.*** Michaels surprised many when he cited new data from the US Bureau of Labor Statistics that revealed drought rhetoric and drought reality were not in sync. ***Former HP CEO and Soon-to-Be Presidential Candidate, Carly Fiorina Further Politicized the Drought.*** She weighed in on the issue calling the drought "man-made" and blaming "radical environmentalists." ***Rep. Kevin***

McCarthy (R-Bakersfield) Accused Senator Boxer of Blowing Up Drought Bill. Drought politics have become increasingly partisan – not good. **ABC News, Based on State Health Department Reports, Reports that Severe Drought Can Lead to Disease (Health Impacts).** According to the Report, “the ongoing California drought could cause more problems for state residents by creating favorable conditions for dangerous infectious diseases previously limited to hotter, drier climates, experts said. The California Department of Public Health announced this week the state had a record-breaking number of deaths related to the mosquito-borne West Nile Virus in 2014, with 31 fatalities recorded. And 801 cases of West Nile Virus were reported in 2014, the second-highest number of cases ever recorded, second only to 2005, where there were 800 reported cases.” **Rep. Jared Huffman (D-Marin), the ranking D on Water and Power, Called Almond Production a Recipe for Disaster.** Huffman gave a talk this month calling almond production inappropriate, further inflaming relations between and among CA delegation members. **On April 11, a Fresno Bee Editorial Lauded “Southern California” for its Water Management during Drought Conditions.** After the State Water Resources Control Board posted per capita water consumption numbers, it was revealed that, when it came to per capita water consumption, San Francisco and Southern California were vastly more responsible than cities in the Valley. In response, the Bee saluted Southern California (LA and Long Beach citizens were consuming 40% less per capita). More extreme, Modesto’s per capita water use is MORE THAN DOUBLE LA and Long Beach’s water use. **Enviros Ask Court to Reopen CAFO Rules.** According to media reports, several environmental groups are asking the Court to reopen the 2008 CAFO rules. **Lake Mead Dropped to Lowest Level in 80 Years.** Lake Mead has dropped 140 feet in the past 15 years and is expected to drop an additional ten feet this calendar year. **AGs in Four States File Amicus Brief in Ninth Circuit Asking that Interior Ban on Uranium Mining at the Grand Canyon Be Overturned.** AGs in Montana, Nevada, Arizona and Utah asked Appellate Court to overturn the Interior Department ban on uranium mining near the Grand Canyon (Colorado River).

#

**INFORMATION
ITEM**

4H



CALIFORNIA STRATEGIES, LLC

Date: May 01, 2015
To: Inland Empire Utilities Agency
From: John Withers, Jim Brulte
Re: April Activity Report

Listed below is the California Strategies, LLC monthly activity report. Please feel free to call us if you have any questions or would like to receive any more information on any of the items mentioned below.

- Met with IEUA Executive Management Team to review priority issues and to discuss activities for April that they want accomplished-April 6.
- Additional follow up with elected leadership in the City of Fontana regarding issue that the IEUA Executive staff wanted completed
- Participated in discussions with staffs of San Bernardino and IEUA to discuss coordination of County and District legislative and public policy issue agendas that Executive Staff wanted.
- Monitored LAFCO staff on the status and key issues related to the MSR process currently underway for water conservation districts countywide. Developing a response letter to draft MSR report. LAFCO hearing to be scheduled for May 20.
- Support and advise on IEUA/SBVMWD transfer transaction on an as needed basis.
- Provided an update on the recent filing of a Sphere of Influence amendment filing by the CVWRD.
- Continue to monitor statewide water issues including the BDCP, water bond, and drought relief act activities.
- Outreach to Board Directors as needed on issues of interest
- Monitor Santa Ana Regional Board agenda and issues of interest to IEUA.