



AGENDA

MEETING OF THE BOARD OF DIRECTORS

**WEDNESDAY, JUNE 17, 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.

2. PUBLIC HEARING AND ADOPTION OF THE AGENCY'S BIENNIAL BUDGET FOR FISCAL YEAR (FYS) 2015/16 AND 2016/17

It is recommended that the Board:

1. Hold a public hearing to receive public comments on the proposed Agency's Biennial Budget for FYs 2015/16 and 2016/17;
2. After closing the public hearing, adopt Resolution No. 2015-6-1, approving the Agency's Biennial Budget for FYs 2015/16 and 2016/17, including the Agency-wide departmental goals and objectives; an inter-fund loan from the Administrative Services (GG) fund to the Water Resources (WW) fund

for a not-to-exceed amount of \$2 million in FY 2015/16, and Rate Resolution Nos. 2015-6-4 through 2015-6-7 for the Non-Reclaimable Wastewater System as outlined in the Agency's Biennial Budget;

3. Approve an annual allocation of property taxes from the GG fund to the WW fund in the amount of \$1.5 million beginning in FY 2014/15; and
4. Increase the \$5.5 million inter-fund loan from the Regional Wastewater Capital Improvement (RC) fund to the Recycled Water (WC) fund approved by the Board of Directors in FY 2013/14 for a not-to-exceed amount of \$10.5 million for FY 2014/15.

3. 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 May 20, 2015 Board meeting.

B. TREASURER'S REPORT ON GENERAL DISBURSEMENTS

It is recommended that the Board approve the total disbursements for the month of April 2015, in the amount of \$15,881,432.46.

C. ADOPTION OF RESOLUTION NO. 2015-6-10, ESTABLISHING THE APPROPRIATION LIMITS FOR FISCAL YEAR 2015/16

It is recommended that the Board adopt Resolution No. 2015-6-10, establishing the Appropriation Limits for Fiscal Year (FY) 2015/16.

D. ADOPTION OF RESOLUTION NO. 2015-6-3, APPROVING THE BIENNIAL UPDATE OF THE AGENCY'S INVESTMENT POLICY

It is recommended that the Board adopt Resolution No. 2015-6-3, approving the biennial update of the Agency's Investment Policy for Fiscal Years (FYs) 2015/16 and 2016/17.

E. ADOPTION OF THE UPDATE RESERVE POLICY

It is recommended that the Board adopt the updated Reserve Policy as of June 2015 governing all Agency funds.

F. ENGINEERING CONTRACT AWARD FOR THE RECHARGE MASTER PLAN UPDATE BASIN YIELD ENHANCEMENT PROJECTS

It is recommended that the Board:

1. Approve the consulting engineering services contract award for the preliminary design efforts for the Recharge Master Plan Update Yield Enhancement Improvements, Project No. RW15003, to

Stantec Consulting Services, Inc. for the not-to-exceed amount of \$768,950; and

2. Authorize the General Manager to execute the contract.

G. AMENDMENTS TO EXTEND THE CONTRACTS FOR FEDERAL LEGISLATIVE SERVICES

It is recommended that the Board:

1. Amend Contract No. 4600001343 with Innovative Federal Strategies (IFS) to provide federal legislative services from July 1, 2015 through June 30, 2016, at a monthly retainer fee of \$6,500 per month, plus reasonable business expenses, with no change in the current rate;
2. Amend Contract No. 4600001344 with Agricultural Resources to provide federal legislative services from July 1, 2015 through June 30, 2016, at a monthly retainer fee of \$6,000 per month, plus reasonable business expenses, with no change in the current rate; and
3. Authorize the General Manager to finalize and execute the amendments.

H. AMENDMENT TO EXTEND THE CONTRACT WITH WEST COAST ADVISORS

It is recommended that the Board:

1. Amend Contract No. 4600001846 with West Coast Advisors to provide state legislative consulting services from July 1, 2015 through June 30, 2016, at a monthly retainer fee of \$9,800 per month, plus reasonable business expenses, with no change in the current rate; and
2. Authorize the General Manager to finalize and execute the amendment.

I. AMENDMENT TO EXTEND THE CONTRACT WITH CALIFORNIA STRATEGIES, LLC

It is recommended that the Board:

1. Amend Contract No. 4600000419 with California Strategies, LLC to provide strategic local government consulting services from July 1, 2015 through June 30, 2016, at a monthly retainer fee of \$6,000 per month, plus reasonable business expenses, with no change in the current rate; and
2. Authorize the General Manager to finalize and execute the amendment.

J. ADOPTION OF RESOLUTION NO. 2015-6-11, HONORING THE 65TH ANNIVERSARY OF THE INLAND EMPIRE UTILITIES AGENCY

It is recommended that the Board adopt Resolution No. 2015-6-11, honoring the 65th anniversary of the Inland Empire Utilities Agency.

K. ADOPTION OF RESOLUTION NO. 2015-6-18, COMMENDING THE 65TH ANNIVERSARY OF THE THREE VALLEYS MUNICIPAL WATER DISTRICT

It is recommended that the Board adopt Resolution No. 2015-6-18, commending the 65th anniversary of the Three Valleys Municipal Water District.

4. ACTION ITEMS

A. ADOPTION OF RESOLUTION NO. 2015-6-12, AMENDING THE EMPLOYER PAID MEMBER CONTRIBUTIONS TO CALPERS FOR ALL CLASSIC EMPLOYEES

It is recommended that the Board adopt Resolution No. 2015-6-12, amending the Employer Paid Member Contributions (EPMC) to CalPERS for all classic employees.

B. ADOPTION OF RESOLUTION NOS. 2015-6-13 THROUGH 2015-6-17, APPROVING THE AMENDMENTS TO THE SALARY SCHEDULES/MATRIXES FOR UNREPRESENTED EMPLOYEES, EXECUTIVE MANAGEMENT EMPLOYEES, AND ALL UNITS

It is recommended that the Board adopt Resolution Nos. 2015-6-13 through 2015-6-17, amending the salary schedules/matrixes for Unrepresented Employees, Executive Management Employees, and all Units.

C. ADOPTION OF RESOLUTION NO. 2015-6-2, APPROVING THE SANTA ANA WATERSHED PROJECT AUTHORITY ADOPTED BUDGET FOR FY 2015/16 AND FY 2016/17

It is recommended that the Board:

1. Ratify the Santa Ana Watershed Project Authority (SAWPA) adopted budget for Fiscal Years (FYs) 2015/16 and 2016/17, as submitted; and
2. Adopt Resolution No. 2015-6-2, approving the SAWPA general and specific project budgets for FYs 2015/16 and 2016/17.

D. RECYCLED WATER PROGRAM STRATEGY

It is recommended that the Board concur with the finding of the recycled water program as outline in the Recycled Water Program Strategy.

5. INFORMATION ITEMS

A. REGIONAL CONTRACT AUDIT REVIEW – INTERIM AUDIT REPORT FOR THE CITY OF CHINO HILLS AND DRAFT INTERIM AUDIT REPORT FOR THE CITY OF ONTARIO (WRITTEN)

- B. ENGINEERING AND CONSTRUCTION MANAGEMENT MONTHLY UPDATE (POWERPOINT)
- C. EAST DECLEZ: INTENT TO PURCHASE PROPERTY (WRITTEN)
- D. MWD AND DROUGHT UPDATE (ORAL)

RECEIVE AND FILE INFORMATION ITEMS

- E. TREASURER'S REPORT OF FINANCIAL AFFAIRS (WRITTEN/ POWERPOINT)
- F. FY 2014/15 THIRD QUARTER BUDGET VARIANCE, PERFORMANCE GOALS UPDATES, AND BUDGET TRANSFERS (WRITTEN)
- G. PUBLIC OUTREACH AND COMMUNICATION (WRITTEN)
- H. LEGISLATIVE REPORT FROM INNOVATIVE FEDERAL STRATEGIES (WRITTEN)
- I. LEGISLATIVE REPORT FROM WEST COAST ADVISORS (WRITTEN)
- J. LEGISLATIVE REPORT FROM AGRICULTURAL RESOURCES (WRITTEN)
- K. CALIFORNIA STRATEGIES, LLC MONTHLY ACTIVITY REPORT (WRITTEN)
- L. FEDERAL LEGISLATION TRACKER (WRITTEN)
- M. STATE LEGISLATION TRACKER (WRITTEN)
- N. FOLLOW UP ON OUTSTANDING RECOMMENDATIONS – PRETREATMENT & SOURCE CONTROL (WRITTEN)
- O. REPORT ON OUTSTANDING AUDIT RECOMMENDATIONS (WRITTEN)
- P. INTERNAL AUDIT DEPARTMENT STATUS REPORT FOR JUNE 2015 (WRITTEN)

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.

6. AGENCY REPRESENTATIVES' REPORTS

- A. SAWPA REPORT (WRITTEN)
- B. MWD REPORT (WRITTEN)

- C. REGIONAL SEWERAGE PROGRAM POLICY COMMITTEE REPORT
(Meeting was cancelled for June 4th; next scheduled meeting July 2nd)
- D. CHINO BASIN WATERMASTER REPORT (WRITTEN)
- 7. GENERAL MANAGER'S REPORT (WRITTEN)
- 8. BOARD OF DIRECTORS' REQUESTED FUTURE AGENDA ITEMS
- 9. DIRECTORS' COMMENTS
- 10. 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.

11. 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. Two (2) Cases


D. PURSUANT TO GOVERNMENT CODE SECTION 54957 – PERSONNEL MATTERS

1. Various Positions – Compensation Study
2. Various Positions

12. ADJOURN

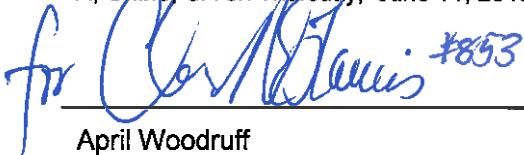
*A Municipal Water District

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, June 11, 2015.

 #853

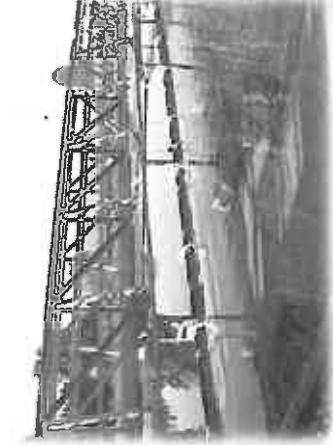
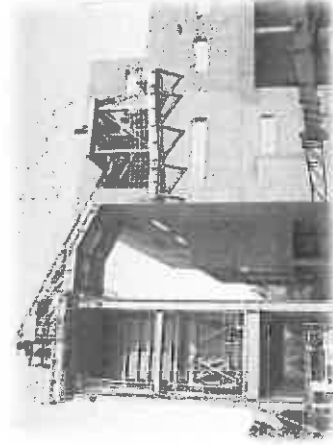
April Woodruff

INFORMATION
ITEM

5B

Engineering and Construction Management Project Updates

June 2015



Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

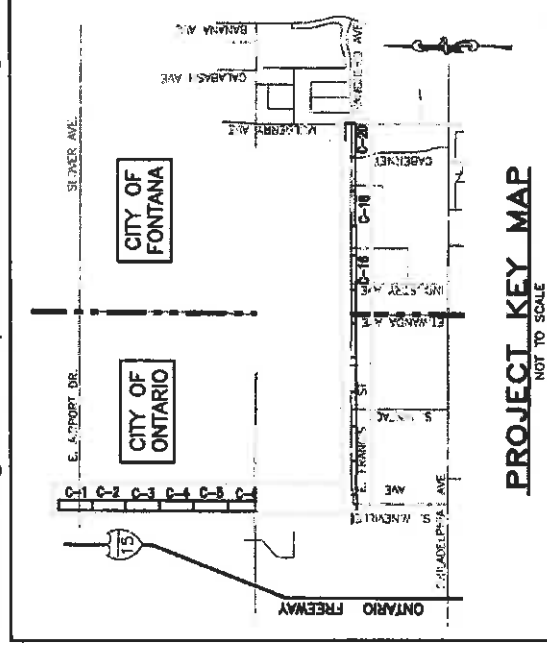
Majid Karim, P.E.,
Acting Manager of Engineering

David Mendez,
Deputy Manager of Construction Management

EN06025 – Wineville Recycled Water Pipeline Extension Segment A

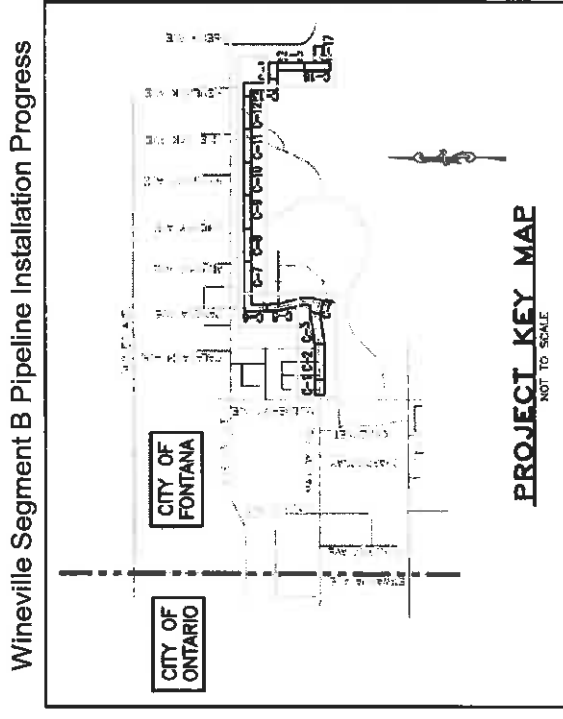
- Contractor: CCL Contracting, Inc.
- Current Contract: \$10.2 M
- Total Project Budget: \$17.9 M
- Scope of Work: Construct 2.6 miles of 36-in RW Pipeline and 1.0 mile of 24-in RW Pipeline
- Current Activities:
 - ~ 2.6 miles of 36” pipe installed (approx. 13,500-ft)
 - ~ 1.0 miles of 24” pipe installed (approx. 5,400-ft)
 - Hydrostatic testing complete
- Contract Completion: July 2015
- Percent Complete: 98%
- Focus Points:
 - Project closeout activities

Wineville Segment A Pipeline Installation Progress



EN13045 – Wineville Recycled Water Pipeline Extension Segment B

- Contractor: Mike Bubalo Construction
- Current Contract Value: \$8.3 M (with VE)
- Total Project Budget: \$11.8 M
- 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: 92%
- Focus Points:
 - Delivery of RP-3 control panel may delay automated control



RA11004 – IERCF Conveyance Improvements

- Contractor: Olsson Construction
- Current Contract Value: \$3.5 M
- Total Project Budget: \$5.6 M
- Scope of Work: Belt conveyor modifications
- Current Activities:
 - Punch list, training, O&M manuals and project closeout documentation
- Contract Completion: Project is substantially complete
- Percent Complete: 99%
- Focus Points:
 - Startup and Training

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
- Total Project Budget: \$2.9 M
- Scope of Work: Install new JWCE fine screens, washer/compactor and fiberglass reinforced plastic headworks building
- Current Activities:
 - Odor control air balancing, catwalk and new conveyor install
- Contract Completion: June 2015
- Percent Complete: 95%
- Focus Point:
 - Final adjustments being made to Washer/Compactor continue

Backside of New Screening Process



EN14027 – CCWRF Rehab Secondary Clarifier No. 3

- Contractor: GSE Construction
- Current Contract: \$652,000
- Total Project Budget: \$1.5 M
- Scope of Work: Rehab of Secondary Clarifier
- Current Activities:
 - Clarifier No.3 placed in operation May 2015
- Contract Completion: Project is substantially complete
- Percent Complete: 99%
- Focus Point:
 - Functional Testing
 - Proceed with project closeout

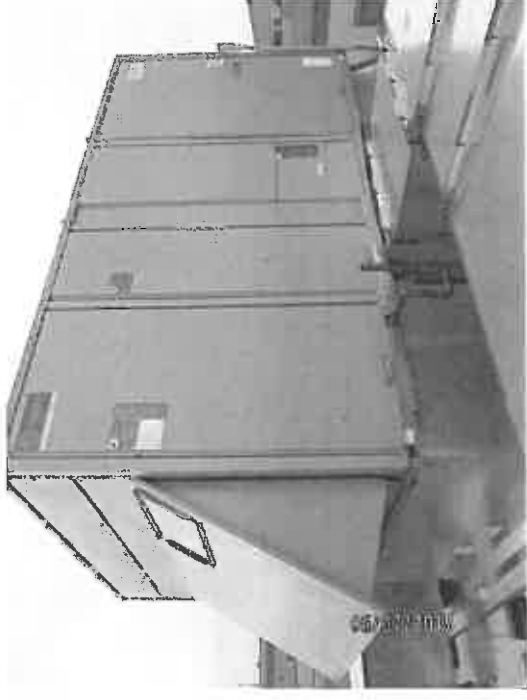


Clarifier No.3 ready for operation

EN13056 – Agency Wide HVAC Improvements Package No. 3

- Contractor: Allison Mechanical Inc.
- Current Contract: \$557,000
- Total Project Budget: \$1.1 M
- Scope of Work: HVAC Improvements at RP-1, RP-4, CCWRF
- Current Activities:
 - Startup of new transformer and control panel and air balance at CCWRF
 - Final punch list completion
- Contract Completion: Project is substantially complete
- Percent Complete: 99%
- Focus Point:
 - Proceed with project closeout

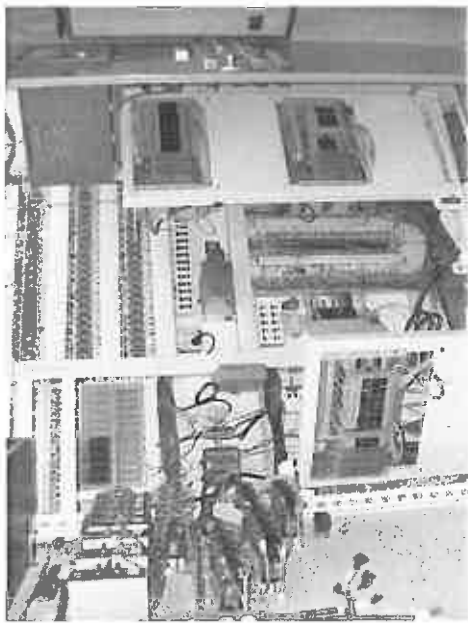
New AC unit at RP-4 MCC Bldg.



EN13016 – SCADA Enterprise System CCWRF

- Contractor: Technical Systems, Inc.
- Current Contract: \$2,499,275
- Total Project Budget: \$5.2 M
- Scope of Work: Migration of existing control system to modern SCADA system at CCWRF
- Current Activities:
 - Submittals and workshops
 - Programming
 - Electrical preparation for servers and control room
- Contract Completion: December 2015
- Percent Complete: 30%
- Focus Point:
 - Preparation for first Factory Acceptance Test
 - High-performance operator screens

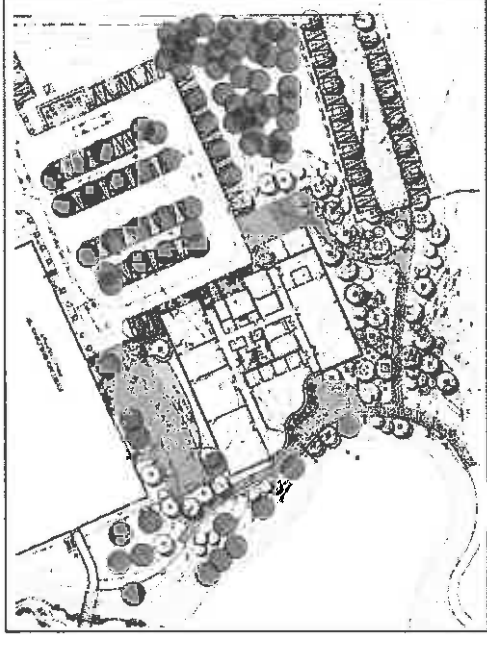
Existing Aeration Building LCP-03-01



EN15008- New Water Quality Laboratory Project

- Engineering Consultant: Austin Company
- Current Contract: \$1.3 M
- Total Project Budget: \$21 M
- Scope of Work: Consultant Engineering Services for New Water Quality Laboratory and Central Chiller Plant Expansion
- Current Activities:
 - Update 50% Lab Design
 - Preliminary Design Central Plant
- Focus Point:
 - Design kickoff scheduled June 1, 2015

Project Site Plan



Questions?



Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT



**INFORMATION
ITEM**


5C


Date: June 17, 2015

To: The Honorable Board of Directors

Through: Public, Legislative Affairs, and Water Resources Committee (06/10/15)

From:  P. Joseph Grindstaff
General Manager 

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

Sylvie Lee 
Manager of Planning and Environmental Resources

Subject: East Declez: Intent to Purchase Property

RECOMMENDATION

This is an information item and no action is required.

BACKGROUND

As part of the ongoing recharge improvement discussions, the East Declez Basin was identified as a new project for the Chino Basin Watermaster (CBWM) and Inland Empire Utilities Agency (IEUA) parties' consideration. Following a preliminary evaluation from CBWM/IEUA, it was determined that the project had significant recharge potential for recycled water, storm water, in Management Zone 3 (MZ-3), and directly adjacent to existing infrastructure. In addition, this project was identified as a good "substitute" for the lower San Sevaine Basin, since that site was no longer available and had to be removed from the Recharge Master Plan Update approved list of projects.

Declez Basin is located east of Mulberry Avenue and Philadelphia Road in Riverside County. The basin currently is operated as a stormwater capture basin, and is scheduled to receive recycled water in Fall 2015, with the completion of the Wineville Extension Recycled Water Pipeline Project. East Declez property is located directly adjacent to the existing Declez Basin and consists of 85 acres of land. The location of the property is shown below in Figure 1.

Staff is currently in the process of working with CBWM in developing the initial feasibility study to evaluate if the site is a viable site for groundwater recharge. Borings and cone penetration technology will provide hydrological data for the use of the site. Results are expected to be reached by March 2016, which will provide a determination on the feasibility of

the use of the site for groundwater recharge. In the event that it is determined to be a viable groundwater recharge site, IEUA would enter into negotiations for the purchase of this property.



IEUA has been in direct communication with the agent representing the property owner of this property. We concurred to enter into an agreement that would enable IEUA/CBWM time to determine the feasibility of the proposed project and set a cap for the purchase price of the land should IEUA pursue purchase.

The Letter of Intent to Purchase Property has the following terms:

- The property owner will hold the property for nine months with a refundable deposit of \$50,000.
- For time extensions beyond nine-months, \$10,000 per month of the deposit will be released to the Property owner.
- Either party can terminate the intent to purchase at any time during the nine-months or the following five months.
- If IEUA and CBWM are willing to purchase the property based on the results of the feasibility study, IEUA will pay the fair market assessed value, not-to-exceed \$3 Million.

East Declez: Intent to Purchase Property

June 17, 2015

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Securing the potential purchase of the East Declez property for groundwater recharge is consistent with the IEUA business goal of *Water Reliability*, namely development of groundwater recharge.

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

The project will be funded from the FY 2014/15 budget from the Recharge Fund RW15003.00.A.LAND.

Attachments:

- Letter of Intent to Purchase Declez Property

SLPR LLC
701 NORTH 44TH STREET
PHOENIX, ARIZONA 85008

86129-124

28 May 2015

VIA EMAIL

Joseph Grindstaff
Inland Empire Utilities Agency
6075 Kimball Avenue
Chino Hills, CA 91708

Re: Proposed Sale of approximately 85 acres of unimproved land located in Riverside County, California, and identified as APNs 173-020-020 through 173-020-023 (as more fully described hereinafter, the “Property”)

Dear Mr. Grindstaff:

On behalf of SLPR LLC (the “*Seller*”), I would like to present the following proposal to Inland Empire Utilities Agency, a Municipal Water District (the “*Buyer*”) regarding the above referenced Property. It is understood and agreed that this letter is an offer to negotiate only, and is non-binding on the parties and no obligation on the part of the Seller or the Buyer will be created except upon the execution of a definitive purchase agreement (the “*Purchase Agreement*”) which, generally, shall contain normal and customary terms and, specifically, the following terms and business points:

1. **Property:** The Property is approximately 85 acres in size, which is more particularly described on Exhibit A attached hereto.

2. **Purchase Price:** The purchase price (the “*Purchase Price*”) for the Property will be **Three Million and No/100 Dollars (\$3,000,000.00)**, based on the value in the current appraisal in Buyer’s possession. Notwithstanding the foregoing, in the event Buyer elects to update the appraisal or obtain a new appraisal during the Due Diligence Period (as defined below), and the updated appraised value is less than \$3,000,000.00, then Seller may elect to terminate the Purchase Agreement, unless Buyer elects to proceed with the purchase of the Property at the full Purchase Price of \$3,000,000.00.

3. **Deposit:** Within three (3) days following the execution of a mutually acceptable Purchase Agreement, Buyer shall deposit in escrow the amount of **Fifty Thousand Dollars (\$50,000.00)** (“*Deposit*”) with First American Title Insurance Company (“*Escrow Holder*”) established under the terms of the Purchase Agreement (“*Escrow*”). Following the expiration of

the Due Diligence Period and provided that Buyer has not elected to cancel the Purchase Agreement, the Deposit shall become non-refundable to Buyer unless Seller breaches Seller's obligations under the Purchase Agreement, in which case the Deposit shall be immediately returned to Buyer; but upon the successful consummation of the subject transaction, the Deposit shall be applied to the Purchase Price of the Property.

4. Payment of Purchase Price: On or before the date of closing, Buyer shall deposit in Escrow in immediately available funds, the balance of the Purchase Price plus Buyer's share of pro-rations and closing costs.

5. Biological Habitat Clearance. Seller will be responsible for determining whether any portion of the Property is situated within a special study zone as designated under the Alquist-Priolo Geologic Hazard Act, and Seller shall use commercially reasonable efforts to deliver a biological habitat clearance certificate for the Property issued by the appropriate governmental authority (the "Biological Clearance") to Buyer on or before the expiration of the Due Diligence Period (as defined below).

6. Due Diligence Period:

(a) Due Diligence Period. Buyer shall have **Two Hundred Seventy (270) days** following the opening of Escrow to conduct its due diligence with respect to the Property (the "Due Diligence Period") and be satisfied in Buyer's sole and absolute discretion with the condition of the Property and all matters relating to the feasibility of the Property for Buyer's intended use.

(b) Extensions of Due Diligence Period If Biological Clearance is Delivered Prior to Expiration of the Initial Due Diligence Period. If Seller has delivered the Biological Clearance to Buyer on or before the expiration of the initial Due Diligence Period described in Paragraph 6(a) above, Buyer will have the right to extend the Due Diligence Period in three (3) 30-day increments for a total of ninety (90) days. In the event Buyer intends to extend the Due Diligence Period under this Paragraph 6(b), Buyer must provide written notice of such election to Seller and Escrow Holder prior to 5:00 PM (PST) on the last day of the then expiration date of the Due Diligence Period, together with instructions for Escrow Holder to immediately release to Seller the sum of **Ten Thousand Dollars (\$10,000.00)** for each 30-day extension, which amount shall remain applicable to the Purchase Price at Close of Escrow.

(c) Extensions of Due Diligence Period If Biological Clearance is not Delivered Prior to Expiration of the Initial Due Diligence Period. If despite Seller's commercially reasonable efforts Seller is unable to obtain and deliver the Biological Clearance prior to the expiration of the initial Due Diligence Period described in Paragraph 6(a) above, then the initial Due Diligence Period shall be automatically extended to the date that Seller delivers the Biological Clearance to Buyer, up to an

additional ninety (90) days. In the event Seller is unable to obtain and deliver the Biological Clearance within said additional 90-day period, either party will be entitled to terminate the Purchase Agreement at that time. Furthermore, in the event Seller obtains and delivers the Biological Clearance subsequent to an automatic extension of the Due Diligence Period, and Buyer still requires additional time to complete its due diligence, Buyer may then elect to extend the Due Diligence Period in 30-day increments up to the total number of days left between the 90 days and the duration of the automatic extension. For example, if Seller were to deliver the Biological Clearance twenty days after the expiration of the Due Diligence Period, the total number of days available to Buyer for additional extensions would be seventy (70) days (90 – 20); resulting in two (2) 30-day extensions and one (1) 10-day extension. Any Buyer extensions exercised after delivery of the Biological Clearance pursuant to this Paragraph 6(c) will be subject to the notice and release of funds requirements set forth in Paragraph 6(b) above (except that any extension period that is less than 30 days will be prorated for purposes of the amount to be released to Seller).

7. Closing Date. The closing date (the “Close of Escrow”) shall occur on the date that is **Sixty (60) days** after the expiration of the Due Diligence Period.

8. Inspection of the Property. From and after the opening of Escrow, Buyer (or its agents) may, at its sole cost and expense, conduct inspections of the Property upon reasonable notice to Seller. Any invasive inspections or testing shall be subject to Seller’s prior consent, which consent is not to be unreasonably withheld by Seller. Such inspections may include, but shall not be limited to:

- (a) Physical inspections;
- (b) Soils tests, engineering, seismic, utility and structural studies;
- (c) Review of zoning, building and other laws and permits;
- (d) Review of all plans and engineering and/or soils reports in Seller’s possession or control; and
- (e) Review of the Biological Clearance.

Buyer’s right of entry shall be subject to reasonable evidence of adequate insurance naming Seller as an additional insured, prior to entry upon the Property, in an amount not less than One Million Dollars (\$1,000,000.00). Additionally, Buyer will be obligated to indemnify, defend and hold harmless Seller of and from any and all claims, losses, liabilities, costs, expenses, mechanic’s and materialmen’s liens, and demands of any nature arising from or related to Buyer’s (or its agents) tests and inspections on the Property.

9. Conditions of Buyer's Obligations. Buyer's obligations to consummate the purchase of the Property shall be subject to satisfaction of the following conditions:

- (a) Seller's performance under the Purchase Agreement;
- (b) Buyer's approval of the condition of the Property to be completed prior to the expiration of the Due Diligence Period, in Buyer's sole and absolute discretion;
- (c) Receipt by Buyer of the Escrow Holder's commitment to issue the Title Policy (as hereinafter defined), provided, however, that Buyer's inability to obtain any endorsements will not be a condition to Buyer's obligation to purchase the Property;
- (d) The absence of any material adverse changes occurring to the physical condition of the Property after the expiration of the Due Diligence Period but prior to the Close of Escrow;
- (e) Delivery of the Biological Clearance; and
- (f) Other closing conditions as may be mutually agreed upon in the Purchase Agreement.

10. Title.

(a) Title Report. Within thirty (30) days after the opening of Escrow, Seller shall cause the Escrow Holder to deliver to Seller and Buyer, the following for the Property:

- (i) A CLTA title report covering the Property (the "Title Report");
- (ii) Copies of all exceptions identified in the Title Report; and
- (iii) To the extent available, copies of existing ALTA surveys and any boundary surveys.

(b) Title Policy. At closing, Buyer shall receive a CLTA Owner's Policy, subject only to those exceptions approved or deemed approved by Buyer during the Due Diligence Period, as will be more specifically set forth in the Purchase Agreement (the "Title Policy").

(c) As-Is, Where-Is. At closing the Property will be conveyed to Buyer in its "as-is, where-is" condition with all faults, and without any express or implied warranties, except those warranties specifically set forth in writing in the Purchase Agreement, and the Purchase Agreement will contain an as-is, where-is clause acceptable to Seller.

11. Prorations and Closing Costs. Seller shall pay the premium for the standard portion of the Title Policy, one-half (1/2) of the Escrow Fees, its own legal and accounting fees, and transfer and sales taxes. Buyer shall pay one-half (1/2) of the Escrow fees, and any additional premium for extended CLTA title insurance coverage and any endorsements. All other costs and prorations will be allocated in accordance with local custom in Riverside County, California.

12. Operation of Property Pending Close of Escrow.

(a) Seller shall not sell, convey, grant, assign or otherwise transfer (on or off record) the Property or any interest therein which would survive the Close of Escrow and which would materially and adversely affect the use of the Property for Buyer's intended purpose, without the prior written consent of Buyer, which consent may be granted or withheld in Buyer's reasonable discretion.

(b) Seller shall not alter the physical condition of the Property.

(c) Seller shall deliver to Buyer all material notices or communications Seller receives from any governmental body pertaining to the Property, promptly upon Seller's receipt of same.

13. Brokers. Seller and Buyer each acknowledge that Manuel Mancha with Mancha Real Estate Advisors represents Seller and Buyer in this transaction. Seller and Buyer each represents and warrants to the other that they have not employed, dealt with or incurred any obligation to any other broker, agent or finder in connection with the Property, and that they have not incurred any obligation to pay any real estate, brokerage or other commission or fee in connection with the conveyance by Seller of the Property to Buyer, other than to Mancha Real Estate Advisors. Seller and Buyer agree that Seller will pay commissions under a separate agreement to Mancha Real Estate Advisors. Buyer and Seller agree to indemnify, defend and hold each other free and harmless from and against all costs and liabilities including, without limitation, reasonable attorneys' fees and the costs and expenses of litigation, for causes of action or proceedings in any way related to or resulting from a breach of the foregoing representation and warranty or arising out of any action or proceedings which may be instituted by any broker, agent or finder, licensed or otherwise, claiming through, under or by reason of the conduct of the indemnifying party, respectively, in connection with this contemplated transaction.

14. Confidentiality. Seller and Buyer each agree not to disclose the content of this letter or of any negotiations or proprietary information received from the other party and the financial condition of the other party to any unrelated third parties, without first obtaining the prior written consent of the other party.

15. Governing Law. This letter shall be governed by California law.

16. 1031 Exchange. The parties agree to reasonably cooperate with each other in the event either or both parties wish to affect the purchase and/or sale of the Property through a tax-deferred (Section 1031) exchange.

17. Miscellaneous. When executed by both parties, this letter merely evidences the understanding of the Seller and Buyer as to the material terms and conditions for the purchase and sale of the Property, and the parties agree to negotiate in good faith a definitive purchase agreement consistent with the terms stated herein, provided neither party shall have any obligation to the other except as is expressly set forth in a mutually agreeable form of Purchase Agreement executed by both parties.

18. Timing of Proposal. The proposal contained in this letter shall remain valid until June 30, 2015.

Very truly yours,

SLPR LLC

Patrick E. Sovereign

PES:cdf

cc: Leo R. Beus (via interoffice)
Paul E. Gilbert (via interoffice)
Manuel Mancha (via email)

AGREED AND ACCEPTED BY BUYER

Executed as of _____, 2015, by the undersigned, who represents that he/she is duly authorized to execute this proposal on behalf of Buyer.

By: _____

Printed Name: _____

Its: _____

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

[SEE ATTACHED]

**INFORMATION
ITEM**



5E





Date: June 17, 2015

To: The Honorable Board of Directors

Through: Finance, Legal, and Administration Committee (06/10/15)

From:  P. Joseph Grindstaff
General Manager 

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

 Javier Chagoyen-Lazaro
#882 Manager of Finance and Accounting

Subject: Treasurer's Report of Financial Affairs

RECOMMENDATION

The Treasurer's Report of Financial Affairs for the month ended April 30, 2015, is an informational item for the Board of Directors to 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 April 30, 2015, is submitted in a format consistent with State requirements.

Total cash, investments, and restricted deposits of \$136,365,445, reflects an increase of \$7,647,569 higher compared to the total reported for March 2015. The increase was attributed mainly to property tax receipts of \$9.9 million which were partially offset by debt payments and capital expenses. Average days of cash on hand for the month ended April 30, 2015 increased to 159 days from 153 days due to the increase in available unrestricted 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 April 2015 was 0.489%, a decrease of 0.104% compared to the average yield of 0.593% reported in March 2015. The decrease is attributed to maturities and calls of portfolio investments with an average rate of return of 1.31%.

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

None.

IMPACT ON BUDGET

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

Attachment:

- April 2015 Treasurer's Report of Financial Affairs



Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

Treasurer's Report of Financial Affairs for April 30, 2015

June 2015

Board Meeting

Report of Financial Affairs

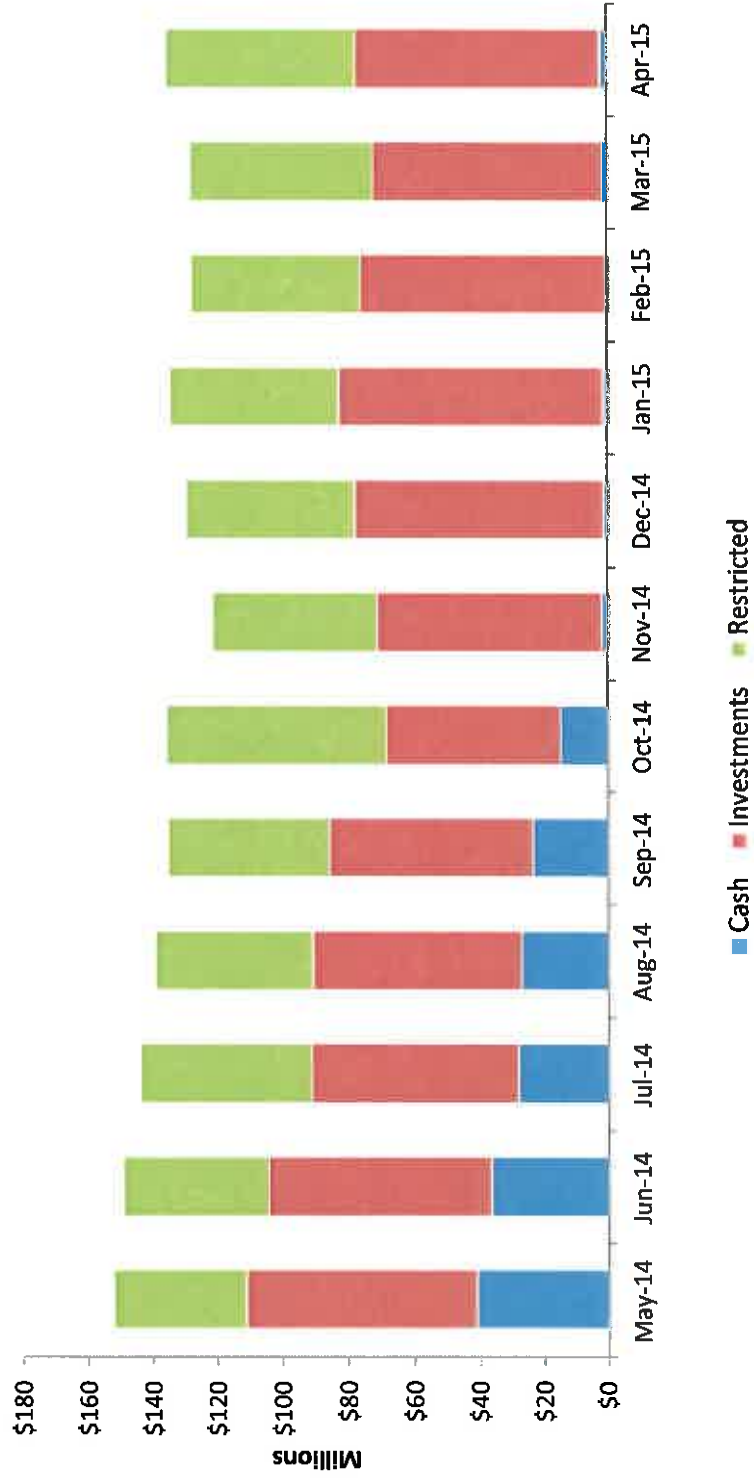
Liquidity

Description	April 2015	March 2015	Increase (Decrease)
Cash, Investments, Restricted Deposits	\$136.4M	\$128.7M	\$7.7M
Investment Portfolio Yield	0.489%	0.593%	(0.104%)
Average Days Cash on Hand	159 Days	153 Days	6 Days

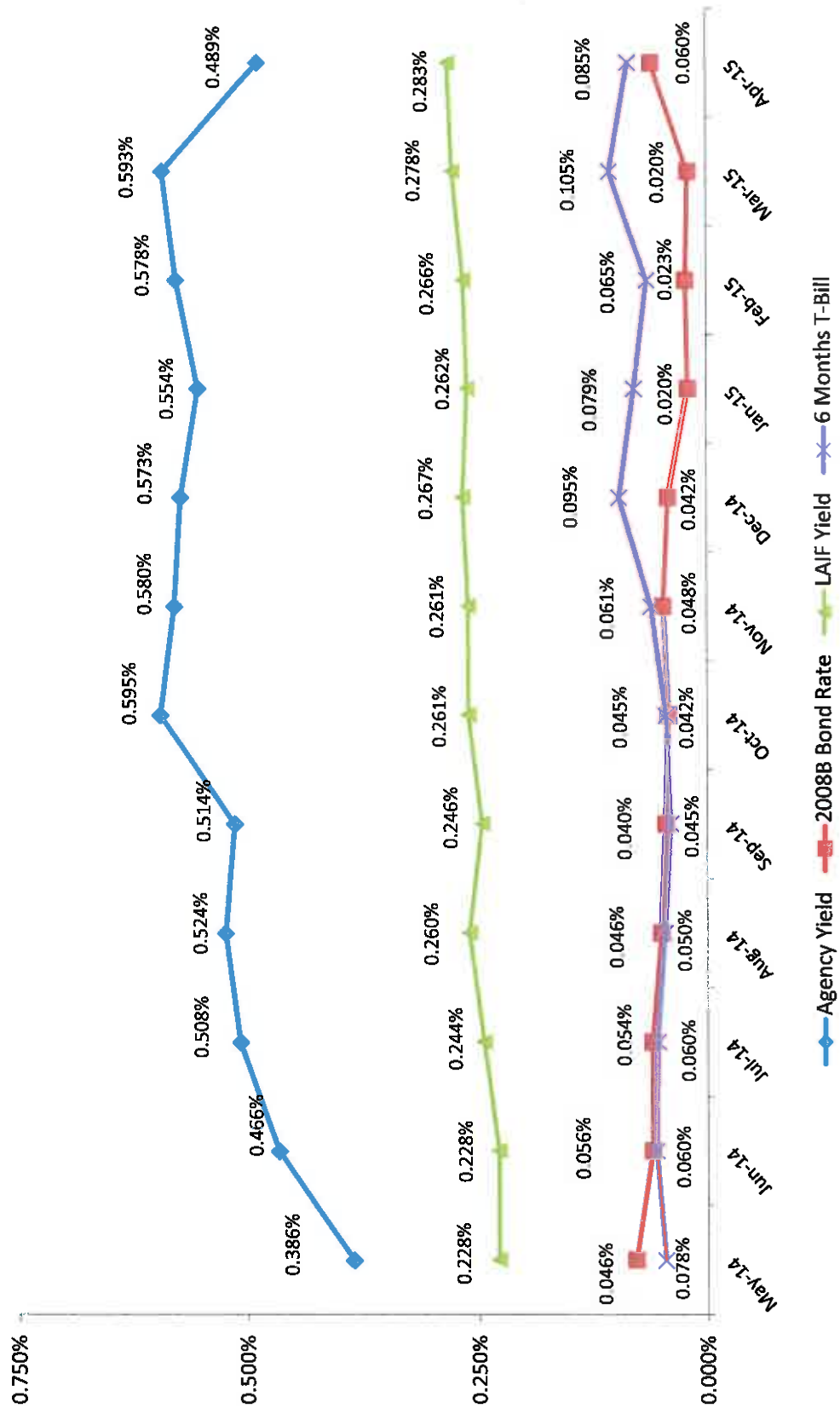
Portfolio

Description	Allowable Threshold	Investment Value (\$ million)	Yield	Current Portfolio %
Short Term, Under 1 Year:				
LAIF	\$50M	\$24.8	0.283%	32%
CalTrust	\$20M	\$3.5	0.44%	5%
Citizens Business –Sweep	40%	\$27.5	0.25%	36%
CBB – Certificate of Deposit	20%	\$4.2	0.45%	6%
Bank of the West – MMA	20%	\$1.1	0.18%	1%
State and Local Municipal Bonds	9%	\$1.0	1.35%	1%
Medium Term Notes	20%	\$3.0	0.99%	4%
CBB Checking	40%	\$0.3	0.25%	0%
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	1.22%	8%
Over 3 Years:				
US Government Securities	n/a	\$3.6	1.85%	5%

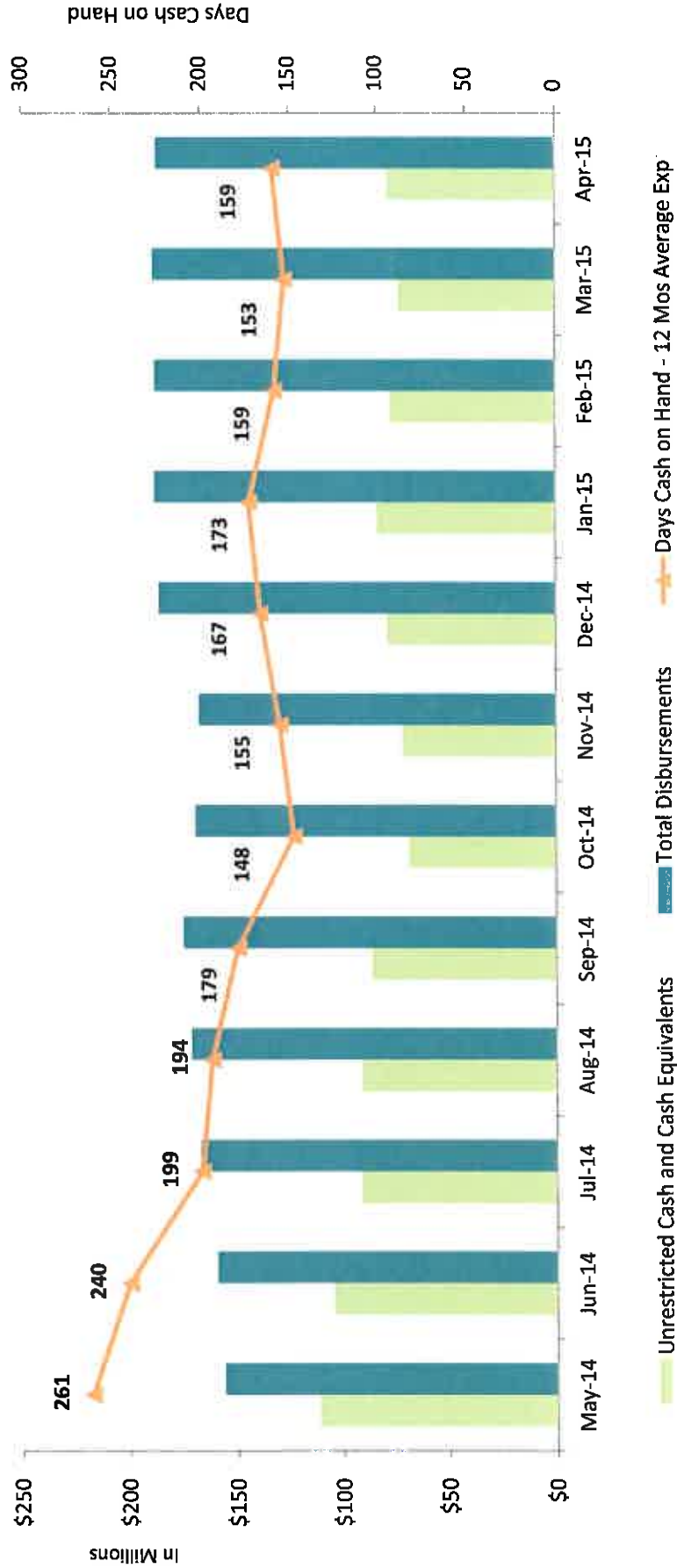
Cash, Investments and Restricted Deposits



Month End Portfolio Yield Comparison



Day Cash On Hand 12 Months Rolling Average

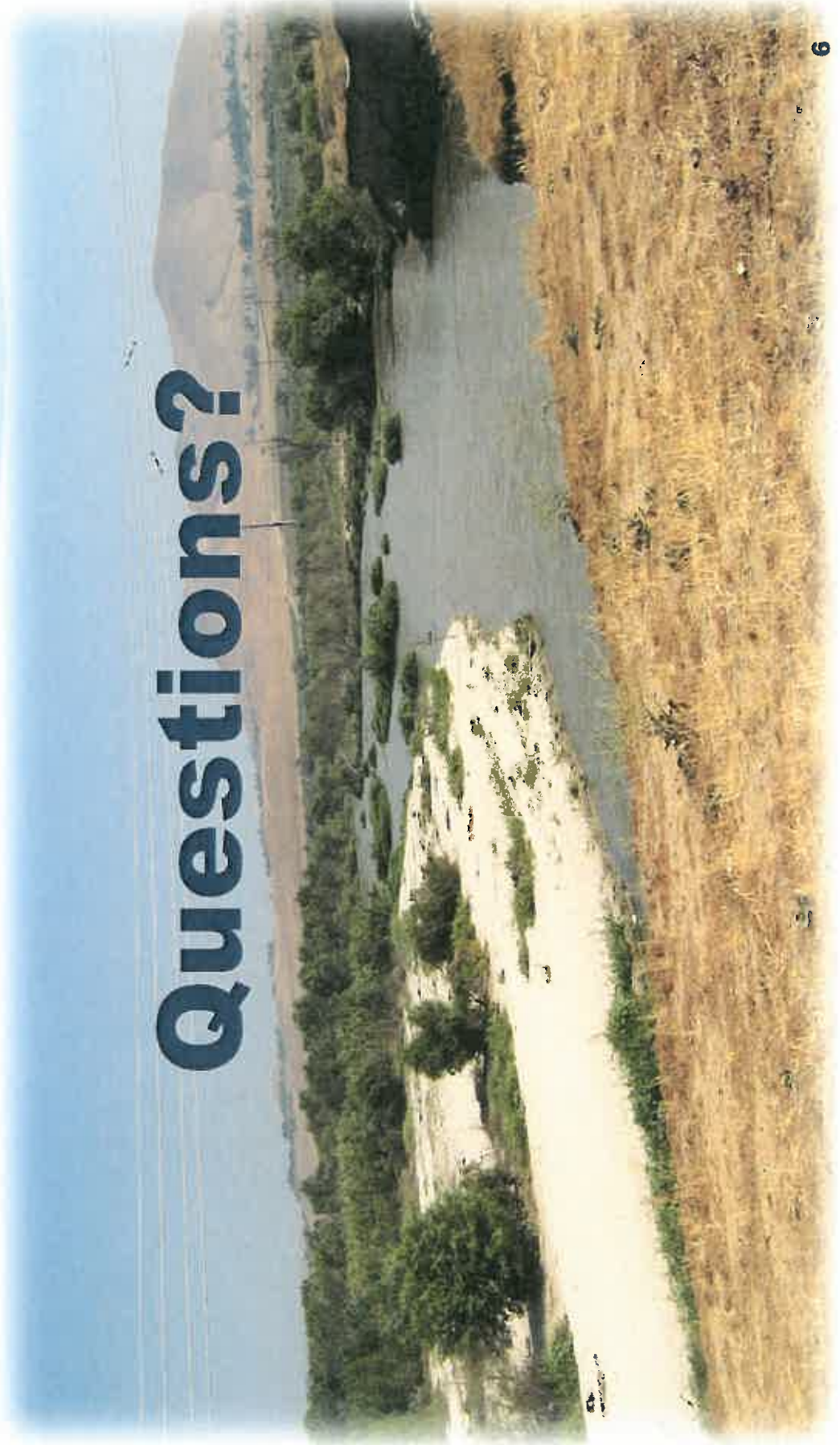




Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

Questions?



TREASURER'S REPORT OF FINANCIAL AFFAIRS

For the Month Ended April 30, 2015



Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

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
April 30, 2015*

	April	March
<u>Cash, Bank Deposits, and Bank Investment Accounts</u>	\$2,408,862	\$1,711,263
<u>Investments</u>		
CBB Repurchase (Sweep)	\$27,502,544	\$15,417,350
Local Agency Investment Fund (LAIF)	24,835,685	24,819,768
CalTrust	3,540,323	3,539,064
Certificates of Deposit	4,172,210	4,172,210
Municipal Bonds	1,012,813	2,515,049
Medium Term Notes	4,002,036	6,001,846
U.S. Treasury Notes	999,707	999,692
U.S. Government Sponsored Entities	9,579,384	13,579,366
Total Investments	\$75,644,702	\$71,044,346
Total Cash and Investments Available to the Agency	\$78,053,564	\$72,755,609
<u>Restricted Deposits</u>		
Debt Service Accounts	\$5,669,713	\$2,544,713
CCRA Deposits Held by Member Agencies	42,184,762	42,174,333
OFEB (CERBT) Account	7,174,218	7,123,318
Escrow Deposits	3,283,188	4,119,903
Total Restricted Deposits	\$58,311,881	\$55,962,267
Total Cash, Investments, and Restricted Deposits	\$136,365,445	\$128,717,876

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

*Month Ended
 April 30, 2015*

Cash, Bank Deposits, and Bank Investment Accounts

Citizens Business Bank Demand Account (Offset by CBB Sweep Balance)	\$258,477
Citizens Business Bank Workers' Compensation Account	56,726
Bank of America Payroll Account	659,972
Bank of America Payroll Taxes Account	340,865
Subtotal Demand Deposits	<u>\$1,316,040</u>
Other Cash and Bank Accounts	
Petty Cash	\$2,250
Subtotal Other Cash	<u>\$2,250</u>
Bank of the West Money Market Account	\$1,050,803
US Bank Pre-Investment Money Market Account	\$39,769
Total Cash and Bank Accounts	<u>\$2,408,862</u>

Investments

CBB Repurchase (Sweep) Investments	
Freddie Mac Bond	\$15,151,407
Fannie Mae Bond	12,351,137
Subtotal CBB Repurchase (Sweep)	<u>\$27,502,544</u>
Local Agency Investment Fund (LAIF)	
LAIF Non-Restricted Fund	\$18,921,810
LAIF Insurance Sinking Fund	5,913,875
Subtotal Local Agency Investment Fund	<u>\$24,835,685</u>
CalTrust	
Short Term	\$3,540,323
Subtotal CalTrust	<u>\$3,540,323</u>
Certificates of Deposit	
Citizens Business Bank	\$4,172,210
Subtotal Certificates of Deposit	<u>\$4,172,210</u>

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

*Month Ended
 April 30, 2015*

Investments Continued

Municipal Bonds

State and Local Municipal Bonds
 Subtotal State Municipal Bonds

\$1,012,813
\$1,012,813

Medium Term Notes

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

\$1,000,519
 999,064
 1,000,414
 1,002,039
\$4,002,036

U.S. Treasury Notes

Treasury Note
 Subtotal U.S. Treasury Notes

\$999,707
\$999,707

U.S. Government Sponsored Entities

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

\$2,999,868
 2,580,000
 3,999,516
\$9,579,384

Total Investments

\$75,644,702

Restricted Deposits

Debt Service Reserves

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

\$3,125,000
 2,544,710
 3
\$5,669,713

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

*Month Ended
 April 30, 2015*

CCRA Deposits Held by Member Agencies

City of Chino	\$11,571,041
Cucamonga Valley Water District	7,674,103
City of Fontana	6,633,067
City of Montclair	2,559,334
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>\$42,184,762</u>

CalPERS

OPEB (CERBT) Account	<u>\$7,174,218</u>
Subtotal CalPERS Accounts	<u>\$7,174,218</u>

Escrow Deposits

Chicago Title (Forestar/IEUA Holding Escrow)	\$2,395,821
Community Bank (MNR Construction)	701,014
Scott Valley Bank (GSE Construction)	162,440
Alta Pacific Bank (Genesis Construction)	23,913
Subtotal Escrow Deposits	<u>\$3,283,188</u>

Total Restricted Deposits

	<u>\$58,311,881</u>
	<u><u>\$136,365,445</u></u>

Total Cash, Investments, and Restricted Deposits as of April 30, 2015

Total Cash, Investments, and Restricted Deposits as of 4/30/15	\$136,365,445
Less: Total Cash, Investments, and Restricted Deposits as of 3/31/15	128,717,876

Total Monthly Increase (Decrease)

	<u>\$7,647,569</u>
--	--------------------

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
April 30, 2015

	Credit Rating @ Purchase		CHANGES IN Credit Rating		Par Amount	Cost Basis Amount	Term (Days)	Amortization		April Value	% Coupon	% Yield to Maturity	Maturity Date	Market Value
	S&P	Moody's	S&P	Moody's				April	April					
Cash, Bank Deposits, and Bank Investment Accounts														
Citizens Business Bank Demand Account*					\$258,477	\$258,477	N/A	N/A		\$258,477		0.25%	N/A	\$258,477
Subtotal CBB					\$258,477	\$258,477				\$258,477		0.25%		\$258,477
Workers' Compensation Account					\$56,726	\$56,726	N/A	N/A		\$56,726		N/A	N/A	\$56,726
Subtotal CBB					\$56,726	\$56,726				\$56,726		N/A		\$56,726
Bank of America														
Payroll Checking					\$659,972	\$659,972	N/A	N/A		\$659,972		N/A	N/A	\$659,972
Payroll Tax Checking					340,865	340,865	N/A	N/A		340,865		N/A	N/A	340,865
Subtotal B of A					\$1,000,837	\$1,000,837				\$1,000,837		N/A	N/A	\$1,000,837
Bank of the West														
Money Market Plus - Business Account					\$1,050,803	\$1,050,803	N/A	N/A		\$1,050,803		0.18%	N/A	\$1,050,803
Subtotal Bank of the West Money Market					\$1,050,803	\$1,050,803				\$1,050,803		0.18%		\$1,050,803
US Bank														
Federated Automated MMA					\$39,769	\$39,769	N/A	N/A		\$39,769		0.01%	N/A	\$39,769
Subtotal USB Money Market					\$39,769	\$39,769				\$39,769		0.01%		\$39,769
Petty Cash					\$2,250	\$2,250	N/A	N/A		\$2,250		N/A	N/A	\$2,250
Total Cash, Bank Deposits and Bank Investment Accounts					\$2,408,862	\$2,408,862				\$2,408,862				\$2,408,862
<i>*Negative demand checking balance if offset by the Daily Repurchase (Sweep) Account balance</i>														
Investments														
CBB Daily Repurchase (Sweep) Accounts														
Freddie Mac Bond					\$15,151,407	\$15,151,407	N/A	N/A		\$15,151,407		0.25%	N/A	\$15,151,407
Fannie Mae Bond					12,351,137	12,351,137	N/A	N/A		12,351,137		0.25%	N/A	12,351,137
Subtotal CBB Repurchase Accounts					\$27,502,544	\$27,502,544				\$27,502,544		0.25%		\$27,502,544
LAIF Accounts														
Non-Restricted Funds					\$18,921,810	\$18,921,810	N/A	N/A		\$18,921,810		0.283%	N/A	\$18,921,810
LAIF Sinking Fund					5,913,875	5,913,875	N/A	N/A		5,913,875		0.283%	N/A	5,913,875
Subtotal LAIF Accounts					\$24,835,685	\$24,835,685				\$24,835,685		0.283%		\$24,835,685
CALTRUST Accounts														
Short-Term					\$3,540,323	\$3,540,323	N/A	N/A		\$3,540,323		0.44%	N/A	\$3,540,323
Subtotal CalTrust Accounts					\$3,540,323	\$3,540,323				\$3,540,323		0.44%		\$3,540,323
Certificates of Deposit														
CBB Certificate of Deposit					\$4,172,210	\$4,172,210	425	N/A		\$4,172,210		0.45%	09/19/15	\$4,172,210
Subtotal Certificate of Deposits					\$4,172,210	\$4,172,210				\$4,172,210		0.45%		\$4,172,210

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
 April 30, 2015

	Credit Rating @ Purchase		CHANGES IN Credit Rating		Par Amount	Cost Basis Amount	Term (Days)	April Amortization	April Value	% Coupon	% Yield to Maturity	Maturity Date	Market Value
	S&P	Moody's	S&P	Moody's									
US Treasury Note													
US Treasury Note	N/A	AAA			\$1,000,000	\$999,463		15	\$999,707	0.63%	0.64%	12/15/16	\$1,002,030
Subtotal Treasuries					\$1,000,000	\$999,463		15	\$999,707		0.64%		\$1,002,030
US 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	\$1,000,700
Federal Home Loan Bank	AA+	AAA			2,000,000	2,000,000	1,080		2,000,000	0.63%	1.25%	08/28/17	2,000,560
Fannie Mae Bond	AA+	AAA			1,000,000	999,750	1,800	4	999,868	0.75%	1.18%	12/18/17	998,330
Federal Home Loan Bank	AA+	AAA			1,000,000	999,800	1,096	5	999,806	1.00%	1.50%	03/26/18	1,001,130
Federal Home Loan Bank	AA+	AAA			1,000,000	999,700	1,096	8	999,710	1.38%	1.39%	03/26/18	1,001,720
Fannie Mae Bond	N/A	AAA			2,000,000	2,000,000	1,459		2,000,000	1.63%	1.63%	12/28/18	2,014,460
Freddie Mac Bond	AA+	AAA			1,580,000	1,580,000	1,804		1,580,000	1.13%	2.13%	05/28/19	1,580,948
Subtotal U.S. Gov't Sponsored Entities					\$9,580,000	\$9,579,250		17	\$9,579,384		1.456%		\$9,597,848
Municipal Bonds													
California State General Obligation Bond	A-	A1	A+	AA3	1,000,000	1,089,000		(2,078)	1,012,813	3.95%	1.35%	11/01/15	1,017,900
Subtotal State and Local Municipal Bonds					\$1,000,000	\$1,089,000		(\$2,078)	\$1,012,813		1.35%		\$1,017,900
Medium Term Notes													
Toyota Motor Credit Corp	AA-	AA3			1,000,000	1,006,293	946	(200)	1,000,519	0.88%	0.63%	07/17/15	1,001,240
General Electric Floating Rate (75 bp over Libor -1% floor)	AA+	AA2	AA+	A1	1,000,000	988,500	1,265	273	999,064	1.26%	1.26%	08/11/15	1,001,840
JP Morgan Securities	A	A2	A3	A3	1,000,000	1,001,500	1,094	(41)	1,000,414	1.125%	1.07%	02/26/16	1,004,860
John Deere Capital Corp	A	A2			1,000,000	1,004,000	1,754	(68)	1,002,039	1.85%	1.11%	10/10/17	1,001,720
Subtotal Medium Term Notes					\$4,000,000	\$4,000,293		(36)	\$4,002,036		1.02%		\$4,009,660
Total Investments					\$75,630,762	\$75,718,768			\$75,644,702				\$75,678,200

Source of Investment Market Value: US Bank

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
 April 30, 2015

	Credit Rating @ Purchase		CHANGES IN Credit Rating		Par Amount	Cost Basis Amount	Term (Days)	April Amortization	April Value	% Coupon	% Yield to Maturity	Maturity Date	Market Value
	S&P	Moody's	S&P	Moody's									
Restricted Deposits													
Debt Service and Arbitrage Accounts													
08A Debt Service Accounts													
US Bank Payment Fund					\$3,125,000	\$3,125,000	N/A	N/A	\$3,125,000		0.00%	N/A	\$3,125,000
Subtotal '08A Debt Service Accts					\$3,125,000	\$3,125,000			\$3,125,000		0.00%		\$3,125,000
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					\$5,669,713	\$5,669,713			\$5,669,713				\$5,669,713
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					7,674,103	7,674,103	N/A	N/A	7,674,103		N/A	N/A	7,674,103
City of Fontana					6,633,067	6,633,067	N/A	N/A	6,633,067		N/A	N/A	6,633,067
City of Montclair					2,559,334	2,559,334	N/A	N/A	2,559,334		N/A	N/A	2,559,334
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					\$42,184,762	\$42,184,762			\$42,184,762				\$42,184,762
[Totals as reported through March 31, 2015]													
CaIPERS Deposits													
OPFB (CERFT) Account					\$7,000,000	\$7,000,000	N/A	N/A	\$7,174,218		N/A	N/A	\$7,174,218
Subtotal CaIPERS Deposits					\$7,000,000	\$7,000,000			\$7,174,218				\$7,174,218
Escrow Deposits													
Forestar/IEUA Holding Escrow (RP-1 Outfall)					\$2,395,821	\$2,395,821	N/A	N/A	\$2,395,821		N/A	N/A	\$2,395,821
MNR Construction					701,014	701,014	N/A	N/A	701,014		N/A	N/A	701,014
GSP Construction					162,440	162,440	N/A	N/A	162,440		N/A	N/A	162,440
Genesis Construction					23,913	23,913	N/A	N/A	23,913		N/A	N/A	23,913
Subtotal Escrow Deposits					\$3,283,188	\$3,283,188			\$3,283,188				\$3,283,188
Total Restricted Deposits					\$58,137,663	\$58,137,663			\$58,311,881				\$58,311,881
Total Cash, Investments, and Restricted Deposits as of April 30, 2015													
					\$136,177,287	\$136,265,293			\$136,365,445				\$136,398,943

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
 April 30, 2015

April Purchases					
No.	Date	Transaction	Investment Security	Par Amount Purchased	Investment Yield

Total Purchases

\$ -

April Investment Maturities, Calls & Sales

No.	Date	Transaction	Investment Security	Par Amount Matured/Sold	Investment Yield to Maturity
1	04/01/15	Maturity	California General Obligation Bond	\$ 1,500,000	1.500%
2	04/16/15	Full Call	Federal Home Loan Bank Bond	2,000,000	1.325%
3	04/23/15	Maturity	JP Morgan Medium Term Note	2,000,000	0.981%
4	04/24/15	Full Call	Federal Home Loan Bank Bond	2,000,000	2.080%

Total Maturities, Calls & Sales

\$ 7,500,000

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
 April 30, 2015

<u>Directed Investment Category</u>	<u>Amount Invested</u>	<u>Yield</u>
CBB Repurchase (Sweep)	\$27,502,544	0.250%
Local Agency Investment Fund	24,835,685	0.283%
CalTrust	3,540,323	0.440%
Medium Term Notes	4,002,036	1.020%
Municipal Bonds	1,012,813	1.350%
US Treasury Notes	999,707	0.640%
U.S. Government Sponsored Entities	9,579,384	1.456%
	\$71,472,492	0.497%
Bank Deposit and Investment Accounts		
Citizens Business Bank - Demand Account	\$258,477	0.250%
Citizens Business Bank - Certificate of Deposit	4,172,210	0.450%
Bank of the West Money Market Account	1,050,803	0.180%
	\$5,481,490	0.389%

Total Portfolio
Investment Portfolio Rate of Return
\$76,953,982
0.489%

<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	42,184,762	N/A
Citizens Business Bank - Workers' Compensation Account	56,726	N/A
US Bank - Pre-Investment Money Market Account	39,769	0.010%
CalPERS OPEB (CERBT) Account	7,174,218	N/A
Other Accounts*	1,003,087	N/A
	\$56,128,275	0.000%

Total Other Accounts
Average Yield of Other Accounts
\$133,082,257
0.000%

Total Agency Directed Deposits

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

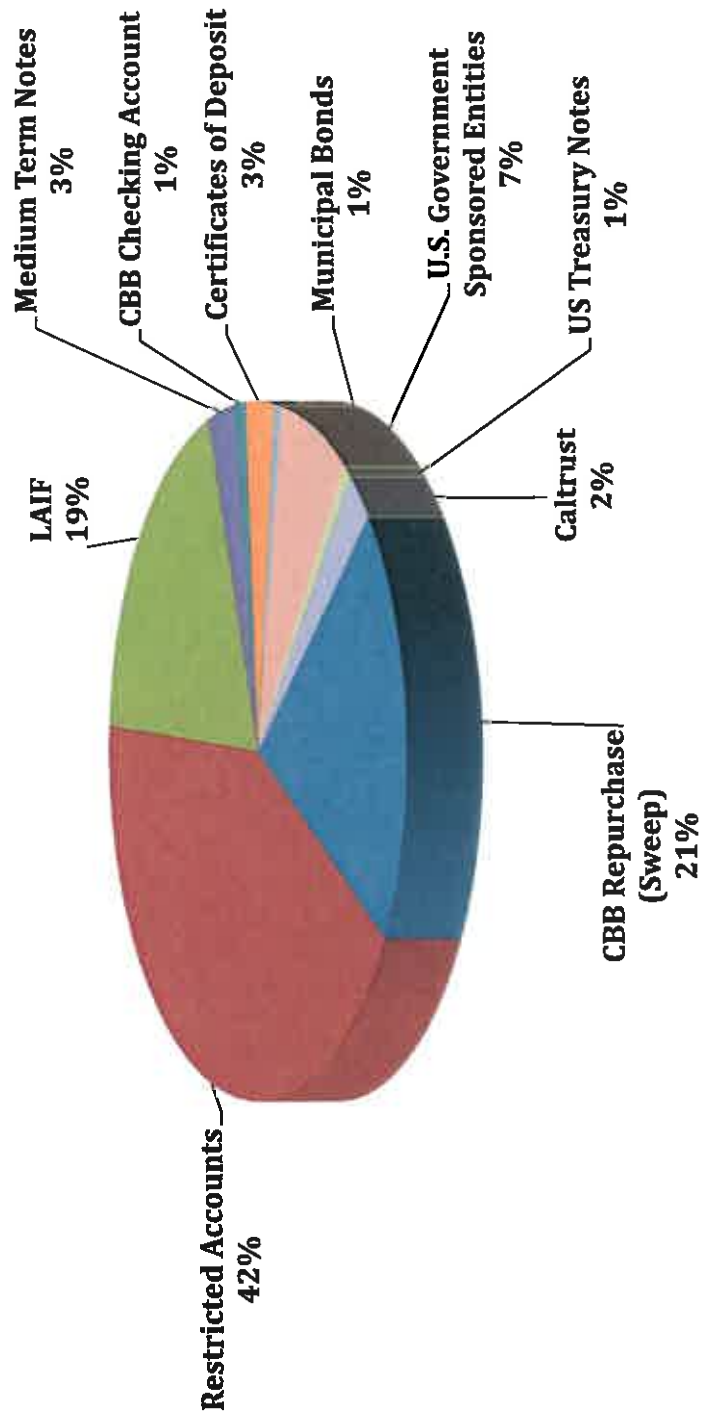
Inland Empire Utilities Agency

Treasurer's Report of Financial Affairs

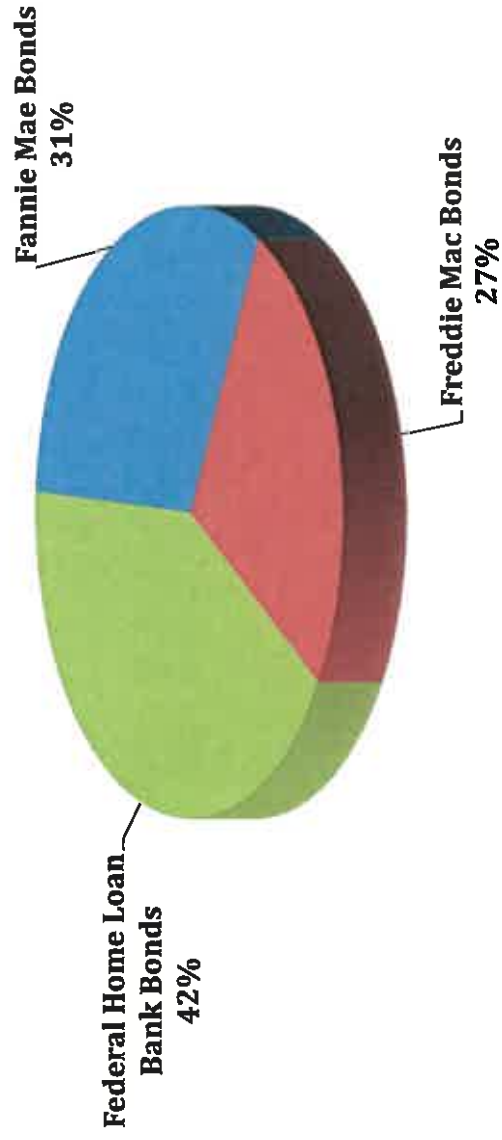
For the Month Ended April 30, 2015

Combined Agency Portfolio (net of escrow deposits)

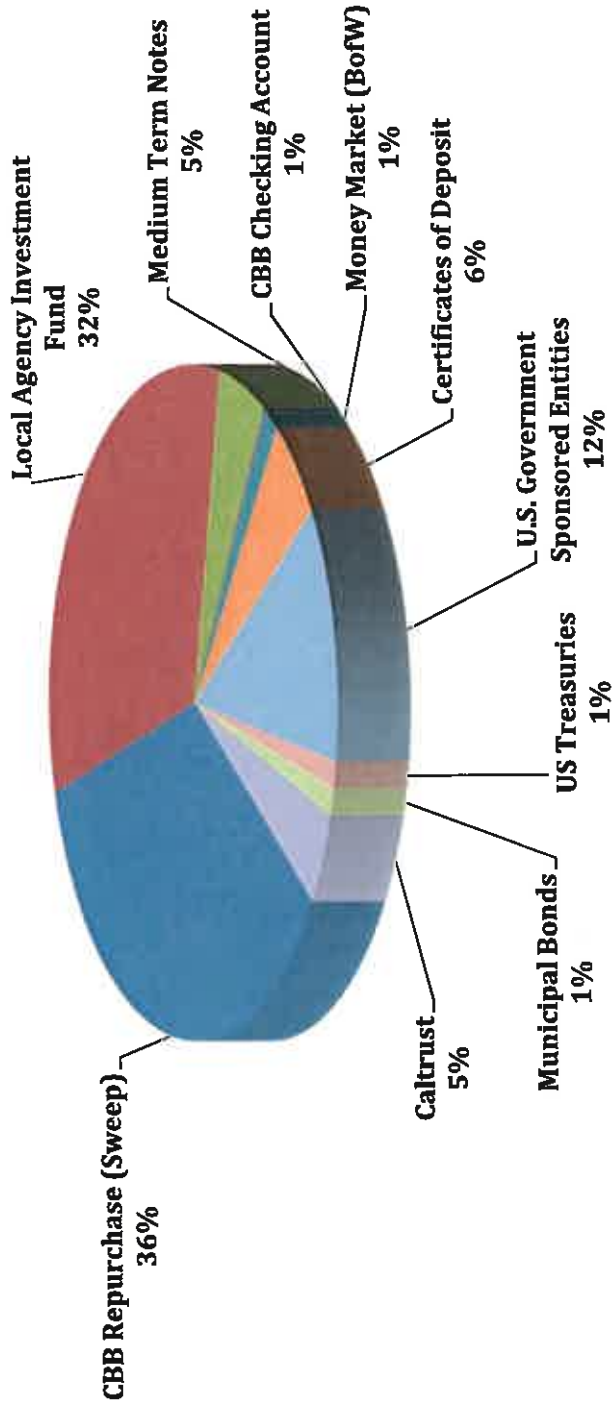
\$133,082,257



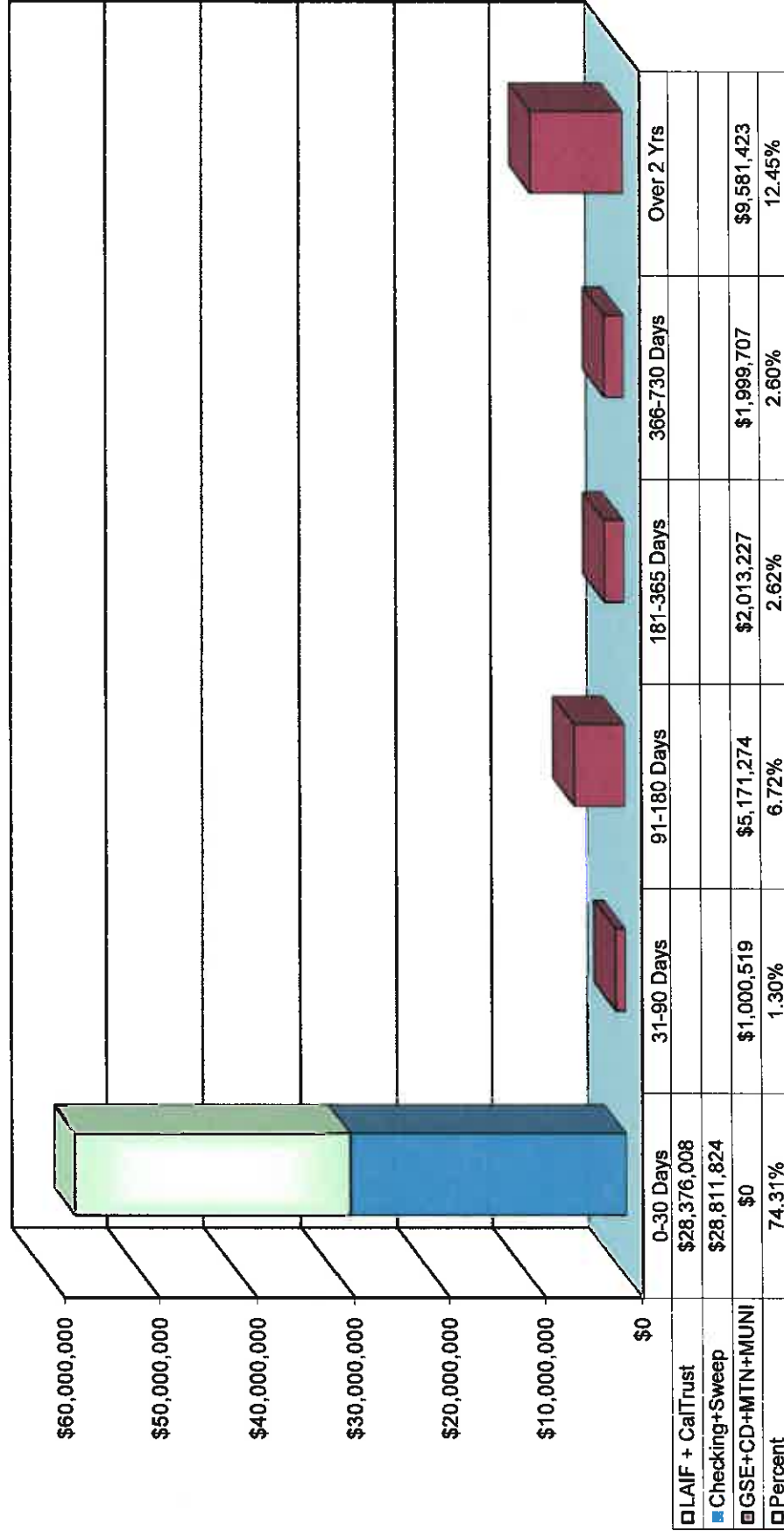
Inland Empire Utilities Agency
Treasurer's Report of Financial Affairs
For the Month Ended April 30, 2015
U.S. Government Sponsored Entities Portfolio
\$9,579,384



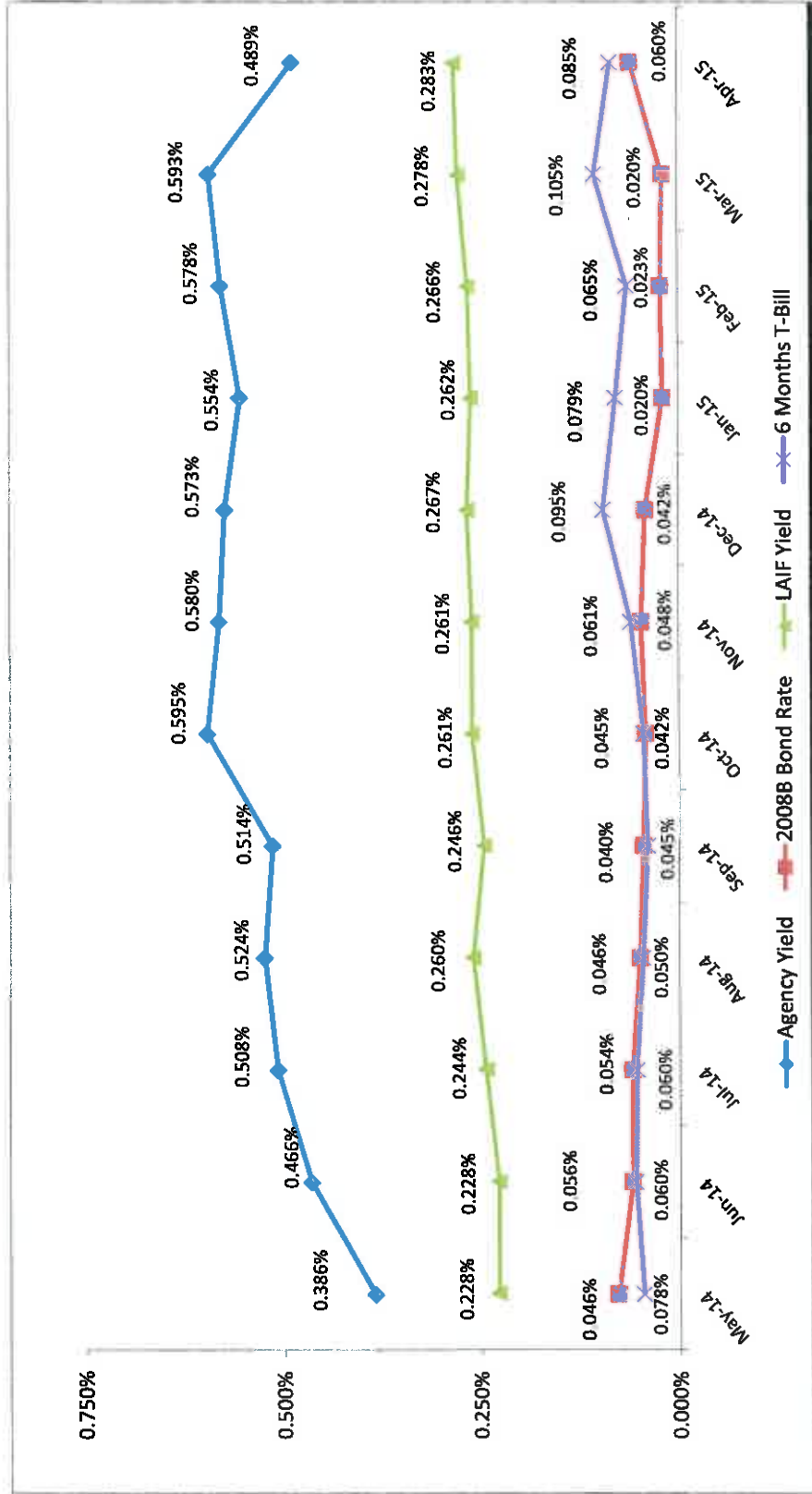
Inland Empire Utilities Agency
Treasurer's Report of Financial Affairs
For the Month Ended April 30, 2015
Unrestricted Agency Investment Portfolio
\$76,953,982



Inland Empire Utilities Agency
Treasurer's Report of Financial Affairs
For the Month Ended April 30, 2015
Directed Investment Portfolio Maturity Distribution
\$76,953,982



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



**INFORMATION
ITEM**

5F

Date: June 17, 2015

To: The Honorable Board of Directors

Through: Finance, Legal, and Administration Committee (6/10/15)

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

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

JCL
4882 Javier Chagoyen-Lazaro
Manager of Finance and Accounting

Subject: FY 2014/15 Third Quarter Budget Variance, Performance Goals Updates,
and Budget Transfers

RECOMMENDATION

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

BACKGROUND

The Budget Variance report presents the Agency's financial performance through third quarter ending March 31, 2015. Exhibit A provides a comparison of actual revenues and expenses against the FY 2014/15 Amended Budget including a discussion of major categories with the most significant variances. Exhibit B provides a progress status of Division and Department Goals and Objectives as established in FY 2014/15 Adopted Budget, Exhibit C presents a summary of Operations and Maintenance (O&M) budget transfers approved by management at the third quarter, and Exhibit D lists Board approved budget amendments and the management approved budget transfers between capital projects and between O&M projects by Agency fund. Attachment A provides the FY 2014/15 financial overview of each of the Agency's programs.

TOTAL REVENUES AND OTHER FUNDING SOURCES

Overall, the Agency received total revenues and other funding sources at the end of the third quarter of \$62.8 million, or 61.1% of the Amended Budget (Exhibit A detail).

The change in the Amended Budget of \$161.6 million compared to the Adopted Budget of \$153.4 million is due to the early execution of the SRF loan proceeds administered by State Water Resources Control Board (SWRCB) for the Southern and Central/Wineville area projects

in the Recycled Water program. On February 18, 2015, the Board approved a budget amendment of \$15 million to support related costs.

The following section highlights key variances:

- **User Charges** – Actual at 74.5% is in line with the amended budget. This category includes EDU volumetric of \$36.6 million, \$5.6 million for non-reclaimable wastewater fees, \$3.2 million for water meter service charges, and \$0.6 million for imported potable water surcharge.
- **Connection Fees** – Member agencies reported a total of 2,380 Equivalent Dwelling Units (EDU) new connections, approximately 79.3% of the budgeted 3,000 EDUs which is equivalent to \$12.1 million of the budgeted \$15.3 million.
- **Recycled Water Sales** – Recycled water sales at the end of the third quarter were \$7.5 million. Direct delivery was 17,226 AF, \$5.0 million, and groundwater recharge was 7,481 AF, \$2.5 million, for 79.4% of the annual budget. Total year to date deliveries of 24,707 AF compares favorably to the 32,000 AF projected for the fiscal year.
- **MWD LPP Rebate** –Direct recycled water sales in excess of 3,500 AF and up to 17,000 AF are eligible for the Metropolitan Water District (MWD) Local Project Program (LPP) at a rate of \$154/AF, for a maximum amount of \$2.1 million per fiscal year. At the end of the third quarter, the total rebate was \$2.0 million for 13,115 AF of credit or 97.1% of total budget.
- **Property Taxes** – Tax receipts at the end of the third quarter were \$23.2 million or 58% of the Amended Budget. General ad-valorem property received from the San Bernardino County Tax Assessor (County) was \$17.0 million and “pass through” incremental RDA taxes received were \$6.2 million.
- **Grants & Loans** – Total receipts were \$1.3 million or 5.5% of the budget. Amended Budget of \$22.5 million consists of \$2.3 million in grants and \$20.2 million in SRF loan proceeds for the Southern and Central/Wineville Area projects. As of April 21, 2015, the execution of the SWRCB amended contract is at its final stage and eligible reimbursements are projected to be \$9.3 million for the Southern Area and \$10.5 million for the Central Wineville project for a total of \$20.0 million in loan proceeds.
- **Cost Reimbursements** – Total cost reimbursements were \$4.5 million or 83.0% of the annual budget. Reimbursements include \$2.6 million from the Inland Empire Regional Composting Authority (IERCA), \$1.0 million from Chino Basin Desalter Authority (CDA), and \$0.9 million from Chino Basin Watermaster (CBWM). Total cost reimbursement budget of \$5.4 million, includes \$1.2 million from CDA, \$3.5 million from IERCA, and \$1.2 million from CBWM.

- **Other Revenues** – Total other revenues actual were \$1.8 million or 58.4% of the annual budget. Other revenues include \$1.2 million for the recovery of the deferred 4R capital charges from Non-Reclaimable (NC) fund and \$0.5 million from lease payment for the RP-5 Solids Handling Facility.

TOTAL EXPENSES AND USES OF FUNDS

The Agency's total expenses through the third quarter were \$76.5 million, or 62.1% of the \$201.5 million Amended Budget.

The increase of \$39.2 million between the Adopted Budget of \$162.3 million and the Amended Budget of \$201.5 million is mainly due to \$16.8 million of encumbrances carried forward from FY 2014/15 (*net of \$2.5 million returned to FY 2013/14*) and \$22.5 million in budget amendment for various projects such as Wineville Extension Recycled Water Pipeline Segments A & B for \$15.0 million; 930 Zone Recycled Water Pipeline Project for \$4.0 million; and RP-1 Outfall Relocation for \$3.2 million.

Key highlights of expenses are:

- **Employment Expenses** – Employment expenses through the third quarter were \$25.5 million or approximately 62.5% of Amended Budget. The favorable variance was due to a higher than anticipated vacancy factor. A total of 21 positions were vacant and an additional 15 were on hold at the end of the quarter, equivalent to a 12.4% vacancy factor which exceeds the Agency's budgeted rate of 5.0%.
- **CSDLAC & SARI Operating Fees** – Operating expenses at the end of the third quarter were \$8.8 million or 76.5% of the budget. The variance was due to higher strength and imbalance charges (pass through) in the Non-Reclaimable Waste (NRW) system.
- **Utilities** – This category expended \$6.7 million or 66.4% of the budget.
 - *Electricity* is slightly higher due to low production from Fuel Cell at RP-1. Low utilization from fuel cell is subsidized by importing higher electricity costs.
 - *Natural gas* utilization is low due to lower gas rate averaging \$0.419/therm compared to the budgeted rate of \$0.80/therm.
 - *Fuel Cell* has experienced some reliability issues over the last couple of months and has been producing electricity lower than the expected output.
 - Power generated from *solar panels* is lower this year compared to last year, which was used as a baseline when production cost was budgeted for this fiscal year. Electricity generated from the solar power is directly related to the amount of sunlight experienced this year. Grid electricity usage was higher but was offset by the actual average of \$0.115/kWh compared to the budgeted rate of \$0.120/kWh.

- ***Special and Reimbursable Projects*** – O&M project expenditures are lower than budget. Combined actual costs were \$2.0 million or 25% of the Amended Budget of \$8 million or 4% compared to Total Administrative Expenses Amended Budget of \$56.2 million. Variance is due to majority of the projects scope of work which are currently being evaluated and developed; marketing and outreach activities as well as rebate program driven by customer demand are ongoing and all of these are anticipated to occur within the last quarter. In addition, unspent emergency projects are contingent upon occurrence of emergency events.
- ***Capital*** – Capital total project expenditures through the end of the third quarter were \$39.9 million or 61.2% of the \$65.22 million Amended Budget. Unspent encumbrances amounts to \$21.4 million of which \$14 million are contracts for Wineville (Mike Bubalo and CCL Contracting), Carbon Canyon Odor Replacement (Stantec), and SCADA Enterprise System (Technical Systems and Integrated Design) projects. Recycled water projects accounted for approximately 64% of total capital project costs through the third quarter and 28% are related to Regional Wastewater projects.
- ***Debt Service*** – Total financial and other non-operating expenses were \$28.9 million or 69.0% of the \$41.9 million annual budget. Interest rate for the 2008B Variable Rate Demands Bonds continues to stay below the budgeted 1% rate, the actual average year to date rate is .041%.

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

FUND BALANCES AND RESERVES

Total fund balance for the year ended June 30, 2014 was \$151.1 million. The net shortfall in total revenue over total expense in the amount of \$26.3 million resulted in an ending fund balance of \$124.8 million.

The change in the total fund balance from \$8.9 million (Adopted Budget) to \$26.3 million (YTD ending March 31, 2015) was mainly due to higher capital expenditures on major Recycled water projects and the timing of SRF loan receipts.

GOALS AND OBJECTIVES

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

BUDGET TRANSFERS AND AMENDMENTS

A summary of *O&M* budget transfers accounted for \$1.4 million is provided in Exhibit C-1.

Additionally, FY 2014/15 Adopted Budget included \$400,000 of *General Manager (GM) Contingency Account* in the RO Fund and \$100,000 in the GG Fund. At the end of the third quarter, \$254,150 and \$100,000 from GG Fund and RO Fund, respectively were utilized to support unexpected and necessary expenses as listed in Exhibit C-2.

Capital and O&M projects budget transfers accounted for \$1.3 million as approved by management during the third quarter, are listed in Exhibit D.

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

PRIOR BOARD ACTION

The Board reviewed the Agency's variance report for FY 2014/15 Second Quarter Ending December 31, 2014, on March 18, 2015.

IMPACT ON BUDGET

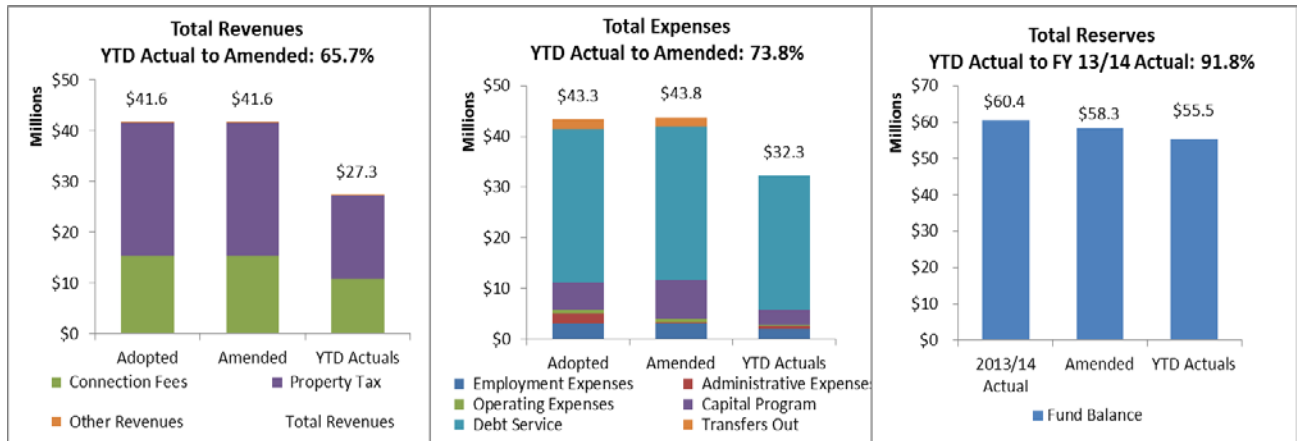
The net shortfall in total revenues over total expenses in the amount of \$26.3 million resulted in a total estimated fund balance of \$124.8 million at quarter ended March 31, 2015.

Attachment A FY 2014/15 Financial Overview of Agency's Programs

FY 2014/15 Total Revenues, Expenses, and Fund Balance – YTD Third Quarter (March 31, 2015)

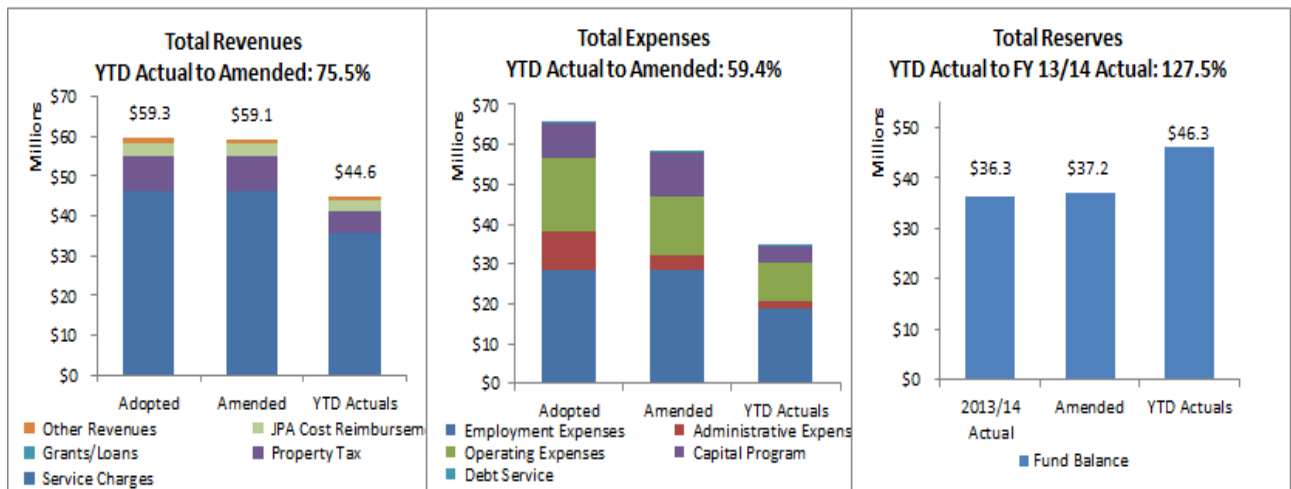
Regional Wastewater Capital Improvement (RC) Fund

- The fund balance indicated a decrease of \$4.9 million compared to the FY 2013/14 ending fund balance was primarily due to payment of the 2005A Revenue Bond retirement paid November 2014, coupled with low property tax receipts in the first half of the fiscal year.



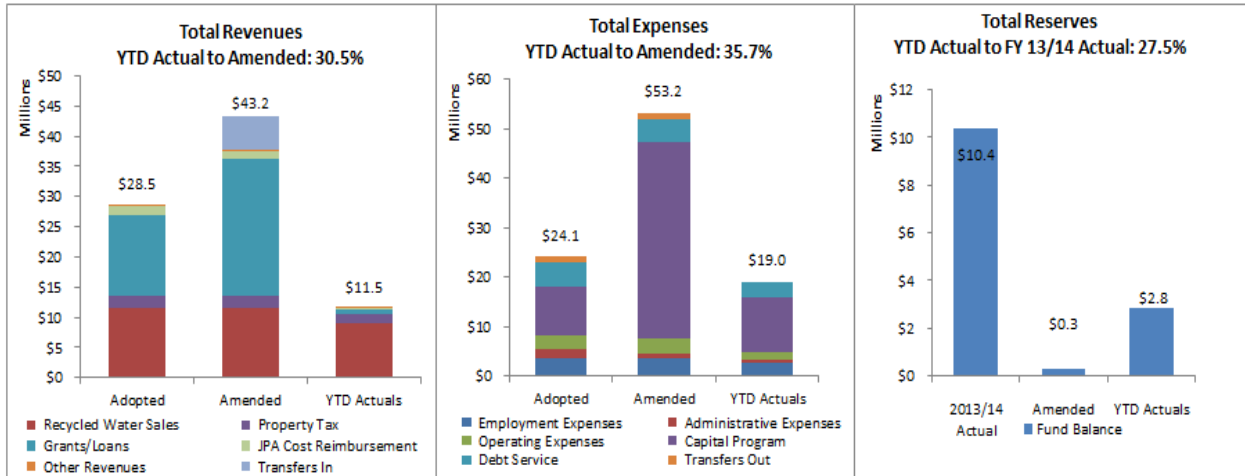
Regional Wastewater Operations and Maintenance (RO) Fund

- The fund balance indicated an increase of \$9.9 million compared to the FY 2013/14 ending fund balance was primarily due to delayed execution of capital Replacement and Rehabilitation (R&R) and O&M projects.



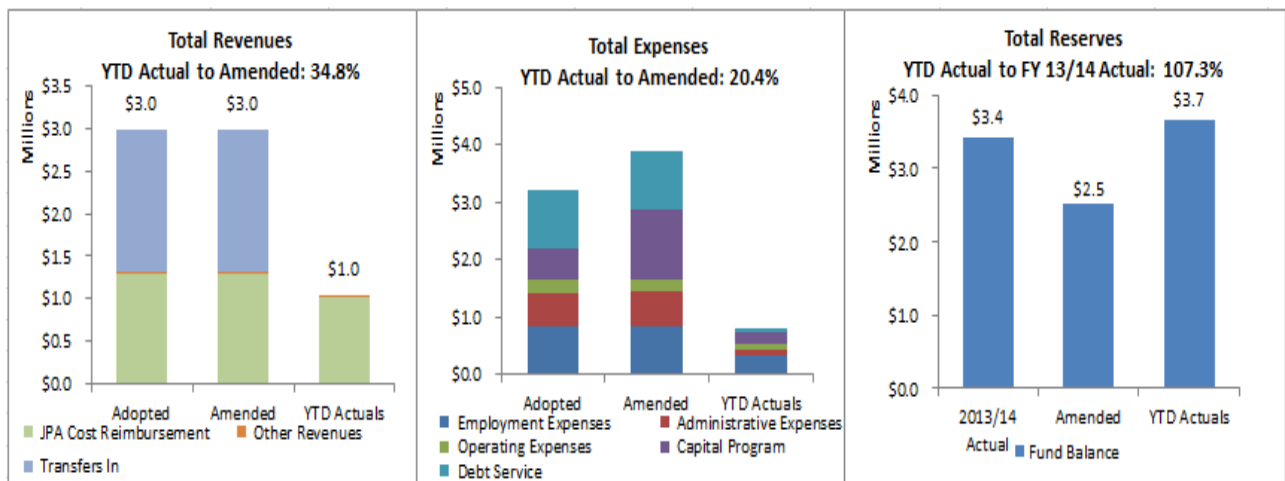
Recycled Water (WC) Fund

- The fund balance indicated a decrease of \$7.5 million compared to the FY 2013/14 ending fund balance was primarily due to timing of the property tax receipt. Inter fund loan from Regional Wastewater Program (RC) for \$10.5 million is projected to occur in this current fiscal year end.



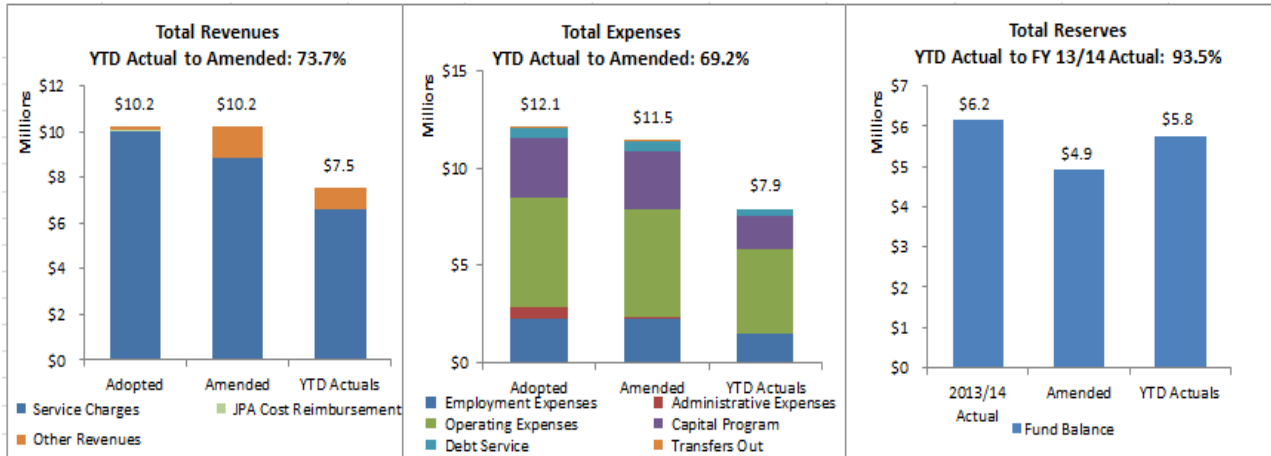
Recharge Water (RW) Fund

- The fund balance presented an increase of \$0.3 million compared to the FY 2013/14 ending fund balance, was due to lower capital and debt service costs.



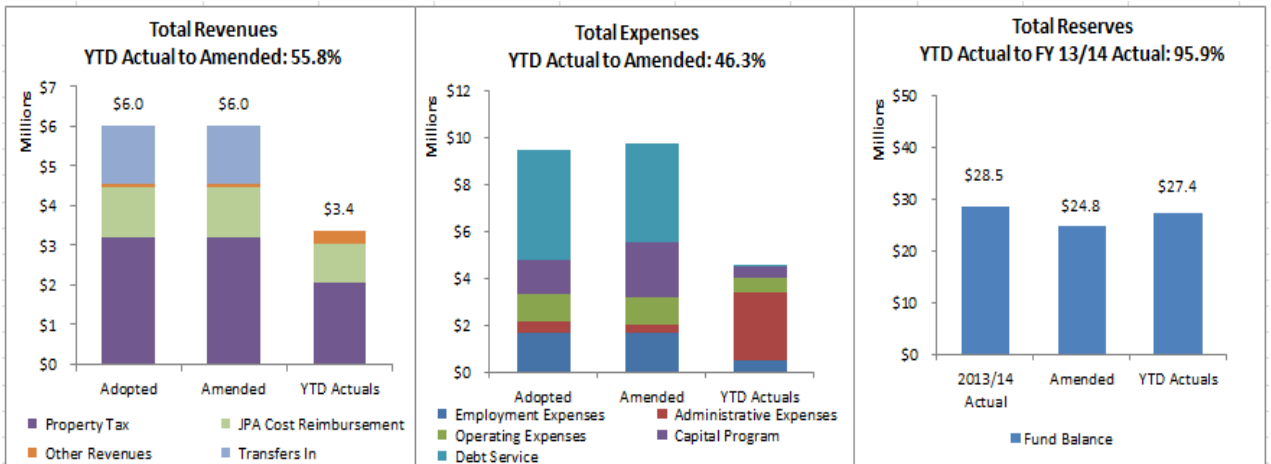
Non-Reclaimable Wastewater (NC) Fund

- The fund balance resulted in a decrease of \$0.4 million compared to the FY 2013/14 ending fund balance was primarily due to lower capital and O&M expense in addition to the timing of user/service charge receipt in the first half of the fiscal year.



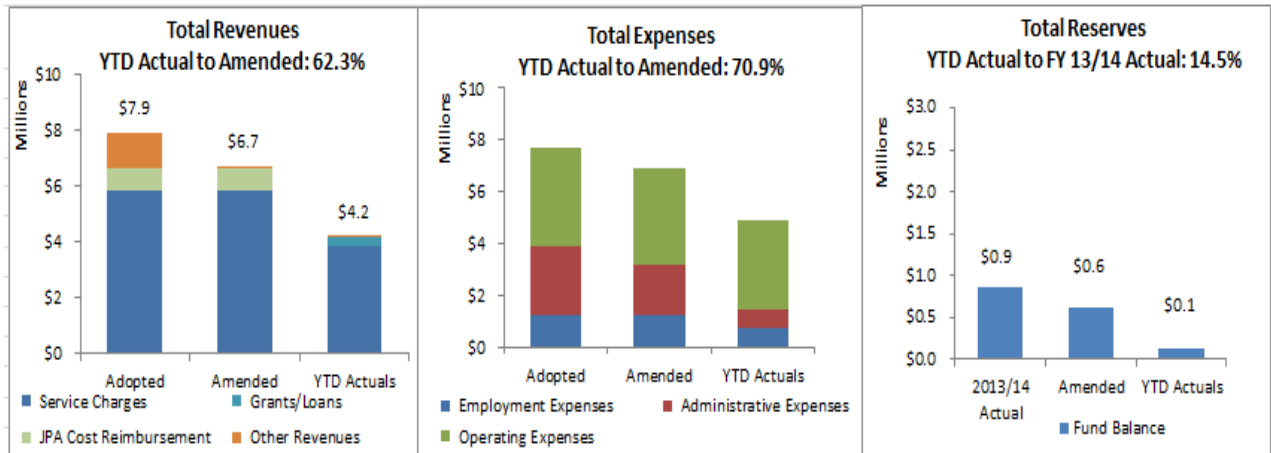
Administrative Services (GG) Fund

- The fund balance indicated a decrease of \$1.2 million compared to the FY 2013/14 ending fund balance was primarily due to the timing of property tax receipts, which is the primary revenue source for this fund.



Water Resources (WW) Fund

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





Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

FY 2014/15 3rd Quarter Budget Variance Report

Board of Directors
June 17, 2015

Revenue Highlights Actual vs. Amended Budget

GOOD NEWS...

- ❖ **Recycled Water Sales** – \$7.5M, 79.4% of amended budget
 - 24,707 AFY actual vs. 32,000 AFY amended budget

- ❖ **New EDU Connection Fees** - \$12.1M, 79.3% of amended budget
 - 2,380 new connections compared to budgeted 3,000 units.

- ❖ **Grant and Loan Proceeds** - \$1.3M, 5.5% of amended budget
 - \$9.3 million billed Southern Area project in May 2015
 - \$10.5 million projected to be billed for the Central Wineville project



Expense Highlights Actual vs. Amended Budget

GOOD NEWS...

- ❖ **Utilities - \$6.7M, 66.4% of amended budget**
 - Lower actual SCE rate of 11.5 cents/kWh versus budgeted rate of 12.0 cents/kWh however usage was increased through the third quarter due to low production from fuel cell at RP-1.
 - Lower natural gas rates, actual average was \$0.419/therm compared to the budgeted rate of \$0.80/therm.
- ❖ **Employment - \$25.5M, 62.5% of amended budget**
 - Weighted average vacancy factor of 12.4%, or 36 FTE's, far above the 5% budgeted rate.
- ❖ **Capital - \$39.9M, 61.2% of amended budget**
 - Timing of Southern and Central/Wineville recycled water projects are projected to be completed in June and July 2015. Delays in R&R projects is anticipated due to lack of resources (high vacancy factor).

FY 2014/15 Q3 Operating & Non-Operating Net Decrease (\$Millions)

Operating	FY 2014/15 Amended Budget	Quarter Ended 3/31/15	Actual % of Amended
Operating Revenue	\$83.0	\$62.2	75.0%
Operating Expense	\$94.3 ¹	\$56.2	59.6%
Operating Net Increase (Decrease)	(\$11.3)	\$6.0	
Non-Operating	FY 2014/15 Amended Budget	Quarter Ended 3/31/15	Actual % of Amended
Non-Operating Revenue	\$78.6	\$36.6	46.5%
Non-Operating Expense*	\$107.2	\$68.9	64.3%
Non-Operating Net Increase (Decrease)	(\$28.6)	(\$32.3)	

*Non Operating Expenses:

~Budget encumbrance carry forward of \$18.2 million (net of return) from FY 2013/14 to FY 2014/15:

\$1.3 million for O&M expenses, \$3.1 million for special projects and \$14.9 million for capital projects.

~Debt service of \$28.4 million includes \$16.2 million for 2005A Bond in Nov. 2014 and capital expenditures of \$20.4 million.

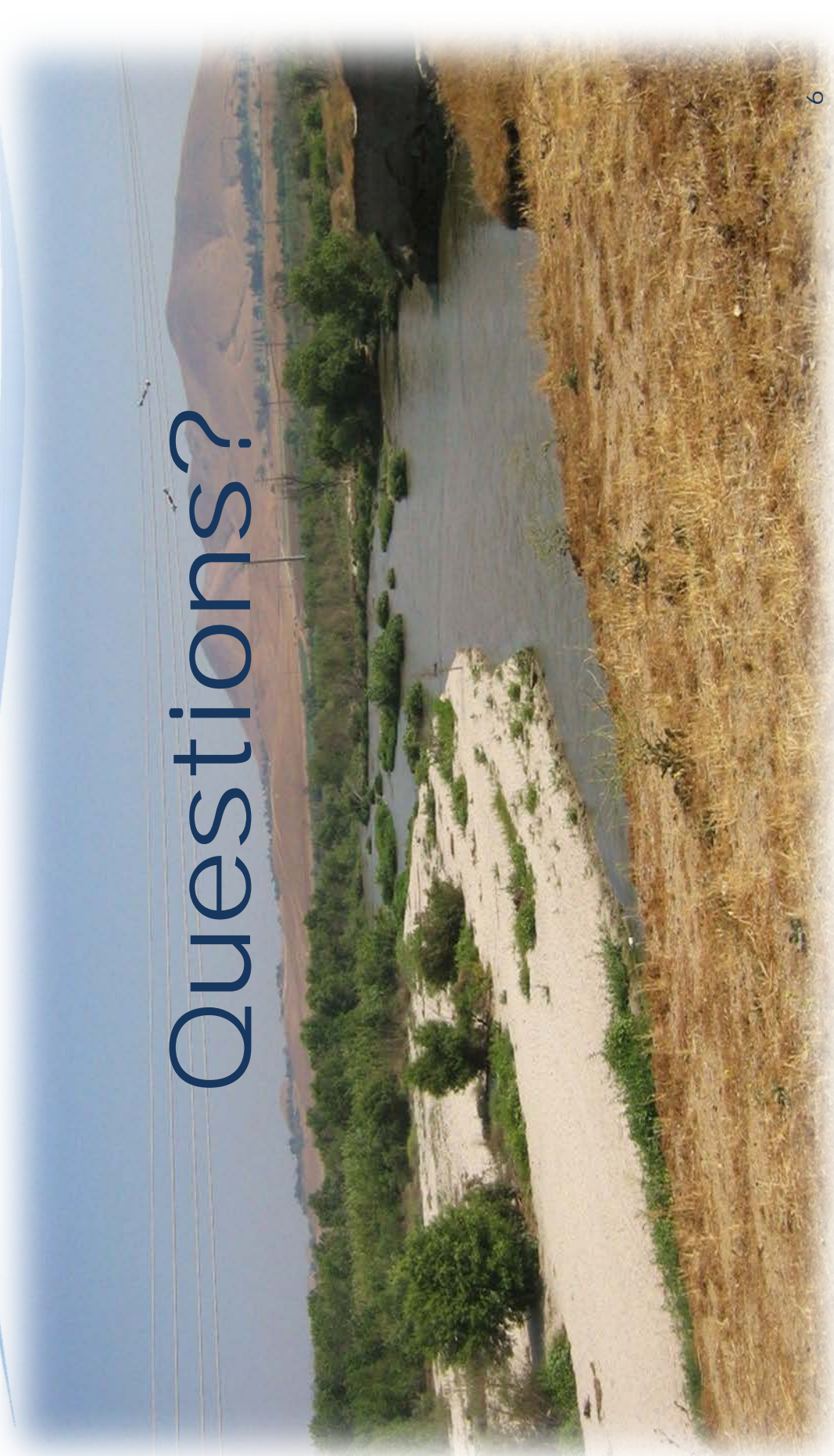
FY 2014/15 Q3 Ending Fund Balance (\$Millions)

Fund Balance	Amended Annual Budget	Quarter Ended 3/31/15	Actual % of Amended
Total Revenue	\$161.6	\$98.8	61.1%
Total Expense	\$201.5	\$125.1	62.1%
Total Net Increase (Decrease)	(\$39.9)	(\$26.3)	
Beginning Fund Balance	\$151.1	\$151.1	
Ending Fund Balance	\$111.2	\$124.8	



Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

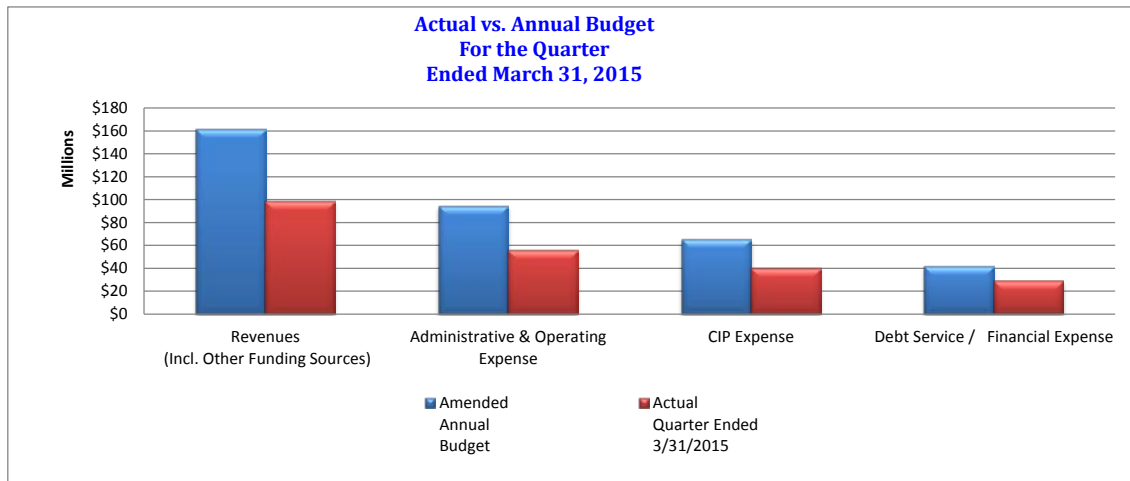
Questions?





I. Actual vs. Budget Summary:

Third Quarter March 31, 2015					% of the Year Elapsed: 75%
	Adopted Annual Budget	Amended Annual Budget	Actual Quarter Ended 3/31/2015	Amended vs. Actual	% of Amended Budget
Operating Revenues	\$82,996,623	\$82,996,625	\$62,216,468	(20,780,157)	75.0%
Non-Operating (Other Sources of Fund)	70,436,544	78,613,406	36,559,103	(42,054,303)	46.5%
TOTAL FUNDING SOURCES	153,433,167	161,610,031	98,775,571	(62,834,460)	61.1%
Administrative & Operating Expense	(91,015,073)	(94,316,603)	(56,172,514)	38,144,088	59.6%
CIP Expense	(29,314,800)	(65,201,177)	(39,909,794)	25,291,383	61.2%
Debt Service / Financial Expense	(41,966,339)	(41,966,339)	(28,954,657)	13,011,682	69.0%
TOTAL USES OF FUNDS	(162,296,212)	(201,484,118)	(125,036,965)	76,447,153	62.1%
Surplus/(Deficit)	(8,863,045)	(39,874,087)	(26,261,394)	13,612,692	65.9%



2. Actual Revenue vs. Budget:

	Adopted Annual Budget	Amended Annual Budget	Actual Quarter Ended 3/31/2015	Amended vs. Actual	% of the Year Elapsed: 75%
Operating Revenues:					
User Charges	\$61,812,614	\$61,812,614	\$46,080,378	\$15,732,236	74.5%
Recycled Water Sales	9,502,500	9,502,502	7,546,439	1,956,063	79.4%
MWD LPP Rebate	2,079,000	2,079,000	2,019,633	59,367	97.1%
Property Tax - O&M	3,216,278	3,216,278	1,859,815	1,356,463	57.8%
Cost Reimbursement	5,437,786	5,437,786	4,511,929	925,857	83.0%
Interest	948,445	948,445	198,274	750,171	20.9%
OPERATING REVENUES	82,996,623	82,996,625	62,216,468	20,780,157	75.0%
Non-Operating Revenues:					
Property Tax - Debt, Capital, Reserves	\$36,987,196	\$36,987,196	\$21,387,873	\$15,599,323	57.8%
Connection Fees	\$15,321,000	\$15,320,999	\$12,149,148	\$3,171,851	79.3%
Grants & Loans	13,394,355	22,562,575	1,250,927	21,311,648	5.5%
Other Revenue	4,733,993	3,742,636	1,771,155	1,971,481	47.3%
NON-OPERATING REVENUES	70,436,544	78,613,406	36,559,103	42,054,303	46.5%
Total Revenues	\$153,433,167	\$161,610,031	\$98,775,571	\$62,834,460	61.1%

User Charges User charges were \$46.0 million, or 74.5% of the Amended Budget. This category includes EDU volumetric fees of \$36.6 million, \$5.6 million Non-Reclaimable wastewater fees paid by industrial and commercial users connected to the brine line system; \$3.2 million for water meter service charge to meet our Readiness-to-Serve obligation from MWD and water use efficiency programs; and \$0.6 million for imported potable water surcharge.

Property Tax/ AdValorem The \$23.2 million in property tax receipts included \$17.0 million of general ad-valorem tax from the San Bernardino County and \$6.2 million in "pass-through" incremental taxes (RDA) taxes received in January.

Recycled Water Sales Recycled water actual direct and groundwater recharge sales were \$5.0 million (17,226 AF) and \$2.5 million (7,481 AF) respectively, for a combined total \$7.5 million or 79.4% of the budget. Total deliveries of 24,707 AF compares favorably to the direct and recharge recycled water budget of 32,000 AF due to dry winter along with optimum basin availability for additional groundwater recharge.

Interest Income Interest Income is approximately 20.9% of the annual budget, the variance is attributed to a lower average interest rate of return of 0.047% compared to the budgeted interest rate of 0.50%.

MWD LPP Rebates Direct recycled water sales in excess of \$3,500 AF and up to 17,000 AF are eligible for rebates from MWD LPP at a rate of \$154/AF, for a maximum of \$2.1 million per fiscal year. Total allowable rebate of \$2.0 million or 13,115 AF was availed in the third quarter.

Connection Fees Member agencies reported \$12.1 million or 79.3% of the annual budget. A total of 2,380 new connections were reported through March 2015 compared to annual budget of 3,000 new EDU connections.

Grants and Loans Total receipts were \$1.3 million or 5.5% of the budget; \$0.5 million grants and \$0.8 million of loan proceeds from SWRCB for the Recycled Water Southern. Amended budget of \$22.5 million consists of \$2.3 million in grants and \$20.2 million in SRF Loan Proceeds for the Southern and Central/Wineville Area projects. As of April 21, 2015, the execution of the SWRCB amended contract is at its final stage and eligible reimbursements are projected to be \$9.3 million for the Southern Area and \$10.5 million for the Central Wineville project for a total of \$20 million in loan proceeds.

Cost Reimbursements JPA Total cost reimbursements were \$4.5 million or 83.0% of the annual budget. Category actual includes reimbursements of \$2.6 million from the Inland Empire Regional Composting Authority (IERCA), \$1.0 million from Chino Basin Desalter Authority (CDA), and \$0.9 million from Chino Basin Watermaster (CBWM). Total cost reimbursement budget of \$5.4 million, includes \$1.2 million from CDA, \$3.5 million from IERCA, and \$1.2 million from CBWM.

Other Revenues Total other revenues were \$1.8 million or 58.4% of the annual budget. Revenues include \$1.0 million for the recovery of the deferred 4R capital charges from Non-Reclaimable (NC) fund and \$0.5 million from lease revenue for the RP-5 Solids Handling Facility, \$0.3 million for gain on investment, energy rebates and gain on the sale of assets. The total other revenue budget of \$3.7 million, includes \$1.2 million from Non-Reclaimable Wastewater Fund (NC) for recovery from deferred 4R capital project costs, \$2.0 million for project reimbursements, and \$0.5 million of annual lease revenue.

3. Actual Operating and Capital Expense vs. Budget:

% of the Year
Elapsed: 75%

	Adopted Annual Budget	Amended Annual Budget	Actual Quarter Ended 3/31/2015	Amended vs. Actual	% of Amended Budget
Operating Expenses:					
Employment	\$40,890,683	\$40,890,683	\$25,545,836	\$15,344,846	62.5%
Admin & Operating	50,124,390	53,425,920	30,626,678	\$22,799,242	57.3%
OPERATING EXPENSES	\$91,015,073	\$94,316,603	\$56,172,514	\$38,144,089	59.6%
Non-Operating Expenses:					
Capital	29,314,800	65,201,177	39,909,794	\$25,291,383	61.2%
Debt Service and All Other Expenses	41,966,339	41,966,339	28,954,657	\$13,011,682	69.0%
NON-OPERATING EXPENSES	\$71,281,139	\$107,167,516	\$68,864,451	\$38,303,065	64.3%
Total Expenses	\$162,296,212	\$201,484,118	\$125,036,965	\$76,447,154	62.1%

Employment Expense

Employment - 62.5%

This category includes both wages and benefits. Employment expenses through the third quarter were \$25.5 million or approximately 62.5% of the Amended Budget. The favorable variance was due to a higher than anticipated vacancy factor. A total of 21 positions were vacant and an additional 15 positions were on hold at the end of the quarter, equivalent to a 12.4% vacancy factor which exceeds the Agency's budgeted vacancy rate of 5.0%.

Administrative & Operating Expense

Office and Administrative - 40.7%

The favorable variance was mainly due to the unspent General Manager's Contingency for \$145,850 and avoided election expense for \$200,000. Expenses related to conferences and training were lower than budgeted but the expenses are anticipated to increase when training related courses are made available in the coming months. Other line items such as contributions and sponsorships, subscriptions, advertising and education reimbursement are anticipated to be expended in the last quarter.

Insurance Expenses - 60.9%

The category is slightly under the budgeted due to less occurrences related to general, automobile and casualty liability and property loss or damage which resulted to lower deductible claimed.

Professional Fees & Services - 53.5%

Favorable variance was due to timing or deferral of services to be performed in the subsequent months for these items: **contract materials and labor** for facility administrative building repairs, field service support for calibration of critical compliance equipment, HVAC system, breaker and 12KV protection relay testing, boiler and fuel tank cleaning, repair of groundwater basins, and other technical support from outside vendors. In addition, favorable variance is due to deferred **consultant services** rendered for special audits, financial advisory, engineering consultants, and some maintenance professional services.

Materials & Supplies/Leases/Contribution - 52.4%

The favorable variance was primarily due to the Agency's staff ongoing efforts to reduce the overall spending on replacement parts and routine consumables for plant treatment facilities; such as pumps, conveyors, process analyzer consumables, electrical equipment parts for motors, control panels, valve actuators and other electrical devices.

Biosolids Recycling - 60.7%

Favorable variance was due to digester cleaning and lab testing performed during the first two quarter which caused a delay in the disposal and transport of biosolids. Biosolids disposal has started to ramp up and is expected to align with budgeted tipping fees at \$54 per ton and hauling cost at \$6.48 per ton.

Chemicals - 60.3%

Usage was below budget due to effective process control augmentation which reduces overall chemical usage while maintaining permit compliance parameter, solids capture, and recycled water quality at reduced costs. As the fiscal year draws near, it is anticipated that this category may result to be slightly below budget.

Utilities - 66.4%

Utilities are below budget as of the end of the third quarter. **Electricity** is slightly higher due to low production from Fuel Cell at RP-1. Low utilization from fuel cell is subsidized by importing higher electricity costs. **Natural gas** utilization is low due to lower gas rate averaging \$0.419/therm compared to budgeted rate of \$0.80/therm. The **Fuel Cell** has experienced some reliability issues over the last couple of months and has been producing electricity lower than the expected output. Power generated from **solar panels** is lower this year compared to last year, which was used as a baseline when production cost was budgeted for this fiscal year. Electricity generated from the solar power is directly related to the amount of sunlight experienced this year. The combined average cost per kWh of direct access and SCE electricity was \$0.115/kWh compared to budgeted rate of \$0.12/kWh.

Special and Reimbursable Projects - 22.2% and 33.6%

Special and reimbursable project expenditures are below budget. Combined actual costs were \$2.0 million or 25.0% of the amended budget of \$8.0 million. The table below provides a summary of the major projects and current status.

Financial Expenses

Financial Expense - 69%

Total financial and other non-operating expenses were \$28.9 million through the third quarter. The category is expected to remain below budget due to the interest rate on the 2008B Variable Rate Demand Bonds which continues to stay below the 1% budgeted rate, the average year to date actual rate is 0.041%.

Capital Expense

Capital Costs - 61.2%

Capital actual expenditures through the third quarter were approximately \$39.9 million. Unspent encumbrances amounts to \$21.4 million of which \$14 million are contracts for Wineville (Mike Bubalo and CCL Contracting), Carbon Canyon Odor Replacement (Stantec), and SCADA Enterprise System (Technical Systems and Integrated Design) projects. Recycled Water projects accounted for approximately 64% of costs through the third quarter and 28% are related to Regional Wastewater projects. Listed below is a brief status report on some of the major projects currently under construction.

Summary of major capital and special project expenses and status as of March 31, 2015

Capital Project		Amended FY 2014/15	YTD Expenditure	Budgeted Amount Remaining
EN13023	930 Zone Recycled Water Reservoir 99% of the budget was expended by the end of the third quarter. The purpose of the project is to provide storage in the Southern Service Area and increase pump station capacities. Currently the project is in construction. Last month sewer repair, appurtenances, and street resurfacing on Foxglove were completed. All construction is complete, currently final testing is underway, the project is completed in March 2015.	7,878,744	7,733,766	144,978
EN13038	RP-1 Outfall Relocation & Upsizing 100% of the budget was expended by the end of the third quarter. This project includes the relocation of an existing 30-inch RP-1 Outfall recycled water pipeline outside of its easement into public right-of-way. Due to increasing capacity demand from the City of Ontario, the pipeline will be upgraded to a 72-inch pipeline. Pipe delivery and excavation and grading are to be complete in January, project is completed.	5,200,000	5,168,128	31,872
EN06025	Wineville Extension Recycled Water Pipeline 68% of the budget was expended by the end of the third quarter. The project consists of approximately 24,000 lineal feet of pipe and will serve recycled water customers as well as provide recycled water for ground water recharge at the RP-3 and Declez Basins. Construction and permitting are currently underway for this project and the project is estimated to be completed in July 2015.	11,336,749	7,711,870	3,624,880
EN13045	Wineville Extension Recycled Water Pipeline Segment B 62% of the budget was expended by the end of the third quarter. The project involves the installation of 2.8 miles of 30" recycled water pipeline in addition to the associated appurtenances. This project is in conjunction with EN06025. Currently permitting and construction are in progress. In December notification to residents and pipe delivery along Marlay was completed, during January installation of pipe is expected. This project is estimated to be complete in July 2015.	9,900,000	6,066,443	3,833,557
EN13054	Montclair Lift Station Upgrades 62% of the budget was expended by the end of the third quarter. The project will work to eliminate the ragging problem at the Montclair Pump Station that arose due to additional flow diverted to RP-1. The project is currently in the construction phase. HVAC redesign has been completed and the complete bypass and outage plan is being finalized. Coordination with SCE should result in an early SCE cut-over. Construction is projected to be finished in June 2015.	2,535,831	2,030,115	505,716
EN11035	Philadelphia Pump Station Upgrades Construction phase of project is complete. The project will mitigate problems at the pump station including walls and floor surfaces that will be recoated with a strong resin.	1,410,742	1,480,155	(69,414)
EN14012	RP-2 Drying Beds Rehabilitation 70% of the budget was expended by the end of the third quarter. The project includes the design, procurement, and installation of drying bed improvements and temporary provisions for dewatering. The project is currently in construction and recent activities include grading of the west side drying beds, projects expected to be completed by April 2015.	1,278,279	888,271	390,008
O&M & Reimbursable Projects		Amended FY 2014/15	YTD Expenditure	Budgeted Amount Remaining
WR15022	Water Use Assessments 0% of the budget was expended by the end of the third quarter. A DWR grant, to help offset costs, is expected to be awarded sometime between March and June 2015 once the grant has been approved the project is expected to begin. The project will identify water efficiency programs and tools to evaluate municipal water use assessments. This will help identify high water users to target with necessary conservation programs.	800,000	-	800,000
PA15001	Underground Piping Rehabilitation 0% of the budget was expended by the end of the third quarter. This project is an annual appropriation for the rehabilitation or repair of the Agency's underground assets. This includes pipes vaults, channels, and process galleries.	500,000	-	500,000

EP15001

RP-1/RP-2 Digester Cleaning Project

630,000

30,778

599,222

5% of the budget was expended by the end of the third quarter. The project involves the removal of solids from Wastewater Treatment Facility Digesters to allow for better processing, a reduction of equipment failures, and improvement in process performance. Digester cleaning services contract was awarded in February 2015 with estimated project completion by fiscal year end.

INLAND EMPIRE UTILITIES AGENCY
Fiscal Year 2014/15
CONSOLIDATED BUDGET VARIANCE ANALYSIS REPORT
Third Quarter March 31, 2015

	Adopted FY 2014/15 Annual Budget	Amended FY 2014/15 Annual Budget	YTD Actual	YTD Variance	YTD % Budget Used
<u>OPERATING REVENUES</u>					
User Charges	\$61,812,614	\$61,812,614	\$46,080,378	(\$15,732,236)	74.5%
Recycled Water	9,502,500	9,502,502	7,546,439	(1,956,063)	79.4%
MWD LPP Rebates	2,079,000	2,079,000	2,019,633	(59,367)	97.1%
Property Tax - O&M	3,216,278	3,216,278	1,859,815	(1,356,463)	57.8%
Cost Reimbursement from JPA	5,437,786	5,437,786	4,511,929	(925,857)	83.0%
Interest Revenue	948,445	948,445	198,274	(750,171)	20.9%
TOTAL OPERATING REVENUES	\$82,996,623	\$82,996,625	\$62,216,468	(\$20,780,157)	75.0%
<u>NON-OPERATING REVENUES</u>					
Property Tax - Debt, Capital, Reserves	\$36,987,196	\$36,987,196	\$21,387,873	(\$15,599,323)	57.8%
Connection Fees (CCRA)	15,321,000	15,320,999	12,149,148	(3,171,851)	79.3%
Grants	2,320,000	2,320,000	486,058	(1,833,942)	21.0%
SRF Loan Receipts	11,074,355	20,242,575	764,869	(19,477,706)	3.8%
Project Reimbursements	1,969,220	1,969,220	-	(1,969,220)	0.0%
Other Revenue	2,764,773	1,773,416	1,771,155	(2,261)	99.9%
TOTAL NON OPERATING REVENUES	\$70,436,544	\$78,613,406	\$36,559,103	(\$42,054,303)	46.5%
TOTAL REVENUES	\$153,433,167	\$161,610,031	\$98,775,571	(\$62,834,460)	61.1%
<u>ADMINISTRATIVE and OPERATING EXPENSES</u>					
EMPLOYMENT EXPENSES					
Wages	\$22,295,053	\$22,295,053	\$15,990,349	\$6,304,704	71.7%
Benefits	18,595,630	18,595,630	9,555,487	9,040,143	51.4%
TOTAL EMPLOYMENT EXPENSES	\$40,890,683	\$40,890,683	\$25,545,836	\$15,344,846	62.5%
ADMINISTRATIVE EXPENSES					
Office & Administrative	\$1,513,247	\$2,007,860	\$817,976	\$1,189,885	40.7%
Insurance Expenses	739,000	739,000	450,130	288,870	60.9%
Professional Fees & Services	7,651,114	8,734,404	4,668,789	4,065,615	53.5%
O&M Projects	3,939,500	6,095,004	1,353,422	4,741,582	22.2%
Reimbursable Projects	1,158,750	1,856,628	624,503	1,232,125	33.6%
TOTAL ADMINISTRATIVE EXPENSES	\$15,001,611	\$19,432,897	\$7,914,820	\$11,518,077	40.7%

INLAND EMPIRE UTILITIES AGENCY
Fiscal Year 2014/15
CONSOLIDATED BUDGET VARIANCE ANALYSIS REPORT
Third Quarter March 31, 2015

	Adopted FY 2014/15 Annual Budget	Amended FY 2014/15 Annual Budget	YTD Actual	YTD Variance	YTD % Budget Used
OPERATING EXPENSES					
Material & Supplies/Leases	\$2,985,473	\$3,561,895	\$1,868,014	\$1,693,881	52.4%
Biosolids Recycling	3,633,660	4,007,924	2,432,568	1,575,356	60.7%
Chemicals	4,629,380	4,779,463	2,882,972	1,896,491	60.3%
CSDLAC & SARI, Operating Fees/Water	13,349,199	11,472,674	8,777,094	2,695,581	76.5%
Utilities	10,525,067	10,171,067	6,751,210	3,419,857	66.4%
TOTAL OPERATING EXPENSES	\$35,122,779	\$33,993,023	\$22,711,858	\$11,281,165	66.8%
TOTAL ADMINISTRATIVE and OPERATING EXPENSES	\$91,015,073	\$94,316,603	\$56,172,514	\$38,144,088	59.6%
<u>NON-OPERATING EXPENSES</u>					
CAPITAL OUTLAY	\$29,314,800	\$65,201,177	\$39,909,794	\$25,291,383	61.2%
FINANCIAL EXPENSES					
Principal, Interest and Financial Expenditur	41,572,489	41,572,489	28,577,427	12,995,062	68.7%
OTHER NON OPERATING EXPENSES	393,850	393,850	377,230	16,620	95.8%
TOTAL NON-OPERATING EXPENSES	\$71,281,139	\$107,167,516	\$68,864,451	\$38,303,065	64.3%
TOTAL EXPENSES	\$162,296,212	\$201,484,118	\$125,036,965	\$76,447,153	62.1%
REVENUES IN EXCESS/ (UNDER) EXPENSES	(\$8,863,045)	(\$39,874,087)	(\$26,261,394)	(\$13,612,694)	
FUND BALANCE SUMMARY					
Beginning Balance, July 01	\$146,164,676	151,081,114	\$151,081,114	\$0	
Surplus/ (Deficit)	(8,863,045)	(39,874,087)	(\$26,261,394)	(13,612,694)	
ENDING BALANCE, June 30	\$137,301,631	\$111,207,027	\$124,819,721	\$13,612,694	

**Inland Empire Utilities Agency
Inter-Departmental/Division Transfers FY 2014/2015
Budget Transfer**

Fund	Date	O & M Transfer From	Category	Amt Transfer Out	O & M Transfer To	Category	Amount Transfer In	Description	QTR
10200	1/5/15	510040	Election Expense	\$80,000	520930	Public Info./Prof Svcs	\$80,000	This transfer is being requested to cover the expenses associated with the IEUA Agency History Book. This item was not budgeted for within the FY 2014/15 budget.	3
10200	1/21/15	502120	HR-Regular Wages Exempt	\$40,000	521080	Other Contract Services	\$40,000	As a result of two unplanned separations, temporary staff have been utilized during the transition period. Funds were not budgeted for the additional expense, so it is required to use a portion of the salary savings to fund the temporary staffing cost.	3
10200	1/26/15	521410	Computer Systems Maintenance	\$50,000	521410	Computer System Maintenance	\$50,000	The transfer is to allow BIS to process remaining SAP Maintenance Fees in FY 2014/15	3
10500	2/18/15	EC14002	NRWS Pipe Cleaning O & M	\$40,000	545110	Electricity	\$40,000	To supplement electricity account for NRW.	3
10600	3/18/15	519010	GM Contingency	\$30,000	521080	Other Contract Services	\$30,000	Transfer to amend the contract with Carollo Engineers to complete the Wastewater, Water, and Recycled Water Rate and Fee Study.	3
10700	3/18/15	519010	GM Contingency	\$30,000	521080	Other Contract Services	\$30,000	Transfer to amend the contract with Carollo Engineers to complete the Wastewater, Water, and Recycled Water Rate and Fee Study.	3
10800	2/5/15	512140	Uniforms	\$45,000	512140	Uniforms	\$45,000	Transfer budget to the highest level of cost center group because uniforms are now paid for at the highest level of cost center groups, but the FY14/15 budget was split between multiple cost centers.	3
10800	2/5/15	512140	Uniforms	\$3,500	512140	Uniforms	\$3,500	Transfer budget to the highest level of cost center group because uniforms are now paid for at the highest level of cost center groups, but the FY14/15 budget was split between multiple cost centers.	3
10800	2/5/15	512140	Uniforms	\$9,500	512140	Uniforms	\$9,500	Transfer budget to the highest level of cost center group because uniforms are now paid for at the highest level of cost center groups, but the FY14/15 budget was split between multiple cost centers.	3
10800	2/5/15	512140	Uniforms	\$8,000	512140	Uniforms	\$8,000	Transfer budget to the highest level of cost center group because uniforms are now paid for at the highest level of cost center groups, but the FY14/15 budget was split between multiple cost centers.	3
10800	3/17/15	545210	Natural Gas	\$89,500	526310	Residuals Disposal	\$89,500	To supplement budget for the Biosolids Hauling Fees for RP-1 and RP-2	3
10800	3/17/15	545210	Natural Gas	\$222,500	526310	Residuals Disposal	\$222,500	To supplement budget for the Biosolids Hauling Fees for RP-1 and RP-2	3
10800	3/17/15	545210	Natural Gas	\$54,500	526520	Transport to RCA	\$54,500	To supplement budget for the Biosolids Hauling Fees for RP-1 and RP-2	3
10800	3/17/15	545210	Natural Gas	\$33,500	526520	Transport to RCA	\$33,500	To supplement budget for the Biosolids Hauling Fees for RP-1 and RP-2	3
10800	1/20/15	PA15003	Agency Wide Clarifier Rehabilitation	\$150,000	540210	Waste BOD/COD	\$150,000	To transfer budget from O & M Projects PA15003 and PA15004 to supplement RP-1 Filtrate Strength Charges	3

Inland Empire Utilities Agency
FY 2014/15 GM Contingency Account Activity

Exhibit C-2

Date	Description	Account/Project No.	Requestor	GG TOTAL GM Contingency Budget	RO TOTAL GM Contingency Budget	Transfers	Balance
7/1/2014	FY 2014/15 Adopted budget	RO Fund GG Fund	10800-112100-501000-519010 10200-112100-100000-519010	\$100,000	\$400,000		
7/29/14	Budget transfer to cover WaterReuse Research Foundation pledge	GG Fund	10200-112100-100000-515030	\$50,000		\$50,000	\$450,000
8/26/14	Budget transfer to cover Recharge Water projected legal expenses	RO Fund	10300-112100-400000-520230		\$30,000	\$80,000	\$420,000
9/22/14	Transfer to Water Discovery Program project PK11001	RO Fund	10800-128100-501000-570002		\$53,150	\$133,150	\$366,850
9/22/14	Transfer to Other Contract Services to cover fees for MWH TCE feasibility study	GG Fund	10200-124100-100000-521080	\$50,000		\$183,150	\$316,850
10/20/14	Transfer to WR14003	RO Fund	10900-124100-505000-521080		\$1,000	\$184,150	\$315,850
3/18/15	Transfer to WR14019	RO Fund	10700-124100-110000-570005		\$30,000	\$214,150	\$285,850
3/18/15	Transfer to Other Contract Services to amend contract with Carollo Engineers	RO Fund	10600-124100-130000-521080		\$30,000	\$244,150	\$255,850
3/18/15	Transfer to Other Contract Services to amend contract with Carollo Engineers	RO Fund	10700-124100-110000-521080		\$30,000	\$274,150	\$225,850
3/18/15	Transfer to Other Contract Services to amend contract with Carollo Engineers	RO Fund	10900-124100-505000-521080		\$30,000	\$304,150	\$195,850
4/6/15	Transfer to WR14019	RO Fund	10700-124100-110000-570005		\$50,000	\$354,150	\$145,850
Year-to-date total budget transferred				\$100,000	\$254,150		
Remaining budget balances as of				\$0	\$145,850		\$145,850

cc: Joe Grindstaff, Christina Valencia

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

Fund	Capital or Spec Proj?	Request Date	Total Proj Budget Change (Y/N)?	Annual Proj Budget Change (Y/N)?	New Proj? Y/N	Project Number	Project Title	Adopted Total Project Budget	Prior FY 2014/15 TP Changes	Current Total Project Budget	Amt. of Transfer In / (Out)	New TP Budget	FY 2014/15 Annual Project Budget	Annual Proj. Budget Change	New Annual Project Budget	Project Transferred To/(From)	Justification
10200	Capital	1/28/15	Yes	Yes	No	IS12010	Payroll Replacement	\$2,167,000	\$0	\$2,167,000	(\$53,600)	\$2,113,400	\$53,600	(\$53,600)	\$0	IS15002	Transfer from IS12010 to IS15002 to help fund the consulting services needed in this fiscal year to assess the current environment and establish a roadmap for the overall ECM to comply with existing regulations and policies.
						IS15002	Document/ Records Mgmt Assessment	\$48,000	\$0	\$48,000	\$53,600	\$101,600	\$48,000	\$53,600	\$101,600	(IS12010)	
Capital		3/10/15	Yes	Yes	No	EN14002	CIPO Enhancements	\$35,000	\$0	\$35,000	(\$2,300)	\$32,700	\$30,176	(\$2,300)	\$27,876	EN15033	Transfer from EN14002 to EN15033 because EN14002 is complete. Transferred funds will be used for CIPO Enhancements including modules for Potential Change Orders, Certified Payroll, and Reporting.
						EN15033	CIPO Enhancements FY14/15	\$15,000	\$0	\$15,000	\$2,300	\$17,300	\$15,000	\$2,300	\$17,300	(EN14002)	
Subtotal Administration (GG):								\$2,265,000				\$2,265,000	\$146,776		\$146,776		
10500	Capital	2/11/15	Yes	Yes	No	EN14035	NRW Collection System Repairs Phase 4	\$850,000	(\$87,100)	\$762,900	(\$25,000)	\$737,900	\$474,662	(\$25,000)	\$449,662	EN15046	Transfer from EN14035 to EN15046 to cover the design and construction costs of the project.
						EN15046	NRW Manhole Upgrades	\$0	\$50,000	\$50,000	\$25,000	\$75,000	\$50,000	\$25,000	\$75,000	(EN14035)	
Subtotal Non-Reclaimable Water (NG):								\$850,000				\$812,900	\$524,662		\$524,662		
10600	Capital	3/17/15	Yes	Yes	No	EN13051	1630 E Recycled Water Pipeline Surge Tank Replacement	\$180,000	\$0	\$180,000	(\$140,000)	\$40,000	\$160,830	(\$140,000)	\$20,830	EN15055	Transfer from EN13051 to EN15055 to combine the two related projects. Combining projects has been shown to provide substantial design savings.
						EN15055	1630 W&E Recycled Water Pump Stations - Surge Tank Installation	\$50,000	\$0	\$50,000	\$140,000	\$190,000	\$50,000	\$140,000	\$190,000	(EN13051)	
Capital		3/26/15	Yes	Yes	No	EN13023	930 Zone Recycled Water Pipeline	\$11,219,538	\$4,008,791	\$15,228,329	\$650,000	\$15,878,329	\$7,529,744	\$349,000	\$7,878,744	(WC Reserves)	Board approved amendment to supplement EN13023 to cover the change order costs negotiated by all parties as discussed on March 16, 2015 during closed session.
Subtotal Recycled Water (WC):								\$11,449,538				\$16,108,329	\$7,740,574		\$8,089,574		
10800	Capital	1/19/15	Yes	Yes	No	EN13054	Montclair Lift Station Upgrades	\$3,516,600	\$75,000	\$3,591,600	(\$42,000)	\$3,549,600	\$2,577,830	(\$42,000)	\$2,535,830	EN14052	Transfer from EN13054 to complete the additional electrical and instrumentation installation under EN14052 due to higher installation cost to automate the new gate controls for the new west effluent pipeline.
						EN14052	RP-1 Primary Clarifier West Effluent Pipeline Replacement	\$970,000	\$0	\$970,000	\$42,000	\$1,012,000	\$470,502	\$42,000	\$512,502	(EN13054)	
Capital		3/31/15	Yes	Yes	No	EN15012	RP-1 East Primary Effluent Pipe Rehab	\$750,000	(\$450,000)	\$300,000	(\$145,000)	\$155,000	\$150,000	(\$145,000)	\$5,000	EN08023	Transfer from EN15012 to EN08023 to cover construction costs for the following work: add adjustable tensioning bars throughout each clarifier, replace flights within four clarifiers, replace the drive shafts with stainless steel to prevent binding, and move deflector bars to the bottom of the new scum collector.
						EN08023	RP-1 Asset Replacement	\$5,490,456	\$0	\$5,490,456	\$145,000	\$5,635,456	\$0	\$145,000	\$145,000	(EN15012)	
Subtotal Regional Operations (RO):								\$10,727,056				\$10,352,056	\$3,198,332		\$3,198,332		

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

Fund	Capital or Spec Proj?	Request Date	Total Proj Budget Change (Y/N)?	Annual Proj Budget Change (Y/N)?	New Proj? Y/N	Project Number	Project Title	Adopted Total Project Budget	Prior FY 2014/15 TP Changes	Current Total Project Budget	Amt. of Transfer In / (Out)	New TP Budget	FY 2014/15 Annual Project Budget	Annual Proj. Budget Change	New Annual Project Budget	Project Transferred To/(From)	Justification
10900	Capital	2/3/15	Yes	Yes	Yes	EN14037	Sewer Collection System Manhole Upgrades	\$1,825,000	(\$113,000)	\$1,712,000	(\$15,000)	\$1,697,000	\$476,544	(\$15,000)	\$461,544	EN15056	Transfer from EN11036, EN11051, EN12022, and EN14037 to create new project, EN15056, to investigate and evaluate pressure losses in the digester gas system piping and provide recommendations for repairs and upgrades because flow fluctuations can cause potential venting to the atmosphere of digester gas which is a violation of SCAQMD regulations.
						EN12022	RP-1 Aeration Ducting	\$1,256,000	\$0	\$1,256,000	(\$100,000)	\$1,156,000	\$793,546	(\$100,000)	\$693,546	EN15056	
						EN11036	HVAC & Server Room Fire Suppression Improvements	\$2,821,361	\$0	\$2,821,361	(\$14,000)	\$2,807,361	\$71,360	(\$14,000)	\$57,360	EN15056	
						EN11051	Central Plant for the New Operational Lab	\$2,130,000	\$188,218	\$2,318,218	(\$51,000)	\$2,267,218	\$188,218	(\$51,000)	\$137,218	EN15056	
						EN15056	RP-1 Digester Gas System Evaluation & Improvement	\$0	\$0	\$0	\$180,000	\$180,000	\$0	\$180,000	\$180,000	(EN14037 / EN12022 / EN11036 / EN11051)	
						EN15045	Collection System Manhole Upgrades	\$0	\$50,000	\$50,000	\$70,000	\$120,000	\$50,000	\$70,000	\$120,000	(EN14037)	
Subtotal Regional Capital (RC):								\$9,857,361			\$9,854,579	\$2,126,212		\$2,126,212			
	Capital	2/11/15	Yes	Yes	No	EN14037	Sewer Collection System Manhole Upgrades	\$1,825,000	(\$128,000)	\$1,697,000	(\$70,000)	\$1,627,000	\$546,544	(\$70,000)	\$476,544	EN15045	Transfer from EN14037 to cover the cost of design of the EN15045 which was established earlier this fiscal year.

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

Fund	Capital or Spec Proj?	Request Date	Total Proj Budget Change (Y/N)?	Annual Proj Budget Change (Y/N)?	New Proj? Y/N	Project Number	Project Title	Adopted Total Project Budget	Prior FY 2014/15 TP Changes	Current Total Project Budget	Amt. of Transfer In / (Out)	New TP Budget Amended	FY 2014/15 Annual Project Budget	Annual Proj. Budget Change	New Annual Project Budget	Project Transferred To/(From)	Justification	
								Capital Total Project Budget Adopted \$35,148,955		Capital Total Project Budget Amended \$39,392,864	Capital Total Project Budget Amended	Total Annual Capital Budget Adopted \$13,736,557	Total Annual Capital Budget Amended \$14,085,557					
10500	O&M Proj	2/18/15	Yes	Yes	No	EC14002	NRWS Pipeline Cleaning	\$50,000	\$0	\$50,000	(\$40,000)	\$10,000	\$50,000	\$40,000	\$90,000	O&M - Electricity	Transfer from EC14002 to O&M Electricity, 545110, to supplement the electricity account for NRW.	
Subtotal Non-Reclaimable Water (NC):																		
10700	O&M Proj	3/18/15	Yes	Yes	No	WR14019	Integrated Resources Plan	\$498,054	\$41,125	\$539,179	\$30,000	\$569,179	\$160,688	(\$30,000)	\$130,688	(GM Contingency)	Transfer from GM Contingency to WR14019 to fund the contract awarded by IEUA Board on March 18, 2015 to RAND to conduct additional analysis on the Integrated Resources Plan.	
O&M Proj		3/18/15	Yes	Yes	No	WR14019	Integrated Resources Plan	\$498,054	\$71,125	\$569,179	\$45,000	\$614,179	\$190,688	(\$45,000)	\$145,688	(O&M - Professional Fees)	Transfer from O&M Professional Fees to WR14019 to fund the contract awarded by IEUA Board on March 18, 2015 to RAND to conduct additional analysis on the Integrated Resources Plan.	
Subtotal Water Resources (WM):																		
10800	O&M Proj	1/20/15	Yes	Yes	No	PA15003	Agency Wide Clarifier Rehabilitation	\$1,500,000	\$0	\$1,500,000	(\$150,000)	\$1,350,000	\$350,000	\$150,000	\$500,000	O&M: 540210	Transfer from PA15003 to O&M Budget, 540210, to supplement the RP-1 filtrate strength charges.	
O&M Proj		1/20/15	Yes	Yes	No	PA15003	Agency Wide Clarifier Rehabilitation	\$1,500,000	(\$150,000)	\$1,350,000	(\$200,000)	\$1,150,000	\$200,000	\$200,000	\$400,000	O&M: 540220	Transfer from PA15003, PA15004, and EN14005 to O&M Budget, 540220, to supplement the RP-1 filtrate strength charges.	
						PA15004	Tertiary Facility Rehabilitation	\$3,800,000	\$0	\$3,800,000	(\$85,000)	\$3,715,000	\$100,000	\$85,000	\$185,000	O&M: 540220		
						EN14005	Asset Management Conditions Assessment	\$150,000	(\$50,000)	\$100,000	(\$100,000)	\$0	\$100,000	\$100,000	\$200,000	O&M: 540220		
Subtotal Regional Operations (RO):																		
								O&M Total Project Budget Adopted \$7,996,108			O&M Total Project Budget Amended \$7,408,358			Total Annual O&M Project Budget Adopted \$1,151,376			Total Annual O&M Project Budget Amended \$1,285,376	

Total Capital and O&M Project Amendment \$1,277,900

Fund	Date	O & M Transfer From	Category	Amt Transfer Out	O & M Transfer To	Category	Amount Transfer In	Description	QTR
10800	1/20/15	PA15004	Tertiary Facility Rehabilitation	\$85,000	540220	Waste-TSS	\$85,000	To transfer budget from O & M Projects PA15003 and PA15004 to supplement RP-1 Filtrate Strength Charges	3
10800	1/20/15	PA15003	Agency Wide Clarifier Rehabilitation	\$200,000	540220	Waste-TSS	\$200,000	To transfer budget from O & M Projects PA15003 and PA15004 to supplement RP-1 Filtrate Strength Charges	3
10800	1/20/15	EN14005	Asset Management Condition Assessments	\$100,000	540220	Waste-TSS	\$100,000	To transfer budget from O & M Project EN14005 to supplement RP-1 Filtrate Strength Charges	3
10800	2/4/15	521080	Other Contract Services	\$100,000	540310	Fixed Project Cost	\$100,000	Transfer from Other Contract Services to supplement RP-1 Filtrate's share for administration charges (part of Deferred 4Rs charges)	3
10800	3/18/15	512660	Equipment / Tools	\$2,000	530020	Sodium Bisulfate	\$2,000	Transfer from RP-5 Materials & Supplies to CCWRF sodium bisulfate to cover the budget line item for the remainder of the year. Due to higher flows to the creek and under budgeting of this chemical, CCWRF is short on funds	3
10800	3/18/15	512170	O&M Supplies	\$3,200	530020	Sodium Bisulfate	\$3,200	Transfer from RP-5 Materials & Supplies to CCWRF sodium bisulfate to cover the budget line item for the remainder of the year. Due to higher flows to the creek and under budgeting of this chemical, CCWRF is short on funds	3
10900	3/18/15	519010	GM Contingency	\$30,000	521080	Other Contract Services	\$30,000	Transfer to amend the contract with Carollo Engineers to complete the Wastewater, Water, and Recycled Water Rate and Fee Study.	3
			Total O&M Transfers Out	\$1,406,200		Total O&M Transfers In	\$1,406,200		

Business Goals & Objectives Report By Department

4/27/2015

Department: Agency Management , External Affairs , Internal Audit

Report Month: April, March, May : Year: 2015

Goal FY ID	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
Agency Management													
60	FY 2014/15 Quarterly	Agency Management	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Develop and implement a standardized procedure for writing and processing committee/Board Letters	Completed by June 30, 2015	Implement two per quarter until completed	April Woodruff	April	2015	On Schedule	No	This goal has been put on hold until after the Class and Compensation study is completed.
61	FY 2014/15 Quarterly	Agency Management	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Develop standard operating procedure handbook for the Executive Management Department area	Completed by June 30, 2015	Implement two per quarter until completed	April Woodruff	April	2015	On Schedule	No	This goal has been put on hold until after the Class and Compensation study is completed.
62	FY 2014/15 Quarterly	Agency Management	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Update and maintain "Duties and Annual calendar of responsibilities" manual for the Board Secretary position	Completed by June 30, 2015	Implement two per quarter until completed	April Woodruff	April	2015	On Schedule	No	This goal has been put on hold until after the Class and Compensation study is completed.
63	FY 2014/15 Quarterly	Agency Management	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Increase the efficiency of the executive administrative group through streamlining processes	Completed by June 30, 2015	Implement two per quarter until completed	April Woodruff	April	2015	On Schedule	No	This goal has been put on hold until after the Class and Compensation study is completed.
External Affairs													
75	FY 2014/15 Quarterly	Agency Management	D	Develop and implement a communication plan to promote water use efficiency and the value of water by July 2015	Communication the need for continual water use efficiency in the region.	FY 14/15	Complete by July 15	Kathryn Besser	March	2015	On Schedule	No	A meeting has been scheduled for Q4 with member agencies to determine the best way to communicate with residents in service area about the ongoing drought and mandatory conservation requirements.
64	FY 2014/15 Quarterly	Agency Management	C	Update and maintain the Agency's website to clearly communicate key activities, issues, policies and key documents, and continue to optimize use of social network media	Serve as the Agency Webmaster and provide current and timely information.	The Website will be updated on an ongoing and as needed basis.	The External Affairs Department will review the entire Website for accuracy every six months.	Kathryn Besser	March	2015	On Schedule	No	The website continues to be updated regularly in response to new issues (drought, rebates) and as requested by departments and executive management.
65	FY 2014/15 Quarterly	Agency Management	C	Meet annually with affiliated agencies and elected representatives	Build stronger relationships with the local agencies and elected representatives in our region.	Ongoing	Meet with all member agencies in FY 14/15	Kathryn Besser	March	2015	On Schedule	No	Board and staff met with newly elected federal and state representatives to advocate on behalf of funding for projects. Several tours of IEUA facilities have been scheduled for Q4.
67	FY 2014/15 Quarterly	Agency Management	C	Identify and participate in organizations that advance the Agency's mission, vision and key initiatives	Communicate the role of the Agency in the region through local partnerships.	Ongoing in FY 14/15	Attend one association/organization on meeting a month.	Kathryn Besser	March	2015	On Schedule	No	We have continued to meet this goal, and will be presenting at several local community organizations throughout the end of the fiscal year.
68	FY 2014/15 Quarterly	Agency Management	C	Promote regional projects and initiatives through presentations to community based organizations, service groups, and stakeholders	Communicate the importance of regional/local independence (water, recycling, wastewater, and renewable energy).	Ongoing in FY 14/15	Present to 6 associations/groups in FY14/14	Kathryn Besser	March	2015	On Schedule	No	No presentations occurred in Q3, but several are scheduled for Q4 so we will be able to reach this goal by the end of the fiscal year.
152	FY 2014/15 Once Complete	Agency Management	D	Complete water softener ordinance by December 2014 and continue to reduce salinity and nutrients in recycled water.	Work with the remaining cities to pass the water softener ordinance.	December-2014	Remaining Cities pass ordinances by December 2014	Kathryn Besser	March	2015	On Schedule	No	There has been no traction gained on passing with remaining city councils. We continue to reach out to all cities, auditing businesses to ensure compliance and providing bill stuffers for member agencies to send to residents.

Goal FY ID Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
159	FY 2014/15 Once Complete	Agency Management	F	Develop a communication plan to promote being a good neighbor by June 2015	Communicate the Agency-wide goals, services and functions to our entire service area including all community members, businesses, and stakeholders.	Ongoing	Complete by June 2015	Kathryn Besser	March	2015	On Schedule	No	This is an ongoing effort, and includes upcoming events like the Earth Day celebration for community members and service area-wide compost give-away.

Internal Audit

44	FY 2014/15 Quarterly	Agency Management	B	Uphold a strong internal control environment by conducting independent objective internal and external audits of Agency finances and operations	Per direction or approval by the Audit Committee and Board, and through coordination with senior management, Internal Audit would identify areas "program audits" or areas for audit where the goal and scope are to measure the performance of a program, a process, or a service or compare results to program goals and identify areas for improvement, and make recommendations to improve efficiencies.	Ongoing and through approved audits as approved through the Annual Audit Plan.	Completed audits and feedback from stakeholders.	Teresa Velarde	March	2015	On Schedule	No	Each year, the Manager of Internal Audit is required to complete an Annual Audit Plan, a plan of proposed audit projects. The audit plan is determined based on a Risk Assessment completed using auditor professional judgment and discussions with various Agency key members. The Annual Audit Plan is reviewed and approved by Executive Management, the Audit Committee and the Board of Directors prior to the projects commencing. Projects are determined based on items identified through the Risk Assessment as well as requests from the Board and Executive Management. The most recent Annual Audit Plan was completed in September 2014 and it was agreed, the audit of most priority is the Regional Contract Review.
12	FY 2014/15 Quarterly	Agency Management	A	Continue commitment to cost containment for operating and capital costs	Promote a strong control environment by conducting independent and objective audits of Agency operations where the focus and audit scope includes identifying areas and providing recommendations for cost containment, effectiveness and efficiency in operations and opportunities to improve and areas of cost	On-going and through the audits approved by the Audit Committee and the Board during the Annual Audit Plan presentation	Completed planned and scheduled audits. Feedback from stakeholders.	Teresa Velarde	March	2015	On Schedule	No	Approved audits are on schedule. In Progress and On Going. To-date, IA has completed 8 audits related to the Regional Contract.

Goal FY ID	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
16	FY 2014/15 Quarterly	Agency Management	A	Amend the Regional Sewerage Service Contract to provide more flexibility in the use of property taxes by July 2015	Complete the Regional Contract Review and provide recommendations to improve the consistent and fair application of the Regional Contract requirements among all Regional Contract Agencies. Additionally, provide recommendations to Agency management to improve and clarify clauses and requirements of the contract to negotiate a new contract going forward. Complete the evaluation of the connection and monthly sewer rate calculations, as well as Exhibit J application, as well as RCA's internal processes and procedures, supporting documentation to determine if these meet the intent and requirements of the contract.	Complete by December 2014.	Board of Director filing of the final report by December 2014.	Teresa Velarde	March	2015	On Schedule	No	In Progress and On Going. To-date Internal Audit has completed 8 reports related to the Regional Contract and have provided over 23 audit recommendations to Executive Management to consider as part of the Contract renegotiations, amendment, or ongoing monitoring of the contract. Five of the 7 member agencies have been evaluated. IA has identified several areas that require more hands-on monitoring, methods to improve billing and invoicing to ensure all information is being captured and recommendations to improve collaboration and share information.
21	FY 2014/15 Quarterly	Agency Management	A	Initiate discussions to revise and renew the Regional Sewerage Service Contract set to expire in 2023 by January 2018	Complete the Regional Contract Review and provide recommendations to improve the consistent and fair application of the Regional Contract requirements among all Regional Contract Agencies. Additionally, provide recommendations to Agency management to improve and clarify clauses and requirements of the contract to negotiate a new contract going forward. Complete the evaluation of the connection and monthly sewer rate calculations, as well as Exhibit J application, as well as RCA's internal processes and procedures, supporting documentation to determine if these meet the intent and requirements of the contract.	Complete by December 2014.	Board of Director filing of the final report by December 2014.	Teresa Velarde	March	2015	On Schedule	No	In Progress and On Going. To-date Internal Audit has completed 8 reports related to the Regional Contract and have provided over 23 audit recommendations to Executive Management to consider as part of the Contract renegotiations, amendment, or ongoing monitoring of the contract. Five of the 7 member agencies have been evaluated. IA has identified several areas that require more hands-on monitoring, methods to improve billing and invoicing to ensure all information is being captured and recommendations to improve collaboration and share information.
38	FY 2014/15 Quarterly	Agency Management	B	Develop a plan to conduct a feedback study to measure employee satisfaction by December 2014	Perform a survey of auditee/customer satisfaction at the conclusion of each audit project to gather information about auditor involvement, professionalism, knowledge and ability to communicate to gain information on continuous improvement.	After each completed audit/project.	Feedback from customers.	Teresa Velarde	March	2015	On Schedule	No	Completed after each audit. At the conclusion of each audit, IA will perform a survey of auditee/customer satisfaction to gather information about the auditors and the audit process. Additionally, during the course of the audit, IA meets several times with the auditee to maintain the relationship and ensure audit objectives are on track and address any questions or concerns on time.

Goal FY ID	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
34	FY 2014/15 Quarterly	Agency Management	B	Ensure staff understands and upholds their role in achieving the Agency's Mission, Vision, and Values	Promote a strong control environment by conducting independent, objective audits of Agency operations where the scope of the audits incorporate evaluating that Agency processes and systems comply with the Agency's Mission, Vision, Values, best practice operations, processes and programs, as well as senior management input, as the criteria against which to measure performance and results. Internal Audits are to provide an independent and objective opinion, and feedback on how closely the criteria, Agency policies, procedures, including Mission, Vision and Values are met, followed or understood. Provide recommendations to the appropriate personnel where to address gaps identified.	On-going. Through the audits approved by the Audit Committee and the Board	Feedback from auditees, senior/Executive Management, the Audit Committee Advisor, and the Board of Directors.	Teresa Velarde	March	2015	On Schedule	No	Completed and On Going. IA has 3 professional senior-level internal auditors that uphold the values of the Institute of Internal Auditors and the values of IEUA. Internal Audits are to provide an independent and objective opinion, and feedback on how closely the criteria, Agency policies, procedures, including Mission, Vision and Values are met, followed or understood. Provide recommendations to the appropriate personnel where to address gaps identified. According to the Board-approved Internal Audit Department Charter, internal auditors must engage in continuing professional education, maintain a very professional judgement in appearance and in fact, uphold the values and requirements set forth by the Institute of Internal Auditors and the International Professional Practices Framework. Internal auditors are required to act with confidentiality, and assist the Agency in meeting its organizational goals through independent assessments.
35	FY 2014/15 Quarterly	Agency Management	B	Ensure staff understands and upholds their role in achieving the Agency's Mission, Vision, and Values	Consult and assist all levels of staff, management and Executive Management by providing audit recommendations to improve efficiencies and comply with Agency policies and procedures, as well as for improvement of practices, to strengthen controls, and incorporate best practices. Assist in providing training or coordinating roundtable discussions with the necessary levels of staff.	On-going. Through the audits approved by the Audit Committee and the Board	Feedback from auditees, senior/Executive Management, the Audit Committee Advisor, and the Board of Directors.	Teresa Velarde	March	2015	On Schedule	No	On Going. IA is composed of 3 high-level, professional auditors. According to the Board-approved Internal Audit Department Charter, internal auditors must engage in continuing professional education, maintain a very professional judgement uphold the values and requirements set forth by the Institute of Internal Auditors and the International Professional Practices Framework. Internal auditors are required to act with confidentiality, and assist the Agency in meeting its organizational goals through independent assessments. As part of various audits, IA leads, coordinates and/or facilitates meetings and discussions with several key players in the organization related to an audit issue identified for the purpose of finding resolution or identifying the root cause of any issue. This is done through audit discussions, etc.

Business Goals & Objectives Report By Department

4/27/2015

Department: Laboratory ,Engineering ,Planning and Environmental Compliance
 Report Month:April,March,May : Year:2015

Goal FY ID	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
<u>Engineering</u>													
2	Monthly	Engineering, Planning and Science	E	Conduct Lesson's Learned sessions to evaluate key construction implementations	Review and evaluate all projects for best practices that can be applied to future projects	Monthly	10x/year>=90%	Majid Karim	April	2015	On Schedule	No	1 session: IERCF Baghouse & Dust Collection System Enhancements - Jamal Zughbi
95	Quarterly	Engineering, Planning and Science	E	Provide engineers training to understand business aspects of capital projects and increase engineering consultant design services in lieu of in-house designs to complete more projects in a shorter timeframe by July 2015	Provide high quality project management for the completion of Capital Improvement Projects	FY 2014/15	Design Schedule on time >=80% Complete Construction Schedule on time >=80% Project Costs within initial Total Project Budget >=90% Project Costs within Initial Fiscal year Project Budget >=90% All Expenditures as a Percentage of Forecasted Expenditures >=90% Change Orders as a percentage of initial contract award value<=10%	Majid Karim	April	2015	On Schedule	No	Completed Design Schedule on time = 69%, Completed Construction Schedule on time = 75% Project, Costs within initial Total Project Budget = 81%, All Expenditures as a Percentage of Forecasted Expenditures =75%, Change Orders as a percentage of initial contract award value = 15%
<u>Laboratory</u>													
147	Once Complete	Engineering, Planning and Science	B	Promote a safer work environment by administering and monitoring required safety and regulatory trainings	Meet the bi-weekly safety tailgate meeting requirement.	All required topics completed by each December.	Document training	Nel Groenveld	April	2015	On Schedule	No	Safety meetings are on track to meet the annual requirement
<u>Planning and Environmental Compliance</u>													
158	Once Complete	Engineering, Planning and Science	F	Complete odor baselines report by June 2015	Coordinate odor survey and develop baseline report	June-2015		Sylvie Lee	April	2015	On Schedule	No	Quarterly survey scheduled for April 16. Report in progress.
162	Once Complete	Engineering, Planning and Science	F	Develop a regionally focused Comprehensive Mitigation Plan for construction projects by July 2016	Completion of the Santa Ana River Habitat Conservation Plan Develop long term strategy for mitigation for other regional projects	June-2015	Completion of the plans/strategies	Sylvie Lee	April	2015	On Schedule	No	Projects and activities have been defines, critical/endangered species identified and hydraulic modeling is underway.
164	Once Complete	Engineering, Planning and Science	D	Integrate water supply, water efficiency, storm water management, energy efficiency, water quality and land use measures to promote sustainable watershed management	<ul style="list-style-type: none"> Complete Integrated Resources Plan Complete Water Use Efficiency Business Plan Complete 2015 Urban Water Management Plan Coordinate the implementation of Recharge Master Plan Update Complete the Recycled Water Program Strategy Complete Wastewater Facilities Master Plan 	<ul style="list-style-type: none"> Dec 2014 June 2015 June 2016 June 2020 Sep 2014 Sep 2014 	Completion and coordination of said documents	Sylvie Lee	April	2015	On Schedule	No	The demand model has been updated with new development standards. Contracts have been executed with RAND and WEI for additional analysis of climate change implications and resiliency in the Chino Basin.

Goal FY ID	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
165	FY 2014/15 Once Complete	Engineering, Planning and Science	F	Develop and update logical, technically based, defensible, local limits for regional significant industrial users by December 2014 and review every five years	Develop Local Limits	March-2015	Completion of local limits	Sylvie Lee	April	2015	On Schedule	No	Draft Local Limits report circulated to Regional Pretreatment Committee for comments. Final report expected by April 30th. Informational update to Regional Technical Committee in May and IEUA Board in June 2015.
153	FY 2014/15 Once Complete	Engineering, Planning and Science	D	Complete water softener ordinance by December 2014 and continue to reduce salinity and nutrients in recycled water.	Facilitate the adoption of ordinances for the cities of Chino, Chino Hills and Ontario.	December-2014	Adoption of ordinances by Dec 2014	Sylvie Lee	April	2015	Behind Schedule	No	This item is behind schedule. Follow up meetings need to be scheduled with City managers.
154	FY 2014/15 Once Complete	Engineering, Planning and Science	D	Accelerate implementation of capital projects where appropriate to "drought proof" regional water supplies and optimize use of available federal and state grants and low interest rate financing	Develop project list and implement based on priority	continuous	Keep updated project list and be coordinated with member agencies	Sylvie Lee	April	2015	On Schedule	No	Project list has been created, and is updated on an on-going basis. Projects are being incorporated into IRP projects to test supply resiliency.
155	FY 2014/15 Once Complete	Engineering, Planning and Science	D	Advocate strategies that help anticipate and mitigate the impacts of droughts and climate change on the region	Develop strategies in the IRP	December-2014	Adoption of IRP; ensure the goals of the 2010 UWMP are met	Sylvie Lee	April	2015	Behind Schedule	No	Utilizing RAND corp to perform climate assessment to determine resiliency and risk associated with selected supply portfolios.
17	FY 2014/15 Quarterly	Engineering, Planning and Science	A	Begin the nexus study for regional connection fees by January 2015	Conduct the study to evaluate past fees and provide framework for future development	January-2015	Completion of study by Jan 2015	Sylvie Lee	April	2015	Behind Schedule	No	Cost of service rate workshop 3/10/15, cost of service rate workshop 3/25/15, joint IEUA Board & Policy workshop 4/1/15, tentative workshop 4/14/15, Regional Technical Committee (action item) 4/30/15, Regional Policy Committee (action item) 5/7/15, IEUA Committees (5/13/15), IEUA Board (action item) 5/20/15
20	FY 2014/15 Quarterly	Engineering, Planning and Science	A	Initiate discussions to revise and renew the Regional Sewerage Service Contract set to expire in 2023 by January 2018	Update to meet current practices and needs (Priority 1 items)	June-2015	Conceptual agreement with member agencies by Jun 2015	Sylvie Lee	April	2015	On Schedule	No	Adoption of recycled water policy principles deferred until Summer 2015 to allow completion of the wastewater/water rates. Contract amendment discussions on schedule for Fall 2015.
26	FY 2014/15 Quarterly	Engineering, Planning and Science	A	Integrate and fully fund the Replacement and Rehabilitation (R&R) projects identified in the Agency's Asset Management Plan into the annual capital improvement plan (CIP)	Integrate the Asset Management Plan into the TYCIP	February-2015	Completion of TYCIP by Feb 2015	Sylvie Lee	April	2015	On Schedule	No	TYCIP was adopted by IEUA Board 3-18-15
24	FY 2014/15 Quarterly	Engineering, Planning and Science	A	Transition to a biennial budget beginning July 1, 2015	Update Regional Sewerage Contract to update the TYCIP once every two years	June-2015	Conceptual agreement with member agencies by Jun 2015	Sylvie Lee	April	2015	On Schedule	No	This item will be included in the long term update of the Regional Contract. Not scheduled until 2016.
92	FY 2014/15 Quarterly	Engineering, Planning and Science	E	Update Wastewater Facilities Master Plan by December 2014 and thereafter every 10 years to ensure timely expansion of Agency facilities to address anticipated regional growth	Update growth forecasts for WWFMP with updated population projections and demand forecast	December-2014	Completion of WWFMP	Sylvie Lee	April	2015	Behind Schedule	No	WWFMP draft volume 1 received in March. Expected to be finalized by May 2015
81	FY 2014/15 Quarterly	Engineering, Planning and Science	D	Identify and evaluate supplemental water supplies for the region by October 2014	Complete the IRP	December-2014	Completion of the IRP	Sylvie Lee	April	2015	Behind Schedule	No	Est. completion August 2015. Demand model complete and work with RAND and WEI commenced for resiliency/risk based assessments for supply vs. demand under mult. climate scenarios.
82	FY 2014/15 Quarterly	Engineering, Planning and Science	D	Work with other agencies on the implementation of local regional programs to meet the region's goal of reaching 50,000 AFY of recycled water use by June 2022	Develop planning documents and regulatory permitting strategy to support the implementation plan as identified in the RWPS and IRP	June-2015	Development of Permitting Strategy of the IRP/RWPS	Sylvie Lee	April	2015	On Schedule	No	PEIR of the planning documents will commence at the completion of the IRP.

Goal FY ID	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
83	FY 2014/15 Quarterly	Engineering, Planning and Science	D	Develop and implement Recycled Water Peak Demand Management Plan to optimize efficient use of recycled water by June 2015	Develop a plan for peak management Work with member agencies to encourage new development to connect to RW	Continuous	Development of plan and member agency communication	Sylvie Lee	April	2015	On Schedule	No	continuing dialogues with member agencies and their customers as needed to help connect new customers, and support demand management initiatives. FY15/16 project included for control valves.
100	FY 2014/15 Quarterly	Engineering, Planning and Science	F	Lead efforts to advocate for emerging trends and proposed changes to rules and regulations	Active participation into the legislative process through advise letters, comments.	Ongoing	Participate in local water/wastewater/air regulatory and association committee meetings.	Sylvie Lee	April	2015	On Schedule	No	Coordinated the Agency's response to SCAP in regards to SCAQMD Proposed Rule 1188 Vacuum Truck Operations.
94	FY 2014/15 Quarterly	Engineering, Planning and Science	E	Monitor and integrate the Building Activity Report (BAR) data for actual and projected growth with the Asset Management Plan into regional wastewater planning	Continue to work with RCAs to review and maintain accurate building activity reports.	ongoing	Periodic checks to ensure that the forecasts are consistent with the adopted projections provided in the WWFMP	Sylvie Lee	April	2015	On Schedule	No	Prepared monthly building activity reports and GIS maps. Semiannual update to the Board.
96	FY 2014/15 Quarterly	Engineering, Planning and Science	E	Complete an Agency-wide greenhouse gas emission (GHG) baseline assessment using the Climate Registry protocol to allow the Agency to sell credits by July 2016	<ul style="list-style-type: none"> Complete GHG emission baseline Develop GHG reduction plan consistent with the Energy Management Plan Measure GHG reduction (tons CO2 eq/yr) work plan needs to be reworded - agency does not sell credits 	July-2016	Complete the GHG emission baseline July 2014	Sylvie Lee	April	2015	On Schedule	No	Completed.
97	FY 2014/15 Quarterly	Engineering, Planning and Science	F	Develop a communication plan to promote being a good neighbor by June 2015	Perform odor monitoring, assist Operations, External Affair during complaints investigation and mitigation	Ongoing	Perform periodic/as needed odor monitoring	Sylvie Lee	April	2015	On Schedule	No	RP-5 SHF odor monitoring conducted weekly.
55	FY 2014/15 Quarterly	Engineering, Planning and Science	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Develop long term strategy for permitting of the O&M activities of recharge basins	June-2015	Completion of strategy by Jun 2015	Sylvie Lee	April	2015	On Schedule	No	EC staff and Tom Dodson are working on the permit application.
77	FY 2014/15 Quarterly	Engineering, Planning and Science	D	Optimize IEUA's use of potable and recycled water by July 2016	Complete the Recycled Water Program Strategy and begin the implementation plan	December-2014	Completion of RWPS	Sylvie Lee	April	2015	On Schedule	No	RWPS modeling complete, refer to goal 72 notes for add. details. CIP based upon prior regional commitments. Dept will perform additional modeling/studies to determine best use for RW in the coming years(direct use focus or shift to strengthening core water supply via recharge, injection, DPR). This work could identify a new CIP master plan for the region.
70	FY 2014/15 Quarterly	Engineering, Planning and Science	D	Complete update of the Water Use Efficiency Business Plan by December 2014, the Integrated Resources Plan by October 2014, and the Urban Water Management Plan by June 2016	Integrated Resources Plan	December-2014	Adoption of the documents	Sylvie Lee	April	2015	Behind Schedule	No	Est. completion August 2015. Demand model complete and work with RAND and WEI commenced for resiliency/risk based assessments for supply vs. demand under mult. climate scenarios.
71	FY 2014/15 Quarterly	Engineering, Planning and Science	D	Complete update of the Water Use Efficiency Business Plan by December 2014, the Integrated Resources Plan by October 2014, and the Urban Water Management Plan by June 2016	Urban Water Management Plan	June-2016	Adoption of the documents	Sylvie Lee	April	2015	On Schedule	No	DWR guidelines to be distributed by June. Agency currently coordinating with member agencies to determine regional alliance or individual reporting for 2015 update.

Goal FY ID	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
72	FY 2014/15 Quarterly	Engineering, Planning and Science	D	Complete update of the Water Use Efficiency Business Plan by December 2014, the Integrated Resources Plan by October 2014, and the Urban Water Management Plan by June 2016	Recycled Water Program Strategy	December-2014	Adoption of the documents	Sylvie Lee	April	2015	Behind Schedule	No	Delayed due to cost of service study and RW policy discussions. Modeling complete and executive summary distributed to member agencies. TM to be complete and distributed by end of April.
73	FY 2014/15 Quarterly	Engineering, Planning and Science	D	Develop new targets and programs to achieve 20 x 2020 requirement through water use efficiency measures, including: improve rate structures, integrate water use into billing, expand outdoor water use efficiency, and increase local use of stormwater by December 2014	Develop tools to target the 2020 requirements	June-2015	226 gpcd by 2015 <200 gpcd by 2018	Sylvie Lee	April	2015	Behind Schedule	No	Water Use Efficiency Business Plan is approximately 60% complete, the consultant is trans. data over to a new version of the AWE model. Completion date has been extended to June 30, 2015.

Business Goals & Objectives Report By Department

4/27/2015

Department: Business Information Services ,Contracts and Facilities Services ,Finance and Accounting ,Human Resources
 Report Month: March, April : Year: 2015

Goal FY ID	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
Business Information Services													
11	FY 2014/15 Quarterly	Finance and Administration	A	Continue commitment to cost containment for operating and capital costs	Maintain cost of external SAP support to be within contracted amounts for all vendors	Quarterly	Actuals <= quarterly average of the contracted amounts	Kanes Pantayatiwong	April	2015	On Schedule	No	Actual spending during Q3/2015 is \$11,089.50 or 74% of quarterly target.
13	FY 2014/15 Quarterly	Finance and Administration	A	Advocate for continued receipt of property taxes and optimize grants and other funding sources to support Agency and regional investments	Determine requirements for new SAP enhancement that automates cost tracking for projects with multiple grants	July-2015	System go-live by 12/31/2015 >= 10% reduction in process time for grants analyst after implementation	Kanes Pantayatiwong	April	2015	Behind Schedule	No	No new update.
23	FY 2014/15 Quarterly	Finance and Administration	A	Integrate projects identified in the long range financial planning documents, such as the Facilities Wastewater Master Plan, Technology Master Plan, Energy Plan, and the Integrated Resources Plan, into the operating and capital budget by July 2016	Assess challenges with Agency's financial processes: increase speed of processing reports	Quarterly	15% increase in report response time	Kanes Pantayatiwong	April	2015	On Schedule	No	The Engineering Project Dashboard was deployed in March to the project managers, executive and few staff. Prior to this dashboard, the equivalent information would have taken 15-20 minutes per project. Today, the dashboard presents the information in seconds - dramatic increase in productivity as well as less dependent on administrative staff to gather and compile the information.
30	FY 2014/15 Quarterly	Finance and Administration	B	Ensure staff understands and upholds their role in achieving the Agency's Mission, Vision, and Values	Provide staff with opportunities for technical and professional training classes. Release new enhancements to Agency's various software applications at fixed intervals (every 4 months)	Every January 15, may 15 and September 15	50% or more of staff receiving training class per year. 100% of enhancements released plus or minus two calendar weeks from scheduled release date	Kanes Pantayatiwong	April	2015	On Schedule	No	Training for Q3 (8/11 or 45%) : Kanes, Lauramae, Matt, Glenn, Rose, Ting, Khanh, Joseph
45	FY 2014/15 Quarterly	Finance and Administration	C	Develop a program that annually measures the effectiveness and efficiency of Agency core services based on stakeholder feedback on "quality, cost and value"	Develop at least one dashboard-like reporting tool for key metrics determined by the process owners	Quarterly	Project time / available time >= 50%	Kanes Pantayatiwong	April	2015	On Schedule	No	The Engineering Project Dashboard was deployed in March to the project managers, executive and few staff. The dashboard provides project schedule information (derived from Primavera) and project budget, overall and annual perspectives (derived from SAP).
46	FY 2014/15 Quarterly	Finance and Administration	C	Develop a program that annually measures the effectiveness and efficiency of Agency core services based on stakeholder feedback on "quality, cost and value"	Allocate at least 50% of staff time towards projects and research & development work, aside from break-fixes, maintenance tasks (e.g., upgrades) and administrative tasks	Quarterly	Project time / available time >= 50%	Kanes Pantayatiwong	April	2015	On Schedule	No	59% spent on projects between PP02 - PP07 of 2015. Staff time spent on projects was 2,448 hrs and total staff time was 4,137 hrs. (excluded manager's hours).
47	FY 2014/15 Quarterly	Finance and Administration	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Provide initial Lean training to all managers	6/30/2015	100% of managers trained	Kanes Pantayatiwong	April	2015	On Schedule	No	No new update.

Goal FY ID	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
48	FY 2014/15 Quarterly	Finance and Administration	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Train all Lean team members	At start of each project	100% of team trained	Kanes Pantayatiwong	April	2015	Behind Schedule	No	Engineering invoice approval project reached a point where the assessments have been completed. The next step will depend on the completion of Policy A-50 update. Once set, BIS can implement the technical component for approval. Biosolids handling project also started and some positive changes have been implemented in the accounting area. The project will be completed in Q4 along with documented benefits.
49	FY 2014/15 Quarterly	Finance and Administration	C	Provide timely updates to the Regional Committees and the IEUA Board on long term planning needs	Release new enhancements to Agency's various software applications at fixed intervals (every 4 months)	Continuous	Number of enhancements released; ROI of each enhancement when applicable	Kanes Pantayatiwong	April	2015	Behind Schedule	No	BIS is working with both Maintenance and CFS during Q3 to develop a process for automatic conversion of PR to PO for low dollar value PRs. The technical configuration is 90% complete.
42	FY 2014/15 Quarterly	Finance and Administration	C	Replace the legacy Document Management System to ensure it meets Agency-wide and regulatory public records requirements and eliminates redundant archiving systems by December 2015	Determine business requirements incorporating an updated taxonomy	April-2015	System on-line by December 2015	Kanes Pantayatiwong	April	2015	Behind Schedule	No	Contract for the ECM assessment was awarded. The project kick-off has taken place and the process review workshops are underway. The assessment is expected to be completed in July. After which, the RFP for the ECM solution will be issued. As of now, the solution implementation will not be completed by December 2015.
43	FY 2014/15 Quarterly	Finance and Administration	C	Determine the scope for Geographic Information Systems online applications to share information with member agencies by September 2014	Promote the use of ArcGIS Online applications for information sharing through quarterly GIS User Group meetings	Quarterly	Reduction in ArcGIS Desktop users and/o increase in ArcGIS Online users/applications	Kanes Pantayatiwong	April	2015	On Schedule	No	The number of ArcGIS Desktop remains unchanged (4) while the number of ArcGIS Online has increased from 25 in Q2 to 31 active users in Q3, gain of 25%.
53	FY 2014/15 Quarterly	Finance and Administration	B	Develop and implement a plan to mentor and prepare the next generation of Agency leaders by July 2017	Allow staff to present his/her enhancements at the 4-month enhancement press releases	Every January, May and September	3 or more staff recognized per year	Kanes Pantayatiwong	April	2015	On Schedule	No	Joseph and Lauramae were recognized for their development of the first Dashboard at the Managers Meeting on 3/11/2015.
59	FY 2014/15 Quarterly	Finance and Administration	C	Determine the scope for Geographic Information Systems online applications to share information with member agencies by September 2014	GIS applications with CCTV videos and pipe assessment	July-2015	100% on-line within one month of video receipt	Kanes Pantayatiwong	April	2015	On Schedule	No	The videos are being delivered and uploaded to CCTV Viewer application within time allocated.
109	FY 2014/15 Quarterly	Finance and Administration	C	Determine the scope for Geographic Information Systems online applications to share information with member agencies by September 2014	Develop web-based GIS applications that are free to use and are relevant to Agency's customers, intended for information sharing, transparency and education purposes	July-2015	Two applications on-line	Kanes Pantayatiwong	April	2015	On Schedule	No	Although no new applications added, BIS has been working with Operations and Maintenance to develop a pilot for using GIS application as the interface for reporting incidents. A vendor demo was arranged that has the solution for integrating SAP work notifications and work orders to web-based GIS (ArcGIS Online).
110	FY 2014/15 Quarterly	Finance and Administration	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Determine Procurement to Payment material master content	9/30/2014	Design supports functional	Kanes Pantayatiwong	April	2015	Behind Schedule	No	Technical development for the automatic conversion of low value PRs to POs is near completion, which includes the electronic signature, date stamp, and email generation with PDF version of PO. The remaining task is to include the Terms & Conditions statement to the PDF version of PO.
111	FY 2014/15 Quarterly	Finance and Administration	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Implement the use of electronic signatures for invoicing on emergency contracts	April-2015	Electronic signature capability for and approvers	Kanes Pantayatiwong	April	2015	Behind Schedule	No	The technical implementation is pending the completion of Policy A-50 update, since the decision on approval threshold dictates the technical configuration.

Goal FY ID Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
118	FY 2014/15 Annual	Finance and Administration	A	Transition to a biennial budget beginning July 1, 2015	Evaluate potential improvements to budgeting process, if appropriate, through enhancing SAP functionality	April-2015	>= 10% reduction in number of budgeting cycle days for O&M and Capital budgets	Kanes Pantayatiwong	April	2015	Behind Schedule	No	No new update.
120	FY 2014/15 Annual	Finance and Administration	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Reduce the number of external spreadsheets utilized to address NRW rate questions	3/31/2015	50% reduction of spreadsheets in use	Kanes Pantayatiwong	April	2015	Behind Schedule	No	The project was deferred due to delay with historical data upload for Water Database. Small improvements were made to the upload process/program and reports. The NRW project will resume in Q4.
121	FY 2014/15 Annual	Finance and Administration	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Develop new process for managing BIS support tickets and with less tools, currently 3 systems	January-2015	< 3 systems in use	Kanes Pantayatiwong	April	2015	Behind Schedule	No	BIS now uses only 2 ticket management systems. BIS has stopped using Solution Manager to track support and enhancement tickets and primarily uses AIM tickets for all support requests. myPT support tickets are still being used since it provides security needed for sensitive HR and payroll issues.
149	FY 2014/15 Once Complete	Finance and Administration	A	Integrate projects identified in the long range financial planning documents, such as the Facilities Wastewater Master Plan, Technology Master Plan, Energy Plan, and the Integrated Resources Plan, into the operating and capital budget by July 2016	Assess challenges with Agency's financial processes: develop RFP for long term modifications	January-2015	Completed by due date	Kanes Pantayatiwong	April	2015	Behind Schedule	No	No new update.
150	FY 2014/15 Once Complete	Finance and Administration	A	Integrate projects identified in the long range financial planning documents, such as the Facilities Wastewater Master Plan, Technology Master Plan, Energy Plan, and the Integrated Resources Plan, into the operating and capital budget by July 2016	Assess challenges with Agency's financial processes: create baseline utilization	9/30/2014	completed by due date	Kanes Pantayatiwong	April	2015	Behind Schedule	No	No new update. Staff spent majority of the time on the changes needed to meet the approved Class & Comp changes that went live on 4/3/2015.
163	FY 2014/15 Once Complete	Finance and Administration	B	Uphold a strong internal control environment by conducting independent objective internal and external audits of Agency finances and operations	Create a checklist to ensure all projects are reviewed against TMP standards	During needs assessment for all projects	100% of projects have checklist completed	Kanes Pantayatiwong	April	2015	On Schedule	No	No new update.
Contracts and Facilities Services													
108	FY 2014/15 Quarterly	Finance and Administration	C	Replace the legacy Document Management System to ensure it meets Agency-wide and regulatory public records requirements and eliminates redundant archiving systems by December 2015	Implement the new Document Management System and the Agency's taxonomy.	July-2016	Reduce time spent on production of records by improving the location and retrieval time by 20%.	Warren Green	April	2015	On Schedule	No	The Consultants continue to evaluate processes for the implementation of the ECM System. The Consultants delivery requirements include the development of a high-level taxonomy. The RM staff will endeavor to utilize the high-level taxonomy while continuing efforts to development a thorough, working level taxonomy and file plan.

Goal FY ID	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
112	FY 2014/15 Quarterly	Finance and Administration	F	Develop a communication plan to promote being a good neighbor by June 2015	Ensure all current and future landscaping, and new facilities are in cooperation with current LEED and water-efficiency programs and advancements.	June-2015	100% of new landscaping design and material, along with facility design are measured against programs.	Warren Green	April	2015	On Schedule	No	Staff is still working on the implementation of the Agency-wide Beautification project at RP-4. We are moving forward with the RP-5 lawn conversion improvements project to remove over 5 acres of turf. Staff has started on the design and specifications for RP-1 and Carbon Canyon lawn conversion improvements. These projects will reduce the Agency's recycled water usage and showcase large demonstration sites for our members and stakeholder's to replicate.
103	FY 2014/15 Quarterly	Finance and Administration	F	Ensure Agency programs promote environmental stewardship, sustainability, and preservation of heritage measures, utilizing green procurement and reuse of surplus materials, equipment, and parts when possible	Identify educational opportunities for environmentally friendly facilities and landscapes.	June-2015	Increase educational signage for Agency facilities where accessible by the public by 15%.	Warren Green	April	2015	On Schedule	No	We are currently working on new signage for the Agency's facilities. The department is working with the External Affairs staff on signage content and will be working on signage design for various site locations.
105	FY 2014/15 Quarterly	Finance and Administration	B	Ensure staff understands and upholds their role in achieving the Agency's Mission, Vision, and Values	Conduct Agency training on department processes that are in line with the Agency's MVV's.		Conduct at least 3 sessions for 3 related topics.	Warren Green	April	2015	On Schedule	No	The Email Management through Managed Folders project was successfully completed according to schedule. The Agency is in the process of developing reports that will indicate how much disk space is saved due to the new project.
105	FY 2014/15 Quarterly	Finance and Administration	B	Ensure staff understands and upholds their role in achieving the Agency's Mission, Vision, and Values	Conduct Agency training on department processes that are in line with the Agency's MVV's.		Conduct at least 3 sessions for 3 related topics.	Warren Green	April	2015	On Schedule	No	The Agency will hold it's annual Records Management training for all managers and records liaisons on April 29th.
69	FY 2014/15 Quarterly	Finance and Administration	C	Identify and participate in organizations that advance the Agency's mission, vision and key initiative	Continue to network with professional groups for the respected areas of CFM.	July-2015	Attend at least 5 training sessions/meetings for CAPPO and ARMA.	Warren Green	April	2015	On Schedule	No	Staff attended several different training programs during the quarter, including CAPPO, ISM training, as well as hosted a workshop with several of our sister agencies to review and identify the implementation of SB854 as well as the impacts on the Agency.
25	FY 2014/15 Quarterly	Finance and Administration	A	Conduct or participate in a consortium to compile performance measures for agencies across the state that will serve as a benchmarking tool to drive awareness of strengths and opportunities for improvement by June 2016	Expand best management practices in the contract and procurement processes.	June-2015	Increase in performance measurements.	Warren Green	April	2015	On Schedule	No	The department hosted a consortium meeting with our counterparts from Eastern, Western, Coachella Valley and Elsinore to discuss the implementation of SB854, impacts to their agencies, and other areas of the contracts and procurements business. Customer service issues, etc.
19	FY 2014/15 Quarterly	Finance and Administration	A	Transition to a biennial budget beginning July 1, 2015	Establish new contracts and amendments to emphasize multi-year fixed price terms.	July-2015	50% of newly issued applicable contracts	Warren Green	April	2015	On Schedule	No	During the 3rd quarter staff negotiated several new multiyear contracts (Office Depot, Grainger, etc.), including the new multiyear lease agreement with Konica Minolta. We continue to support the establishment of multiyear agreement with maintenance service providers in support of overall benefit to the Agency.
10	FY 2014/15 Quarterly	Finance and Administration	A	Continue commitment to cost containment for operating and capital costs	Maintain competitive purchasing programs consistent with the Agency Procurement Ordinance.	June-2015	Increase of 5% in cost savings	Warren Green	April	2015	On Schedule	No	Staff continues to evaluate the contracts and saving opportunities during the procurement process. During the 3rd quarter staff processed 706 purchase orders with a total value over \$16 million.

Finance and Accounting

Goal FY ID	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
6	FY 2014/15 Quarterly	Finance and Administration	A	Integrate projects identified in the long range financial planning documents, such as the Facilities Wastewater Master Plan, Technology Master Plan, Energy Plan, and the Integrated Resources Plan, into the operating and capital budget by July 2016	Work with pertinent departments in identifying projects from various master plan and integrated into the respective program budget	December - April	None	Javier Chagoyen -	April	2015	On Schedule	No	Projects are being incorporated into fund reports. There is a reconciliation between TYCIP, Connection fees reports by Carollo, and the information uploaded in SAP
6	FY 2014/15 Quarterly	Finance and Administration	A	Integrate projects identified in the long range financial planning documents, such as the Facilities Wastewater Master Plan, Technology Master Plan, Energy Plan, and the Integrated Resources Plan, into the operating and capital budget by July 2016	Work with pertinent departments in identifying projects from various master plan and integrated into the respective program budget	December - April	None	Javier Chagoyen -	April	2015	On Schedule	No	Updated FY 2015/16 proposed budget and forecast with project information from the TYCIP, Asset Management Plan, Technology Master Plan, and the Recharge Master Plan Update.
8	FY 2014/15 Quarterly	Finance and Administration	A	Continue commitment to cost containment for operating and capital costs	Collaborate with various department in identifying cost containment items and monitoring the performance through regular budget variance review	Throughout the fiscal year	None	Javier Chagoyen -	April	2015	On Schedule	No	Continue the quarterly budget variance review with Division/department in identifying any significant cost changes differ from FY 2014/15 budget
18	FY 2014/15 Quarterly	Finance and Administration	A	Adopt rates that fully meet cost of service for key Agency programs; Non-Reclaimable Wastewater (NRW) System by July 2019, Regional Wastewater by July 2018, Recycled Water by July 2019, Water Resources by July 2020	Collaborate with various departments in identifying the cost of service (COS) and developing the rate structure to sufficiently support the COS for NRW system, Regional Wastewater, and Recycled Water programs	FY 2014/15 through 2016/17	Cost of service not to exceed the service rates	Javier Chagoyen -	April	2015	On Schedule	No	Worked with Carollo (consultant) in the development of Wastewater, Recycled Water and Water Resources program rates, to support one of the Agency business goals of fiscal sustainability and responsibility that benefits the service area and member agencies, while achieving the cost of service recovery.
18	FY 2014/15 Quarterly	Finance and Administration	A	Adopt rates that fully meet cost of service for key Agency programs; Non-Reclaimable Wastewater (NRW) System by July 2019, Regional Wastewater by July 2018, Recycled Water by July 2019, Water Resources by July 2020	Collaborate with various departments in identifying the cost of service (COS) and developing the rate structure to sufficiently support the COS for NRW system, Regional Wastewater, and Recycled Water programs	FY 2014/15 through 2016/17	Cost of service not to exceed the service rates	Javier Chagoyen -	April	2015	On Schedule	No	Rate workshops have been held to address the new connection fees for Wastewater and "One Water", as well as recycled water, potable water rates and EDU volumetric rates. EDU volumetric 5 years rates were approved by IEUA Board on March 18th.
14	FY 2014/15 Quarterly	Finance and Administration	A	Advocate for continued receipt of property taxes and optimize grants and other funding sources to support Agency and regional investments	Monitor the receipts of property tax, review the property tax allocation among funds.	Throughout the fiscal year	None	Javier Chagoyen -	April	2015	On Schedule	No	Property taxes as of March 2015 are almost \$2M higher than same date of prior fiscal year.
14	FY 2014/15 Quarterly	Finance and Administration	A	Advocate for continued receipt of property taxes and optimize grants and other funding sources to support Agency and regional investments	Monitor the receipts of property tax, review the property tax allocation among funds.	Throughout the fiscal year	None	Javier Chagoyen -	April	2015	On Schedule	No	Updated property tax forecast for FY 2014/15 based on tax information from San Bernardino County

Goal FY ID	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
15	FY 2014/15 Quarterly	Finance and Administration	A	Advocate for continued receipt of property taxes and optimize grants and other funding sources to support Agency and regional investments	Develop an Agency Grants Management Plan that will serve as a guide for the following grant activities: <ul style="list-style-type: none"> Assess current grants management SWOT Evaluate cost-benefit for each grant application Recommend potential grant opportunities that align with the Agency mission and financial goal Pursue new grant awards to diversify revenue. Collaborate with departments that have projects that need grant funding) Collaborate with the Member agencies, JPAs, and the regional leaders on projects that can be partially funded by grant or SRF loan programs. Manage congressional grant authorizations for water desalination projects in the Chino Basin Find grants that match with Member and Regional Agencies capital and conservation programs 	Throughout the fiscal year	None	Javier Chagoyen -	April	2015	On Schedule	No	in progress
15	FY 2014/15 Quarterly	Finance and Administration	A	Advocate for continued receipt of property taxes and optimize grants and other funding sources to support Agency and regional investments	Develop an Agency Grants Management Plan that will serve as a guide for the following grant activities: <ul style="list-style-type: none"> Assess current grants management SWOT Evaluate cost-benefit for each grant application Recommend potential grant opportunities that align with the Agency mission and financial goal Pursue new grant awards to diversify revenue. Collaborate with departments that have projects that need grant funding) Collaborate with the Member agencies, JPAs, and the regional leaders on projects that can be partially funded by grant or SRF loan programs. Manage congressional grant authorizations for water desalination projects in the Chino Basin Find grants that match with Member and Regional Agencies capital and conservation programs 	Throughout the fiscal year	None	Javier Chagoyen -	April	2015	On Schedule	No	A matrix outlining the Agency Grants Management Plan has been developed as a guide for Agency grant activities. Additional information regarding Prop 1 Water Bond grant funding opportunities will be added when they become available.

Goal FY ID Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
22	FY 2014/15 Quarterly	Finance and Administration	A	Transition to a biennial budget beginning July 1, 2015	Prepare a biennial budget for both Operations and CIP for Agency's various programs	January to June	To be adopted by the Board in June 2015	Javier Chagoyen -	April	2015	On Schedule	No	in progress
22	FY 2014/15 Quarterly	Finance and Administration	A	Transition to a biennial budget beginning July 1, 2015	Prepare a biennial budget for both Operations and CIP for Agency's various programs	January to June	To be adopted by the Board in June 2015	Javier Chagoyen -	April	2015	On Schedule	No	In the process of preparing various programs biennial budget. Scheduled for the Board review in May is the presentation of Administrative Service, Wastewater, Recycled Water, Water Resources, Recharge Water and Non-Reclaimable Wastewater program budget.
50	FY 2014/15 Quarterly	Finance and Administration	A	Annually update the Agency's Investment Policy to ensure appropriate balance among safety, liquidity and yield considerations	Update the Agency's investment policy in accordance to the California Government Code (CGC)	March to May	Present the Investment Policy update to the Board for adoption in June	Javier Chagoyen -	April	2015	On Schedule	No	in progress
50	FY 2014/15 Quarterly	Finance and Administration	A	Annually update the Agency's Investment Policy to ensure appropriate balance among safety, liquidity and yield considerations	Update the Agency's investment policy in accordance to the California Government Code (CGC)	March to May	Present the Investment Policy update to the Board for adoption in June	Javier Chagoyen -	April	2015	On Schedule	No	In the process of updating the FY 15/16 investment policy.
Human Resources													
36	FY 2014/15 Quarterly	Finance and Administration	B	Promote positive labor relations by conducting routine informal labor/management meetings with unit representative	Hold quarterly Labor/Management meetings to address concerns and issues on an ongoing basis	Quarterly	Number of grievances filed and number of grievances resolved at Appeals Committee Level	Sharmeen Bhojani	March	2015	Behind Schedule	No	Labor Management meetings were not held this quarter due to the meet and confer process for the Class and Comp Study. Six grievances were filed during this quarter.
37	FY 2014/15 Quarterly	Finance and Administration	B	Promote positive labor relations by conducting routine informal labor/management meetings with unit representative	Promote and sustain open communication with all levels of staff in order to effectively resolve work related issues in a harmonious manner	June-2015	Number of grievances filed and number of grievances resolved at Appeals Committee Level	Sharmeen Bhojani	March	2015	Behind Schedule	No	Labor Management meetings were not held this quarter due to the meet and confer process for the Class and Comp Study. ?? grievances were filed during this quarter.
28	FY 2014/15 Quarterly	Finance and Administration	B	Ensure staff understands and upholds their role in achieving the Agency's Mission, Vision, and Values	Develop creative communication methods and continue education of employee benefits to increase knowledge of benefit programs and services including visiting and scheduling appointments with employees at other facilities, holding continuous lunch and learn sessions and other educational workshops/presentations	June-2015	Survey and employee feedback/ Number of on-site visits, lunch and learns and other educational sessions held	Sharmeen Bhojani	March	2015	On Schedule	No	New Hire Tour held in February. On site visit from Lincoln National in January and CalPERS 457 in February. The January issue of the Wave Newsletter introduced the Agency's new EAP provided by Cigna Insurance. The March Wave issue included a link to 'Start Saving Sooner', a mini video presented by Lincoln Financial designed to show employees how saving money now can make a big difference at retirement.
7	FY 2014/15 Quarterly	Finance and Administration	B	Implement the Agency-wide Classification and Compensation Study by November 2014	Finalize the Agency-wide Classification and Compensation Study to develop a fair, consistent and competitive compensation program	November-2014	Implementation of the Study and feedback from employees	Sharmeen Bhojani	March	2015	Behind Schedule	No	The Agency ratified the Class & Comp Study for all unrepresented employees and the Lab unit in January 2015. Staff is still in the meet and confer process with the other four units. The goal is to finalize the meet and confer process in June 2015.

Goal FY ID	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
54	FY 2014/15 Quarterly	Finance and Administration	B	Review and update the STAR Award Program to more effectively recognize outstanding performance by December 2014	Develop additional creative and cost-effective ways to reward and recognize outstanding and dedicated staff	December-2014	Number of employees recognized	Sharmeen Bhojani	March	2015	On Schedule	No	24 employees received an 'Outstanding' Overall rating during this FY and recognized by Executive Management and Director Caitlin with a personalized card. Additionally, staff has been reviewing past ideas and having ongoing discussions on this subject, however, due to other priorities in the department and staffing challenges this quarter, the development of additional ways to reward employees continues to be deferred to Quarter 4.
41	FY 2014/15 Quarterly	Finance and Administration	B	Promote a safer work environment by administering and monitoring required safety and regulatory trainings	Provide required and supplemental training; encourage communication and employee participation in reporting workplace hazards and unsafe work practices	Quarterly	Review hazard and incident reports and worker's comp injury logs	Sharmeen Bhojani	April	2015	On Schedule	No	This is an ongoing process. Maintain open communication with staff. Promote safe work practices. Continue periodic review of incident reports and Worker's Compensation records.
58	FY 2014/15 Quarterly	Finance and Administration	B	Annually, review and revise the Workplace Injury Illness Prevention Program to prevent work related injuries/illness and reduce loss of time worked	Encourage Committee to make recommendations to prevent future work related injuries.	Annual	Review hazard and incident reports and worker's comp injury logs	Sharmeen Bhojani	April	2015	On Schedule	No	Periodic reviews are conducted of the IIPP, Worker's Compensation records, and Hazard/Incident Reports. Hazard/Incident reports are reviewed at each Safety and Health Committee meeting. The summary OSHA 300 log was posted at all facilities on February 1st as required, and to provide employees information on total injuries from the prior year.
106	FY 2014/15 Quarterly	Finance and Administration	B	Develop a plan to conduct a feedback study to measure employee satisfaction by December 2014	Create and distribute an employee satisfaction survey Identify strategies to increase employee morale and promote employee retention	December-2014	Attain a positive rating of overall employee satisfaction	Sharmeen Bhojani	April	2015	On Schedule	No	This is on hold pending conclusion of the class and comp study.
107	FY 2014/15 Quarterly	Finance and Administration	B	Review and update the STAR Award Program to more effectively recognize outstanding performance by December 2014	Change the format of the STAR Award Program to ensure more employees have an opportunity to receive the award	December-2014	Number of employees recognized	Sharmeen Bhojani	March	2015	On Schedule	No	The STAR program recognizes employees in July and September. There will not be an update until FY 15 16.

Business Goals & Objectives Report By Department

4/27/2015

Department: Technical Services ,Operations ,Maintenance

Report Month: April, March, May : Year: 2015

Goal FY ID Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes	
<u>Maintenance</u>														
93	FY 2014/15	Quarterly	Operations	E	Ensure reliability of Agency assets by annually implementing the asset management monitoring and assessment program (Asset Management Plan)	Conduct major condition assessments annually	Complete condition n assessment of underground process piping at RP-1 by end of FY14/15 Complete RP-1 headworks condition assessment by end of the second quarter FY14/15	Complete at least five major condition assessments	Francis Concemino	April	2015	On Schedule	No	Condition Assessments for RP-4 Preliminary and Primary areas are complete. Condition Assessment for RP-1, RP-5 and CCWRF are currently being scheduled.
<u>Operations</u>														
98	FY 2014/15	Quarterly	Operations	F	Strive for 100% use of Agency bi-products by 2021	Ensure all treatment standards are met to maximize availability of recycled water	FY 2014/15	Attain 100% NPDES Compliance	Matt Melendrez	April	2015	On Schedule	No	Based on the Engineering, Planning and Science Department's 2015 Environmental Compliance Incident Report all Operations facilities achieved 100% NPDES Compliance and AQMD Compliance for the 3rd Quarter of FY 2014/15.
99	FY 2014/15	Quarterly	Operations	F	Strive for 100% use of Agency bi-products by 2021	Maximize use of biosolids by sending 90% of organics to IERCF	FY 2014/15	Send 90% of organics to IERCF	Matt Melendrez	April	2015	On Schedule	No	Greater than 90% of RP-1 and RP-2 Biosolid loads were sent to IERCF during the 3rd Quarter of FY 2014/15.
101	FY 2014/15	Quarterly	Operations	F	Annually review and update Key Performance Indicators (KPI's) to monitor and comply with all regulatory requirements	Review and update all facility KPI's	FY 2014/15	1 Facility per Quarter	Chander Letulle	April	2015	On Schedule	No	Operations KPI's for all facilities were reviewed, standardized and updated. All Operations facility KPI's are monitored daily and reviewed monthly to ensure compliance with regulatory requirements and optimization goals.
102	FY 2014/15	Quarterly	Operations	F	Annually review and update the Emergency Response and Operational Plans for all facilities	Support Human Resources and Safety Department in the review and update of the Emergency Response and Operational Plans for all facilities.	FY 2014/15	1 Facility per Quarter	Chander Letulle	April	2015	On Schedule	No	Human Resources established completion of this goal for FY 2015/16. Operations facility specific plans are being developed to support the larger Agency wide Emergency Response Plan. The first Operations plan is for RP-1 and was scheduled to be completed by March 2015 this date has been pushed out to June 2015.
78	FY 2014/15	Quarterly	Operations	D	Optimize IEUA's use of potable and recycled water by July 2016	Establish potable and recycled water baseline monitoring plan for all Agency facilities.	FY 2014/15	One facility per quarter	Matt Melendrez	April	2015	On Schedule	No	All regional plants are collecting potable water usage data. The data will be reviewed, charted and regularly updated. Recycled water usage is being monitored at Southern area facilities. Capital improvement projects are on the TYCIP to install flow metering capabilities at RP-1 and RP-4.
84	FY 2014/15	Quarterly	Operations	D	Develop and implement Recycled Water Peak Demand Management Plan to optimize efficient use of recycled water by June 2015	Develop written RW storage and delivery strategies to meet department forecasts of diurnally variable RW supplies and seasonally variable RW demands.	November-2014	Written strategies and forecasts developed by RW and GWR staff by December 1, 2014	Jason Marsailles	April	2015	Behind Schedule	No	Recycled Water Peak Demand is being updated to include the 930 Recycled Water reservoir that was put online in late March.
85	FY 2014/15	Quarterly	Operations	D	Develop and implement Recycled Water Peak Demand Management Plan to optimize efficient use of recycled water by June 2015	Develop RW GWR SCADA improvements that implement the storage and delivery strategies by working the DCS Department	May-2015	System Improvement request to DCS Department by March 15, 2015	Jason Marsailles	April	2015	On Schedule	No	Review is in process, current DCS improvements only include one item for pressure reduction of the south zone pump station when the 930 reservoir reaches high level. Details of request are being finalized and will forwarded to DCS by May 1, 2015.

Goal FY ID Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
86	FY 2014/15 Quarterly	Operations	D	Develop and implement Recycled Water Peak Demand Management Plan to optimize efficient use of recycled water by June 2015	Continue weekly Peak Demand Management Meetings with key operations staff for start of CY2015 Peak Demand season	June 30, 2015	Demand Management meetings scheduled in Outlook by March 31, 2015	Jason Marsailles	April	2015	On Schedule	No	The Recycled Water Peak Demand Management meetings will resume starting April, 29 2015.
3	FY 2014/15 Monthly	Operations	E	Continue to optimize operation of digestion and dewatering centrifuges to minimize operational costs	Produce 450 CFM of digester gas to support full operation of the fuel cell. Produce an average of 24% total solids cake.	FY 2014/15	Monthly Average of xx CFM Monthly Average of 24% T.S.	Matt Melendrez	March	2015	On Schedule	No	Produced 24% cake solids and 462 cfm of digester gas.
157	FY 2014/15 Once Complete	Operations	E	Develop a design concept for the proposed South Compost Facility by December 2014	Conduct a feasibility study for the South Compost Facility	Complete feasibility study by September 2014	Not applicable	Jeff Ziegenbein	April	2015	On Schedule	No	South Compost Facility Feasibility Study was completed and submitted in May 2014.
Technical Services													
148	FY 2014/15 Once Complete	Operations	C	Review and update the Asset Management Plan by December 2014	Update the Asset Management Plan annually by incorporating the findings of Condition Assessment reports and documenting changes relating to Agency assets	Complete by December 2014.	Not applicable	Jeff Noelte	April	2015	On Schedule	No	The Asset Management Plan for fiscal year 2015/16 was completed in January and distributed for internal and external use in February.

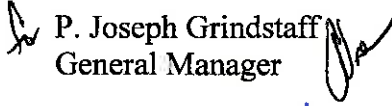
INFORMATION
ITEM


5G

Date: June 17, 2015

To: The Honorable Board of Directors

Through: Public, Legislative Affairs, and Water Resources Committee (06/10/15)

From:  P. Joseph Grindstaff
General Manager

Submitted by: Kathy Besser 
Manager of External Affairs

Subject: Public Outreach and Communication

RECOMMENDATION

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

BACKGROUND

June 2015

- June 17, IEUA 65th Anniversary of election that created the Agency; cake and coffee will be served in HQA lobby and at all IEUA facilities.
- June 17, IEUA Summer Blood Drive, Location RP-1 and HQB Event Room, 10 a.m.-2 p.m.

July 2015

- July, Smart Irrigation Month
- July 15, IEUA Annual Employee Appreciation Picnic, Butterfield Park, 17671 Mystic Canyon Drive, Chino Hills, 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 is working with Civic Publications to develop a summer 2015 water-saving campaign. This campaign will focus on water saving in a drought and will include display ads, an email blast and print media. The email blast will be sent out in mid-June and feature a picture demonstrating how Diamond Valley Lake has been affected by drought. All digital media will link to the IEUA micro-site with water-saving tips and rebate information.

- Staff ran 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 2nd. A compost giveaway ad ran in the *Chino Champion* the first weekend in May. The compost giveaway was a huge success with the IERCF giving away all 10 pallets of compost to the public before the end of the giveaway.
- IEUA staff is working with Civic Publications, *La Opinion*, and *Chino Champion* to develop campaigns for FY 2015/16.
- IEUA staff implemented an additional 12-week drought campaign in movie theaters featuring the 15-second ad that was created in fall 2014. The ad ran through the end of May on all screens at Ontario Palace (Ontario), Victoria Gardens (Rancho Cucamonga) and Harkins (Chino Hills). The ad was played in all theaters as well as the Lobby Entertainment Network (LEN).
- IEUA staff held a Drought Task Force meeting with member agencies on May 20th to develop a regional drought alert logo and tagline and will be developing an outreach plan for consistent drought messaging across the region. Drought Task Force meetings will be held every other month.

Education and Outreach Updates

- Water Discovery Program: 1,827 Girl Scout troop members, elementary and high school students have taken part in the park field trip from September 24, 2014 through May 28, 2015.
- IEUA staff received applications for the 2015/16 Garden in Every School[®] Program. Staff has reviewed the applications, conducted site evaluations, and awarded \$4,500 grants to Citrus Elementary (Fontana), Cortez Elementary (Chino), Eagle Canyon Elementary (Chino Hills), Truman Middle School (Fontana), and \$1,000 mini grants to Golden Elementary (Etiwanda) and Etiwanda Colony (Etiwanda) for their existing gardens.
- The 2015 MWD Solar Cup competition was a successful event for IEUA sponsored schools: Los Osos High School (Rancho Cucamonga), Chino High School (Chino) and Chino Hills High School (Chino Hills). Out of 41 teams that competed, Los Osos HS received third place overall; first place for technical awards and second places for the public service announcement and endurance. Chino HS placed 13th overall; fourth place in endurance and sixth in sprint for the Inland Empire region. Chino Hills HS placed second in the rookie division and received eighth place overall. The teams showed dedication and initiative and earned great recognition.

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

5H

MEMORANDUM

To: Joe Grindstaff and Kathy Besser, IEUA
From: Letitia White, Jean Denton, and Drew Tatum
Date: May 29, 2015
Re: May Monthly Legislative Update

Appropriations Update

Congress had another productive month moving the annual appropriations bills at the subcommittee level, full committee level, and on the floor. A breakdown is included below:

- House
 - Commerce Justice Science – passed at the subcommittee and full committee levels
 - Defense – passed at the subcommittee level
 - Energy and Water – passed the House
 - Legislative Branch – passed the House
 - Military Construction / VA – passed the House
 - Transportation / HUD – passed the subcommittee and full committee levels
- Senate
 - Energy and Water – passed the subcommittee and full committee levels
 - Military Construction / VA – passed the subcommittee and full committee levels

Western Drought in the Spotlight

Senator Dianne Feinstein (D-CA) has still yet to release her California drought bill this year after promising to introduce it after the two-week Easter recess. When questioned, Feinstein indicated that they were still ironing out details, and the bill wouldn't have an effect until the end of the year, leaving more time for introduction, debate, and votes. We have heard that the latest delay has come due to the inability to reach an agreement with the Governor's office over relaxed environmental measures. In the interim, she promised to fight to double the money she placed in the Energy and Water section of the Omnibus Appropriations bill passed at the end of the last Congress for western drought relief. The committee report included \$50 million for drought efforts again this year, but Feinstein's efforts to double it to \$100 million this year fell short when her colleagues voted down her amendments at the full committee level. There is still a chance that the Energy and Water Appropriations bill could be amended on the floor of the Senate, but it would require an offset not to trigger a budget point of order. It is unclear when the bill will come to the floor, as Republicans don't have the votes to clear bills without support from Democrats, who oppose the caps set by the Budget Control Act of 2011.

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The Senate's version of the Energy and Water bill contains the following:

- \$50 million for a "Drought Emergency Assistance Program". In FY2015, those funds were allocated by the Bureau of Reclamation in part for additional Title XVI and WaterSMART grants.
- Language instructing the Army Corps of Engineers that "emphasis should be placed on evaluating current or anticipated conditions that could require deviation from normal release schedules as part of drought contingency planning."
- Language that the Appropriations Committee was pleased to see that the Bureau of Reclamation had increased funding for WaterSMART grants that increase efficiencies in current water uses. The Committee also appreciates Reclamation including a line in the budget request under WaterSMART to provide Drought Response and Comprehensive Drought Plans.
- A request from the Committee that the Bureau of Reclamation request level or increased funding in FY2017 to continue to combat the sustained drought in the western United States.

When Congress returns in June, the Senate Energy and Natural Resources Committee will hold a hearing to hear testimony on the status of drought conditions throughout the western United States and actions states and other organizations are taking to address them. The Committee is headed up by Senator Lisa Murkowski (R-AK) who is good friends with Senator Feinstein. Murkowski recently visited California to see the conditions first-hand, and this hearing is probably a result of that trip. The focus of the hearing will be the entire western United States, but there is expected to be a witness from California to testify how the conditions are effecting agriculture and non-agriculture use in the state. In the House, Majority Leader Kevin McCarthy (R-CA) has promised to lead the effort again on a drought bill for California. He, along with California Representatives David Valadao, Jeff Denham, and Devin Nunez have drafted a bill that could be introduced as early as June. The House passed a bill last year, but it died in the Senate after Senator Feinstein withdrew her support in the closing days of the 113th Congress. The House efforts underway are expected to be similar to the legislation passed last year.

EPA Finalizes Water Rule as House Fights to Overturn It

The Environmental Protection Agency and Army Corps of Engineers has finalized a rule that gives them additional jurisdiction over water quality regulations under the Clean Water Act. Last year the agency and Army Corps of Engineers released their proposed rule to redefine the "water of the United States", and the proposed rule received over 1 million comments during the open comment period. The EPA and Corps of Engineers said in an announcement this week that they had used the comments to refine the rule, making the definition even clearer and exempting most ditches, non-tributary streams, and groundwater recharge basins.

The rule's formation came as a response to conflicting Supreme Court rulings on what waters were covered under the Clean Water Act. EPA Administrator Gina McCarthy said that this rule helps clarify what waters are subject to Federal oversight and streamline the permitting process. "This rule will make it easier to identify protected waters and will make those protections consistent with the law as well as the latest peer-reviewed science," McCarthy told reporters in advance of the announcement in Washington, DC. Jo-Ellen Darcy, the Army assistant secretary for civil works, said the regulation is a reminder that the Clean Water Act makes it illegal to

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pollute or destroy waters without a permit. “If you’re not destroying or you’re not polluting, you don’t need a permit no matter what the water’s status is,” she said. She said traditional navigable waters such as rivers, lakes, interstate waters and territorial seas remain covered by the Clean Water Act under the final regulation. Tributaries are included because they can carry pollution downstream, Darcy said. Gullies, rills and ephemeral streams are not covered, she said. Ditches, a major point of contention in the draft rule, would only be covered if they function in the way a tributary does.

Republicans have long opposed the rule as a federal power grab. Earlier this month, the House passed a bill that would require the EPA and Army Corps of Engineers to withdraw the rule and start over by seeking more stakeholder input. As we have previously reported, the House has also included a measure to block the rule from being implemented in the Energy and Water Appropriations bill. In the Senate, the Chairman of the Environment and Public Works Committee Jim Inhofe (R-OK) has promised a hearing and markup of legislation to address what he believes is an effort by the two agencies to use the Clean Water Act as a conservation tool for habitat. The Agencies introduced the rule, which will be implemented 60 days after being published in the Federal Record, during the Congressional recess. We are sure to see more opposition emerge from Republicans and some western Democrats when Congress returns next week.

Transportation Fix Punted Again

With no prospects for a long-term bill, the House and Senate passed a two month extension of the Transportation Authorization before leaving town for the Memorial Day recess. As we have previously reported, the idea of a two month extension to line up the expiration of the authorization with the expected lull in the Highway Trust Fund had been floated this spring. Lawmakers want the pressure to pass a long-term bill to remain, which is why a short-term bill was passed. Additionally, the bill had no additional costs, which didn’t require that lawmakers consider offsets or revenue increases to pay for an extension.

The Senate Environment and Public Works Committee might be first to the table with a bill set to be released before a scheduled June 24th hearing on a six-year transportation bill. Department of Transportation Secretary Anthony Foxx believes the trick for the committee will come in the form of deciding what funding levels to authorize. Authorizing too high without the funds to pay for the bill could derail its consideration, but low authorization levels could have an adverse effect on funding conversations moving forward. The latest action indicates a growing concern by the authorizers that the tax writing committees need to move forward on proposals to pay for the measures. That’s why Senators Jim Inhofe (R-OK) and Barbara Boxer (D-CA) are moving forward on a bipartisan draft of a multi-year bill hoping to press the Senate Finance Committee to move a tax reform bill that could pay for the measure.

The same tension exists in the House where legislation has not been introduced to authorize the nation’s road and transit projects beyond the July 31st deadline. House Transportation and Infrastructure Chairman Bill Shuster (R-PA) said that his committee will release a multi-year bill when the House Ways and Means Committee identified funding for the project. The administration continues to insist that Congress should write the bill to President Obama’s budget request, or the “GROW America” levels. Their proposal would provide for \$478 billion

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over a six year period. So far, the administration's proposal hasn't gained traction in either the House or Senate over disagreements on whether a one-time tax repatriation on corporate profits being held overseas should be used to pay for the bill.

Outlook for June

The House and Senate will be back in session for the first four weeks of the month before a week-long district/state work period for the July 4th holiday. The Senate is returning for a rare Sunday session on May 31st in an effort to address the expiring provisions of the Patriot Act that deal with the controversial bulk data collection program that is set to expire at the end of the day on May 31st. The House passed an extension in the form of a reform bill that would make telephone companies keep the data to allow the government to collect necessary records with proper legal authorization. Senator Rand Paul, a Republican presidential candidate, took to the floor to filibuster the package right before the recess. The House returns on Monday, June 1st. This month we expect to see debate on the Highway Trust Fund, although if history is a guide, we won't see a bill emerge until July—right before the authorization is set to expire. The House will also consider the FY16 Intelligence Authorization Act which authorizes additional programs within the intelligence community. The House will spend the later part of the month working on healthcare related bills, and they are expected to resume consideration of the Student Success Act (K-12 authorization) at the end of the month. Appropriators also plan to continue their work during the month of June. The House is ready to consider the Commerce, Justice, Science and Related Agencies bill on the floor, and the Senate is tentatively planning to consider the CJS bill and the Defense Appropriations bill at the subcommittee and full committee levels as early as the week of June 1st.

**INFORMATION
ITEM**

51



May 29, 2015

To: Inland Empire Utilities Agency

From: Michael Boccadoro
President

RE: May Legislative Report

Overview:

May was dominated by budget and fiscal discussions and negotiations. The Governor released his May Revise, which includes updated revenues after April tax receipts, and budget sub-committees met multiple times to discuss budget items and budget trailer bills. Budget trailer bills are policy changes incorporated into the budget and this year, include a significant number of water-related budget measures. They range from giving the State Water Resources Control Board greater authority to levy more stringent penalties on violators, requiring new multi-unit structures to have sub-meters, requiring larger agencies consolidate with smaller, struggling agencies in certain circumstances and other significant items.

On the energy side, the state's major utilities have proposed their own plan to meet the Governor's Executive Order to reduce greenhouse gas levels to 40 percent below 1990 levels by 2030. The utilities, both investor and municipally owned, do not want the Renewable Portfolio Standard (RPS) to be extended, but rather, want the ability to create their own "Clean Energy" portfolio composed of energy efficiency, demand response, energy storage and other measures rather than just adding more solar onto the grid, as they believe extending the RPS would yield.

On May 28 both the Assembly and Senate Appropriations committees met to consider their respective Suspense Files. Suspense Files are all the bills that will have significant fiscal implications and are considered in one marathon hearing of hundreds of bills in both houses. The Senate Suspense file contained funding requests totaling over \$13 billion. The Senate considered 283 and the Assembly considered 427 bills. Both houses will now focus on passing bills off their respective floors as the house of origin deadline is on June 5.

With the May 28 swearing in of Democratic Senator Steve Glazer, all 40 seats in the Senate are occupied. Senator Glazer fills the vacancy left by Senator Desaulnier moving to Congress. The new Senator has an environmental and education background and spent time as a key political advisor to Governor Brown.

Inland Empire Utilities Agency Status Report – May 2015

Budget

The Governor released the May Revise in mid May. The May Revise is the adjusted budget after April tax receipts are received. The Governor added \$7 billion in additional spending and included over \$2.1 billion in drought relief funds. The funds are proposed as follows:

Governor's May Revision Drought Package

<u>Department</u>	<u>Purpose</u>	<u>\$ in millions</u>	<u>Fund Source</u>
Water Conservation			
DWR	Urban water conservation	\$56	Proposition 1
DWR	Agricultural water conservation	42	Proposition 1
CDFA	Agricultural energy and water reduction projects	40	Cap-and-trade
CEC	Water efficient appliance rebates	30	Cap-and-trade
CEC	Water and energy technology program	30	Cap-and-trade
DWR	Water energy grant programs	20	Cap-and-trade
DGS	Water conservation in state buildings	15	GF/SF
CDCR	Energy efficiency projects at prisons	8	Cap-and-trade
DWR	Save Our Water campaign	4	GF
		Subtotal, Water Conservation (\$245)	
Other Proposition 1 Infrastructure and Planning			
SWRCB	Groundwater cleanup projects	\$784	Proposition 1
SWRCB	Water recycling	475	Proposition 1
SWRCB	Drinking water for disadvantaged communities	180	Proposition 1
SWRCB	Wastewater treatment	160	Proposition 1
SWRCB	Stormwater projects	100	Proposition 1
DWR	Groundwater sustainability grants	60	Proposition 1
DWR	Desalination grants	50	Proposition 1
		Subtotal, Other Proposition 1 (\$1,809)	
Emergency Drought Response			
CalFire	Enhance fire protection	\$62	GF/SF
OES	Drinking water delivery	22	GF
DWR	Removal of emergency rock barriers	22	GF
CSD	General assistance to migrant farm workers	8	GF
HCD	Move households without potable water	6	GF
SWRCB	Implement executive order	1	GF
		Subtotal, Emergency Drought Response (\$121)	
Total \$2,175			

DWR = Department of Water Resources; CDFA = California Department of Food and Agriculture; CEC = California Energy Commission;

DGS = Department of General Services; GF = General Fund; SF = special fund; CDCR = California Department of Corrections and Rehabilitation;
SWRCB = State Water Resources Control Board; CalFire = California Department of Forestry and Fire Protection;
OES = Office of Emergency Services; CSD = Community Services and Development; and HCD = Housing and Community Development.

In addition to the May Revise, there are an unusually high number of budget trailer bills under consideration this year in the water and resources issue area. Budget trailer bills are separate from the main budget bill and increasingly contain significant policy changes.

The trailer bills include:

Drought- Expanded Local Enforcement Authority:

- Allows local water agencies to enforce water conservation ordinances.
- Authorized up to \$10,000 for first violation (and no more penalties for 30 days)—SWRCB is only \$500/day. Intent is to get those really bad actors (example: people stealing water in Santa Barbara, not for people who water their lawns on the wrong day)
- Wholesalers can enforce violations against their retail agencies

Drought Monitoring and Reporting

- Diversions in excess of 10 AF/YR must have a measuring device for reporting. Provision in place beyond “Drought Emergency Period”
- Only applies to Water Code Section 1846—not to illegal diversions or violators of cease and desist orders

Drought Water System Consolidation

- Authorizes the SWRCB to require consolidation under certain limited circumstances.
 - This item has brought significant concern about the agency who would be the one absorbing the smaller agency being liable for past violations. MWD, ACWA and others have been working with the administration to resolve these issues to ensure that the agency absorbing another agency will have appropriate liability protections.

Drought Submetering

- This is the language in SB 750 (Wolk) from last year that died and expected to be amended into her current SB 7 (Wolk).
- Requires submeters in NEW multi-unit structures.
- Concerns about billing, meter reading and installation of submeters from water agencies.
- Other concerns about when a “remodel” would trigger having to add submeters in already constructed buildings.

Groundwater Well Permits- CEQA Exemption for Local Ordinances for Groundwater Protection.

- Legislative findings that would clarify that local governments may regulate groundwater pursuant to their police power (ie. health and safety).
- Exempts “groundwater protection ordinances” from CEQA—goal is to prevent CEQA lawsuit delays.

Drought Stormwater Plans

- Allows the SWRCB's guidelines for stormwater resource plans subject to the same expedited process and rulemaking as Prop 1 guidelines to avoid delays of Administrative Procedures Act rulemaking process.

CEQA Exemption for Drought Mitigation

- The Public Resources Code exempts projects responding to a drought disaster for which a state of emergency has been called because "drought" is not included in the litigated definition of "state of emergency."
- This would exempt certain drought relief projects that are approved during a declared state of emergency. There is no written list, but some of the projects discussed in committee include CEQA exemptions for recycled water pipeline in existing rights of way.

CEQA Exemption for Building Code Provisions Regarding Plumbing for Recycled Water

- AB 2282 (Gatto, 2014) required the Building Standards Commission and Housing Community Development to study dual plumbing for recycled water.
- This provision would exempt the study from having to go through CEQA.

These measures will likely be consolidated into one single budget trailer bill.

Utility Clean Energy Proposal

California's five major utilities, Southern California Edison, Pacific Gas & Electric, Sempra Utilities, Sacramento Municipal Utility District and Los Angeles Department of Water & Power have joined together to offer an alternative to the proposal to increase the state's Renewable Portfolio Standard (RPS) to 50 percent renewable power by 2030.

Their proposal requires the California Air Resources Board (CARB) to set specific greenhouse gas (GHG) reduction targets for the electric utility sector and individual utilities, and then allow each utility to implement a set of measures- in addition to procuring more renewable power- such as energy efficiency investments, transportation electrification initiatives and distributed generation programs to help achieve the new carbon-reduction targets.

The utilities cite the difficulty of integrating that much more renewable power into the grid as reason to support a clean energy standard rather than increasing the RPS.

Environmentalists, renewable power generators and others have expressed that the state should continue with the RPS program put in place.

Glazer Sworn in in the Senate

The final member of the Senate was sworn in on May 28. Senator Steve Glazer won a hotly contested Democrat versus Democrat race against Assemblymember Susan Bonilla by ten points to fill the seat vacated when Senator Desaulnier moved to Congress. With Senator Glazer officially sworn in by Governor Brown, the final count in the Senate is 26 Democrats and 14 Republicans.

Senator Glazer previously served as a city council member and three-time mayor of Orinda. A lifelong environmental advocate, Senator Glazer led efforts that raised hundreds of millions of dollars to permanently protect open space in California and 25 other states.

Senator Glazer served as a senior advisor to Governor Brown and top campaign consultant and was appointed as an California State University Trustee. He has yet to be named to any committees.

Legislative Update

The Legislature worked in their respective appropriations committees to pass bills to the floor before the May 29 deadline. They will now work to pass bills out of their house of origin before the June 5 deadline.

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ITEM

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Agricultural Resources

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

May 29, 2015

Legislative Report

TO: Joe Grindstaff
General Manager, Inland Empire Utility Agency

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

SU: Legislative Report, May 2015

Snapshot. IEUA awarded \$5 Million Title XVI grant. The Interior Department/Bureau of Reclamation finally awarded \$50 million for 50 drought projects in 11 states. The long-awaited drought bill – still being negotiated behind closed doors – remains undisclosed and under wraps. Annual funding bills are moving, but likely won't be enacted until November or later. Late is fast becoming the annual norm. CA's Water Rights system to be reviewed. Orange County Grand Jury calls for more recycled water.

Water and Drought

- ***California's Water Rights Systems Being Questioned – Demands For Full Review Growing.*** Drought conditions are compelling questions to be asked about water rights. Newspaper accounts are reporting abuse, over-subscription and worse and now, calling for top-to-bottom reviews. The SWRCB has initiated preliminary reviews (which could well be expanded). This has the potential to become highly contentious.

- ***Interior Secretary Jewell and BuRec Announce \$50 Million in Drought Grants – IEUA To Receive \$5 Million.*** Last December, the annual funding bill included a \$50 million special drought response. IEUA applied for a grant. Your congressional delegation supported the request. The grant announcement, originally expected in April

was finally announced at an event in late May with the Secretary and LA DWP's Nancy Sutley. Some 50 projects received funding. IEUA was near the top of the list.

- ***Orange County Grand Jury Calls for More Recycled Water.*** In a May 1 Report, the Orange County Grand Jury called for the County and its waste water districts to develop more recycled water in response to the sustained drought conditions and the Governor's call for a 25% reduction in water use. According to published reports, *"The amount of water available for extraction from the groundwater basin depends on annual rainfall and shrinks during droughts. In order to replenish the basin, the county will have to recycle more wastewater or buy more imported water, according to the grand jury findings. They also found that in almost all cases treating wastewater for irrigation ("purple pipe" water) or potable use is less expensive and more dependable than purchasing imported water, given that imported water sources are shrinking, while excess wastewater is simply being pumped into the ocean."*

- ***Ever Elusive Drought Bill – Still Unseen, Still Unintroduced, and Still Being Drafted Behind Closed Doors.*** Last November, a drought bill, negotiated between San Joaquin Valley House Members and Senators Feinstein and Boxer blew up. Secrecy was a factor. The leaking of the draft generated a huge backlash across/up and down the State. At the time, parties claimed that they were "very" close, intimating that another day, two – a week, and the bill would be finalized, introduced and then considered. It didn't happen. Senator Boxer (depending on whose version one believes) either withdrew from the close-door effort OR was kicked out of it. The bill was promised right after the new Congress convened in January. It didn't happen again. Between January and the end of May, reps have been given one date after another for introduction – only for those arbitrary deadlines to be missed – again and again. A few week ago, it was expected that the bill was to be introduced prior to the Memorial Day break and Senate Energy Committee hearings would be held on June 2. No bill was introduced and the June 2 hearing will now consider address broad impacts of the "westwide" drought. Reportedly, a version of a draft bill was submitted to Governor Brown and his staff for their review.

On May 17, here's an excerpt from the Bee (McClatchy) papers on the drought bill, *"Five months into a new Congress, and deep into a lasting drought, California water legislation still stymies and splits the state's lawmakers. Draft copies are tightly held, as if stamped Top Secret. Myriad details are in flux. The legislative timing, though a June 2 Senate hearing could yet happen, remains unsettled. Democrats are divided; some are distinctly unhappy. It all sounds so familiar, and yet there's still no telling how this movie ends. "Right now, I don't know," a gloomy sounding California Democratic Sen. Dianne Feinstein said Thursday, when asked about the prospects for a bill. "It's very difficult to put something together. Obviously change is controversial, so to propose something and then not to be able to do it makes no sense." Feinstein and her staff power the Senate's drought legislation effort, which so far has labored beneath what several California water experts independently called a "cone of silence."*

Senator Boxer is frustrated. House Members, up and down the State, from Rep. Garamendi at the top of the State to Rep. Grace Napolitano, the ranking Dem on one of the Water subcommittees have not been consulted or included. All have been publicly vocal with their frustration. Various water users or interests asked to be included in these water bill talks – but none were.

- ***Lake Mead – Dropping to Critical Levels (Allocations to be Triggered?) – May Rains Bring Limited Relief.*** Media coverage has been focusing on Lake Mead. All year, it's been dropping and is approaching a level so low it may trigger a mandatory allocation later this year or sometime early in 2016.. Late May rains (no snow pack) have provided modest relief.
- ***Drought Conditions – California.*** As May ended, all 58 California Counties are today continuing to experience drought conditions. According to the NOAA/USDA's Drought Monitor, 100% of California is in drought. The Monitor's weekly report for May 28 indicated that more than 90% of the entire State was in severe, extreme or exceptional drought status and more than 90% of the coastal regions (including Southern California) of the State and the entire Sacramento and San Joaquin Valleys were in the highest category of drought.
- ***Drought Conditions – Rest of the West.*** The drought map for the West changed – abruptly – in the past 30 days. The massive killer storms in Texas and Oklahoma have altered the drought map – significantly. Coastal states (CA, OR, and WA) remain in severe drought. Same with Arizona, Nevada and Utah. Western NM and CO remain in drought, but the eastern part of both states are drought-free (now). The storms in Texas and Oklahoma have been so severe that drought conditions were all but erased in a ten-day/two-week period (which explains the massive flooding problems).
- ***El Nino – Maybe.*** Scattered reports are now (again) suggesting that an El Nino year may be in the offing. Unclear. Too soon to know. Maybe.

EPA-Corps of Engineers Issue New Clean Water Act Rule.

- As May came to a close, EPA Administrator, Gina McCarthy, and Assistant Secretary of the Army for Civil Works, Jo-Ellen Darcy, announced final new Clean Water Act regs.
- The regs were both hailed and denounced (either both before anyone could have possibly read or reviewed them). Today, everything is politicized and this is no different.
- IEUA and others asked EPA and the Corps, after reviewing the draft, to exempt recycled water facilities and projects. As requested, these projects were exempted.

International and Security Issues Continue to Dominate and Influence the Congressional Agenda

- ***Major Foreign Policy and International Conflict Issues Continue to Dominate***

National Agenda. As repeatedly reported over 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.” Events in or involving Iraq and Iran are particularly sensitive. Financially, Greece is teetering on cliff and may pull out of the European Union (the financial ripple effects have the potential to be global).

- **Privacy v. Security – All but Paralyzing the House and Senate.** The highly controversial Patriot Act had a sunset clause (May 31, 2015). After extensive debate and deliberations, the House was able to pass, overwhelmingly, a bi-partisan bill, but the Senate is in a near stand-still over it. This will carry into June.

2016 – Presidential Politics.

- **2016 President Election – Yes, Very Underway and Part of the Daily Political Equation.** Each week brings new announcements and new entrants into the Presidential sweepstakes. On the Democratic side of the aisle, former Maryland Governor, Martin O’Malley is in the race. So is Senator Bernie Sanders, (I-VT). Meanwhile, on the R side, candidates are announcing at the rate of one/week. By the time all are in, there could be as many as 19 viable candidates, including four sitting senators and at least four former Governors. The first R debates are slated to occur as soon as August. Former Rhode Island Governor/Senator, Lincoln Chafee is expected to announce his candidacy for the D nomination in June as well (Chafee’s father, John Chafee, was Secretary of the Navy, and served in the US Senate serving as R Chair, EPW).

Municipal Bonds

- **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. MWD, ACWA and others from the water community all signed the letter. The Working Groups were supposed to report to Chairman Hatch by now, but he just extended their review process (likely to or through the August recess). It’s not clear that the Heller-Bennet report to the Chair will be made public (many are asking).
- The Coalition is planning a July “fly-in” and lobby effort.

Quick Takes. CADIZ Sued. A class-action suit was filed last month accusing CADIZ of “lying to investors...” and “...knowingly disseminated false information...” **San Diego Union Tribune published, “A DROUGHT LIKE NO OTHER, California’s Drought Brings State Into Unprecedented Territory.”** This is a lengthy and detailed story which, in addition to chronicling the

current drought, delves into the history of droughts in the Golden State.

[<http://www.utsandiego.com/news/2015/may/02/drought-severity-consequences/>]. **Huffman Drought Bill Pending Introduction.** Rep Huffman, Ranking D on the House Water and Power Subcommittee, is expected to introduce his own drought bill in June. **Contra Costa Times Editorial Slams Governor's Revised Water Plan.** According to the Times, "Gov. Jerry Brown has abandoned any pretense that his massive Delta twin-tunnel project could benefit the environment, leaving it simply as one of the biggest water grabs in state history. Having failed to convince federal agencies that his plan would improve the Delta's health, Brown dropped the \$8 billion, 50-year environmental component of the tunnel project. Salvaging the ecology of the largest estuary west of the Mississippi is officially off the table. Making matters worse, what's now touted as a \$17 billion project could move forward without the approval of the Legislature or California voters by simply increasing property taxes and water rates by fiat. It's just wrong." **Orange County House Member, Rep. Loretta Sanchez to Run for Boxer's Senate Seat.** Long-time (10-Term) Orange County Rep. Loretta Sanchez announced that she will seek the Democratic nomination for the US Senate seat being vacated by three-term California Senator, Barbara Boxer. Sanchez presently serves on Armed Services and Homeland Security Committees. **Governor Inslee (D-WA) Declares Drought Emergency in Washington State.** During the month, a drought emergency was declared in another Pacific Coast state, a result of a similarly sustained drought north of California. According to local press in Washington, "This drought is unlike any we've ever experienced," said Washington Department of Ecology Director Maia Bellon. "Rain amounts have been normal but snow has been scarce. And we're watching what little snow we have quickly disappear." "Snowpack in the mountains has dropped to just 16 percent of normal levels statewide." **Congresswoman Grace Napolitano (D-CA), the Ranking D on the T&I Water Subcommittee Pens Op-Ed with Former BuRec Commissioner Dan Beard – Tout 1 MAF Plan Through Water Recycling/Title XVI.** Napolitano, joined by Commissioner Beard and former Resources/T&I Committee staffer, David Wegner, set forth a vision for how to devise solutions to the current drought. **House Republicans Announced, After Efforts with Feinstein Stalled, That They Would Proceed With a Stand-Alone Drought Bill in the House.** House California Republicans have announced that they will introduce a drought bill, based on but not necessarily limited to the draft bill written with Senator Feinstein. Bill introduction is expected in early June. **Trial in Penalty Phase of Litigation Between San Diego and MWD Nearing Conclusion.** Decision is expected in June.

■ **Looking Into June.**

- * Further knowledge about an EL Nino
- * Drought bills – from House Rs AND from Huffman
- * Senate Drought hearing
- * Ruling on Penalty Phase of SD-MWD litigation

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5K



CALIFORNIA STRATEGIES, LLC

Date: May 29, 2015
To: Inland Empire Utilities Agency
From: John Withers, Jim Brulte
Re: May 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 May that they wanted accomplished. (May 11).
- Followed up with IEUA on issues of interest from the ACWA Conference in Sacramento from the previous week.
- 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. Discussed MSR Lafco hearing and follow up items.
- 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.

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Innovative Federal Strategies LLC

Comprehensive Government Relations

Federal Legislation of Significance

Bill Number	Sponsor	Summary	Status
n/a	Sen. Dianne Feinstein	Potential introduction of drought legislation that could turn into a western drought bill that could loosen some environmental regulations to make additional water available.	Delayed. Apparently there are continued discussions with the Governor's office on a potential compromise. Feinstein is unlikely to introduce legislation if opposed by the Governor's office.
n/a	Rep. Kevin McCarthy	Potential introduction of drought legislation that could turn into a western drought bill that could loosen some environmental regulations to make additional water available.	Potential introduction in June. McCarthy was able to push through legislation last year, and this year's bill is expected to contain similar language. He has publically said that the language might be introduced with his fellow California Republicans in late June.
S.1140	Senator John Barrasso	Requires the Secretary of the Army and the Administrator of the Environmental Protection Agency to propose a regulation revising the definition of the term "waters of the United States".	The Chairman of the Senate EPW committee, Jim Inhofe, has said he will push forward with a hearing and markup of this bill in June. It will potentially receive timely consideration since the EPA and Army Corps of Engineers released the final rule, set to take effect 60 days after publication in the Federal Register.
H.R.1732	Rep. Bill Shuster	Requires the Secretary of the Army and the Administrator of the Environmental Protection Agency to withdraw their existing proposed rule regarding the waters of the United States and propose a new rule with additional stakeholder feedback.	This bill has passed the House. The Senate is currently considering their own version (mentioned above) but might pivot to this bill since the EPA and Army Corps have finalized the rule. Republicans will probably unanimously support the bill, but it will take support from western Democrats to overcome

Innovative Federal Strategies LLC

			procedural hurdles.
n/a	Rep. Paul Ryan or Senator Orrin Hath	Tax Reform Legislation specific to municipal bond preferential tax status.	There is currently no broad tax reform package up for consideration, but we suspect talk will continue as Congress looks at a long- term highway and transit funding bill.

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IEUA 2015 State Legislation Tracking Matrix-- POSITIONS

Bill	Author	Subject	Status	Description	IEUA Position	Notes
AB 143	STONE (R)	Diamond Valley Reservoir: recreational use.		Current law, with certain exceptions, prohibits recreational use, in which there is bodily contact with water, in a reservoir in which water is stored for domestic use and establishes water standards for those exempted reservoirs. This bill would exempt from this prohibition recreational activity in which there is bodily contact with water by any participant in the Diamond Valley Reservoir if certain standards are met. This bill contains other related provisions.	Oppose	Bill was made a two-year bill.
SB 75	Budget Committee	Emergency Drought Appropriations	Held in Assembly	Emergency Drought Expenditures	Support	The Emergency Drought bills were passed in separate vehicles, ABs 91 & 92, contained the same language as SB 75

INFORMATION
ITEM

5N



Date: June 17, 2015

To: The Honorable Board of Directors

Through: Special Audit Committee (06/17/15)

From: Teresa V. Velarde
Manager of Internal Audit

Subject: Follow-Up of Outstanding Recommendations - Pre-Treatment and Source Control

RECOMMENDATION

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

BACKGROUND

Internal Audit (IA) has completed the follow-up evaluation of the outstanding recommendations for Pre-Treatment and Source Control (PTSC) according to the approved Fiscal Year 2014/15 Annual Audit Plan. The Internal Audit Department Charter requires that IA perform follow-up evaluations to determine the progress made to implement the recommendations provided in previous audits. The follow-up audit evaluates the status of the eleven recommendations made in the audit reports dated August 22, 2012 and February 26, 2013. Recommendations previously provided were made to strengthen controls over industry Self-Monitoring Reports (SMRs) review and IEUA's Enforcement Response Plan, along with invoicing and inspection activities of Significant Industrial Users (SIUs).

Based on the results of the follow-up evaluation, IA reviewed the corrective actions that have been made for two of the eleven recommendations provided in the 2012 PTSC audit. The other nine recommendations noted in the 2013 PTSC audit report are no longer applicable due to the new agreement between IEUA and the County Sanitation Districts of Los Angeles County (CSDLAC). In 2013, IEUA renegotiated the agreement with CSDLAC to ensure the rate structure provided cost-recovery, along with equitable and consistent application of the ordinance among the industries. On July 1, 2014, the new agreement became effective and resulted in changes to the invoicing methodologies and processes and procedures.

IA will evaluate PTSC's operations and application of the new agreement with CSDLAC during a future audit.

PRIOR BOARD ACTION

On September 17, 2014, the Board of Directors approved the Annual Audit Plan for Fiscal Year 2014/15.

On December 18, 2013, the Board of Directors reconfirmed the Internal Audit Department Charter.

IMPACT ON BUDGET

None.



Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

6075 Kimball Ave. • Chino, CA 91708
P.O. Box 9020 • Chino, Hills, CA 91709
TEL (909) 993-1600 • FAX (909) 597-8875
www.ieua.org

DATE: June 1, 2015

TO: Joe Grindstaff
General Manager

Teresa V. Velarde

FROM: Teresa V. Velarde
Manager of Internal Audit

**SUBJECT: Follow-Up of Outstanding Recommendations
Pre-Treatment and Source Control**

Audit Authority

The Internal Audit (IA) Department's Charter and the Annual Audit Plan require that IA follow-up on the status of audit recommendations to determine if corrective actions have been implemented. IA completed a follow-up review of the 11 outstanding recommendations provided in the Pre-Treatment and Source Control (PTSC) audit reports dated August 22, 2012 and February 26, 2013. The audit was performed under the authority provided by the Inland Empire Utilities Agency (IEUA) Board of Directors.

Audit Objective and Scope

The purpose of the follow-up audit was to evaluate the corrective actions implemented as a result of the 11 outstanding recommendations previously provided. The PTSC Interim Audit Report was issued in August 2012 and provided two recommendations to strengthen controls over the industry Self-Monitoring Reports (SMRs) review and IEUA's Enforcement Response Plan. Subsequently, IA issued the final PTSC Audit Report in February 2013, which provided nine recommendations for the Invoicing and Inspection activities of Significant Industrial Users (SIUs), resulting in a total of 11 audit recommendations.

At the time of finalizing the PTSC audit report, IEUA staff was already in discussions to review the rate structure for industries and make changes to the agreement between IEUA and County Sanitation Districts of Los Angeles County (CSDLAC). On December 18, 2013, the IEUA Board of Directors approved a new agreement between IEUA and CSDLAC that became effective July 1, 2014. With the renegotiation of the agreement, IEUA's processes and procedures have changed to meet the terms and provisions of the new agreement. Therefore, this follow-up review focuses on any previous outstanding recommendations whereby corrective actions were possible. The report that follows provides a summary of the status of each outstanding recommendation.

Water Smart – Thinking in Terms of Tomorrow

Terry Catlin
President

Michael E. Camacho
Vice President

Steven J. Elie
Secretary/Treasurer

Jasmin A. Hall
Director

Gene Koopman
Director

P. Joseph Grindstaff
General Manager

Audit Techniques

Audit techniques included:

- Interviews with Agency staff
- Review of prior audit reports
- Review of IEUA's Operating and Capital Program Budget (FY 2014/15)
- Review of PTSC's Standard Operating Procedures (SOPs)
- Review of IEUA's Enforcement Response Plan

Audit Results – Executive Summary

At the time of the original audit report, the department responsible for the Pre-treatment duties was under PTSC reporting to the Executive Manager of Engineering. Currently, the Pre-treatment duties fall under the Planning and Environmental Compliance Department, reporting to the Executive Manager of Engineering/Assistant General Manager in the Engineering Division.

Based on the results of the review, IA reviewed the corrective actions that have been made for two of the 11 recommendations provided in the 2012 PTSC audit. The other nine recommendations noted in the 2013 PTSC audit report are no longer applicable due to the new agreement between IEUA and CSDLAC. On July 1, 2014, the new agreement became effective and resulted in changes to the invoicing methodologies and processes and procedures.

IA will evaluate PTSC's operations and application of the new agreement with CSDLAC during a future audit when necessary or requested and as scheduled through the Annual Audit Plan.

Acknowledgements

We would like to extend our appreciation to PTSC and Planning and Environmental Resources Department staff for their cooperation during this review.

Discussions with Management

We provided the results of this follow-up review to Ms. Sylvie Lee, Manager of Planning and Environmental Resources and Mr. Craig Proctor, PTSC Supervisor on May 20, 2015, prior to finalizing this report for their review and comments.

Written Response to Internal Audit

All outstanding recommendations have been cleared. There are no outstanding recommendations and no new recommendations were provided in this report. No response is required.

Background

For an overview of IEUA's Regional Pre-Treatment program, Non-Reclaimable Wastewater System (NRWS), and the Agency's agreement with CSDLAC and Santa Ana Watershed Project Authority (SAWPA), IA refers the readers to the PTSC audit reports dated August 22, 2012 and February 26, 2013, which were received and filed by the Board of Directors, or these can be requested from the Manager of Internal Audit.

Readers are also encouraged to refer to IEUA's Operating and Capital Program Budget for FY 2014/15 to obtain additional information.

Status of Recommendations provided in the August 22, 2012 Audit Report:

Standard Operating Procedures

Recommendation #1: *PTSC should develop a Standard Operating Procedure to include all key processes in the evaluation of an industry SMR and ensure required PTSC staff is trained on the procedures. PTSC should consider addressing/including the following in the SOP:*

- ***The SOP should provide a systematic process for staff to follow when analyzing and reviewing industry SMRs. For example, a checklist would serve as a good tool for staff to ensure that all review steps are followed.***
- ***The SOP should stipulate the industry criteria that is to be considered and the documents that are to be referenced when determining industry compliance (i.e. industry permits, 40 CFR 136, etc).***
- ***The SOP should establish procedures that are to be followed when violations are noted and require staff to document violation, enforcement actions taken, and brief explanation for determination of enforcement action taken.***
- ***Ensure PTSC staff is trained on the SOP requirements.***

Status: Implemented

During the previous audit, IA found that PTSC did not have documented Standard Operating Procedures (SOPs) that detail the steps that should be followed by PTSC staff when reviewing and analyzing industry SMRs. The purpose of SOPs is to ensure processes and procedures are consistently and uniformly performed by staff during absences, staffing changes, and cross-training. Having written procedures serves as an added control to ensure functions are performed consistently and uniformly.

During this follow-up evaluation, IA noted that PTSC has the following SOPs:

- Inspection of Industrial Users (Dated XX/XX/XX, and signed) – provides guidelines and procedures to be utilized in performing inspections of industrial users within IEUA’s service area and compliance with Pretreatment Program standards and requirements.
- Industrial User Self-Monitoring Reports (SMRS) (Dated XX/XX/XX, and signed) – establishes guidelines and detailed procedures for the review of Industrial User’s SMRs and compliance with the Code of Federal Regulations (40 CFR 403.8 (f)(2)(iv)), and
- Sample Collection and Testing (Dated XX/XX/XX, and signed) – establishes guidelines for the collecting, handling and preserving of wastewater samples and compliance with the requirements of the Code of Federal Regulations (40 CFR Part 136).

IA reviewed the SOPs, which have been finalized, approved, and signed off by the Manager of Planning and Environmental Resources in May 2015. Going-forward, IA recommends that PTSC continue to ensure SOPs are up-to-date, added as required, and reflect current business practices/procedures to ensure consistency.

IEUA's Enforcement Response Plan

Recommendation #2: *With regards to the Agency's Enforcement Response Plan, PTSC should:*

- ***Ensure that enforcement actions are in accordance with the Agency's ERP or document the judgment used when deviating to prevent the appearance of inconsistent application.***
- ***Determine if revisions are needed and incorporate them the next time the ERP is taken before the Board of Directors for adoption.***
- ***Determine the need for an NRWS Enforcement Response Plan.***

Status: Implemented

During the previous audit, IA found instances of enforcement actions taken by PTSC staff that were not consistent with the IEUA Board-approved Enforcement Response Plan (ERP) and enforcement actions that were not carried out in a timely manner. The Code of Federal Regulations, 40 CFR 403.8 (f)(5)), requires all pre-treatment programs to develop and implement an ERP, which is currently utilized by IEUA for both the RSS program and NRWS industries. The ERP provides the guidelines and criteria to

determine whether industrial users (SIUs) are in compliance with the pre-treatment standards, and outlines the enforcement actions to be carried out for non-compliance.

With the renegotiation of the new agreement between IEUA and CSDLAC, the Department updated and revised the Agency's ERP, which was presented to IEUA's Board of Directors for approval and adoption on October 15, 2014.

IA did not perform any test work to verify if enforcement actions are in accordance with the new ERP. The new agreement between IEUA and CSDLAC resulted in changes to the processes and procedures; therefore, IA will evaluate PTSC's operations and compliance with the Agency's ERP during a future audit.

Status of Recommendations provided in the February 26, 2013 Audit Report:

The audit report dated February 2013 provided nine recommendations (as shown in the table below) for the Invoicing activities and Inspection operations related to Industrial users. Because of the changes resulting from the new agreement between IEUA and CSDLAC, the recommendations are no longer applicable.

Number	Recommendation
1	IA recommends that AFM and FP coordinate to perform periodic reconciliations of total actual IEUA expenses to total actual IEUA revenues collected. This periodic reconciliation process would highlight where IEUA stands financially and provide more information for setting appropriate rates that more closely recover all IEUA administrative expenses.
2	IA recommends that FP take the lead to establish a contact and ongoing coordination with the CSDLAC finance group to gather additional, detailed, financial information on CSDLAC projected costs that will assist in the development of more appropriate IEUA rates.
3	IA recommends that FP establish a process to document the analysis of the CSDLAC costs/expenses and its cost drivers by reviewing year-to-date and historical data at the time of rate setting. FP should inquire from CSDLAC about any anomalies observed during their evaluation.
4	IA recommends PTSC work with AFM to review invoices from CSDLAC and ensure these are accurately calculated before processing for payment; any discrepancies identified should be immediately resolved with CSDLAC.
5	IA recommends that PTSC initiates the process to work with other IEUA staff to evaluate the costs and benefits, and the need to retain the current level of capacity in the Brine Line, and evaluate the possibilities for selling, leasing, or relinquishing unused capacity.
6	IA recommends AFM evaluate the current invoicing methodology, and determine if greater efficiencies could be achieved by synchronizing the timing of the South NRWS industries invoices to correspond with the payment of the SAWPA monthly invoice, and ensure there is an adequate reconciliation process coordinated with PTSC.
7	IA recommends PTSC document Standard Operating Procedures to address the various processes as they relate to the NRWS program and functions, for example, coordinating the review of invoices with AFM, implementing special or new agreements, and inspection activities. Agency Policy A-51 should be used as a reference when documenting departmental Standard Operating Procedures.

8	IA recommends PTSC coordinate with CAP to determine and implement a plan to formalize, as needed, the special agreements, such as obtaining formal Board approval and/or documenting the contracts or amendments.
9	IA recommends PTSC coordinate with CAP to determine and implement controls to ensure future special agreements are fully documented and disclosed, and approved by the Board of Directors as needed and required by the Ordinance.

AFM = Accounting and Fiscal Management; FP = Financial Planning

At the time of finalizing the original PTSC audit report (date February 2013), IEUA staff and CSDLAC had already begun discussions to renegotiate the agreement and review the NRWS rate structures. IA supported the discussion efforts and recommended that any proposed revisions to the agreement and rate structure consider equity among the industries and rates are consistent with the level of services provided to the industries.

According to PTSC the current process is adequate and ensures payments are made timely. Because of the changes resulting from the new agreement with CSDLAC, IA will consider an evaluation the invoicing processes and procedures for both the North and South NRWS systems in a future audit as scheduled through the Annual Audit Plan.


**INFORMATION
ITEM**

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Date: June 17, 2015

To: The Honorable Board of Directors

Through: ~~Special Audit Committee (06/17/15)~~

From: 
Teresa V. Velarde
Manager of Internal Audit

Subject: Report on Outstanding Audit Recommendations

RECOMMENDATION

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

BACKGROUND

The Internal Audit Department Charter (Charter) and professional standards require that Internal Audit Department (IA) follow-up on the status of open and outstanding audit recommendations to determine if corrective action efforts have been made. The Charter also requires IA to annually provide, to the Audit Committee and Board of Directors, a report listing all outstanding audit recommendations with implementation plans and planned resolution dates.

The table that follows on the next page summarizes the total outstanding recommendations by audit report name and date when the report was issued. The attached provides a list of all outstanding recommendations.

All audit reports request that the audited businesses unit submit a corrective action plan to IA. Additionally, upon completion of the audits and during exit meetings, follow-up audit action is discussed with the auditees. The IA website on AIMS, available to all Agency employees, also provides information on the audit approach and describes the purpose and process of an internal audit and the follow-up action requirements. During audits, including follow-up audits, IA coordinate and work in collaboration with the auditees to make the follow-up process efficient.

Of the 72 open recommendations reported in the FY 2014/15 Annual Audit Plan, 39 recommendations do not require a follow-up review at this time because they relate to audits completed during FY 2013/14 and staff requires sufficient time for full implementation, therefore, these are noted as "recommendations remaining to be verified by IA". The other 28 recommendations are in progress of being evaluated. IA staff has been working closely with various Agency representatives to follow up on the status of those recommendations. Once the in progress follow up reviews are completed, IA will provide the results in separate, documented audit reports.

List of Outstanding Recommendations

Area Audited	Report Issued Date	Follow-up review in progress by IA	No. of Recs. Remaining to be Verified by IA	Planned Follow-Up by IA
Intercompany Receivables - CDA	February 24, 2011	2		
Intercompany Receivables - RCA	March 30, 2011	2		
Intercompany Receivables - Watermaster	August 30, 2011	6		
IT Equipment	August 21, 2012	16		
IT Equipment Follow-Up	November 14, 2012	2		
Payroll Audit	August 24, 2010		1	FY2016
Human Resources Follow-Up	June 20, 2012		1	FY2016
Contracts and Procurement Follow-Up	August 29, 2012		2	FY2016
2013 Petty Cash	May 31, 2013		5	FY2016
SCE Utility Payments	August 28, 2013		3	FY2016
Accounts Payable Follow-Up	August 29, 2013		9	FY2017
Automobile Insurance Requirements	March 3, 2014		2	FY2017
Vehicle Security Procedures	March 3, 2014		3	FY2017
Vehicle Inventory Procedures	March 12, 2014		13	FY2017
Total		28	39	

Regional Contract Review

In addition to the outstanding recommendations from the various audits noted above, to-date, IA has completed eight different audit reports related to the Regional Contract Review:

- Interim Audit Report for Cucamonga Valley Water District (March 2015)
- Interim Audit Report for the City of Chino (December 2014)
- Interim Audit Report for the City of Fontana (December 2014)
- Interim Audit Report for the City of Montclair (September 2014)
- Interim Audit Report for the City of Upland (September 2014)
- “Survey of Comparative Information of the Seven Contracting Agencies” (September 2014)
- “Regional Contract Review – Review of the Ten Year Forecast” (June 2014)
- “Regional Contract Review – Survey of Comparable Agencies” (June 2014)

Upon completion of all reviews related to the Regional Contract Review, IA will submit a comprehensive report with final recommendations for IEUA to consider in moving forward with renegotiating the Regional Contract. To-date, IA has provided 31 recommendations.

IA anticipates completion by June/September of 2015.

PRIOR BOARD ACTION

On September 17, 2014, the Board of Directors approved the Annual Audit Plan for Fiscal Year 2014/15.

Report on Outstanding Audit Recommendations

June 17, 2015

Page 3 of 3

On December 18, 2013, the Board of Directors reconfirmed the Internal Audit Department Charter.

IMPACT ON BUDGET

None

Outstanding Audit Recommendations
June 2015

Audit Performed	Reco #	Internal Audit Recommendation	Target Date for Implementation & Comment
Payroll Audit August 24, 2010	4	HR and FMD should work together to revise and update the Agency's Resolution No. 2005-2-9 and clarify which employees are required to sign a Confidentiality Agreement, based on their job duties and responsibilities, specifically those whose roles involve handling sensitive and confidential information. Having employees sign a Confidentiality Agreement reinforces that confidential and sensitive information is being handled, the Confidentiality Agreement also provides the expectations and consequences for sharing or misusing confidential information.	No edits to Resolution as of June 2013.
Human Resources Follow-Up June 20, 2012	1	Document standard operating procedures to address the many administrative practices of the department.	During FY 2014/15, the HR Department's staffing level decreased and no progress has been made to address this recommendation. IA will verify during follow-up evaluation.
Contracts and Procurement Follow-Up August 29, 2012	1	The Contracts and Procurement Department should ensure adequate separation of duties exist in procurement transactions. Specifically the functions of creating and approving the Purchase Request, creating the Purchase Order and having the ability to receive should involve a second knowledgeable individual.	Requires IA verification. IA will verify during follow-up evaluation.
Contracts and Procurement Follow-Up August 29, 2012	2	For all grant-related procurements, the Contracts and Procurement Department should print the confirmations from the debarment website at the time the vendor debarment is verified. The confirmation should be filed as evidence of verification, to show whether a vendor was debarred or not at the time of the procurement.	May 20, 2010. Departmental SOP number CPC-09001 has been revised to include a screen print of the debarment result page whether or not the vendor/contractor is listed as debarred. April 30, 2014. Need to perform add'l testing to verify debarment checks are being performed.
2013 Petty Cash May 31, 2013	1	IA recommends that Accounting and Fiscal Management Department personnel should take the lead in working with the responsible Agency personnel in making revisions and updates to the following Agency policies: A-02, A-75, A-68 and A-34.	IA to verify during follow-up evaluation.
2013 Petty Cash May 31, 2013	3	IA recommends that monthly fund reconciliations be performed by personnel independent of the petty cash reimbursement processes and that the fund reconciliation subsequently be reviewed and signed by the Petty Cash Custodian's supervisor or manager as required by SOP CM PR-13, "Cash Management Procedures-Petty Cash", further ensure all Petty Cash Custodians understand the requirements of the SOP.	IA to verify during follow-up evaluation.
2013 Petty Cash May 31, 2013	4	IA recommends that either a new SOP be developed or the current SOP CM PR-13, "Cash Management Procedures-Petty Cash" be updated to include detailed procedures over the entire petty cash reimbursement processes.	IA to verify during follow-up evaluation.
2013 Petty Cash May 31, 2013	5	IA recommends that Accounting and Fiscal Management review current petty cash reimbursable budget codes within SAP and develop a "Master Listing" of budget codes or "roles" within SAP for all Petty Cash Custodians to have access to and utilize them when coding expenditures.	IA to verify during follow-up evaluation.
2013 Petty Cash May 31, 2013	6	IA recommends that Accounting and Fiscal Management evaluate the petty cash needs of each location throughout the Agency and make any necessary adjustments to the petty cash assignments.	IA to verify during follow-up evaluation.

Audit Performed	Recd #	Internal Audit Recommendation	Target Date for Implementation & Comment
SCE Utility Payments August 28, 2013	1	P&EC and Maintenance Management should work with the City of Chino and SCE to adequately transfer the electricity expense related to City of Chino property. The street lights in front of IEUA's HQ-A building have been identified by the Agency and SCE as the financial responsibility of the City of Chino. It was noted that over \$900.00 a year is paid for the street lights expense. P&EC and Maintenance previously identified this issue and had initiated discussions to transfer the account and related expense to the City of Chino. It is anticipated that by the end of calendar year 2013 this will be resolved.	IA to verify during follow-up evaluation.
SCE Utility Payments August 28, 2013	2	CAP management should evaluate the entire CAP Department staff's responsibilities and leverage all department resources to achieve all tasks and at the same time avoid internal control conflicts. In addition, IA recommends that SAP authorized access be modified for employees as noted in the report section "SAP Segregation of Duties - CAP Personnel" to address existing internal control conflicts identified. The report details the specific conflicts. This has previously been recommended in prior CAP Follow-Up Audit Reports dated May 24, 2010 and August 29, 2012.	IA to verify during follow-up evaluation.
SCE Utility Payments August 28, 2013	3	CAP personnel should take the lead in working with the responsible Agency personnel to make the necessary updates to Agency policies A-32 and A-33, and department specific SOP's.	IA to verify during follow-up evaluation.
Accounts Payable Follow-Up Audit August 29, 2013	1	AFM and BIS need to work together to ensure users have appropriate access within SAP based on job responsibilities and remove/modify access privileges that are not necessary to reduce the risk of unauthorized transactions and SOD conflicts. All user access should be immediately removed when an employee resigns his/her position with the Agency.	IA to verify during follow-up evaluation.
Accounts Payable Follow-Up Audit August 29, 2013	2	Access to the Vendor Master File (VMF) should only be granted to one Manager/Supervisor for AFM and CAP department with only one back up employee, if necessary, due to Segregation of Duties conflict. This is a standard best practice across many industries. Furthermore, we recommend access be removed from all other current and past employees.	IA to verify during follow-up evaluation.
Accounts Payable Follow-Up Audit August 29, 2013	3	AFM department should institute controls to ensure payment of invoices by the due date.	IA to verify during follow-up evaluation.
Accounts Payable Follow-Up Audit August 29, 2013	4	AFM should work with the appropriate Agency personnel to update Agency policies and remind employees of the requirements of Agency Policy A-12, Employee Personal Computer Purchase Program; Policy A-37, Reimbursement for Attendance at a Conference, Seminar or Meeting; Policy A-50, Non-Purchase-Order Invoice Approval Procedures; Policy A-55, Agency Credit Cards; and Agency Policy A-14 Vehicle Use.	IA to verify during follow-up evaluation.
Accounts Payable Follow-Up Audit August 29, 2013	5	Human Resources department, in conjunction with Information Support Systems, should ensure that loans for personal computers are not approved for items not covered by the loan program as described in Agency Policy A-12. Additionally, consider revising Agency Policy A-12 to clarify the applicability of the computer loan program to tablet computers and operating systems other than Microsoft Windows.	IA to verify during follow-up evaluation.
Accounts Payable Follow-Up Audit August 29, 2013	6	AFM department should strengthen Vendor Master File procedures to establish uniformity in entering, altering and deleting vendors, and to provide guidelines for the maintenance of vendors, to ensure vendors are authorized, including the requirement that a supervisor or manager in FMD CAP approve additions, deletions, or changes to vendors.	IA to verify during follow-up evaluation.
Accounts Payable Follow-Up Audit August 29, 2013	7	AFM department should ensure all new vendors provide a current, physical business address for the Vendor Master File. Additionally, AFM should establish a plan to update the master file for all active vendors that do not currently have a physical address on file.	IA to verify during follow-up evaluation.
Accounts Payable Follow-Up Audit August 29, 2013	8	AFM department should work with BIS to test the features of SAP related to purging inactive vendors. Upon successful completion of the testing, AFM should identify vendors with no activity in the previous three to five years and deactivate or delete from the Vendor Master File as appropriate.	IA to verify during follow-up evaluation.
Accounts Payable Follow-Up Audit August 29, 2013	9	AFM department should update all SOPs to reflect business process changes resulting from the implementation of the Agency's ERP SAP system.	IA to verify during follow-up evaluation.

Audit Performed	Reco #	Internal Audit Recommendation	Target Date for Implementation & Comment
Automobile Insurance Requirements March 3, 2014	1	IA recommends that the Contracts and Facilities Department: Take the lead to review and update and/or consolidate the existing Agency Policy A-14 "Vehicle Use Policies and Procedures" and A-36 "Automobile Insurability and Driver's License Requirements for Current and Prospective Employees." The policies should define and specify the requirements for employees to maintain personal automobile insurance, clarify the coverage limits and any other responsibilities and provisions. Ensure policy updates and requirements are communicated to all employees.	IA to verify during follow-up evaluation.
Automobile Insurance Requirements March 3, 2014	2	IA recommends that the Contracts and Facilities Department: Consider developing an appropriate "Acknowledgment Statement" form or other verification/certification document or process that outlines and verifies the requirements of the Agency's policies related to personal automobile insurance coverage and driver's license. Determine the need to require all employees sign the acknowledgement/verification document each year as a certification that the employee understands and accepts responsibilities when driving a personal or Agency vehicle.	IA to verify during follow-up evaluation.
Vehicle Security Procedures March 3, 2014	1	CAP should take the lead to properly inventory and account for all assigned and unassigned gate transmitters. CAP should continuously work with department managers who request gate transmitters to monitor and revise access based on staff duties and responsibilities. CAP should promptly deactivate any improperly assigned/unassigned gate transmitters or for those employees and contractors that separate employment from the Agency.	IA to verify during follow-up evaluation.
Vehicle Security Procedures March 3, 2014	2	CAP should ensure the appropriate signed gate transmitter form is maintained on file for all issued gate transmitters. Additionally, CAP should ensure the employee/contractor who is issued a gate transmitter understands the requirements of Agency Policy A-24 "Issuance and Inventorying of Gate Transmitters and Keys to Agency Facilities, Vehicles and/or Equipment." This can be done at the time the employee/contractor is issued the gate transmitter via the signed form and is provided a copy of the Agency policy.	IA to verify during follow-up evaluation.
Vehicle Security Procedures March 3, 2014	3	IA recommends CAP staff inventory all Certificates of Title and work to locate or replace the missing titles for Agency vehicles. Additionally, CAP should implement and communicate the proper procedure to ensure that all Certificates of Title are promptly submitted to Records Management for filing and retention.	IA to verify during follow-up evaluation.
Vehicle Inventory Procedures March 12, 2014	1	Maintenance Department and HR Department should work together to develop and/or consolidate into one updated policy, the proper procedures for refueling Agency vehicles in order to streamline processes and clearly define the procedures for refueling Agency vehicles. Specifically, the policy should include: payment method, when to fuel, and specify if the requirement applies to assigned, pool or all vehicles. Take the lead to review and update and/or consolidate the existing Agency Policy A-14 "Vehicle Use Policies and Procedures" and A-36 "Automobile Insurability and Driver's License Requirements for Current and Prospective Employees." The policies should define and specify the requirements for employees to maintain personal automobile insurance, clarify the coverage limits and any other responsibilities and provisions. Ensure policy updates and requirements are communicated to all employees.	IA to verify during follow-up evaluation.
Vehicle Inventory Procedures March 12, 2014	2	Maintenance Department should take the lead to update Agency Policy A-86, "Refueling Agency Vehicles" to include a clear definition of a "pool" versus an "assigned" vehicle and these definitions should be carried across all Agency policies that relate to Agency vehicle procedures.	IA to verify during follow-up evaluation.

Audit Performed	Reco #	Internal Audit Recommendation	Target Date for Implementation & Comment
Vehicle Inventory Procedures March 12, 2014	3	Maintenance Department should revise Agency Policy A-86 to specifically address how Voyager fuel cards for Agency "pool" vehicles will be issued and used by employees in order to establish separate guidelines for Agency "pool" vehicles.	IA to verify during follow-up evaluation.
Vehicle Inventory Procedures March 12, 2014	4	Maintenance Department should work with Business Information Systems (BIS) to develop an online/electronic "vehicle reservation and approval process." Approval should be obtained through the online/electronic process by either the employee's supervisor or manager. If the travel in an Agency "pool" vehicle will be for the calendar day only, online/electronic approval obtained from the employee's direct supervisor is sufficient. If travel utilizing an Agency "pool" vehicle will be overnight or several nights, or outside the service area, the employee should obtain online approval from the responsible manager and/or a member of Executive Management.	IA to verify during follow-up evaluation.
Vehicle Inventory Procedures March 12, 2014	5	Maintenance Department should work with the HR Department to incorporate mileage limitations and/or geographic boundaries (i.e. out-of-state) for Agency vehicles in updated Agency policies.	IA to verify during follow-up evaluation.
Vehicle Inventory Procedures March 12, 2014	6	Maintenance Department should evaluate the overall purpose of the VIF, to determine what elements are necessary to be reported by employees after use of an Agency vehicle, as well as determine what elements to hold the employee accountable for. Additionally, fewer incomplete forms may be returned if wording is revised to require only exceptions (an example might be: "indicate damage to vehicle, if any").	IA to verify during follow-up evaluation.
Vehicle Inventory Procedures March 12, 2014	7	Maintenance Department should determine the need to require that the VIF include an area for the employee's direct supervisor/manager to approve and sign, specifically acknowledging where the vehicle will be used and permitting the use of the Agency vehicle, prior to checking out the vehicle as an added control and accountability measure for the vehicle and the employee.	IA to verify during follow-up evaluation.
Vehicle Inventory Procedures March 12, 2014	8	Maintenance Department should ensure the recipients of the VIF (currently, the receptionists) no longer accept incomplete VIF forms from an employee upon the return of the vehicle to Headquarters. The receptionist should return the form to the employee and request they fill out the VIF completely before checking-in the vehicle.	IA to verify during follow-up evaluation.
Vehicle Inventory Procedures March 12, 2014	9	Maintenance Department should continue to work with "Voyager Fleet Systems" and U.S. Bank to review the card issuer's reporting capabilities, in order to develop the reports needed with the appropriate inputs (e.g. odometer readings, date of purchase, amount, credit card number, cardholder name, number of gallons purchased at point-of-sale) so that the Agency can perform a thorough analysis of fuel consumption monthly.	IA to verify during follow-up evaluation.
Vehicle Inventory Procedures March 12, 2014	10	Maintenance Department should develop one policy or update the existing policy (ies) to outline the proper procedures for washing Agency vehicles.	IA to verify during follow-up evaluation.
Vehicle Inventory Procedures March 12, 2014	11	Maintenance Department should perform a routine inventory as well as regular safety/maintenance inspections for all Agency vehicles at least annually and ensure necessary safety and emergency equipment is available and operational. Issues identified should be addressed and corrected timely. Specifically, items required for safety reasons such as fire extinguishers, insurance information and accident instructions, etc. should be current and readily available in the vehicle. Documented maintenance and safety inspection results should be retained and placed in the vehicle's file as evidence of examination.	IA to verify during follow-up evaluation.
Vehicle Inventory Procedures March 12, 2014	12	Maintenance Department should consider including a vehicle bumper sticker on all Agency vehicles that display the Agency's logo and a hotline or contact phone number where issues may be reported by any member of the public.	IA to verify during follow-up evaluation.

Audit Performed	Reco #	Internal Audit Recommendation	Target Date for Implementation & Comment
Vehicle Inventory Procedures March 12, 2014	13	Periodic reconciliations for fleet (vehicles and equipment) should be performed by the Maintenance Department between any report(s) or system databases that are utilized by management to ensure accuracy when reporting fleet information and making decisions regarding fleet.	IA to verify during follow-up evaluation.

Total of 39 outstanding recommendations as of June 10, 2015 requiring IA verification and/or supported response.

**INFORMATION
ITEM**

5P



Date: June 17, 2015

To: The Honorable Board of Directors

Through: Special Audit Committee (6/17/15)

From: Teresa V. Velarde
Manager of Internal Audit

Subject: Internal Audit Department Status Report for June 2015

RECOMMENDATION

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

BACKGROUND

The Audit Committee Charter requires that a written status report be prepared and submitted each quarter. The Internal Audit Department Status Report includes a summary of significant internal and external audit activities for the reporting period. Attached is the Status Report for June 2015.

PRIOR BOARD ACTION

On September 17, 2014 the Board of Directors approved the Annual Audit Plan for Fiscal Year 2014/15.

On December 18, 2013, the Board of Directors reconfirmed the approved Audit Committee Charter.

IMPACT ON BUDGET

None.

Internal Audit Department Status Report for June 2015

Projects Completed This Period

Audit: Regional Contract Review

Scope:

The objectives of the Regional Contract review include:

- Evaluation of how the seven Contracting Agencies apply the Regional Contract provisions
- Determine if the seven Contracting Agencies comply with the Regional Contract requirements
- Determine opportunities to improve processes and procedures
- Identify opportunities and make recommendations for consideration as part of the Regional Contract renegotiation

The review covers the period from July 1, 2012 through December 31, 2013 and where possible considers events subsequent to that period. IA performed a variety of audit procedures to evaluate:

- Initial Connection Fees
- Public Service Facilities Connection Fees
- Monthly Volumetric Sewerage Charges
- Extra-Territorial Fees
- Reconciliations of fees collected and paid to IEUA
- Overall recordkeeping

City of Ontario

DRAFT

June 2015

Expected Completion Date: September 2015

Refer to the *draft* report under separate cover for a complete report to date of the observations and recommendations. IA has submitted the Interim Audit Report for the City of Ontario in *draft* form so as to provide the City of Ontario every opportunity to provide additional information to finalize the evaluation. IA noted the following:

- **Connection Fees:** Prior to the June 19, 2013 revision of Exhibit J, guidance about fixture unit counts was limited to the California Plumbing Code. As a result, the City (like all Contracting Agencies) had improvised their own calculation worksheets resulting in fewer categories and varying fixture unit amounts than that shown in the revision to Exhibit J, in most cases leading to calculations made by the City that understated Connection Fees. For the items tested, Ontario under-collected about \$75,000 in Connection Fees. The review found that the City of Ontario's automated calculation worksheet, built into their permits system, utilized to calculate Connection Fees, still has fewer and differing categories than outlined in Table 1 of Exhibit J, although the fixture unit values for the categories shown do now agree with Table 1. IA has included multiple recommendations to improve the Connection Fees calculation and collection processes.
- Ontario asks permit applicants to self-assess their fixture units and determine the Connection Fees they owe. This procedure omits the step of verifying that the actual Connection Fee calculation conforms to the building/plumbing plans. In addition, the City of Ontario is not fully utilizing the expertise of its Building Department staff in collecting fees.
- **Public Service Facilities:** Recent construction information was obtained from a variety of public records for testing. The City does not collect connection fees from construction at schools in the community. Fees of \$1.4 million are reported as having been paid for Kaiser Permanente's Ontario Medical Center. IA has included recommendations suggesting enhanced communication and collaboration with the School Districts in the community as a means of encouraging connection fee payments.

Internal Audit Department Status Report for June 2015

- Commercial Volumetric Sewerage Accounts: Approximately a third of the monthly sewerage billing items tested noted erroneous rates or other concerns. IA has asked the City for additional information.
- Manufacturing and Industrial Entities: There appears to be a need to improve guidelines to Contracting Agencies for manufacturing and industrial enterprises to ensure that Connection Fees and monthly sewerage charges are assessed correctly, are fair and equitable, and are determined in accordance with the intent of the Regional Contract.

City of Chino Hills

COMPLETED

June 2015

Refer to the final report under separate cover for a complete report of the observations and recommendations. IA noted the following:

- **Connection Fees:** In most cases the calculations made by the City were materially accurate. Prior to the June 19, 2013 revision of Exhibit J guidance about fixture unit counts was limited to the California Plumbing Code. As a result, the City (like all Contracting Agencies) had improvised their own calculation worksheets resulting in fewer categories and varying fixture unit amounts than that shown in the revision to Exhibit J. IA has included multiple recommendations to improve the Connection Fees calculation and collection processes.
- **Public Service Facilities:** The City collected Connection Fees for all Public Services Facilities tested other than Chino Hills High School which added a pool, showers and locker rooms. The City does not generally collect Connection Fees from construction at schools in the community. IA has included recommendations suggesting enhanced communication and collaboration with the School Districts in the community as a means of encouraging connection fee payments.
- **Commercial Volumetric Sewerage Accounts:**
 - The Regional Contract does not provide guidance for businesses included under a master meter. Many businesses in Chino Hills are located in commercial centers served by master meters, meaning the City bills the owner or anchor tenant of a commercial center based on one water meter that serves all tenants. IA has recommended a minimum commercial rate of 1 EDU per month.
 - The Regional Contract does not provide for minimum sewer service fees of at least one EDU for commercial customers. Commercial customers are billed for sewer services based on water usage. It would seem that a commercial customer should be billed a minimum rate for 1 EDU (rate for a residential customer) even if commercial consumption is lower than one calculated EDU. IA noted instances where commercial customers are billed a lower amount than what a residential customer pays. IA has recommended that Exhibit J provide additional guidance.

<u>Cucamonga Valley Water District</u>	COMPLETED	March 2015
<u>City of Chino</u>	COMPLETED	December 2014
<u>City of Fontana</u>	COMPLETED	December 2014
<u>City of Montclair</u>	COMPLETED	September 2014
<u>City of Upland</u>	COMPLETED	September 2014

Refer to the final reports under separate cover for details on all observations and recommendations

IA also submitted the following audit reports related to the Regional Contract Review:

Internal Audit Department Status Report for June 2015

- The report titled "Regional Contract Review – Review of the Ten Year Forecast" was completed in June 2014. The scope of the Ten Year Capacity Demand Forecast (TYCDF) review was to evaluate the TYCDF prepared by each of the seven Contracting Agencies and how that information is subsequently compiled and utilized by IEUA to prepare the IEUA Ten Year Capital Improvement Plan (TYCIP). The review considered the requirements of the Regional Contract and how those requirements are met through the TYCDFs prepared by the Contracting Agencies and the TYCIP prepared by IEUA.
- The report titled "Regional Contract Review – Survey of Comparable Agencies" was completed in June 2014. The report compared IEUA's Regional Contract and program with four similar agencies/programs in California. The review evaluated the structure used to bill and collect Connection Fees and sewer service fees from residential, commercial, industrial and public service users. The review considered whether greater efficiencies could be gained from adopting different applications and methodologies in administering the contract and collecting fees as applied at other agencies.
- The "Survey of Comparative Information" was completed in September 2014. This report provided a comprehensive side-by-side comparison of the preliminary responses received from each Contracting Agency about how the Regional Contract provisions are applied.
- The first "Internal Audit Recommendations" report was completed in September 2014. This report provided a comprehensive list of recommendations and the related relevant Contracting Agency. This report was limited to the two Contracting Agencies that had been completed: Upland and Montclair.
- A new "Internal Audit Recommendations" report has now been completed. This report has been updated to include all seven Contracting Agencies. This report is complete and is presented under separate cover for this agenda. There are three sections of recommendations:
 - Connection Fees Recommendations
 - Public Service Facilities Recommendations
 - Monthly Sewerage Billing Recommendations

Final/Comprehensive Regional Contract Review Report

In Progress

Date for full completion: September 2015

Upon completion of all reports for each of the seven Member Agencies, IA will document a final report to provide Executive Management and the Board of Directors with a summary of all IA recommendations and suggested direction to take. A brief presentation has already been made to the Executive Management team. A complete and comprehensive documented report will be the final product of the Regional Contract Review.

Audit: Pre-Treatment and Source Control Follow-Up Review

Scope:

Follow-up evaluation of the 11 outstanding recommendations provided in the Pre-Treatment and Source Control (PTSC) audit reports dated August 22, 2012 and February 26, 2013.

Status: COMPLETED

Of the 11 outstanding recommendations, two have been implemented as provided in the 2012 PTSC audit report. The other nine recommendations noted in the 2013 PTSC audit report are no longer applicable due to the new agreement between IEUA and County Sanitation Districts of Los Angeles County (CSDLAC). No additional findings or recommendations noted.

See the report under separate item in the Audit Committee Agenda.

Internal Audit Department Status Report for June 2015

On-going Projects

Audit: Follow up of Outstanding Recommendations Intercompany Receivables:

- Chino Desalter Authority,
- Inland Empire Regional Composting Authority (RCA), and
- Chino Basin Watermaster

Scope:

IA is in the progress of performing a follow-up evaluation to determine the status of the 10 outstanding recommendations provided in the Intercompany Receivables audit reports dated February 24, 2011, March 30, 2011 and August 30, 2011.

Status: IN PROGRESS

IA has met and discussed the outstanding recommendations with the assigned representatives in Accounting and Fiscal Management. Some of the initially requested documents and information have been received. Additional information and meetings may be requested to complete the follow-up evaluation.

IA will report on the status of each recommendation in three separate audit reports. Anticipated date for completion is July 2015.

Audit: Information Technology Equipment Follow Up Review

Scope:

IA is in the progress of performing a follow-up evaluation to determine the status of the 18 outstanding recommendations provided in the Information Technology (IT) Equipment audit reports dated August 21, 2012 and November 14, 2012.

Status: IN PROGRESS

There are 18 recommendations that require follow-up evaluation. IA is currently in the planning phase of this project. IA met with Integrated Systems Services to discuss the outstanding recommendations with the assigned representatives. All 18 recommendations require audit follow-up procedures be performed to verify if corrective actions have been implemented.

IA will report on the status of each outstanding recommendation and the anticipated date for completion is July 2015.

Project: Annual Audit Plan

Scope:

The IAD and the Audit Committee Charters require that annually, IA submit a flexible plan of proposed audit projects for the following fiscal year.

Status: IN PROGRESS

The Manager of IA has inquired of all Agency key individuals of any recommendations, referrals, key areas for audit, such as a process, contract, activity or business unit. Inquiries have been made of the External Auditors, the Audit Committee Advisor, Executive Management, the Board, as well as consider audit trends and best practices. If information is provided, a risk assessment will be completed prior to finalizing the Annual Audit Plan for Board approval.

Internal Audit Department Status Report for June 2015

Project: Review of Internal Audit Department and Audit Committee Charters

Scope:

The IAD and the Audit Committee Charters require that annually, IA review and ensure the Charters are updated as necessary.

Status: IN PROGRESS

The Manager of IA and the Audit Committee Advisor completed a review of both Charters to ensure these are in agreement with the leading practices such as the Institute of Internal Auditors (IIA), and the American Institute of Certified Public Accountants for similar committees. At this time no changes or amendments are recommended.

Project: Review of Internal Audit Department SOP's

Scope: As required by the Internal Audit Department Charter and the IIA Standards, the Manager of IA is responsible for documenting procedures and review/update procedures periodically to ensure these are aligned with current department practices/procedures, leading practices or new requirements.

Status: IN PROGRESS

IA has formally documented seven SOPs. SOPs serve various objectives: provide consistency in the audit methods applied, are a useful training/reference tool, establish ground rules of professional conduct and responsibilities, and provide continuity during staff changes. The seven SOPs and are provided for review and discussion under separate cover in this Audit Committee Agenda.

Project: Management Requests

Scope:

Assist Agency Management with requests for analysis, evaluations and verification of information, assist with the interpretation of policies and procedures, or providing review and feedback on new policies or procedures. These services are provided according to the IA Charter, the Annual Audit Plan, and best practices.

The management request projects are short-term projects, typically lasting no more than 60 – 75 hours each where IAD determines it has the necessary staff, skills and resources to provide assistance without having to delay/defer scheduled audits and priority projects. The scope of each review is agreed upon between the department manager requesting the evaluation/review/analysis/assistance and the Manager of IA and when deemed appropriate by Executive Management.

During this quarter, IA has been requested to serve on the Agency's Steering Committee for Managing Records and Information. Additionally, IA assisted the Records Management group during the 18 Enterprise Content Management (ECM) sessions where various Agency steps and stages of selected activities and processes were discussed to determine the types of documents and the course and or method of submitting/issuing/saving/processing the needed documents. Additional requests related to IA's interpretation or recommendations have been responded to and IA participates in various Agency-wide meetings and training sessions. Lastly, recently IA provided a brief workshop to Executive Management on options for moving forward with the Regional Contract recommendations.

Internal Audit Department Status Report for June 2015

Planned/Future/Additional Projects

Audit: **Master and Rotating Contracts Audit**

Scope: To evaluate the Agency's Master and Rotating Contracts to ensure these follow the required Agency policies and procedures and ensure controls that enforce proper contracting, procurement transactions are in place.

Status: Projected start date: September 2015

IA will coordinate an audit kick-off meeting in mid-June with all the responsible managers/supervisors. IA will perform preliminary surveys, planning, interviewing and inquire of Agency personnel in relation to the areas of the audit above. It is anticipated fieldwork will begin approximately in September 2015. A status report of the progress of the Master and Rotating Contracts Audit will be provided at the next Audit Committee Meeting.

Internal Audit Department

Internal Audit Department Staffing:

The Internal Audit Department is staffed as follows:

- 1 Manager of Internal Audit
- 2 Full-time Senior Internal Auditors

Internal Audit Staff Professional Development Activities:

As required by the *International Standards for the Professional Practice of Internal Auditing*, auditors should continue to enhance their knowledge, skills, and other competencies through continuing professional development.

During the past quarter, IA staff continues to stay abreast of industry developments through review of industry periodicals. IA staff attended a half-day seminar on Combining Data Quality and Data Visualization, along with a full-day conference with insights on Executive Leadership, Risk and Strategic, Information Technology, and Ethics & Fraud. Two IA members continue to prepare for the 3-part Certified Internal Audit certification, the only globally-recognized certification for internal audit professionals. One Senior Auditor is a Certified Public Accountant. Additional professional development education will be scheduled in the near future.

Future Audit Committee Meetings:

- Wednesday, September 9, 2015 – Regularly Scheduled Audit Committee Meeting
- Wednesday, December 9, 2015 – Regularly Scheduled Audit Committee Meeting

**AGENCY
REPRESENTATIVES'
REPORTS**

6A



S A W P A

SANTA ANA WATERSHED PROJECT AUTHORITY
11615 Sterling Avenue, Riverside, California 92503 • (951) 354-4220

REGULAR COMMISSION MEETING TUESDAY, JUNE 16, 2015 – 9:30 A.M.

AGENDA

1. CALL TO ORDER/PLEDGE OF ALLEGIANCE (Thomas P. Evans, Chair)

2. ROLL CALL

3. PUBLIC COMMENTS

Members of the public may address the Commission on items within the jurisdiction of the Commission; however, no action may be taken on an item not appearing on the agenda unless the action is otherwise authorized by Government Code §54954.2(b).

4. CONSENT CALENDAR

All matters listed on the Consent Calendar are considered routine and non-controversial and will be acted upon by the Commission by one motion as listed below.

A. APPROVAL OF MEETING MINUTES: MAY 19, 2015

Recommendation: Approve as posted.

B. APPROVAL OF MEETING MINUTES: JUNE 2, 2015

Recommendation: Approve as posted.

C. TREASURER'S REPORT – MAY 2015

Recommendation: Approve as posted.

5. NEW BUSINESS

A. MIDDLE SANTA ANA RIVER PATHOGEN TMDL TASK FORCE – REGULATORY STRATEGIST AND TMDL COMPLIANCE EXPERT (RISK SCIENCES) (CM#2015.42)

Presenter: Mark Norton

Recommendation: Approve Task Order RISK 384-08 with Risk Sciences for an amount not-to-exceed \$87,300 for the next two fiscal years to serve as regulatory strategist and compliance expert for the Middle Santa Ana River Pathogen TMDL Task Force.

B. USE OF BUILDING RESERVE FUNDS FOR ONE AIR CONDITIONING UNIT REPLACEMENT (CM#2015.41)

Presenter: Rich Haller

Recommendation: Authorize the use of \$6,200 from the Building Reserve Fund to replace one air conditioning unit: Unit 7.

- C. FISCAL YEAR 2016 WORK ORDER WITH WESTERN MUNICIPAL WATER DISTRICT FOR CERTAIN OPERATIONS AND MAINTENANCE ACTIVITIES ON THE INLAND EMPIRE BRINE LINE REACHES IV, IV-A, IV-B, IV-D, IV-E AND V (CM#2015.38)**
Presenter: Rich Haller
Recommendation: Approve a Work Order with Western Municipal Water District in the amount of \$119,000 for Fiscal Year 2016 Inland Empire Brine Line Operations and Maintenance activities.
- D. DAMAGE TO MAS 4B-0850 BY CALTRANS (CM#2015.39)**
Presenter: Carlos Quintero
Recommendation: Receive a report on the damage sustained on Maintenance Access Structure 4B-0850 by Caltrans crews and direct staff to file a claim against Caltrans for an amount to be determined.
- E. INLAND EMPIRE BRINE LINE ON-CALL SERVICE CONTRACTS (CM#2015.40)**
Presenter: Carlos Quintero
Recommendation: Receive a report on the Brine Line On-Call Service Contracts; and approve (1) a General Services Agreement and Task Order with Houston Harris Inc. for an amount not to exceed \$318,120; (2) a General Services Agreement and Task Order with Haz Mat Trans Inc. for an amount not to exceed \$98,215; and, (3) a General Services Agreement Task Order with E. S. Babcock Laboratories for an amount not to exceed \$62,346.
- F. SUPPLEMENTAL ENVIRONMENTAL PROJECT (SEP) FUNDING AGREEMENT FOR SANTA ANA SUCKER HABITAT IMPROVEMENT PROJECT (CM#2015.43)**
Presenter: Ian Achimore
Recommendation: Authorize staff to execute Mandatory Minimum Penalty Order No. R8-2015-0012 Stipulations for Settlement of Mandatory Minimum Penalties by and among the Santa Ana Regional Water Quality Control Board, the City of Beaumont, and the Santa Ana Watershed Project Authority (Agreement); and authorize staff to receive \$24,000 in Supplemental Environmental Project (SEP) funds from the City of Beaumont to implement a habitat improvement project for the Santa Ana sucker (*Catostomus santaanae*).
- G. STATEMENT OF INVESTMENT POLICY (CM#2015.44)**
Presenter: Karen Williams
Recommendation: Adopt Resolution No. 2015-05, approving the Statement of Investment Policy and delegating authority to the Chief Financial Officer to invest or reinvest funds consistent with the Statement of Investment Policy.
- H. FYE 2015 COLA AND MERIT INCREASE (CM#2015.49)**
Presenter: Celeste Cantú
Recommendation: Approve the staff recommendations for the FYE 2015 COLA (1.8%) and merit pool (5.0%).
- I. PRESENTATION AND UPDATE – CLASSIFICATION AND COMPENSATION STUDY**
Presenter [Presentation]: Doug Johnson, Vice President, Ralph Andersen & Associates
Presenters [Update]: Employee Compensation Ad Hoc Committee Members – Alternate Commissioner Jasmin Hall and Commissioner Ed Killgore
Recommendation: Receive and file.

6. OLD BUSINESS

None.

7. INFORMATIONAL REPORTS

Recommendation: Receive and file the following oral/written reports/updates.

- A. OWOW UPDATE – PA 22 COMMITTEE (CM#2015.45)**
Presenter: Larry McKenney
- B. CASH TRANSACTIONS REPORT – APRIL 2015**
Presenter: Karen Williams
- C. INTER-FUND BORROWING – APRIL 2015 (CM#2015.46)**
Presenter: Karen Williams
- D. PERFORMANCE INDICATORS/FINANCIAL REPORTING – APRIL 2015 (CM#2015.47)**
Presenter: Karen Williams
- E. BUDGET VS. ACTUAL VARIANCE REPORT – FYE 2015 THIRD QUARTER – MARCH 31, 2015 (CM#2015.48)**
Presenter: Karen Williams
- F. FINANCIAL REPORT FOR THE THIRD QUARTER ENDING MARCH 31, 2015**
 - Inland Empire Brine Line (IEBL)
 - SAWPAPresenter: Karen Williams
- G. SAWPA ROUNDTABLE STATUS REPORT FOR THE THIRD QUARTER ENDING MARCH 31, 2015**
Presenter: Mark Norton
- H. STATE LEGISLATIVE REPORT**
Presenter: Celeste Cantú
- I. GENERAL MANAGER’S REPORT**
- J. SAWPA GENERAL MANAGERS MEETING NOTES**
 - June 9, 2015
- K. CHAIR’S COMMENTS/REPORT**
- L. COMMISSIONERS’ COMMENTS**

8. CLOSED SESSION

- A. CONFERENCE WITH LABOR NEGOTIATORS – PURSUANT TO GOVERNMENT CODE SECTION 54957.6**
Agency Designated Representative: Celeste Cantú
Unrepresented Employees: All SAWPA Employees
- B. CONFERENCE WITH LEGAL COUNSEL – EXPOSURE TO LITIGATION – PURSUANT TO GOVERNMENT CODE SECTION 54956.9(d)(2)**
Number of Potential Cases: One

9. ADJOURNMENT

PLEASE NOTE:

Americans with Disabilities Act: Meeting rooms are wheelchair accessible. If you require any special disability related accommodations to participate in this meeting, please contact Kelly Berry at (951) 354-4230 or kberry@sawpa.org. Notification at least 48 hours prior to the meeting will enable staff to make reasonable arrangements to ensure accessibility for this meeting. Requests should specify the nature of the disability and the type of accommodation requested.

Materials related to an item on this agenda submitted to the Commission after distribution of the agenda packet are available for public inspection during normal business hours at the SAWPA office, 11615 Sterling Avenue, Riverside, and available at www.sawpa.org, subject to staff's ability to post documents prior to the meeting.

Declaration of Posting

I, Kelly Berry, Clerk of the Board of the Santa Ana Watershed Project Authority declare that on Thursday, June 11, 2015, a copy of this agenda has been uploaded to the SAWPA website at www.sawpa.org and posted in SAWPA's office at 11615 Sterling Avenue, Riverside, California.

/s/

Kelly Berry, CMC

2015 - SAWPA Commission Meetings/Events

First and Third Tuesday of the Month

(NOTE: Unless otherwise noted, all Commission Workshops/Meetings begin at 9:30 a.m., and are held at SAWPA.)

<p>January</p> <p>1/6/15 Commission Workshop 1/20/15 Regular Commission Meeting</p>	<p>February</p> <p>2/3/15 Commission Workshop 2/17/15 Regular Commission Meeting</p>
<p>March</p> <p>3/3/15 Commission Workshop 3/17/15 Regular Commission Meeting</p>	<p>April</p> <p>4/7/15 Commission Workshop 4/21/15 Regular Commission Meeting</p>
<p>May</p> <p>5/5/15 Commission Workshop [CANCELLED] 5/19/15 Regular Commission Meeting</p>	<p>June</p> <p>6/2/15 Commission Workshop [Special] 6/16/15 Regular Commission Meeting</p>
<p>July</p> <p>7/7/15 Commission Workshop 7/21/15 Regular Commission Meeting</p>	<p>August</p> <p>8/4/15 Commission Workshop 8/18/15 Regular Commission Meeting</p>
<p>September</p> <p>9/1/15 Commission Workshop 9/15/15 Regular Commission Meeting</p>	<p>October</p> <p>10/6/15 Commission Workshop 10/20/15 Regular Commission Meeting</p>
<p>November</p> <p>11/3/15 Commission Workshop 11/17/15 Regular Commission Meeting</p>	<p>December</p> <p>12/1/15 Commission Workshop 12/1 – 12/4/15 ACWA Fall Conference, Indian Wells 12/15/15 Regular Commission Meeting</p>

**AGENCY
REPRESENTATIVES'
REPORTS**

6B



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

MWD MEETING AGENDA

REVISED AGENDA

Regular Board Meeting

June 9, 2015

12:00 p.m. – Board Room

Tuesday, June 9, 2015 Meeting Schedule		
7:00-8:00 a.m.	Rm. 2-413	Dir's. Computer Training
9:00 a.m.	Rm. 2-145	L&C
10:30 a.m.	Rm. 2-456	OP&T
12:00 p.m.	Board Room	Board Meeting

MWD Headquarters Building

• 700 N. Alameda Street

• Los Angeles, CA 90012

1. Call to Order

- (a) Invocation: Naushad Aurangzeb, Principal Engineering Technician, Water System Operations
- (b) Pledge of Allegiance: Vice Chair Gloria Gray

2. Roll Call

3. Determination of a Quorum

4. Opportunity for members of the public to address the Board on matters within the Board's jurisdiction. (As required by Gov. Code § 54954.3(a))

5. OTHER MATTERS

- A. Approval of the Minutes of the Meeting for May 12, 2015. (A copy has been mailed to each Director)
Any additions, corrections, or omissions
- B. Report on Directors' events attended at Metropolitan expense for month of May

REVISED: Date of Notice: June 3, 2015

- C. Induction of new Director Stephen J. Faessel, from City of Anaheim
 - (a) Receive credentials
 - (b) Report on credentials by General Counsel
 - (c) File credentials
 - (d) Administer Oath of Office
 - (e) File Oath
- D. Approve preparation of a Commendatory Resolution for former Director Thomas Evans
- Added E. Approve 30-day leave of absence for Director Yen Tu, commencing July 1, 2015
- F. Approve committee assignments
- G. Chairman's Monthly Activity Report

6. DEPARTMENT HEADS' REPORTS

- A. General Manager's summary of Metropolitan's activities for the month of May
- B. General Counsel's summary of Legal Department activities for the month of May
- C. General Auditor's summary of activities for the month of May
- D. Ethics Officer's summary of activities for the month of May

7. CONSENT CALENDAR ITEMS — ACTION

- 7-1** Approve up to \$1.168 million to purchase insurance coverage for Metropolitan's Property & Casualty Insurance Program. (F&I)

Recommendation:

Option #2:

Adopt the CEQA determination that the proposed action is not defined as a project and is not subject to CEQA, and approve up to \$1.168 million to renew the expiring excess liability and specialty insurance policies, and change the Excess Workers' Compensation coverage limit from \$50 million to statutory limits.

- 7-2** Appropriate \$650,000; and authorize construction of copper sulfate storage facilities at Lake Mathews and Lake Skinner (Approp. 15441). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is categorically exempt from CEQA, and

- a. Appropriate \$650,000; and**
- b. Authorize construction of copper sulfate storage facilities at Lake Mathews and Lake Skinner.**

- 7-3** Appropriate \$1.9 million; and authorize design to complete lining repairs on the Etiwanda Pipeline (Approp. 15441). (E&O)

Recommendation:

Option #1:

Certify that the Final EIR has been completed in compliance with CEQA and the State CEQA Guidelines; certify that the Board has reviewed and considered the information presented in the Final EIR; certify that the Final EIR reflects Metropolitan' independent judgment and analysis; adopt the Findings, SOC, and MMRP; and

- a. Appropriate \$1.9 million; and**
- b. Authorize design to complete the lining repairs on the Etiwanda Pipeline.**

- 7-4** Approve amendments to the Metropolitan Water District Administrative Code to conform to current laws and practices and make corrections. (L&C)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not defined as a project and is not subject to CEQA, and approve amendments to the Administrative Code set forth in Attachment 2 to the board letter to reflect the changes recommended in the letter.

- 7-5** Approve amendments to Metropolitan Water District Administrative Code to revise the Department Head Evaluation process and timeline. (OP&T)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not defined as a project and is not subject to CEQA, and approve amendments to the Administrative Code set forth in Attachments 1 and 2 to the board letter to reflect the changes recommended in the letter.

(END OF CONSENT CALENDAR)

8. OTHER BOARD ITEMS — ACTION

- 8-1** Annual approval of Metropolitan's Statement of Investment Policy and delegation of authority to the Treasurer to invest Metropolitan's funds. (F&I)

Staff Recommendation:

Adopt the CEQA determination that the proposed action is not subject to CEQA, and

- a. Approve the Statement of Investment Policy; and**
- b. Delegate authority to invest to the Treasurer for fiscal year 2015/16.**

- 8-2** Approve and authorize execution and distribution of the Official Statement in connection with the issuance of the Special Variable Rate, Water Revenue Refunding Bonds 2015 Series 1 and 2015 Series A-2, and authorize the payment of cost of issuance from bond proceeds. (F&I)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not defined as a project and is not subject to CEQA, and

- a. Approve the draft Official Statement substantially in the form attached to the board letter;**
- b. Authorize the General Manager to finalize, with changes approved by the General Manager and General Counsel, and execute the Official Statement;**
- c. Authorize distribution of the Official Statement in connection with marketing of the bonds; and**
- d. Authorize payment of costs of issuance of bonds as operations and maintenance expenses in the manner set forth in the board letter.**

- 8-3** Authorize payments of up to \$3.15 million for participation in the State Water Contractors, Inc. and the State Water Project Contractors Authority for fiscal year 2015/16. (WP&S) **(Two-thirds vote required)**

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed actions are not defined as a project and are not subject to CEQA and, by two-thirds vote,

- a. Authorize the General Manager to make payment of \$2.38 million to the State Water Contractors; and**
- b. Authorize the General Manager to make payment of up to \$760,859 to the State Water Project Contractors Authority.**

- 8-4** Appropriate \$3,530,802 for final payment to Southern California Edison for the 66 kV incoming electrical service at the F. E. Weymouth Water Treatment Plant (Approp. 15369). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not subject to the provisions of CEQA, and appropriate \$3,530,802 for the Weymouth Incoming Electrical Service.

- 8-5** Appropriate \$12,670,000; and award \$10,534,920 contract to Kana Engineering Group, Inc. to construct a solar power plant at the F. E. Weymouth Water Treatment Plant (Approp. 15391). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action has been previously addressed and that no further environmental analysis or documentation is required, and

- a. Appropriate \$12.67 million; and**
- b. Award \$10,534,920 contract to Kana Engineering Group, Inc. for construction of the La Verne Solar Power Plant.**

- 8-6** Adopt Mitigated Negative Declaration for planned upgrades to Palos Verdes Reservoir. (E&O)

Recommendation:

Option #1:

Adopt the Mitigated Negative Declaration for planned upgrades to Palos Verdes Reservoir.

- 8-7** Express support for AB 888 (Bloom, D-Santa Monica) – Waste Management: Plastic Microbeads; and express support for H.R. 1321 (Pallone, D-New Jersey) – Microbead-Free Waters Act of 2015. (C&L)

Added

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not subject to CEQA, and authorize the General Manager to express support for AB 888 and H.R. 1321.

Revised

- 8-8** Express support for H.R. 1278 (Capps, D-CA) – Water Infrastructure Resilience and Sustainability Act of 2015. (C&L)

Added

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not subject to CEQA, and authorize the General Manager to express support for H.R. 1278.

- Added** 8-9 Approve an amendment to a cost-sharing agreement for Colorado River Board funding; and authorize payment for up to \$875,782 for support of the Colorado River Board and Colorado River Authority of California for fiscal year 2015/16. (WP&S) **(Two-thirds vote required)**

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not subject to CEQA and, by a two-thirds vote, authorize the General Manager to:

- a. Execute the Six Agency Committee agreement's amendment to extend the cost-sharing formula through June 30, 2020; and**
- b. Make payment of up to \$875,782 for the CRB/Six Agency Committee and Authority for FY 2015/16.**

9. BOARD INFORMATION ITEMS

None

10. FUTURE AGENDA ITEMS

11. ADJOURNMENT

NOTE: At the discretion of the Board, all items appearing on this agenda and all committee agendas, whether or not expressly listed for action, may be deliberated and may be subject to action by the Board.

Each agenda item with a committee designation will be considered and a recommendation may be made by one or more committees prior to consideration and final action by the full Board of Directors. The committee designation appears in parentheses at the end of the description of the agenda item e.g., (E&O, F&I). Committee agendas may be obtained from the Board Executive Secretary.

Writings relating to open session agenda items distributed to Directors less than 72 hours prior to a regular meeting are available for public inspection at Metropolitan's Headquarters Building and on Metropolitan's Web site <http://www.mwdh2o.com>.

Requests for a disability related modification or accommodation, including auxiliary aids or services, in order to attend or participate in a meeting should be made to the Board Executive Secretary in advance of the meeting to ensure availability of the requested service or accommodation

**AGENCY
REPRESENTATIVES'
REPORTS**

6D

**CHINO BASIN WATERMASTER
WATERMASTER BOARD MEETING**

11:00 a.m. – May 28, 2015

WITH

Mr. Steve Elie – Chair

Mr. Paul Hofer – Vice-Chair

At The Offices Of

Chino Basin Watermaster

9641 San Bernardino Road

Rancho Cucamonga, CA 91730

AGENDA

CALL TO ORDER

PLEDGE OF ALLEGIANCE

PUBLIC COMMENTS

AGENDA - ADDITIONS/REORDER

I. CONSENT CALENDAR

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

A. MINUTES

1. Minutes of the Watermaster Board Special Meeting held April 8, 2015 (*Page 1*)
2. Minutes of the Watermaster Board Meeting held April 28, 2015 (*Page 3*)

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of March 2015 (*Page 7*)
2. Watermaster VISA Check Detail for the month of March 2015 (*Page 21*)
3. Combining Schedule for the Period July 1, 2014 through March 31, 2015 (*Page 25*)
4. Treasurer's Report of Financial Affairs for the Period March 1, 2015 through March 31, 2015 (*Page 29*)
5. Budget vs. Actual Report for the Period July 1, 2014 through March 31, 2015 (*Page 33*)

C. WATER TRANSACTION (*Page 51*)

1. **Consider Approval for Notice of Sale or Transfer** – The purchase of 3,000,000 acre-feet of water from the City of Pomona by the Cucamonga Valley Water District. This purchase is made from the City of Pomona's Excess Carryover Account. Date of application: March 13, 2015.

D. BROWNSTEIN HYATT FARBER SCHRECK – FY 2015/16 BILLING RATE ADJUSTMENT, AMENDMENT TO AGREEMENT FOR LEGAL SERVICES (*Page 63*)

Approve the FY 2015/16 billing rate adjustment.

E. CBWM FY 2015/16 PAY SCHEDULE (Page 65)

Approve the FY 2015/16 Pay Schedule.

II. BUSINESS ITEMS

A. INTEGRATED RESOURCES PLAN – GROUNDWATER MODELING REIMBURSEMENT AGREEMENT (Page 69)

Approve the Reimbursement Agreement.

B. WATERMASTER FISCAL YEAR 2015/16 PROPOSED BUDGET (Page 77)

Approve the Proposed FY 2015/16 Budget as presented.

C. SAFE YIELD RECALCULATION AND RESET FACILITATED PROCESS (Facilitator's Report and Possible Action)

D. GM CONTRACT CONSIDERATION

III. REPORTS/UPDATES

A. LEGAL COUNSEL REPORT

1. SGMA Basin Boundary Revisions Rulemaking Process (Page 89)

B. ENGINEER REPORT

1. State of the Basin Report – Part 2
 - Groundwater Quality
 - Land Subsidence
2. Land Subsidence Committee Update
 - Work plan to develop a subsidence management plan for North MZ-1 area
 - 2014 Annual Report
 - Update to MZ-1 Plan

C. CFO REPORT

None

D. GM REPORT

1. CBWM 35th Annual Report
2. ACWA Conference
3. Other

IV. INFORMATION

1. Cash Disbursements for April 2015 (Page 91)

V. BOARD MEMBER COMMENTS

VI. OTHER BUSINESS

VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

Pursuant to Article 2.6 of the Watermaster Rules & Regulations, a Confidential Session may be held during the Watermaster committee meeting for the purpose of discussion and possible action.

1. GM Performance Evaluation

VIII. FUTURE MEETINGS AT WATERMASTER

5/22/15	Fri	10:00 a.m.*	Safe Yield Recalculation and Reset Facilitated Discussion
6/11/15	Thu	9:00 a.m.	Appropriative Pool
6/11/15	Thu	11:00 a.m.	Non-Agricultural Pool
6/11/15	Thu	1:30 p.m.	Agricultural Pool
6/18/15	Thu	9:00 a.m.	Advisory Committee
6/18/15	Thu	9:30 a.m.	Recharge Investigations and Projects Committee (RIPCom)
6/25/15	Thu	11:00 a.m.	Watermaster Board

***Note:** These meetings are intended for parties who have signed the Safe Yield Recalculation and Reset Facilitation and Non-Disclosure Agreement.

ADJOURNMENT

Date: June 17, 2015

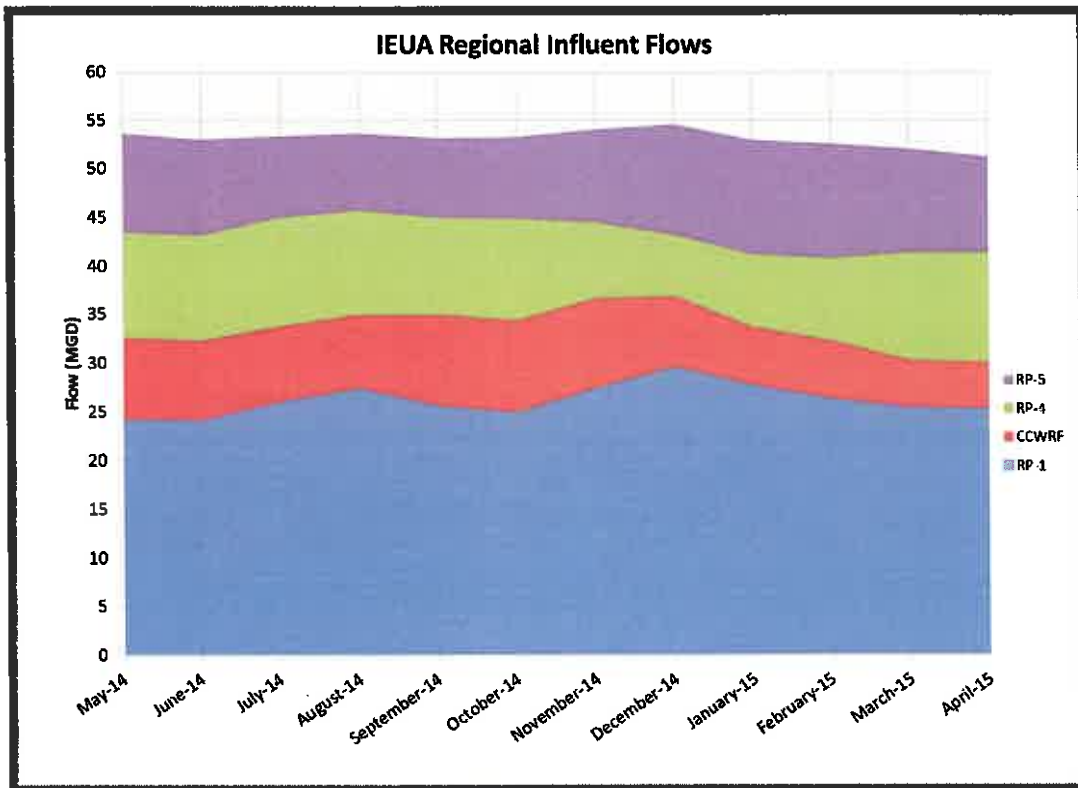
To: The Honorable Board of Directors

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

Subject: General Manager's Report Regarding Agency Activities

OPERATIONS UPDATE

Regional Plant influent flows during the month of April is lower than the average flow received during the previous months. Agency wide average daily influent flow for the month of April was approximately 51 million gallons per day which is 1.0 to 1.5 MGD lower than the previous 12 months.

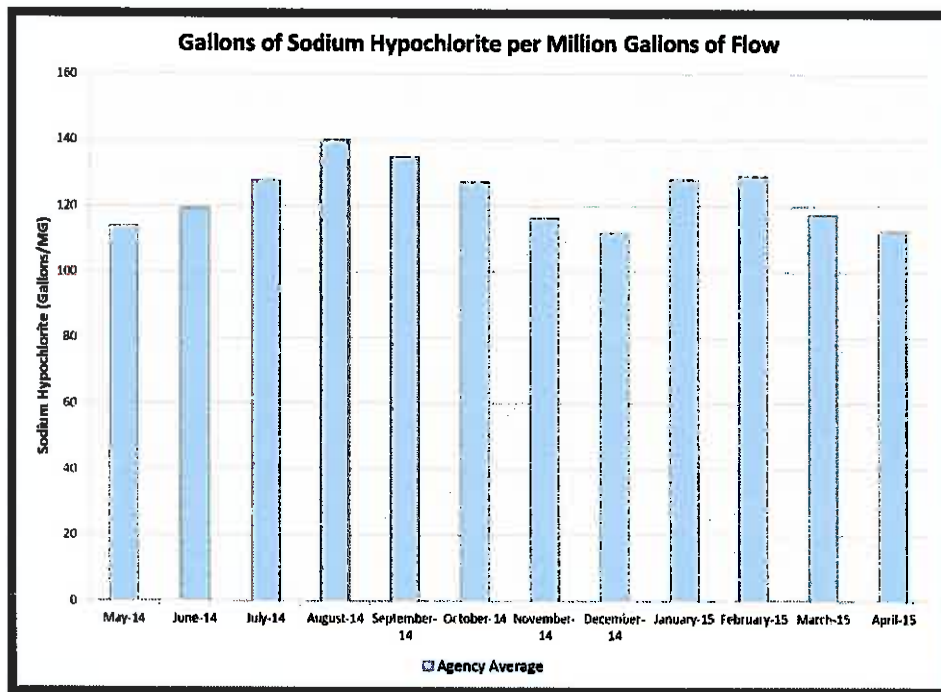


General Manager's Report

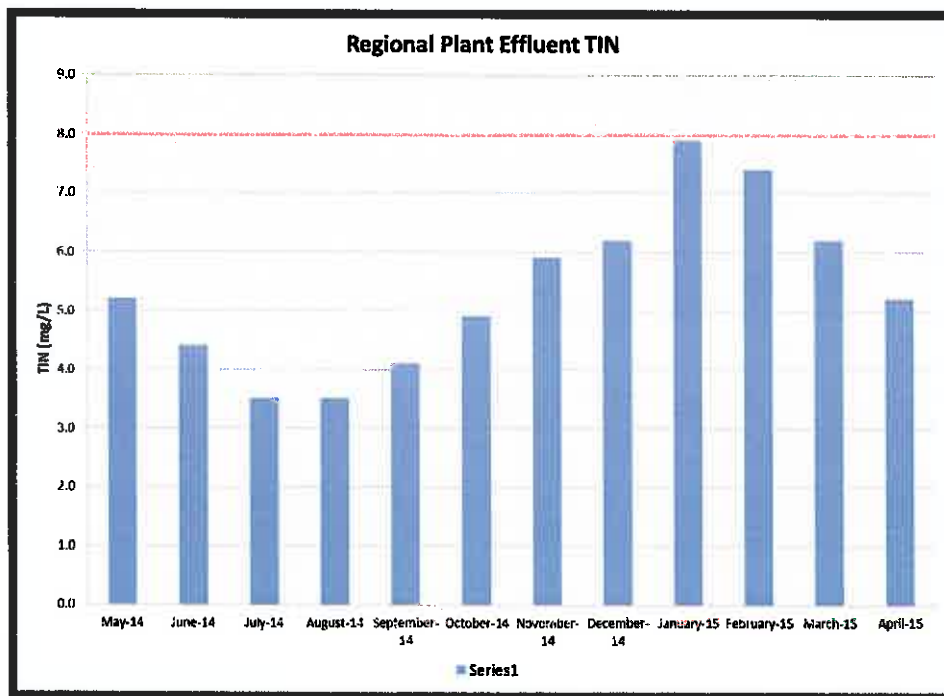
June 17, 2015

Page 2 of 12

April 2015, Regional Plant sodium hypochlorite consumption averaged 112 gallons per million gallons of treated flows.



April 2015, Agency flow weighted Total Inorganic Nitrogen (TIN) was 5.2 mg/L.

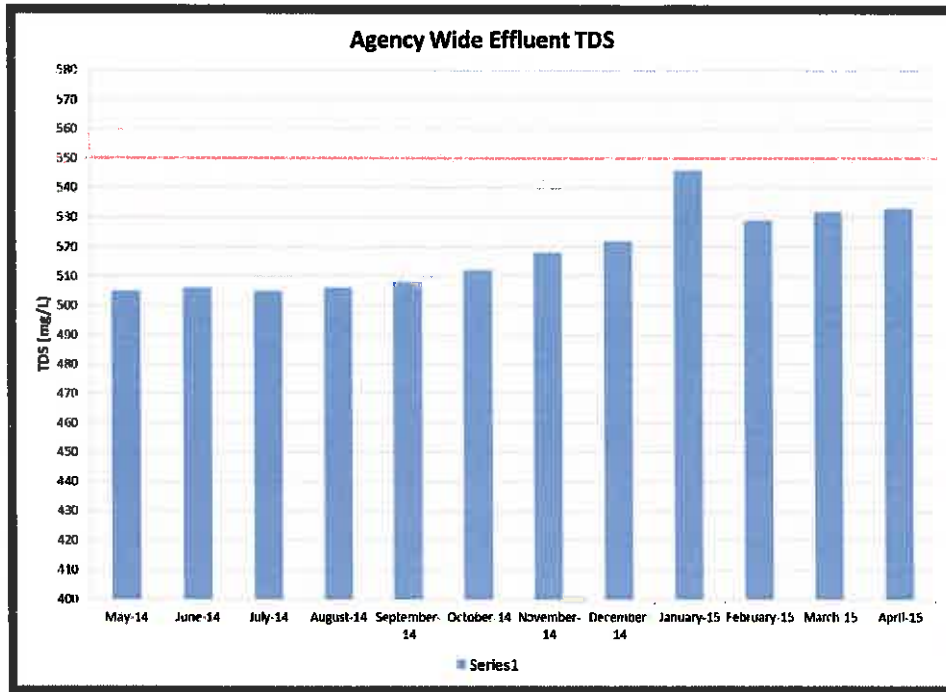


General Manager's Report

June 17, 2015

Page 3 of 12

April 2015, Agency wide effluent 12 month flow weighted average Total Dissolved Solids (TDS) was 533 mg/L.



IERCF UPDATE

Operational Comments – Facility throughput for May averaged approximately 90% of permitted capacity at an average of 394 tons per day of biosolids and 136 tons per day of amendments (based on a 30-day month). The facility is operating well with no violations or lost time incidents.

Facility Throughput

POTW	Wet Tons Month	Wet Tons Year to Date
LACSD	7,110.31	33,337.03
IEUA	4,716.63	25,379.78
Total	11,826.94	58,716.81

Compost Sales – Fiscal YTD sales through May are trending 14% higher than last year due to increased sales into the agricultural markets. Compost inventory in the storage facility is at approximately 19,000 cubic yards with capacity for an additional 31,000 cubic yards.

Monthly Sales Summary May 2015

Month	Product	Cyds	Av. \$/cyd	Total \$
May	Premium	13,501.36	\$2.37	\$31,999.99
	Base	1,712.45	\$0.70	\$1,195.46
Total		15,213.81	\$3.07	\$33,195.45

YTD Sales Summary through May 2015

Month	Total Cyds 2014/2015	Total Cyds 2013/2014	Total \$ 2014/2015	Total \$ 2013/2014
July	23,882.49	18,501.14	\$39,474.57	\$47,324.52
August	25,621.25	16,818.80	\$27,575.69	\$44,837.97
September	33,184.90	18,837.71	\$37,732.49	\$42,131.44
October	31,487.37	25,034.52	\$31,552.56	\$40,585.79
November	22,348.31	18,056.25	\$37,014.11	\$35,834.18
December	18,272.61	15,026.52	\$23,528.45	\$30,127.32
January	14,388.67	19,674.97	\$38,227.06	\$33,867.50
February	15,105.97	24,105.23	\$37,979.47	\$37,725.97
March	22,059.88	15,691.83	\$56,897.95	\$40,325.96
April	24,675.28	21,068.89	\$47,085.22	\$50,522.63
May	15,213.81	19,848.75	\$33,195.45	\$38,591.29
Total	246,240.54	212,664.61	\$410,263.02	\$441,874.57
Average	22,385.50	19,333.15	\$37,296.64	\$40,170.42

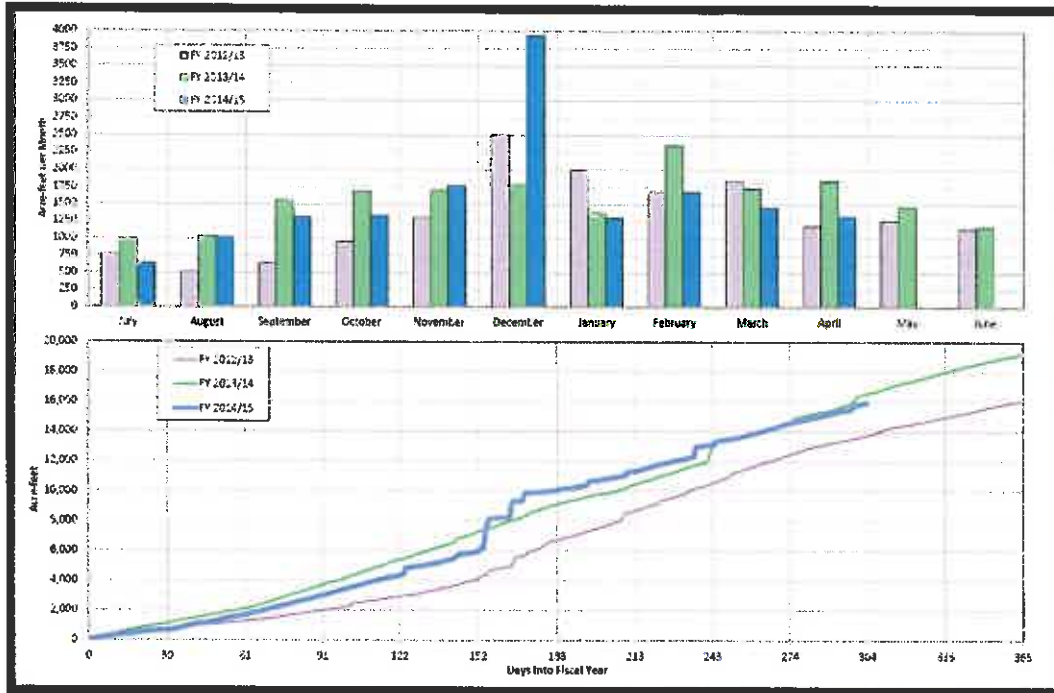
Groundwater Recharge

During April 2015, recycled water recharge totaled 994 acre-feet and there was no imported water delivered. The capture of dry weather creek flows totaled 78 acre-feet. There was one rain event during the month that contributed an additional 248 acre-feet of storm water.

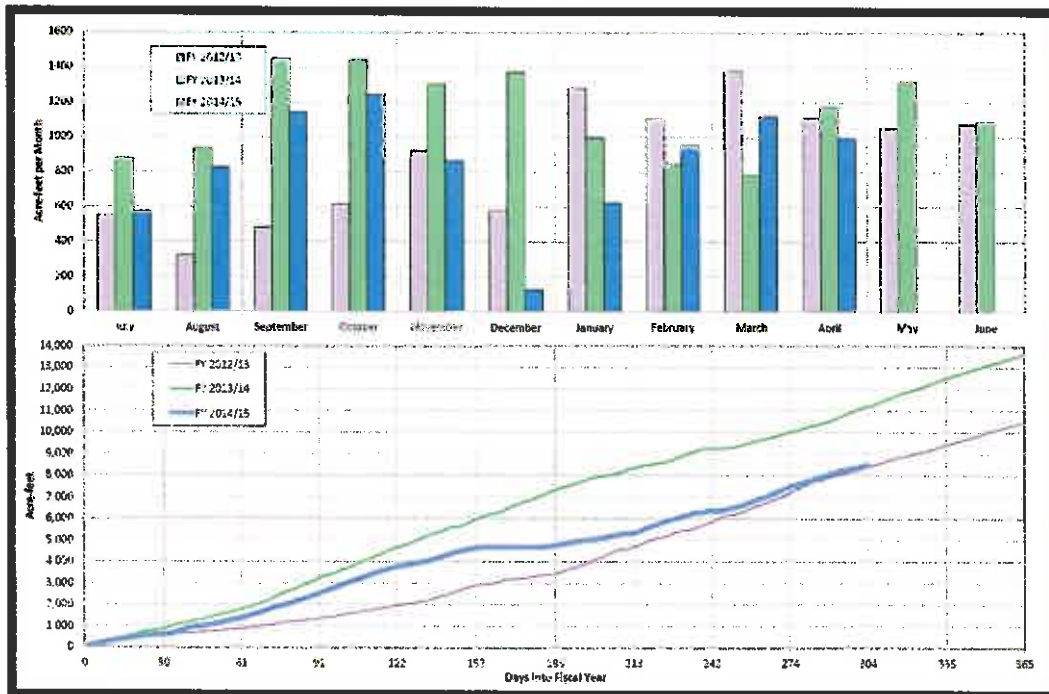
SUMMARY OF CHINO BASIN GROUNDWATER RECHARGE OPERATIONS					
April 2015					
Drainage System	Recharge Volume (AF)*			Management Zone Subtotals	
	Basin	SW/LR	MW		RW
San Antonio Channel Drainage System					
College Heights	-	-	N	MZ-1 132 AF**	
Upland	-	-	N		
Montclair 1, 2, 3 & 4	2	-	N		
Brooks	10	-	101		
West Cucamonga Channel Drainage System					
8th Street	25	-	-	MZ-2 731 AF**	
7th Street	-	-	-		
Ely 1, 2, & 3	100	-	165		
Minor Drainage					
Grove	68	N	N		
Cucamonga and Deer Creek Channel Drainage Systems					
Turner 1 & 2	-	-	-		
Turner 3 & 4	39	-	-		
Day Creek Channel Drainage System					
Lower Day	3	-	X		
Etiwanda Channel Drainage System					
Etiwanda Debris	-	-	X		
Victoria	-	-	127		
San Sevaine Channel Drainage System					
San Sevaine 1, 2, 3, & 4	-	-	-		
San Sevaine 5	-	-	-		
West Fontana Channel System					
Hickory	-	-	229		
Banana	3	-	90		
Decelez Channel Drainage System					
RP3 Cells 1, 3, & 4	41	-	282	MZ-3 686 AF**	
RP3 Cell 2	-	-	-		
Decelez	41	-	-		
Non-Replenishment Recharge**					
Brooks (MVWD) MZ-1	-				
Montclair (MVWD) MZ-1	(6)				
Turner (SAWCO) MZ-2	-				
Month Total = 1,320 AF	326	0.0	994	April 2015	
Fiscal Year to Date Total				Fiscal Year to Date	
Since July 1, 2014 = 15,780 AF	7,305	0.0	8,475		
Calendar Year to Date Total				Calendar Year to Date	
Since Jan. 1, 2015 = 5,764 AF	2,070	0.0	3,694		
SW : Storm Water, LR : Local Runoff (and GP, MVWD), MW : MWD Imported Water, RW : Recycled Water - : No stormwater/local runoff, or basin not in use due to maintenance or testing. X : Turnouts not available - to be installed during future projects. N : No turnout planned for installation. * : Data are preliminary based on the data available at the time of this report preparation. ** : Management Zone Subtotals have deducted from them any Non-Replenishment Recharge, which is recharge originating from pumped groundwater and is not new water.					

Printed: Jun. 01. 15

Total Groundwater Recharge

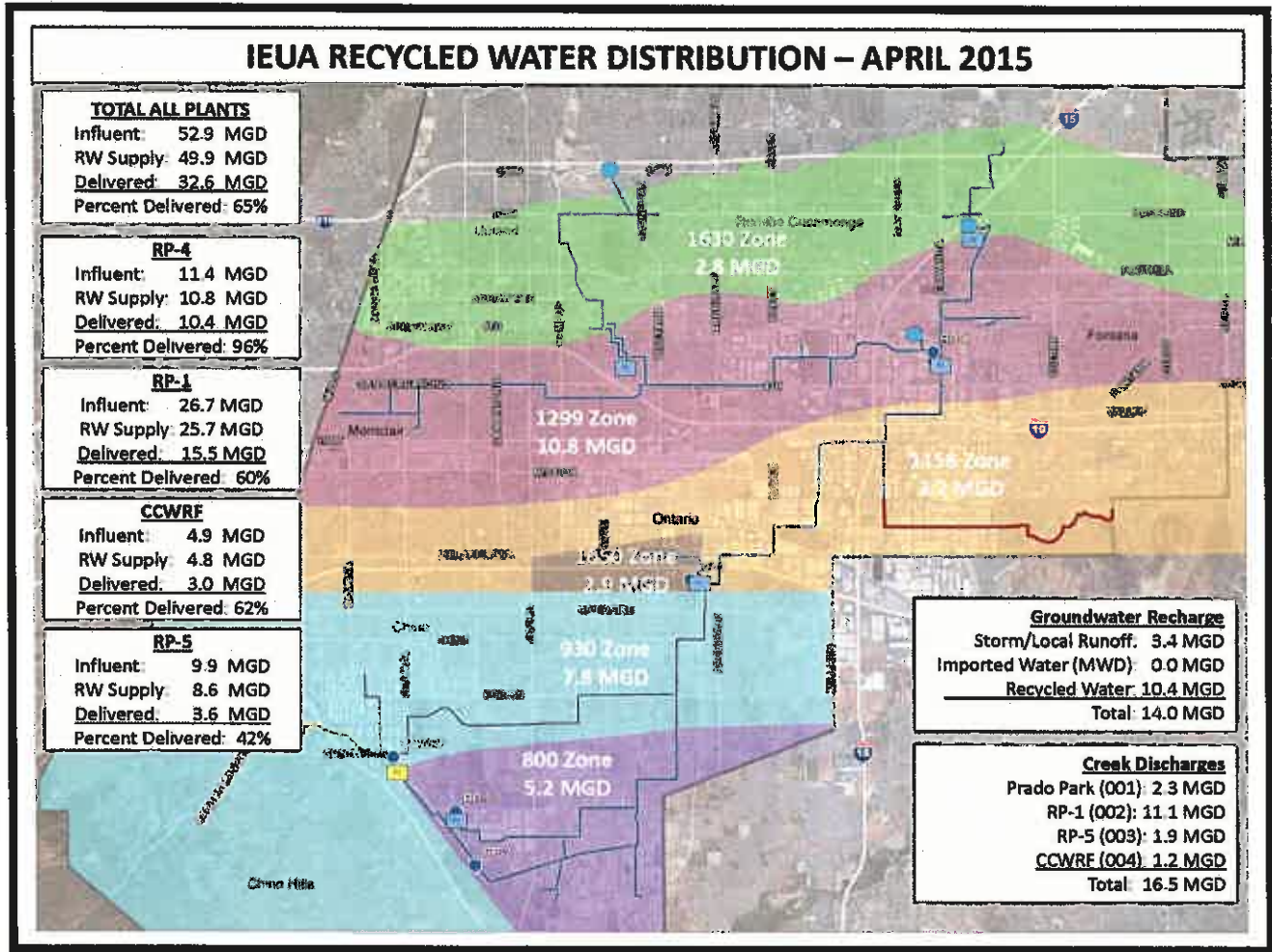


Recycled Water Delivered to Groundwater Recharge



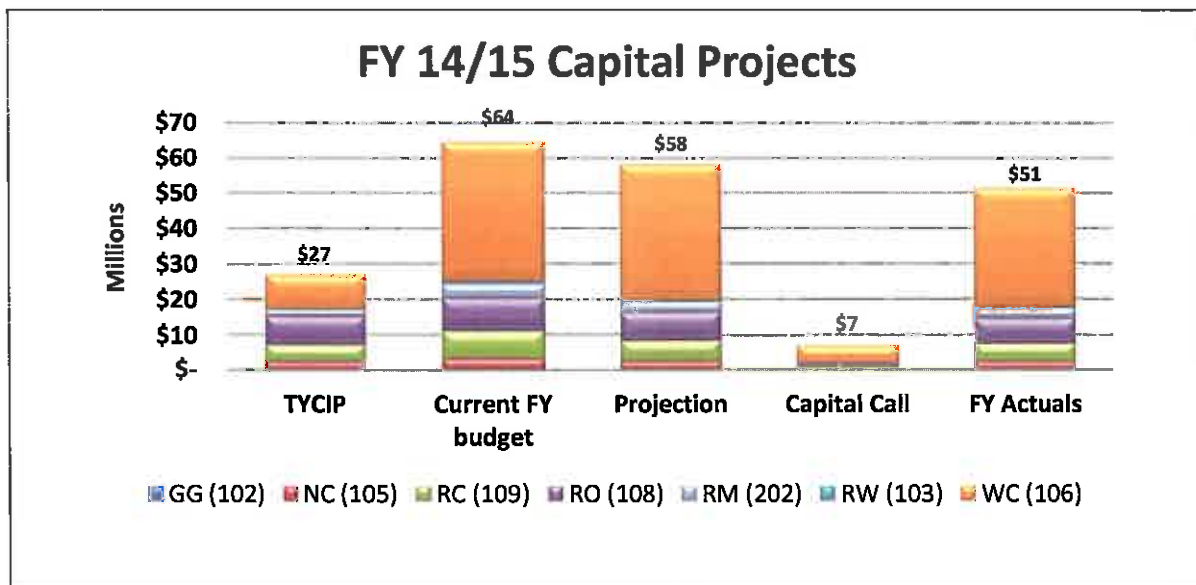
RW Distribution

During April 2015, 65% (32.6 MGD) of IEUA recycled water supply (49.9 MGD) was delivered into the distribution system for both direct use customers (22.2 MGD) and groundwater recharge (10.4 MGD). Plant discharge to creeks feeding the Santa Ana River averaged 16.5 MGD.



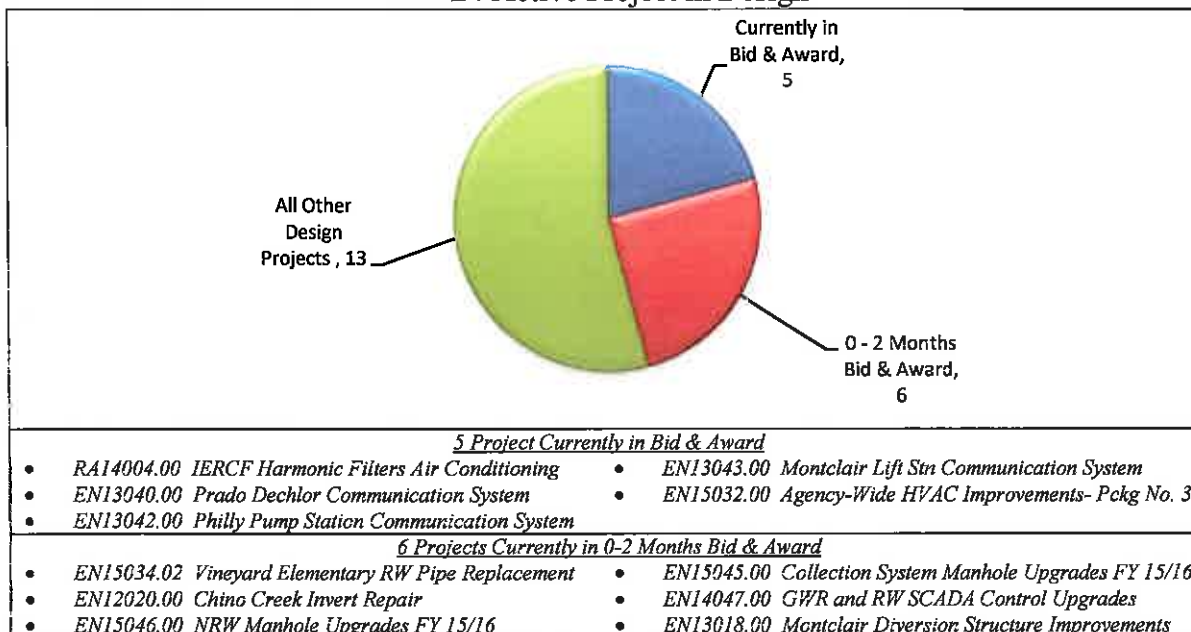
ENGINEERING AND CONSTRUCTION MANAGEMENT

Engineering and Construction Management's FY14/15 budget is \$64,401,431. Staff has projected to spend \$58,215,737 during FY14/15 of which \$51,348,383 has been expended. The following charts summarize the Engineering and Construction Management project status update.



Active Projects in Design

24 Active Project in Design



Active Construction Projects

Project ID	Project Title	Description	Total Project Budget (\$)	Total Cost to Date (\$)	FY Budget (\$)	FY Cost thru 5/31 (\$)	CO's Processed thru May/15	Total Project CO's (%)	% Project Complete	Original Ops Date	Estimated Ops Date
1	EN06025	Wineville Ext RW PL Seg A	17,965,518	11,926,905	11,356,749	9,623,871	39,209	0.38%	82%	9/23/2015	8/26/2015
2	EN08023.06	RP1 Primary Clarifier 2015 Rehab Proj	5,635,456	4,985,792	145,000	273,768	204,300	9.01%	19%	2/1/2016	12/22/2015
3	EN09021	RP-4 Headworks Retrofit	2,885,900	2,267,206	1,730,075	1,401,733	69,451	6.12%	90%	6/30/2015	6/16/2015
4	EN11035	Philadelphia Pump Station Upgrades	2,381,100	2,087,020	1,410,742	1,519,217	78,946	5.74%	100%	2/16/2015	2/23/2015
5	EN12014	East Avenue 1630 E RWP Relocation	650,108	167,381	405,180	6,390	0	0.00%	64%	8/30/2015	
6	EN12019	GWR and RW Comm. Sys. Upgrades	1,594,400	195,120	650,000	18,462	0	0.00%	13%	7/2/2015	12/10/2015
7	EN13016	SCADA Enterprise System	5,200,000	1,151,396	717,247	547,939	0	0.00%	51%	8/30/2015	12/31/2015
8	EN13038	RP-1 Outfall Relocation & Upsizing	11,880,300	7,844,224	9,900,000	7,743,776	-609,375	-6.85%	93%	5/29/2015	6/15/2015
9	EN13045	Wineville RW Extension Segment B	3,549,600	2,794,791	2,535,831	2,136,965	95,749	3.04%	73%	10/15/2015	8/6/2015
10	EN13054	Agency-Wide HVAC Improvements- Pckg No. 2	1,086,500	704,166	750,023	667,689	-1,273	-0.22%	100%	5/1/2015	5/31/2015
11	EN13056	CCWRP Secondary Clarifier No. 3 Rehab	1,540,600	831,237	864,814	796,201	60,566	10.03%	96%	7/20/2015	5/29/2015
12	EN14027	CR2D Noise Mitigation Measures	160,000	29,827	156,487	26,314	0	0.00%	59%	6/30/2014	7/6/2015
13	EN14038	RP1 Centrifuge Stair and Catwalk Installation	607,000	471,027	536,083	400,110	0	0.00%	98%	5/30/2014	3/4/2015
14	EN14051	RP1 Primary Clarifier West Effluent Pipeline Replacement	1,012,000	929,418	512,502	429,520	0	0.00%	78%	5/30/2015	9/15/2015
15	EN15047	1630W, RWPS Check Valves Replacement	120,000	26,269	120,000	26,269	0	0.00%	43%	6/23/2015	6/25/2015
16	EN15047	RP-1 Digester Gas System Eval & Improvements	180,000	5,857	180,000	5,857	0	0.00%	3%	12/31/2015	2/24/2016
17	EN15056	IERCF Process Improvements	5,625,000	5,154,986	2,227,297	1,756,498	265,974	8.38%	97%	11/26/2014	8/5/2015
18	RA11004	IERCF Baghouse and Dust Collection Sys Enhance	1,300,000	1,065,210	1,284,856	1,050,066	0	0.00%	99%	3/28/2015	3/2/2015
19	RA15001	IERCF Baghouse and Dust Collection System Enhancements	72,873,482	47,813,244	40,662,886	33,606,458	203,497				
			5,635,456	4,985,792	145,000	273,768	204,300	9.01%	19%		12/22/2015
			5,635,456	4,985,792	145,000	273,768	204,300				

• Total construction contract payments for April: \$3,626,280.16
 Completed Construction Projects - Notice of Completion Filed in May 2015

Project ID	Project Title	Description	Total Project Budget (\$)	Total Cost to Date (\$)	FY Budget (\$)	FY Cost thru 5/31 (\$)	CO's Processed thru May/15	Total Project CO's (%)	% Project Complete	Original Ops Date	Estimated Ops Date
1	EN08023.05	RP1 Primary Clarifier 2015 Rehab Proj	5,635,456	4,985,792	145,000	273,768	204,300	9.01%	19%		12/22/2015
			5,635,456	4,985,792	145,000	273,768	204,300				

Emergency Projects - None this month.
 Office Engineering Projects

Project ID	Project Title	Status	% Complete	Actual Costs
1	CW15016.03 Ontario RW Conn ORW-63	In Construction	19%	24
2	CW15016.07 Ontario RW Conn ORW-38	In Construction	39%	5,750
3	CW15016.11 CWMD RW Conn CWRW-42	In Construction	15%	0
4	CW15016.13 RW AV Relocation on SW Haven & Fourth	In Construction	26%	181
5	CW15016.16 24in RWPL in 800 W PZ	In Construction	7%	2633
6	CW15019.01 CWMD Reg Conn CW-18	In Construction	62%	2,034
7	CW15019.02 Ontario Reg Conns to FTS Group 1	In Construction	59%	5,644
8	CW15019.05 ETS Protection under 96" SD in Archibald Ave	In Construction	94%	3145
9	CW15019.06 City of Chino El Prado Rd Imp	In Construction	99%	6,688
				26,099

Grants Key Activities:

USBR Awarded \$5 Million Title XVI Grant for Drinking Water Project

In December 2014, IEUA, in association with CDA and its member agencies, submitted a grant application to USBR under the Title XVI Water Reclamation and Reuse Grant Program. On May 19, 2015, the USBR announced IEUA will be receiving a \$5 Million grant award to support the \$64 Million Concentrate Reduction Facility (CRF) Project construction, a core component of the \$150 Million CDA Phase 3 Expansion Project.

The CDA Phase 3 Expansion Project will provide an additional 10,600 acre-feet per year (AFY) of treated potable water available through enhanced pumping of brackish groundwater from Chino Groundwater Basin. The CRF Project will enhance the efficiency of the water desalination system through increased water recovery from the membrane brine waste that is currently discharged to the Pacific Ocean. The CRF project will construct a 2.25 MGD pellet softening, clarification and secondary reverse osmosis treatment systems at the Chino II Desalter.

SWRCB Approved \$6 Million SRF Loan Funding for Recycled Water 930 Zone Project

The SWRCB approved IEUA's request to increase the Southern Area Recycled Water SRF loan agreement amount from \$20.6 Million to \$26.6 Million. This increase helped the Agency prevent an economic hardship caused by unexpected conditions. During the construction of the 930 Zone recycled water pipeline, the contractor found shallow groundwater in the path of the pipeline to be constructed. The contractor was required to dewater the excavated trench to address the water. The additional work resulted in change orders of about \$6 Million. Grant Staff submitted the final SRF loan claim of \$9.3 Million on May 7, 2015. The cash disbursement is expected to be received in June 2015, which will help the Agency's cash flow significantly.

SWRCB – 2015 Drought Relief 1%, 30-Year SRF loan and Prop 1 Grant Application

In April 2015, the SWRCB announced the Prop 1 grant funding opportunity for Water Recycling projects. The grant program will provide 35% in grant funds for each project, in addition to the low interest loan. To qualify, a complete funding application, including the environmental documentation must be received by the SWRCB by December 2, 2015.

IEUA submitted a pre-application in April 2015, and has been working with the project managers and member agencies on the full application which is expected to be substantially completed by July 2015. Currently, the application covers nine IEUA individual water recycling projects. Member agency project(s) may also be included to enhance the integration of the recycled water supply optimization.

General Manager's Report Regarding Agency Activities

June 17, 2015

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**Inland Empire Utilities Agency
Active Grant and SRF Loan Summary
As of May 31, 2015**

Funding Agency	Project Name	Award Amount	Invoiced Through (6/30/13)	Invoiced FY13/14 (07/01/13 - 6/30/14)	Invoiced FY14/15 (07/01/14 - 6/31/15)	Award Balance
FEDERAL GRANTS						
United States Bureau of Reclamation (USBR)	Turner Basin Improvement Project	\$ 406,712	\$ 227,453	\$ 179,260	\$ -	\$ (0)
	Regional Residential Landscape Surveys and Retrofit Program	200,000	67,926	91,098	40,976	0
FEMA/Cal-EMA	FEMA Winter Storm 2010 Disaster	585,831	585,831	-	-	0
Active Federal Grants		\$ 1,192,543	\$ 881,209	\$ 270,358	\$ 40,976	\$ 0
STATE GRANTS						
Department of Water Resources (DWR)	Multi-Family ULF Toilet Program	\$ 1,850,133	\$ 1,814,066	\$ 36,067	\$ -	\$ (0)
	Landscape Water Audit Program	194,476	194,478	58	-	(0)
Department of Parks & Recreation (DPR)	Water Discovery Field Trip & Bus	207,900	59,333	12,206	22,813	113,548
	Earth Day program	38,500	35,584	2,916	-	-
State Water Resources Control Board (SWRCB)	Southern Area Recycled Water	4,000,000	521,739	3,063,393	414,868	-
State Water Resources Control Board (SWRCB)	Central Area Recycled Water Wineville	4,000,000	-	-	2,786,736	1,233,264
MWD	Pilot Scale 3-D Fluorescence Excitation-Emission Matrix	50,000	-	-	31,386	18,614
MWD	Recycled Water Inertie Study	25,000	-	-	14,508	10,492
Santa Ana Watershed Project Authority (SAWPA)	IRWM /Wineville Recycled Water Pipeline/SCADA	1,000,000	-	-	-	1,000,000
Santa Ana Watershed Project Authority (SAWPA)	IRWM/San Sevaine Basin Improvement	750,000	-	-	-	750,000
Santa Ana Watershed Project Authority (SAWPA)	IRWM/Regional Residential Landscape Retrofit	500,000	-	-	72,971	427,029
Santa Ana Watershed Project Authority (SAWPA)	IRWM/Lower Day Basin Improvement	750,000	-	-	-	750,000
Active State & Local Grant		\$ 13,166,009	\$ 2,425,141	\$ 3,114,640	\$ 3,323,283	\$ 4,302,946
Total Active Federal, State & Local Grant		\$ 14,358,552	\$ 3,306,350	\$ 3,384,998	\$ 3,364,259	\$ 4,302,946
SRF LOANS						
SWRCB (SRF Loans)	Southern Area Recycled Water	\$ 26,608,638	\$ 5,194,535	\$ 11,011,187	\$ 10,402,916	\$ 0
	Central Area Recycled Water Wineville	26,500,000	-	-	12,893,100	13,606,900
	New Water Quality Laboratory	17,100,000	-	630,551	-	16,469,449
Sub-total Active SRF Loans		\$ 70,208,638	\$ 5,194,535	\$ 11,641,738	\$ 23,296,016	\$ 30,076,349
CDA GRANTS						
United States Bureau of Reclamation (USBR)	CDA Wellfield (Wells 1, 2, 3)	\$ 1,516,095	\$ 533,307	\$ -	\$ -	\$ 982,788
United States Bureau of Reclamation (USBR)	1010 Zone Pump Station and New Product Water Pipelines	3,930,000	448,198	757,963	2,666,474	57,367
United States Bureau of Reclamation (USBR)	Chino Basin Groundwater Supply Wells and Raw Water Pipelines Projects	2,980,000	-	-	129,573	2,850,427
SWRCB DDW/California Department Of Public Health	CDA Phase III Expansion Projects	52,005,716	-	17,088,141	6,739,896	28,177,679
MWD	Pilot Testing of a Biological Treatment Process (BIOTTATM)	414,216	-	-	185,280	228,936
Sub-total Active CDA Grants		\$ 60,846,027	\$ 981,505	\$ 17,848,103	\$ 9,721,223	\$ 32,297,197
GRAND TOTAL ACTIVE GRANTS & LOANS		\$ 145,413,217	\$ 9,482,387	\$ 32,872,839	\$ 36,381,498	\$ 66,676,492
Active Grants & Loans		\$ 145,413,217	\$ 9,482,387	\$ 32,872,839	\$ 36,381,498	\$ 66,676,492
Closed Grants		\$ 178,604,064				
Closed SRF loans		\$ 86,107,654				
Closed grants and SRF loans		\$ 264,711,718				
Total Active and Closed Grants & Loans since 2002		\$ 411,124,935				

General Manager's Report Regarding Agency Activities

June 17, 2015

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Contracts and Facilities Services:

An Emergency Purchase Order No. 4500021649 was issued to Industrial Coating for the repair of Digester 6 and 7 at RP-1. The emergency repairs were needed to fix the seeping through cracks identified on the dome area of both digesters. The repair work was initiated on Thursday, March 26, 2015. The total cost of the repair was \$9,700.