



## **AGENDA**

### **MEETING OF THE BOARD OF DIRECTORS**

**WEDNESDAY, MARCH 16, 2016  
10:00 A.M.**

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

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

#### **FLAG SALUTE**

#### **PUBLIC COMMENT**

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

#### **ADDITIONS TO THE AGENDA**

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

1. **FISCAL YEAR 2016/17 BUDGET UPDATE WORKSHOP**
2. **CONSENT CALENDAR**

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

**A. MINUTES**

The Board will be asked to approve the minutes from the February 17, 2016, Board meeting.

**B. REPORT ON GENERAL DISBURSEMENTS**

It is recommended that the Board approve the total disbursements for the month of January 2016, in the amount of \$8,807,661.98.

**C. ADOPTION OF RESOLUTIONS FOR A SMALL COMMUNITY GRANT APPLICATION**

It is recommended that the Board:

1. Adopt Resolution No. 2016-3-1, authorizing the General Manager to sign a Financial Assistance Agreement with the State Water Resources Control Board (SWRCB) for a Planning Grant application through the Small Community Wastewater Grant Program; and
2. Adopt Resolution No. 2016-3-2, dedicating certain revenues in connection with the Small Community Wastewater Grant Program and associated State Revolving Fund (SRF) loan financing.

**D. RESOLUTION NO. 2016-3-3, FOR SGMA BASIN BOUNDARY MODIFICATION**

It is recommended that the Board adopt Resolution No. 2016-3-3, for the Agency to initiate a SGMA boundary change request to the California Department of Water Resources recommending that the Bulletin 118 Basin Boundary of the Chino Basin be conformed to the adjudicated Chino Basin boundary throughout the majority of the Chino Basin.

**E. ADOPTION OF RESOLUTIONS FOR DESIGN-BUILD PROJECTS AND CONFLICT OF INTEREST POLICY**

It is recommended that the Board adopt, pursuant to California Senate Bill 785:

1. Resolution No. 2016-3-4, approving use of the design-build method for project delivery; and
2. Resolution No. 2016-3-5, approving a Conflict of Interest Policy for design-build projects.

**F. RESOLUTION NO. 2016-3-8, AUTHORIZING AGENCY ORGANIZATION MEMBERSHIPS AND AFFILIATIONS**

It is recommended that the Board:

1. Approve the Agency-wide memberships and affiliations for FY 2016/17, in the amount of \$238,250 (includes 5% contingency); and
2. Adopt Resolution No. 2016-3-8, authorizing Agency organizational memberships and affiliations.

**G. EXTERNAL AUDIT SERVICES**

It is recommended that the Board:

1. Approve Contract No. 4600002079, in the amount of \$172,160 with Lance, Soll & Lunghard, LLP, Certified Public Accountants (LSL), to provide annual financial audit services for the Inland Empire Utilities Agency (IEUA or Agency) for an initial 3-year term and two single-year options to extend, beginning in Fiscal Year (FY) 2015/16;
2. Approve Contract No. 4600002081, in the amount of \$21,160 to LSL to provide financial statement preparation services for the Chino Basin Regional Financing Authority (CBRFA) for an initial 3-year term and two single-year options to extend, beginning in FY 2015/16; and
3. Authorize the General Manager or his designee to execute the contracts.

**H. RESIDENTIAL EDUCATION, SURVEY, AND CONTROLLER UPGRADE PROGRAM**

It is recommended that the Board:

1. Award a 15-month contract to ConServ Construction, Inc., for a not-to-exceed amount of \$300,000 to implement the Program; and
2. Authorize the General Manager to execute the contract.

**I. CONTRACT AWARD FOR MIDGE FLY SAMPLING AND CONTROL INVESTIGATION**

It is recommended that the Board:

1. Approve Contract No. 4600002068 to West Valley Mosquito and Vector Control District (WVMVCD) establishing a two-year contract for midge fly sampling and control investigation services at various groundwater recharge sites for a not-to-exceed amount of \$280,000; and
2. Authorize the General Manager, or his designee, to execute the contract.

**J. MASTER CONTRACT AWARDS FOR ASPHALT SERVICES**

It is recommended that the Board:

1. Approve the contract award of four 5-year Master Contracts for asphalt services, for all of the Agency's structures and facilities in the not-to-exceed amount of \$100,000 each, to the following:
  - EBS General Engineering, Inc. (Contract No. 4600002077)

- G.M. Sager Construction Company, Inc. (Contract No. 4600002075)
- Medina construction (Contract No. 4600002076)
- Terra Pave, Inc. (Contract No. 4600002067); and

2. Authorize the General Manager to execute the contracts.

**K. MASTER CONTRACT AWARDS FOR ROOFING SERVICES**

It is recommended that the Board:

1. Approve the contract award of four 5-year Master Contracts for roofing services, for all of the Agency's structures and facilities in the not-to-exceed amount of \$100,000 each, to the following:

- Best Contracting Services, Inc. (Contract No. 4600002074)
- Exbon Development, Inc. (Contract No. 4600002078)
- Right-Way Roof Corporation (Contract No. 4600002065)
- Tecta America Southern California, Inc. (Contract No. 4600002073); and

2. Authorize the General Manager to execute the contracts.

**L. MASTER CONTRACT AWARDS FOR FENCING SERVICES**

It is recommended that the Board:

1. Approve the contract award of four 5-year Master Contracts for fencing services, for all of the Agency's structures and facilities in the not-to-exceed amount of \$100,000 each, to the following:

- Ace Fence Company (Contract No. 4600002071)
- Ferreira Construction Company, Inc. (Contract No. 4600002070)
- Harris Steel Fence Company, Inc. (Contract No. 4600002069)
- Moore Fence Company, Inc. (Contract No. 4600002066); and

2. Authorize the General Manager to execute the contracts.

**3. ACTION ITEMS  
(Action Items B and C will continue following Closed Session)**

**A. RECYCLED WATER POLICY PRINCIPLES**

It is recommended that the Board:

1. Adopt the Recycled Water Policy Principles; and

2. Direct staff to develop a Regional Contract amendment based on the Recycled Water Policy Principles.

4. **INFORMATION ITEMS**

- A. **MWD UPDATE AND DROUGHT UPDATE (ORAL)**
- B. **PLANNING AND ENVIRONMENTAL RESOURCES UPDATE (ORAL)**

**RECEIVE AND FILE INFORMATION ITEMS**

- C. **TREASURER'S REPORT OF FINANCIAL AFFAIRS (WRITTEN/ POWERPOINT)**
- D. **FY 2015/16 SECOND QUARTER BUDGET VARIANCE REPORT (WRITTEN)**
- E. **PUBLIC OUTREACH AND COMMUNICATION (WRITTEN)**
- F. **LEGISLATIVE REPORT FROM INNOVATIVE FEDERAL STRATEGIES (WRITTEN)**
- G. **LEGISLATIVE REPORT FROM WEST COAST ADVISORS (WRITTEN)**
- H. **LEGISLATIVE REPORT FROM AGRICULTURAL RESOURCES (WRITTEN)**
- I. **CALIFORNIA STRATEGIES, LLC MONTHLY ACTIVITY REPORT (WRITTEN)**
- J. **FEDERAL LEGISLATIVE TRACKING MATRIX (WRITTEN)**
- K. **STATE LEGISLATIVE TRACKING MATRIX (WRITTEN)**
- L. **ENGINEERING AND CONSTRUCTION MANAGEMENT PROJECT UPDATES (POWERPOINT)**
- M. **RECYCLED WATER SEMI-ANNUAL UPDATE (POWERPOINT)**
- N. **INTERNAL AUDIT QUARTERLY STATUS REPORT (WRITTEN)**
- O. **FOLLOW-UP REVIEW – INFORMATION TECHNOLOGY (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.

5. **AGENCY REPRESENTATIVES' REPORTS**

- A. **SAWPA REPORT (WRITTEN)**

- B. MWD REPORT (WRITTEN)
- C. REGIONAL SEWERAGE PROGRAM POLICY COMMITTEE REPORT (WRITTEN)
- D. CHINO BASIN WATERMASTER REPORT (WRITTEN)
- 6. GENERAL MANAGER'S REPORT (WRITTEN)
- 7. BOARD OF DIRECTORS' REQUESTED FUTURE AGENDA ITEMS
- 8. DIRECTORS' COMMENTS
  - A. 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.

- 9. 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. Mwembu vs. IEUA, Case No. CIVDS 1415762
  - B. PURSUANT TO GOVERNMENT CODE SECTION 54956.8 – CONFERENCE WITH REAL PROPERTY NEGOTIATOR
    - 1. Supplemental Water Transfer/Purchase  
Negotiating Party: 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.
  - E. PURSUANT TO GOVERNMENT CODE SECTION 54957 – PERSONNEL MATTERS – PUBLIC EMPLOYEE PERFORMANCE EVALUATION
    - 1. General Manager

**3. ACTION ITEMS - continued**

**B. RESOLUTION NO. 2016-3-6, FOR ALL GENERAL UNIT**

It is recommended that the Board:

1. Approve and adopt the recently completed classification and compensation study for all General Unit employees;
2. Approve the modification of various positions titles for all General Unit employees, as a result of the adoption of the classification and compensation study; and
3. Adopt Resolution No. 2016-3-6, to amend the 2013 through 2018 Memorandum of Understanding (MOU) for the General Unit with a new salary matrix and classification plan based on the results of a classification and compensation study.

**C. RESOLUTION NO. 2016-3-7, FOR THE UNREPRESENTED, EXECUTIVE MANAGEMENT, LABORATORY UNIT, OPERATORS' ASSOCIATION, PROFESSIONAL UNIT AND GENERAL UNIT**

It is recommended that the Board adopt Resolution No. 2016-3-7, amending the salary schedule/matrix for the Unrepresented, Executive Management, Laboratory Unit, Operators' Association, Professional Unit, and General Unit employees.

**10. ADJOURN**

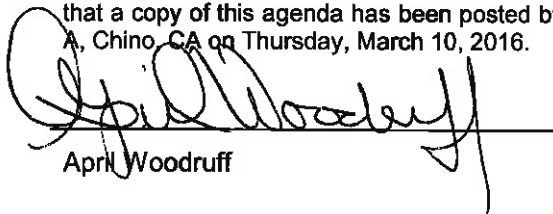
\*A Municipal Water District

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

Proofed by: 

**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, March 10, 2016.

  
April Woodruff

**CONSENT  
CALENDAR  
ITEM**


**2L**





Date: March 16, 2016

To: The Honorable Board of Directors

Through: Finance, Legal and Administration Committee (3/9/16)

From: P. Joseph Grindstaff  
General Manager 

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

 Warren T. Green  
Manager of Contracts and Facilities Services

Subject: Master Contract Awards for Fencing Services

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### **RECOMMENDATION**

It is recommended that the Board of Directors:

1. Approve the contract award of four 5-year term Master Contracts for fencing services, for the Agency's structures and facilities in the not-to-exceed amount of \$100,000 each, to the following:
  - Ace Fence Company (Contract No. 4600002071)
  - Ferreira Construction Company, Inc. (Contract No. 4600002070)
  - Harris Steel Fence Company, Inc. (Contract No. 4600002069)
  - Moore Fence Company, Inc. (Contract No. 4600002066); and
2. Authorize the General Manager to execute the contracts.

### **BACKGROUND**

The Agency owns numerous facilities and process structures that require functional fencing (both for perimeter protection as well as aesthetic area designation within facilities). Maintaining the aesthetic and structural integrity of the Agency's fences is a key element of providing operational security and safeguarding buildings, communications, and equipment. On a routine basis, these fences require maintenance and repair services to preserve the integrity of the perimeters, the value of the investment, and the operational reliability of the facilities. Contracting with highly qualified fencing companies ensures that the contract terms and conditions (e.g., rates, insurance,

indemnification, DIR registration, etc.) are established and documented, which will expedite services when needed. Utilization of Master Fencing Contracts ensures we can address any damage from exposure to environmental elements or vandalism in a timely manner. On an as-needed basis, staff will solicit the Master Fencing contractors for specific jobs, conduct job walks, evaluate the proposals, and award Task Orders typically to the lowest bidder.

Staff issued a Request for Proposal (RFP-HD-16-003) offering a five-year contract to qualifying companies through Planet Bids, the Agency's on-line solicitation system. Additionally, staff ensured the solicitation was sent to small businesses within the IEUA service area.

A review of the responsive proposals focused on the proposed labor categories, as well as individual company qualifications. Additionally, references were called, contractor licenses were checked, and DIR registration was verified. Staff determined that the four proposed contractors were qualified, competent, and all capable of handling the task order assignments currently anticipated by the Agency's Maintenance Department.

These use of master contracts to expedite recurring maintenance requirements supports the IEUA Business Goals and Objectives to promote efficiency and effectiveness in all Agency business practices and processes.

### **PRIOR BOARD ACTION**

In 2010, The Board approved three Master Fencing Contractors; Moore Fence Company, Inc. - 4600000620, Harris Steel Fence Company, Inc. - 4600000621, and All Cities Fence & Construction - 4600000622. The three contracts were issued to these contractors implementing an on-call/as-needed basis. The Agency received good service and competitive pricing due to the individual Master Contract solicitation process.

### **IMPACT ON BUDGET**

If approved, sufficient funds are available in Fiscal Year 2015/16 and FY 2016/17 under Regional Operations and Maintenance (RO) fund, Professional Fees and Services Budget, to safeguard the Agency's buildings, structures, and facilities by engaging the services of the recommended contractors.



**DRAFT**



**CONTRACT NUMBER: 4600002066  
FOR  
MASTER FENCING CONTRACTOR SERVICES**

THIS CONTRACT (the "Contract"), is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2016, by and between the Inland Empire Utilities Agency, a Municipal Water District, organized and existing in the County of San Bernardino under and by virtue of the laws of the State of California (hereinafter referred to as "Agency"), and Moore Fence Company, Inc., of Perris, California (hereinafter referred to as "Contractor"), for the procurement and installation of various fencing materials, gates, and products; related to providing fences (where needed) and maintaining existing fences for both security and an improved appearance for facilities and structures Agency-wide.

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

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

Project Manager: Harlan Delzer  
Address: 6075 Kimball Avenue, Building A  
Chino, California, 91708  
Telephone: (909) 993-1707  
Facsimile: (909) 947-1987  
Email: hdelzer@ieua.org

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

Contractor: Carl L Ross, Jr.  
Address: 280 E. 1<sup>st</sup> Street  
Perris, California 92572  
Telephone: (888) 718-9777  
Facsimile: (951) 940-0429  
Cell: (951) 840-8615  
Email: lenny@moorefence.net

3. **ORDER OF PRECEDENCE:** The documents referenced below represent the Contract Documents. Where any conflicts exist between the General Terms and Conditions, or addenda attached, then the governing order of precedence shall be as follows:
  - A. Amendments to Contract Number 4600002066.
  - B. Contract Number 4600002066 General Terms and Conditions.
  - C. Agency's RFP-HD-16-003, dated January 28, 2016, Attachment A
  - D. Contractor's proposal, dated February 11, 2016, Attachment B
  
4. **SCOPE OF WORK AND SERVICES:** Contractor's services and responsibilities shall include, but shall not be limited to:
  - A. Contractor will provide all manpower, equipment, vehicles, and supplies needed to complete the work, in accordance with the Agency's RFP-HD-16-003, dated January 28, 2016 (Attachment A) and Contractor's proposal dated February 11, 2016, (Attachment B); which are both incorporated herein and made a part hereof with this reference.
  - B. Contractor shall, when awarded a task order, prepare a Schedule of Work and Services for review and approval by the Project Manager. The mutually agreed Schedule of Work and Services shall be the basis of coordination between the Contractor and the Agency.
  - C. More specifically, the work for this contract shall include the procurement and application of various fencing materials to Agency structures and/or facilities, as directed by the Project Manager.
  - D. Through the duration of this contract, the Agency will offer opportunities for the Contractor to bid on Task Orders and; should the Contractor be awarded the Task Order will be authorized to complete the work of that specific Task Order.
  
5. **TERM:** The term of this Contract shall extend from the date of the Notice-to-Proceed until June 30, 2021, unless agreed to by both parties, reduced to writing, and amended to this Contract.
  
6. **COMPENSATION:** Agency shall pay Contractor's properly executed invoices, which have been approved by the Project Manager, within thirty (30) days following receipt of the invoice. Payment will be withheld for any service that does not meet the Agency requirements or has proven to be unacceptable until such service is revised, the invoice resubmitted, and accepted by the Project Manager. Additionally, to qualify for payment, the Contractor shall prominently display, on the first page of the invoice, both:
  - A. The Contract Number – 4600002066, and
  - B. The Contract Release Purchase Order Number – 45000

Contractor shall provide, with their invoice, certified payroll documentation to verify that Contractor has paid prevailing wage in accordance with the California Department of Industrial Relations requirements, as stipulated in SB-854. See: (<http://www.dir.ca.gov/DIRNews/2014/2014-55.pdf>)

Contractor's invoices shall be submitted, if by mail, as follows:

Inland Empire Utilities Agency  
Re: Contract Number: 4600002066  
P.O. Box 9020  
Chino Hills, CA . 91709

Contractor's invoices shall be submitted, if by e-mail, as follows:

To: [APGroup@ieua.org](mailto:APGroup@ieua.org)

1. Scan the invoice as a PDF file
2. Attach the scanned file to an email
3. A/P staff will acknowledge receipt of the invoice.

Concurrent with the submittal of the original invoice to the Accounts Payable Department, the Contractor shall forward (mail, fax, or email) a copy of said invoice to the designated Project Manager, identified on Page 1 of this Contract; referencing Contract Number 4600002066. The Project Manager will review the submitted invoice in a timely manner.

As compensation for the completion of the work represented by this Contract, the Agency shall pay Contractor's invoices up to the NOT-TO-EXCEED total authorized amount of **each Task Order** for all services provided throughout the term of this Contract. The Contractor shall not be paid for any amount exceeding the NOT-TO-EXCEED amount, or for work completed beyond the expiration date of the Task Order, without an Amendment to the Task Order or this Contract.

Compensation for the satisfactory completion of the work represented by this Contract, Agency shall pay Contractor's invoices up to a NOT-TO-EXCEED total authorized amount of **\$100,000** for all services provided throughout the term of this Contract. The Contractor shall not be paid for any amount exceeding the NOT-TO-EXCEED amount, nor for work completed beyond the expiration date without an Amendment to the Contract.

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

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

8. FITNESS FOR DUTY:

A. Fitness: Contractor on the Jobsite:

1. Shall report for work in a manner fit to do their job; and
2. Shall not be under the influence of or in possession of any alcoholic beverages or of any controlled substance (except a controlled substance as prescribed by a physician so long as the performance or safety of the Work is not affected thereby); and
3. Shall not have been convicted of any serious criminal offense which, by its nature, may have a discernible adverse impact on the business or reputation of Agency.

9. INSURANCE: During the term of this Contract, the Contractor shall maintain at its sole expense, the following insurance.

A. Minimum Scope of Insurance:

1. General Liability: \$1,000,000 combined single limit per occurrence for bodily injury, personal injury and property damage. Coverage shall be at least as broad as Insurance Services Office form number CG 00 01 10 01, covering Comprehensive General Liability. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location, or the general aggregate limit shall be twice the required occurrence limit.
2. Automobile Liability: Automobile Liability: \$1,000,000 combined single limit per accident for bodily injury and property damage. Coverage shall be at least as broad as Insurance Services Office form number CA 00 01 10 01, covering Automobile Liability, including "any auto."
3. Workers' Compensation and Employers Liability: Workers' compensation limits as required by the Labor Code of the State of California and employers Liability limits of \$1,000,000 per accident. Contractor shall submit a Waiver of Subrogation associated with the Contractor's Workers Compensation Policy.

B. Deductibles and Self-Insured Retention: Any deductibles or self-insured retention must be declared to and approved by the Agency. At the option of the Agency, either: the insurer shall reduce or eliminate such deductibles or self-insured retention as respects the Agency, its officers, officials, employees and volunteers.

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

1. General Liability and Automobile Liability Coverage

a. The Agency, its officers, officials, employees and volunteers are to be covered as insureds, endorsement GL 2010 11 85, as respects: liability arising out of activities performed by or on behalf of the Contractor, products and completed operations of the Contractor, premises owned, occupied or used by the Contractor, or automobiles owned, leased, hired, or borrowed by the Contractor. The coverage shall contain no special limitations on the scope of protection afforded to the Agency, its officers, officials, employees, or volunteers. If Form CG 2010 10 93 or CG 2010 03 97 are issued in place of the CG 2010 11 85, then it is also necessary to issue a Form CG 2037 10 01 in addition to Form CG 2010 10 93 or CG 2010 03 97.

b. The Contractor's insurance coverage shall be primary insurance as respects the Agency, its officer, officials, employees and volunteers. Any insurance or self-insurance maintained by the Agency, its officers, officials, employees, or volunteers shall be excess of the Contractor's insurance and shall not contribute with it.

c. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the Agency, its officers, officials, employees or volunteers.

d. The Contractor's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

e. The Contractor may satisfy the limit requirements in a single policy or multiple policies. Any Such additional policies written as excess insurance shall not provide any less coverage than that provided by the first or primary policy.

2. Workers' Compensation and Employers Liability Coverage

The insurer shall agree to waive all rights of subrogation against the Agency, its officers, officials, employees and volunteers for losses arising from work performed by the Contractor for the Agency.

### 3. All Coverages

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

- D. Acceptability of Insurers: With the exception of Professional Liability Insurance, all insurance is to be placed with insurers with a Best's rating of no less than A:VII, and who are admitted insurers in the State of California. Professional Liability Insurance is to be placed with insurers with a Best's rating of no less than B:VII, and who are admitted insurers in the State of California.
- E. Verification of Coverage: Contractor shall furnish the Agency with certificates of insurance and with original endorsements effecting coverage required by the Agency for themselves and all subcontractors prior to commencing work or allowing any subcontractor to commence work under any subcontract. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. All certificates and endorsements are to be approved by the Agency before work commences. The Agency reserves the right to require complete, certified copies of all required insurance policies, at any time.
10. Submittal of Certificates: Contractor shall submit all required certificates and endorsements to the following:
- Inland Empire Utilities Agency  
Attn: Manager of Safety and Risk Management  
P.O. Box 9020  
Chino Hills, California 91709

### 11. LEGAL RELATIONS AND RESPONSIBILITIES

- A. Professional Responsibility: The Contractor shall be responsible, to the level of competency presently maintained by other practicing professionals performing the same or similar type of work.
- B. Status of Contractor: The Contractor is retained as an independent Contractor only, for the sole purpose of rendering the services described herein, and is not an employee of the Agency.
- C. Observing Laws and Ordinances: The Contractor shall keep itself fully informed of existing and future state and federal laws and county and city ordinances and regulations which in any manner affect the conduct of any services or tasks performed under this Contract, and of such orders and decrees of bodies or tribunals having any jurisdiction or authority over the same. The Contractor shall at all times observe and comply with such



existing, at the time services are rendered, laws, ordinances, regulations, orders and decrees, and shall protect and indemnify, as required herein, the Agency, its officers, employees and agents against any claim or liability arising from or based on the violation of any such law, ordinance, regulation, order or decree, in effect at the time the services are performed, whether by the Contractor or its employees. **Effective July 1, 2014, all Contractors must be registered with the California Department of Industrial Relation, as required by (law) SB-854 for public works projects.**

- D. Prevailing Wage Requirements: Pursuant to Section 1770 and following, of the California Labor Code, the Contractor shall not pay less than the general prevailing wage rates, as determined by the Director of the State of California Department of Industrial Relations for the locality in which the work is to be performed and for each craft or type of worker needed to execute the work contemplated under the Contract. The Contractor or any subcontractor performing part of said work shall strictly adhere to all provisions of the Labor Code, including, but not limited to, minimum wages, work days, nondiscrimination, apprentices, maintenance and availability of accurate payroll records and any other matters required under all Federal, State and local laws related to labor.
- E. Subcontract Services: Any subcontracts for the performance of any services under this Contract shall be subject to the written approval of the Project Manager.
- F. Conflict of Interest: No official of the Agency who is authorized in such capacity and on behalf of the Agency to negotiate, make, accept or approve, or to take part in negotiating, making, accepting or approving this Contract, or any subcontract relating to services or tasks to be performed pursuant to this Contract, shall become directly or indirectly personally interested in this Contract.
- G. Equal Opportunity and Unlawful Discrimination: During the performance of this Contract, the Contractor shall not unlawfully discriminate against any employee or employment applicant because of race, color, religion, sex, age, marital status, ancestry, physical or mental disability, sexual orientation, veteran status or national origin. The Agency is committed to creating and maintaining an environment free from harassment and discrimination. Please be assured that any possible infraction will be thoroughly investigated by the Agency.
- H. Disputes:
  - 1. All disputes arising out of or in relation to this Contract shall be determined in accordance with this section. The Contractor shall pursue the work to completion in accordance with the instruction of the Agency's Project Manager notwithstanding the existence of dispute. By entering into this Contract, both parties are obligated,

and hereby agree, to submit all disputes arising under or relating to the Contract, which remain unresolved after the exhaustion of the procedures provided herein, to independent arbitration. Except as otherwise provided herein, arbitration shall be conducted under California Code of Civil Procedure Sections 1280, et. seq, or their successor.

2. Any and all disputes during the pendency of the work shall be subject to resolution by the Agency Project Manager and the Contractor shall comply, pursuant to the Agency Project Manager instructions. If the Contractor is not satisfied with any such resolution by the Agency Project Manager, they may file a written protest with the Agency Project Manager within seven (7) calendar days after receiving written notice of the Agency's decision. Failure by Contractor to file a written protest within seven (7) calendar days shall constitute waiver of protest, and acceptance of the Agency Project Manager's resolution. The Agency's Project Manager shall submit the Contractor's written protests to the General Manager, together with a copy of the Agency Project Manager's written decision, for his or her consideration within seven (7) calendar days after receipt of said protest(s). The General Manager shall make his or her determination with respect to each protest filed with the Agency Project Manager within ten (10) calendar days after receipt of said protest(s). If Contractor is not satisfied with any such resolution by the General Manager, they may file a written request for mediation with the Project Manager within seven (7) calendar days after receiving written notice of the General Manager's decision
3. In the event of arbitration, the parties hereto agree that there shall be a single neutral Arbitrator who shall be selected in the following manner:
  - a. The Demand for Arbitration shall include a list of five names of persons acceptable to the Contractor to be appointed as Arbitrator. The Agency shall determine if any of the names submitted by Contractor are acceptable and, if so, such person will be designated as Arbitrator.
  - b. In the event that none of the names submitted by Contractor are acceptable to Agency, or if for any reason the Arbitrator selected in Step (a) is unable to serve, the Agency shall submit to Contractor a list of five names of persons acceptable to Agency for appointment as Arbitrator. The Contractor shall, in turn, have seven (7) calendar days in which to determine if one such person is acceptable.

- c. If after Steps (a) and (b), the parties are unable to mutually agree upon a neutral Arbitrator, the matter of selection of an Arbitrator shall be submitted to the San Bernardino County Superior Court pursuant to Code of Civil Procedure Section 1281.6, or its successor. The costs of arbitration shall be recoverable by the party prevailing in the arbitration. If this arbitration is appealed to a court pursuant to the procedure under California Code of Civil Procedure Section 1294, et. seq., or their successor, the costs of arbitration shall also include court costs associated with such appeals, which shall be recoverable by the prevailing party.
  4. Joinder in Mediation/Arbitration: The Agency may join the Contractor in mediation or arbitration commenced by a contractor on the Project pursuant to Public Contracts Code Sections 20104 et seq. Such joinder shall be initiated by written notice from the Agency's representative to the Contractor.
12. **INDEMNIFICATION:** To the fullest extent permitted by law, Contractor shall indemnify the Agency, its directors, employees, and assigns, and shall defend and hold them harmless for all liabilities, demands, actions, claims, losses, and expenses, which arise out of or are related to the negligence, recklessness, or willful misconduct of the Contractor, its directors, employees, agents and assigns in the performance of the work under this contract.
13. **OWNERSHIP OF WORK MATERIALS:** The Work materials (drawings, specifications, field notes, exhibits, site surveys, site-specific information, and other documents) related to this scope of work shall remain the property of the Agency. The Agency acknowledge that the Contractor's project reports, field data, notes, calculations, estimates, and other similar work materials; are instruments that support the services provided under this Contract, and are not "work products." The Agency understands that the Contractor may retain a copy of all work materials for the purpose of documenting the Contractor's participation in this project. The Agency recognizes that there shall be no unauthorized re-use of any project documents unless authorization of such re-use is reduced to writing and signed by both parties. Ownership of all work materials shall remain the property of the Agency.
14. **TITLE AND RISK OF LOSS:**
  - A. **Documentation:** Title to the Documentation shall pass to Agency when prepared; however, a copy may be retained by Contractor for its records and internal use. Contractor shall retain such Documentation in a controlled access file, and shall not reveal, display or disclose the contents of the Documentation to others without the prior written authorization of Agency or for the performance of Work related to the Scope of Work described herein.

- B. Material: Title to all Material, field or research equipment, and laboratory models, procured or fabricated under the Contract shall pass to Agency when procured or fabricated, and such title shall be free and clear of any and all encumbrances. Contractor shall have risk of loss of any Material or Agency-owned equipment of which it has custody.
- C. Disposition: Contractor shall dispose of items to which Agency has title as directed in writing by the Project Manager and/or a designated Agency representative.

15. PROPRIETARY RIGHTS:

- A. Rights and Ownership: Agency's rights to inventions, discoveries, trade secrets, patents, copyrights, and other intellectual property, including the Information and Documentation, and revisions thereto (hereinafter collectively referred to as "Proprietary Rights"), used or developed by Contractor in the performance of the Work, shall be governed by the following provisions:
  - 1. Proprietary Rights conceived, developed, or reduced to practice by Contractor in the performance of the Work shall be the property of Agency, and Contractor shall cooperate with all appropriate requests to assign and transfer same to Agency.
  - 2. If Proprietary Rights conceived, developed, or reduced to practice by Contractor prior to the performance of the Work are used in and become integral with the Work or Documentation, or are necessary for Agency to have complete enjoyment of the Work or Documentation, Contractor shall grant to Agency a non-exclusive, irrevocable, royalty-free license, as may be required by Agency for the complete enjoyment of the Work and Documentation, including the right to reproduce, correct, repair, replace, maintain, translate, publish, use, modify, copy or dispose of any or all of the Work and Documentation and grant sublicenses to others with respect to the Work and Documentation.
  - 3. If the Work or Documentation includes the Proprietary Rights of others, Contractor shall procure, at no additional cost to Agency, all necessary licenses regarding such Proprietary Rights so as to allow Agency the complete enjoyment of the Work and Documentation, including the right to reproduce, correct, repair, replace, maintain, translate, publish, use, modify, copy or dispose of any or all of the Work and Documentation and grant sublicenses to others with respect to the Work and Documentation. All such licenses shall be in writing and shall be irrevocable and royalty-free to Agency.
- B. No Additional Compensation: Nothing set forth in this Contract shall be deemed to require payment by Agency to Contractor of any compensation specifically for the assignments and assurances required hereby, other than the payment of expenses as may be actually incurred by Contractor in complying with this Contract.

16. **LIENS:** Contractor represents that the Work and Documentation shall be free of any claim of trade secret, trade mark, trade name, copyright, or patent infringement or other violations of any Proprietary Rights of any person. Contractor shall pay all sums of money that become due for any labor, services, materials, or equipment furnished to Contractor on account of said services to be rendered or said materials to be furnished under this contract and that may be secured by any lien against the Agency. Contractor shall fully discharge each such lien at the time performance of the obligation secured matures and becomes due.

17. **NOTICES:** Any notice may be served upon either party by delivering it in person, or by depositing it in a United States Mail deposit box with the postage thereon fully prepaid, and addressed to the party at the address set forth below:

Agency: Warren T. Green, Manager of Contracts and  
Facilities Services  
Inland Empire Utilities Agency  
P.O. Box 9020  
Chino Hills, California 91709

Contractor: Adam Schuman, Operations Manager  
U.S. National Corp.  
14416 Chase Street #4929  
Panorama City, California 91412

Any notice given hereunder shall be deemed effective in the case of personal delivery, upon receipt thereof, or, in the case of mailing, at the moment of deposit in the course of transmission with the United States Postal Service.

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

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

In the event of litigation concerning disclosure of information Contractor considers exempt from disclosure; (e.g., Trade Secret, Confidential, or Proprietary) Agency shall act as a stakeholder only, holding the information until otherwise ordered by a court or other legal process. If Agency is required to defend an action arising out of a Public Records Act request for any of the information Contractor has marked "Confidential," "Proprietary," or "Trade Secret," Contractor shall defend and

indemnify Agency from all liability, damages, costs, and expenses, in any action or proceeding arising under the Public Records Act.

20. **RIGHT TO AUDIT:** The Agency reserves the right to review and/or audit all Contractor's records related to the Work. The option to review and/or audit may be exercised during the term of the Contract, upon termination, upon completion of the Contract, or at any time thereafter up to twelve (12) months after final payment has been made to Contractor. The Contractor shall make all records and related documentation available within three (3) working days after said records are requested by the Agency.
21. **INTEGRATION:** The Contract Documents represent the entire Contract of the Agency and the Contractor as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered by the Contract Documents. This Contract may not be modified, altered or amended except by written mutual agreement by the Agency and the Contractor.
22. **GOVERNING LAW:** This Contract is to be governed by and constructed in accordance with the laws of the State of California, County of San Bernardino.
23. **TERMINATION FOR CONVENIENCE:** The Agency reserves and has the right to immediately suspend, cancel or terminate this Contract at any time upon written notice to the Contractor. In the event of such termination, the Agency shall pay Contractor for all authorized and Contractor-invoiced services up to the date of such termination.
24. **FORCE MAJEURE:** Neither party shall hold the other responsible for the effects of acts occurring beyond their control; e.g., war, riots, strikes, natural disasters, etcetera.
25. **NOTICE TO PROCEED:** No services shall be performed or furnished under this Contract unless and until this document has been properly signed by all responsible parties and a Notice to Proceed order has been issued to the Contractor.

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

**INLAND EMPIRE UTILITIES AGENCY:**  
*(A MUNICIPAL WATER DISTRICT)*

**MOORE FENCE COMPANY, INC.:**

\_\_\_\_\_  
P. Joseph Grindstaff  
General Manager

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
Carl L. Ross  
Project Manager

\_\_\_\_\_  
(Date)

**REVISED 3/15/16**

**ACTION  
ITEM**

**3A**

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Date: March 16, 2016

To: The Honorable Board of Directors

Through: Public, Legislative Affairs, and Water Resources Committee (03/09/16)  
Finance, Legal & Administration Committee (03/09/16)

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: Recycled Water Policy Principles

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### RECOMMENDATION

It is recommended that the Board of Directors:

1. Adopt the Recycled Water Policy Principles; and
2. Initiate development of a Regional Contract amendment based on the Recycled Water Policy Principles.

### BACKGROUND

The Inland Empire Utilities Agency (IEUA) and its contracting agencies have developed a successful regional Recycled Water Program for both direct use and groundwater recharge. In 2000, the region identified that recycled water use was a critical component in drought-proofing and maintaining its economic growth. With imported water rates increasing and long-term imported supply reliability in decline, the region committed to aggressively and proactively develop local water supplies to offset these impacts. This set the path for the development of a regional recycled water distribution system.

While the foundational commitment to beneficial reuse of recycled water has remained unchanged, some fundamental concepts have been questioned over the past few years, particularly since 2011. This has resulted in the region working together to develop Recycled Water Policy Principles to address the changes since the inception of the program. The region's goal to maximize the beneficial use of recycled water has not changed. However, the



commitment to connect additional recycled water users has stagnated over the past few years. At this time, several contracting agencies are struggling with the inherent conflict between use in excess of “base entitlement” (as defined by the Regional Sewage Service Contract) and the prioritization of direct use over groundwater recharge. The struggle has led some contracting agencies to be concerned about their local benefit and perceived inequities.

In order to move forward together as a region, it is appropriate to reevaluate and affirm the regional Recycled Water (RW) Policy Principles prior to implementing any remaining significant system improvements to the Recycled Water Program and to clarify how these principles will govern the future benefits received by all IEUA contracting agencies.

IEUA has been meeting with the contracting agencies for the last few years to develop modifications to the foundational principles. Subsequent to the Regional Technical Committee Meetings and Special Technical Committee Workshops held between July 2015 and January 2016, the agencies collectively provided input and guidance to finalize recommendations on the RW Policy Principles.

The proposed RW Policy Principles resulting from these discussions are summarized below and provided in the attachment in detail.

## **Recycled Water Policy Principles**

### **1. Maximize the beneficial use of recycled water to enhance local water resource availability and reduce reliance on imported water.**

1. IEUA will continue the development of the Regional Recycled Water infrastructure by providing equitable access for the contracting agencies to achieve reuse of 50,000 AF/year by 2025.
2. IEUA will pursue the long term acquisition of recycled water from out of service area sources to supplement the regional supply.
3. IEUA will pursue the long term transfer of recycled water from IEUA service area in exchange for supplemental water supply.
4. The parties acknowledge that IEUA is currently meeting the SAR Judgment obligation with recycled water.

### **2. Promote efficient application and use of recycled water as a reliable and fundamental component of drought-proofing the IEUA service area.**

1. Ensure efficient use of recycled water at the point of use, consistent with rules and expectations of responsible potable water use and laws governing the use of recycled water.

**3. The regional recycled water entitlement will be based on the following:**

1. Contracting agency entitlement based on wastewater contribution, future external supplies and any acquisition of another contracting agency's unused entitlement.
  - i. This entitlement may be used for Santa Ana River discharge obligations, direct use or regional recharge.
2. Contracting agency use above entitlement, as described in 3.1, will require replacement water (i.e., Stored water, surcharge, etc., acquisition of another contracting agency's unused entitlement, etc.), collected by IEUA, and passed on to contracting agencies with surplus entitlement.
  - i. This entitlement may be used for Santa Ana River discharge obligations, direct use or regional recharge.
  - ii. If a contracting agency's current direct use exceeds entitlement, current direct use corresponding to existing customers will be temporarily substituted for entitlement until June 30, 2023, as defined in section 3.1. In addition, groundwater recharge allocations will be curtailed and redistributed to the other agencies under entitlement during the temporary period. Any new connections that require additional supplies above an agency's entitlement and the current grandfathered amount will require replacement water.

**4. The regional recycled water system will be operated based on the following priorities for recycled water deliveries:**

1. Minimal operational discharges (instrumentation, environmental obligations, etc.)
2. Contracting agency deliveries
3. Regional groundwater recharge

**5. Meet peak recycled water direct demands through coordinated demand management of recycled water deliveries.**

1. Large users will have pressure sustaining valves to ensure that overall regional demands are reliably met.

**6. Maintain a financially viable recycled water program with rates that incentivize use of all available recycled water and that provides funding to achieve full cost-of-service for the recycled water program.**

1. Set recycled water rates that cover the full cost of Operations & Maintenance (O&M) and Rehabilitation & Replacement (R&R) for the system.

**7. Maximize the use of recycled water capital investments made by IEUA and its contracting agencies with recycled water use within the region.**

1. Retail contracting agencies shall substantially fulfill prior recycled water connection commitments for all existing infrastructure.
2. Firm contracting agency commitments for recycled water use will drive new regional investments.

The item was unanimously approved by the Regional Technical Committee on February 25, 2016, and will be presented to the Regional Policy Committee on March 3, 2016, for their consideration and recommendation to the IEUA Board.

Once direction from the IEUA Board on the RW Policy Principles is received, staff will work towards amending the sections of the Regional Contract consistent with the adopted RW Policy Principles. In addition to the RW Policy Principles, changes that were approved in the past, such as the agreement between Jurupa Community Services District and IEUA on the recycled water groundwater recharge allocation from Management Zone 3, will also be memorialized in the contract amendment language for clarity. It is anticipated that a Notice of Resolution for Contract Amendment will be presented to the IEUA Board in April 2016 for consideration, with a final action to be taken by June 2016.

The development of the Recycled Water Policy Principles is consistent with the *Agency's Business Goal* of increasing *Water Reliability* by meeting the region's need to develop reliable, drought-proof and diverse local water resources in order to reduce dependence on imported water supplies.

**PRIOR BOARD ACTION**

None.

**IMPACT ON BUDGET**

There is no direct impact on the budget as a result of the adoption of the Recycled Water Policy Principles.

Attachments: RW Policy Principles

## RECYCLED WATER POLICY PRINCIPLES

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### Introduction

The Inland Empire Utilities Agency (IEUA) and its contracting agencies have developed a successful regional Recycled Water Program for both direct use and groundwater recharge. As the Program continues to advance, it is important to summarize and update the history, operating philosophies, and policy principles on which the Program was founded.

In 2000, the region identified that recycled water use was a critical component in drought-proofing and maintaining its economic growth. With imported water rates increasing and long-term imported supply reliability in decline, the region committed to aggressively and proactively develop local water supplies to offset these impacts. This set the path for the development of a regional recycled water distribution system and a Recycled Water Implementation Plan.

The use of recycled water presented several advantages to the region: it is one of the most significant and underutilized sources of local water supply; it is reliable during drought and climate change conditions; and it requires significantly less energy than imported water to deliver to customers thus reduces greenhouse gas emissions. The development of recycled water is the cornerstone of a larger regional initiative to improve water supply reliability through enhanced local supplies. IEUA, in partnership with its contracting agencies and Chino Basin Watermaster (CBWM), invested over \$600 million over the last fifteen years in water recycling, conservation, recharge improvements, the MWD groundwater storage and recovery project, the Chino Desalter, and other water management programs. These programs collectively reduce the region's need for imported water especially during drought or conditions when imported water supplies are not available. In addition to the region switching large potable water users to recycled water, IEUA and CBWM obtained a landmark permit in 2005 for groundwater recharge using IEUA's high-quality recycled water.

By 2007, Southern California was experiencing one of its driest years with the potential for entering an extended drought period. The State of California subsequently made water recycling an important element of California's water supply policy and adopted a statewide goal of achieving 1,000,000 acre-feet (AF) of reuse by 2010. In response, in November 2007 IEUA and its contracting agencies unanimously adopted and committed to implement the Three Year Recycled Water Business Plan which laid out a focused and cost-effective approach to rapidly expand the availability and use of recycled water within IEUA's service area.

By 2014, over \$250 million had been invested into the implementation of a robust Recycled Water Program. The region has achieved Program success by leveraging heavily on grant funding and loans. With unanimous regional support, annual recycled water use grew from approximately 5,000 AF in FY 04/05 to over 38,500 AF in FY 13/14. Critical to the economical and efficient operation of the system, each contracting agency made commitments to complete initiatives with the goal to increase direct reuse within their service areas. While some contracting agencies accomplished or far exceeded their local goals, some contracting agencies have not been able to fully achieve their original commitments.

The region's goal to maximize the beneficial use of recycled water has not changed. However, the commitment to connect additional recycled water users has stagnated over the past few years. At this time, several contracting agencies are struggling with the inherent conflict between use in excess of "base entitlement" (as defined by the Regional Sewage Service Contract) and the prioritization of direct use over groundwater recharge. The struggle has led some contracting agencies to be concerned about their local benefit and perceived inequities.

In order to move forward together as a region, it is appropriate that we reevaluate and affirm the regional Recycled Water Policy Principles, in order to guide the updates to the Regional Sewer Service Contract, prior to implementing any remaining significant system improvements to the Recycled Water Program and to clarify how these principles will govern the future benefits received by all IEUA contracting agencies.

*These principles are not binding. These principles are intended to be a framework for the development of regional contract amendment.*

### **Recycled Water Policy Principles**

- 1. Maximize the beneficial use of recycled water to enhance local water resource availability and reduce reliance on imported water.**
  1. IEUA will continue the development of the Regional Recycled Water infrastructure by providing equitable access for the contracting agencies to achieve reuse of 50,000 AF/year by 2025.
  2. IEUA will pursue the long term acquisition of recycled water from out of service area sources to supplement the regional supply.
  3. IEUA will pursue the long term transfer of recycled water from IEUA service area in exchange for supplemental water supply.
  4. The parties acknowledge that IEUA is currently meeting the SAR Judgment obligation with recycled water.
- 2. Promote efficient application and use of recycled water as a reliable and fundamental component of drought-proofing the IEUA service area.**
  1. Ensure efficient use of recycled water at the point of use, consistent with rules and expectations of responsible potable water use and laws governing the use of recycled water.
- 3. The regional recycled water entitlement will be based on the following:**
  1. Contracting agency entitlement based on wastewater contribution, future external supplies and any acquisition of another contracting agency's unused entitlement.
    - i. This entitlement may be used for Santa Ana River discharge obligations, direct use or regional recharge.

2. Contracting agency use above entitlement, as described in 3.1, will require replacement water (i.e., Stored water, surcharge, etc., acquisition of another contracting agency's unused entitlement, etc.), collected by IEUA, and passed on to contracting agencies with surplus entitlement.
  - i. This entitlement may be used for Santa Ana River discharge obligations, direct use or regional recharge.
  - ii. If a contracting agency's current direct use exceeds entitlement, current direct use corresponding to existing customers will be temporarily substituted for entitlement until June 30, 2023, as defined in section 3.1. In addition, groundwater recharge allocations will be curtailed and redistributed to the other agencies under entitlement during the temporary period. Any new connections that require additional supplies above an agency's entitlement and the current grandfathered amount will require replacement water.
4. **The regional recycled water system will be operated based on the following priorities for recycled water deliveries:**
  1. Minimal operational discharges (instrumentation, environmental obligations, etc.)
  2. Contracting agency deliveries
  3. Regional groundwater recharge
5. **Meet peak recycled water direct demands through coordinated demand management of recycled water deliveries.**
  1. Large users will have pressure sustaining valves to ensure that overall regional demands are reliably met.
6. **Maintain a financially viable recycled water program with rates that incentivize use of all available recycled water and that provides funding to achieve full cost-of-service for the recycled water program.**
  1. Set recycled water rates that cover the full cost of Operations & Maintenance (O&M) and Rehabilitation & Replacement (R&R) for the system.
7. **Maximize the use of recycled water capital investments made by IEUA and its contracting agencies with recycled water use within the region.**
  1. Retail contracting agencies shall substantially fulfill prior recycled water connection commitments for all existing infrastructure.
  2. Firm contracting agency commitments for recycled water use will drive new regional investments.

# Recycled Water Policy Principles



***Inland Empire Utilities Agency***  
**A MUNICIPAL WATER DISTRICT**

Sylvie Lee

IEUA Board of Directors Meeting  
March 2016

# RW Policy Principles

- IEUA began discussions with member agencies: 2012
- Item was presented to the Policy Committee: Dec 2014
- Discussions resumed: Jul 2015
- Item was presented to Regional Committees: Oct/Nov 2015
- Regional Technical Committee unanimously approved: Jan 2016
- Regional Policy Committee – action: March 3, 2016



# RW Policy Principles

1. Maximize beneficial RW use
2. Promote efficient use of RW
3. RW allocation rights
4. RW system operation
5. RW Demand Management
6. Achieve full cost of service
7. Maximize the capital investments

# RW Policy Principles

- **The regional recycled water entitlement will be based on the following:**
  - Contracting agency entitlement based on wastewater contribution, future external supplies and any acquisition of another contracting agency's unused entitlement.
  - This entitlement will be used for each contracting agency's Santa Ana River discharge obligations, direct use and /or regional recharge.
  - Contracting agency use above entitlement will require replacement water.
  - If current direct use exceeds entitlement, current direct use will be temporarily substituted for entitlement and GWR allocations will be curtailed until June 30, 2023.

# Next Steps

- **February 2016: Regional Technical Committee**
  - Action Item: Approved RW Policy Principles
- **April 2016: IEUA Board**
  - Resolution for Amendment of Regional Contract for RW
- **April – May 2016: Technical/Policy Committee**
  - Regional Contract Recommendation for Approval
- **June 2016: IEUA Board**
  - Adoption of Regional Contract Amendment for RW



# Recommendation

## Recycled Water Policy Principles

1. Approve the Recycled Water Policy Principles
2. Initiate Development of a Regional Contract amendment based on the RW Policy Principles


The development of the Recycled Water Policy Principles is consistent with the **Agency's Business Goal of increasing Water Reliability** by meeting the region's need to develop reliable, drought-proof and diverse local water resources in order to reduce dependence on imported water supplies.


**ACTION  
ITEM**


**3B**

Date: March 16, 2016

To: The Honorable Board of Directors

From:  P. Joseph Grindstaff  
General Manager

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

 Sharmeen Bhojani  
Manager of Human Resources

Subject: Adopt Resolution No. 2016-3-6, for the General Unit

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### **RECOMMENDATION**

It is recommended that the Board of Directors:

1. Approve and adopt the recently completed classification and compensation study for all General Unit employees;
2. Approve the modification of various position titles for all General Unit employees, as a result of the adoption of the classification and compensation study; and
3. Adopt Resolution No. 2016-3-6 to amend the 2013 through 2018 Memorandum of Understanding (MOU) for the General Unit with a new salary matrix and classification plan based on the results of a classification and compensation study.

### **BACKGROUND**

In November 2013, the Inland Empire Utilities Agency (the Agency) retained the services of an independent consultant Reward Strategy Group (RSG) to conduct an Agency-wide classification and compensation study (the Study). The last time a comprehensive study was conducted was in 1998. Since then, the Agency has made some modifications to classifications and salary schedules/matrixes; however, a comprehensive review and update of the classification plan has not been completed.

The Agency's objective in retaining RSG to conduct the Study included the following: 1) ensure class specifications appropriately define core job responsibilities, level of complexity, accountability, performance expectations and essential qualifications, 2) provide salaries commensurate with assigned duties, 3) outline promotional opportunities, 4) provide reasonable and justifiable pay

Adoption of Resolution No. 2016-3-6, Amending the MOU, Salary Matrix and Classification Plan for All General Unit Employees

March 16, 2016

Page 2

differential between classes to ensure internal equity 5) maintain currency with relevant labor markets, and 6) consolidation of seven salary matrixes into a single matrix for all Agency employees.

The Study provided a recommendation for a revised classification structure including new class specifications, job titles, and salaries along with revised Fair Labor Standards Act (FLSA) designations (i.e. exempt vs. non-exempt status). This report only addresses the proposed changes for the General Unit. The Board of Directors (the Board) previously adopted the changes for all Unrepresented and Executive Management employees at its Board meeting on January 21, 2015, for all Laboratory Unit employees at its Board meeting on February 18, 2015 and for all Operators' Association and Professional Unit employees at its Board meeting on July 15, 2015.

As part of the analysis, RSG reviewed all existing class specifications and all position description questionnaires completed by each individual employee, along with their supervisor's supplemental questionnaire. In some cases, RSG also interviewed the employee and supervisor individually to obtain clarification on duties performed. A total of 147 employees were interviewed. RSG utilized this information to submit draft class specifications for all positions along with recommended allocations of current positions into the new classifications. The draft class specifications were then distributed to all employees and their respective managers. All employees were given an opportunity to provide their feedback on the proposed class specifications and submit a request for reconsideration if they felt that they were improperly classified. A total of 120 reconsideration requests were submitted. The feedback was then reviewed by RSG, the Executive Managers, and Human Resources in order to determine if any changes were warranted. The new class specifications for all General Unit employees will be posted on the Agency's intranet website upon the Board's adoption of Resolution No. 2016-3-6.

Once the class specifications were finalized, RSG conducted a survey using 19 comparable agencies (including cities and municipal water agencies) and 54 benchmark positions; 13 positions from the General Unit employee group were benchmarked. RSG then made recommendations for salaries based on the following criteria: benchmark data comparison (labor market survey), complexity of the job, internal/external value of the job (i.e. recruitment and retention value), internal equity, educational and certification requirements. A key objective of the Study was to consolidate the various salary matrixes for the represented and unrepresented groups. The new consolidated salary schedule/matrix for all Unrepresented, Executive Management, Laboratory Unit, Operators' Association, Professional Unit, and General Unit employees, is included as "Exhibit 1" of Resolution No. 2016-3-6. Exhibit 1 of Resolution No. 2016-3-6 also includes a listing of the hourly, bi-weekly, monthly and annual amounts by step (1-9) for each of the proposed salary ranges.

The salary analysis portion of the Study resulted in recommended increases for all positions. To the extent any classifications within the General Unit were below the average for comparable agencies pursuant to the Study, a recommendation is being made to provide to employees in such classifications a one-time pay increase sufficient to place the employee at the salary step closest to, and not to exceed, 5.0% of the employee's current base salary. This is consistent with the methodology negotiated with the General Unit, and what was implemented for the Unrepresented employees, Executive Management, Laboratory Unit, Operators' Association, and the Professional

Adoption of Resolution No. 2016-3-6, Amending the MOU, Salary Matrix and Classification Plan for All General Unit Employees

March 16, 2016

Page 3

Unit. Per the Study and the negotiations process with the General Unit, no positions in the General Unit were identified as being above the average.

Since the Study encompassed a review of total compensation (wages and benefits), RSG also collected market survey data on employee benefits from the 19 comparable agencies to ensure that the Agency's benefit package is comparable. RSG's survey found the Agency's benefit plan to be competitive in the labor market; therefore, no recommendation was made to enhance the Agency's benefit plan.

The following is a list of other relevant terms that were negotiated as part of the Study's implementation:

- Reclassify the Electrical and Instrumentation Technician III currently assigned to the Unrepresented Unit as a Maintenance Specialist to remain in the Unrepresented Unit.
- Current incumbents in the Plant Maintenance Technician II position who are being reclassified to Mechanic I shall be placed at salary range 173. If at the end of 2 years, the incumbent is not successful in progressing to the next level, the incumbent will be placed at salary range 172 for Mechanic I.
- Training proficiency requirements for advancement in the combined Electrical and Instrumentation series and the combined Mechanic series.

If approved, all the proposed changes as outlined in this report shall be effective retroactively to November 1, 2014.

The approval of the results of the class and comp study is consistent with the Agency's *Workplace Environment* business goal to be committed to providing a positive workplace environment by recruiting, retaining and developing a highly skilled team dedicated to the Agency's Mission, Vision, and Values.

### **PRIOR BOARD ACTION**

On July 15, 2015, the Board of Directors adopted Resolution No. 2015-7-1 amending the MOU, Salary Matrix, and Classification Plan for all Operators' Association and Professional Unit employees.

On February 18, 2015, the Board of Directors adopted Resolution No. 2015-2-3 amending the MOU, Salary Matrix, and Classification Plan for all Laboratory Unit employees.

On January 21, 2015, the Board of Directors adopted Resolution No. 2015-1-4 amending the Personnel Manual, Salary Matrix, and Classification Plan for all Unrepresented employees, including Executive Management.

### **IMPACT ON BUDGET**



**Adoption of Resolution No. 2016-3-6, Amending the MOU, Salary Matrix and Classification Plan  
for All General Unit Employees**

March 16, 2016

Page 4

The one-time salary adjustment retroactive to November 1, 2014 for the General Unit employees is estimated to be approximately \$700,000. Funding for the class and comp study is appropriated under the Administrative Services (GG) fund.

**Attachments:**

**Attachment 1 – General Unit Class and Comp Summary**

**Resolution No. 2016-3-6**

# General Unit

Division	Dept	New Level	Current Classification	New Classification	Benchmarked Y/N	*Y* Rated	Reconsideration?	Change in FLSA Status	Change in Bargaining Unit	Bargaining Unit	Avg Curr Top Step	Avg Proposed Top_Step	Average of Proposed Top_Step	Avg Difference
(All)	(All)	(All)	Accounting Technician	Account Technician I	Y	N	Yes	NA	No	GU	59,966	170	56,856	5.4%
			Administrative Secretary	Administrative Assistant I	Y	N	No	NA	No	GU	59,497	171	59,699	0.3%
				Administrative Assistant II	Y	N	Yes	NA	No	GU	59,497	171	59,699	0.3%
			Collection System Operator	Administrative Assistant II	Y	N	No	NA	Professional	GU	59,497	174	69,103	16.1%
			Compost Operator	Collection System Operator II	N	N	No	NA	No	GU	62,472	175	72,553	16.1%
				Compost Operator	N	N	No	NA	No	GU	65,598	174	69,103	5.3%
			Compost Worker	Compost Operator	N	N	Yes	NA	No	GU	65,598	174	69,103	5.3%
			Control System Analyst	Compost Worker	N	N	No	NA	No	GU	51,399	170	56,856	10.6%
				Mechanic I	N	N	Yes	NA	No	GU	51,399	172	62,886	22.0%
				Control Systems Analyst I	N	N	No	NA	No	GU	92,299	180	92,597	0.3%
			Control Systems Administrator	Control Systems Analyst I	N	N	Yes	NA	No	GU	92,299	180	92,597	0.3%
			Electrical Tech II	Control Systems Analyst II	N	N	Yes	NA	No	GU	101,700	182	102,083	0.4%
				E & I Tech II	Y	N	No	NA	No	GU	79,732	179	88,189	10.6%
			Engineering Technician	Engineering Technician	Y	N	Yes	NA	No	GU	79,732	179	88,189	10.6%
			HVAC Technician	HVAC Technician	N	N	Yes	NA	No	GU	62,472	175	71,553	16.1%
			Industrial Technician	Industrial Technician	N	N	No	NA	No	GU	79,732	177	79,990	0.3%
			Instrument Tech II	Industrial Technician I	N	N	No	NA	No	GU	75,935	177	79,990	5.3%
			Inventroy Control Technidan	F & I Tech II	Y	N	Yes	NA	No	GU	83,718	179	88,189	5.3%
			Machinist	Warehouse Technician	Y	N	Yes	NA	No	GU	56,665	171	59,699	5.4%
			Maintenance Planner Coordinator	Mechanic II	N	N	Yes	NA	No	GU	68,874	176	76,179	10.6%
			Mechanic II	Maintenance Planner	Y	N	No	NA	No	GU	68,874	176	76,179	10.6%
				Mechanic II	Y	N	Yes	NA	No	GU	68,874	176	76,179	10.6%
			New, Vacant Collection System Operator I	Collection System Operator I	N	N	No	NA	No	GU	171	57,960	0.0%	
			New, Vacant Collection System Operator III	Collection System Operator III	N	N	No	NA	No	GU	177	77,960	0.0%	
			New, Vacant E & I Tech I	E & I Tech I	Y	N	No	NA	No	GU	176	79,960	0.0%	
			New, Vacant E & I Tech IV	E & I Tech IV	N	N	No	NA	No	GU	182	99,110	0.0%	
			New, Vacant Mechanic IV	Mechanic IV	N	N	No	NA	No	GU	181	94,990	0.0%	
			New, Vacant Technology Specialist I	Technology Specialist I	N	N	No	NA	No	GU	178	81,540	0.0%	
			Office Assistant	Office Assistant	Y	N	Yes	NA	No	GU	42,285	166	46,783	10.6%
			Office Assistant	Administrative Assistant I	Y	N	Yes	NA	No	GU	42,285	171	59,699	41.2%
			PC/Network Administrator	Technologist Specialist III	N	N	No	NA	No	GU	96,514	182	102,083	5.3%
			Plant Maintenance Technician II	Mechanic I	Y	N	No	NA	No	GU	59,497	173	65,817	10.6%
				Mechanic I	Y	N	Yes	NA	No	GU	59,497	173	65,817	10.6%
			Pre-treatment & Source Control Inspector I	Pre-treatment & Source Control Inspect	N	N	Yes	NA	No	GU	62,472	174	69,103	10.6%
			Pre-treatment & Source Control Inspector II	Pre-treatment & Source Control Inspect	Y	N	Yes	NA	No	GU	72,320	177	79,990	10.6%
			Records Management Coordinator	Records Management Specialist	Y	N	Yes	NA	No	GU	65,598	173	65,817	0.3%
			Senior Accounting Technician	Account Technician II	Y	N	Yes	NA	No	GU	59,497	179	65,817	10.6%
			Senior Collection System Operator	Collection System Supervisor	N	N	No	NA	Supervisor	GU	79,732	182	102,083	28.0%
			Senior Compost Operator	Senior Compost O & M Technician	N	N	No	NA	No	GU	75,935	181	97,222	28.0%
			Senior E & I Tech	E & I Tech III	Y	N	No	NA	No	GU	101,700	182	102,083	0.4%
			Senior Industrial Engine Tech	Industrial Engine Tech II	N	N	Yes	NA	No	GU	96,514	181	97,222	0.3%
			Senior Maintenance Technician	Senior Compost O & M Technician	N	N	Yes	NA	No	GU	87,904	181	97,222	10.6%
				Mechanic III	Y	N	No	NA	No	GU	75,935	179	88,189	16.1%
				Mechanic III	Y	N	Yes	NA	No	GU	75,935	179	88,189	16.1%
			Technology Specialist II	Technology Specialist II	N	N	No	NA	No	GU	87,904	180	92,597	5.3%
			Warehouse & Inventory Technician	Warehouse Technician	N	N	Yes	NA	No	GU	56,665	171	59,699	5.4%

**RESOLUTION NO. 2016-3-6**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
INLAND EMPIRE UTILITIES AGENCY\*, SAN  
BERNARDINO COUNTY, CALIFORNIA, AMENDING THE  
MEMORANDUM OF UNDERSTANDING, SALARY  
MATRIX/SCHEDULE AND CLASSIFICATION PLAN FOR  
ALL GENERAL UNIT EMPLOYEES**

**WHEREAS**, the Agency has classification and compensation changes for the General Unit employees as a result of an agency-wide classification and compensation study, and

**WHEREAS**, the Agency now desires to update the salary and classification information to comply with the California Code of Regulations (CCR) §570.5, and

**WHEREAS**, the Agency now desires to amend the Memorandum of Understanding for the General Unit employees, and

**NOW, THEREFORE**, the Board of Directors of the Inland Empire Utilities Agency\* does hereby RESOLVE, DETERMINE AND ORDER as follows:

**Section 1:** The salary schedule/matrix is hereby adopted and set forth in Exhibit "1" and Exhibit "2" of this resolution.

**Section 2:** The salary information contained in Exhibit "1" shall be effective as of November 1, 2014.

**Section 3:** The salary information contained in Exhibit "2" shall be effective as of March 15, 2015.

**ADOPTED** the 16<sup>th</sup> day of March, 2016.

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President of the Inland Empire  
Utilities Agency\* and of the  
Board of Directors thereof

ATTEST:

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Secretary/Treasurer of the Inland Empire  
Utilities Agency\* and of the  
Board of Directors thereof

STATE OF CALIFORNIA )  
COUNTY OF ) SS  
SAN BERNARDINO )

I, Secretary/Treasurer of the Inland Empire Utilities Agency\*, DO HEREBY CERTIFY that the foregoing Resolution being No. 2016-3-6, was adopted at a regular Board Meeting on March 16, 2016, of said Agency by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

\_\_\_\_\_  
Secretary/Treasurer

**Salary Matrix**  
**Effective November 1, 2014**

**EXHIBIT 1**

<b>CLASSIFICATION TITLE</b>	<b>Salary Range</b>	<b>Unit</b>	<b>FLSA</b>
Accountant I	173	UN	Exempt
Accountant II	175	UN	Exempt
Accounting Technician I	169	UN	Non-exempt
Accounting Technician I	170	GU	Non-exempt
Accounting Technician II	173	GU	Non-exempt
Administrative Assistant I	171	GU	Non-exempt
Administrative Assistant I (confidential)	171	UN	Non-exempt
Administrative Assistant II (confidential)	174	UN	Non-exempt
Assistant Engineer	179	UN	Exempt
Associate Engineer	182	UN	Exempt
Biologist <sup>1</sup>	181	LB	Exempt
Board Secretary/Office Manager	188	UN	Exempt
Budget Officer	186	UN	Exempt
CAD Designer	178	UN	Exempt
Chemist	181	LB	Exempt
Chief Financial Officer/Assistant General Manager	196	EX	Exempt
Collection System Operator I	171	GU	Non-exempt
Collection System Operator II	175	GU	Non-exempt
Collection System Operator III	177	GU	Non-exempt
Collection System Supervisor	182	GU	Exempt
Compost Operator	174	GU	Non-exempt
Compost Sales Representative	181	UN	Exempt
Compost Worker	170	GU	Non-exempt
Construction Project Inspector	180	UN	Non-exempt
Control Systems Analyst I	180	GU	Non-exempt
Control Systems Analyst II	182	GU	Non-exempt
Deputy Manager of Construction Management	188	UN	Exempt
Deputy Manager of Engineering	189	UN	Exempt
Deputy Manager of Human Resources	188	UN	Exempt
Deputy Manager of Integrated Systems Services	188	UN	Exempt
Deputy Manager of Maintenance	188	UN	Exempt
Deputy Manager of Operations	188	UN	Exempt
Deputy Manager of Planning & Environmental Resources	189	UN	Exempt
Electrical & Instrumentation Technician I	176	GU	Non-exempt
Electrical & Instrumentation Technician II	179	GU	Non-exempt
Electrical & Instrumentation Technician III	181	GU	Non-exempt
Electrical & Instrumentation Technician III <sup>2</sup>	182	GU	Non-exempt
Electrical & Instrumentation Technician IV	182	GU	Non-exempt
Engineering Technician	175	GU	Non-exempt
Environmental Resources Planner II	182	UN	Exempt
Executive Assistant	178	UN	Exempt
Executive Manager of Engineering/Assistant General Manager	196	EX	Exempt
Executive Manager of Operations/Assistant General Manager	196	EX	Exempt

**Salary Matrix**  
**Effective November 1, 2014**

**EXHIBIT 1**

<b>CLASSIFICATION TITLE</b>	<b>Salary Range</b>	<b>Unit</b>	<b>FLSA</b>
Executive Manager of Policy Development/Assistant General Manager	196	EX	Exempt
External Affairs Specialist I	171	UN	Exempt
External Affairs Specialist I (Y-Rated) <sup>3</sup>	202	UN	Exempt
Facilities Specialist - Landscape	177	UN	Exempt
General Manager	203	EX	Exempt
GIS Specialist	178	UN	Exempt
Grants Officer	186	UN	Exempt
Human Resources Analyst I	177	UN	Exempt
Human Resources Analyst II	179	UN	Exempt
Human Resources Officer	183	UN	Exempt
Human Resources Technician	171	UN	Non-exempt
HVAC Technician	177	GU	Non-exempt
Industrial Engine Technician I	177	GU	Non-exempt
Industrial Engine Technician II	181	GU	Non-exempt
Internal Auditor	179	UN	Exempt
Laboratory Assistant	172	LB	Non-exempt
Laboratory Scientist I	177	LB	Non-exempt
Laboratory Scientist II	179	LB	Non-exempt
Maintenance Planner	181	GU	Non-exempt
Maintenance Specialist	201	UN	Exempt
Manager of Business Information Services	190	UN	Exempt
Manager of Contracts & Facility Services	190	UN	Exempt
Manager of Engineering	192	UN	Exempt
Manager of External Affairs	190	UN	Exempt
Manager of Finance & Accounting	190	UN	Exempt
Manager of Human Resources	190	UN	Exempt
Manager of Internal Audit	190	UN	Exempt
Manager of Laboratories	190	UN	Exempt
Manager of Maintenance	192	UN	Exempt
Manager of Operations	192	UN	Exempt
Manager of Planning & Environmental Resources	192	UN	Exempt
Manager of Regional Compost Authority	190	UN	Exempt
Manager of Technical Services	190	UN	Exempt
Mechanic I	172	GU	Non-exempt
Mechanic I <sup>4</sup>	173	GU	Non-exempt
Mechanic II	176	GU	Non-exempt
Mechanic III	179	GU	Non-exempt
Mechanic IV	181	GU	Non-exempt
Office Assistant	166	UN	Non-exempt
Office Assistant	166	GU	Non-exempt
Operations Specialist	179	UN	Exempt
Pre-treatment & Source Control Inspector I	174	GU	Non-exempt
Pre-treatment & Source Control Inspector II	177	GU	Non-exempt

**Salary Matrix**  
**Effective November 1, 2014**

**EXHIBIT 1**

<b>CLASSIFICATION TITLE</b>	<b>Salary Range</b>	<b>Unit</b>	<b>FLSA</b>
Records Specialist	173	GU	Non-exempt
Recycled/Groundwater Recharge Operations & Maintenance Specialist	179	UN	Exempt
Risk Specialist	174	UN	Non-exempt
Safety Officer	183	UN	Exempt
Senior Associate Engineer	184	UN	Exempt
Senior Associate Engineer - PE	185	UN	Exempt
Senior Compost O & M Technician	181	GU	Non-exempt
Senior Engineer	187	UN	Exempt
Senior Environmental Resources Planner	184	UN	Exempt
Senior External Affairs Specialist	180	UN	Exempt
Senior Internal Auditor	182	UN	Exempt
Senior Operations Specialist	184	UN	Exempt
Senior Pre-treatment & Source Control Inspector	180	GU	Non-exempt
Technology Specialist I	178	GU	Non-exempt
Technology Specialist II	180	GU	Non-exempt
Technology Specialist III	182	GU	Non-exempt
Warehouse Technician	171	GU	Non-exempt

**Notes:**

1. Incumbent Biologist in this position prior to 7/1/01 shall be non-exempt.
2. Salary range for incumbent Senior Electrical & instrumentation Tech employee reclassified to Electrical & Instrumentation Technician III .
3. The Y-Rated salary for this position is reflective of the incumbent in the position effective 11/1/14 formerly classified as CIP Coordinator.
4. Salary range for Incumbent Plant Maintenance Technician II employees reclassified to Mechanic I.



Unrepresented, Executive, General Unit, and Laboratory Unit  
Salary Matrix  
Effective November 1, 2014

EXHIBIT 1

Range/Step	Hourly	Bi-Weekly	Monthly	Annually
<b>165</b>				
1	17.0700	1,365.60	2,958.79	35,505
2	17.4967	1,399.74	3,032.76	36,393
3	17.9341	1,434.73	3,108.58	37,303
4	18.3825	1,470.60	3,186.29	38,236
5	18.8420	1,507.36	3,265.95	39,191
6	19.3131	1,545.05	3,347.60	40,171
7	19.7959	1,583.67	3,431.29	41,175
8	20.2908	1,623.26	3,517.07	42,205
9	20.7981	1,663.85	3,605.00	43,260
<b>166</b>				
1	17.9223	1,433.78	3,106.53	37,278
2	18.3703	1,469.63	3,184.19	38,210
3	18.8296	1,506.37	3,263.79	39,166
4	19.3003	1,544.03	3,345.39	40,145
5	19.7828	1,582.63	3,429.02	41,148
6	20.2774	1,622.19	3,514.75	42,177
7	20.7843	1,662.75	3,602.62	43,231
8	21.3039	1,704.32	3,692.68	44,312
9	21.8365	1,746.92	3,785.00	45,420
<b>167</b>				
1	18.8180	1,505.44	3,261.78	39,141
2	19.2884	1,543.07	3,343.33	40,120
3	19.7706	1,581.65	3,426.91	41,123
4	20.2649	1,621.19	3,512.58	42,151
5	20.7715	1,661.72	3,600.40	43,205
6	21.2908	1,703.27	3,690.41	44,285
7	21.8231	1,745.85	3,782.67	45,392
8	22.3687	1,789.49	3,877.24	46,527
9	22.9279	1,834.23	3,974.17	47,690
<b>168</b>				
1	19.7571	1,580.57	3,424.57	41,095
2	20.2510	1,620.08	3,510.18	42,122
3	20.7573	1,660.58	3,597.93	43,175
4	21.2762	1,702.10	3,687.88	44,255
5	21.8081	1,744.65	3,780.08	45,361
6	22.3534	1,788.27	3,874.58	46,495
7	22.9122	1,832.97	3,971.45	47,657
8	23.4850	1,878.80	4,070.73	48,849
9	24.0721	1,925.77	4,172.50	50,070
<b>169</b>				
1	20.7436	1,659.49	3,595.55	43,147
2	21.2622	1,700.97	3,685.44	44,225
3	21.7937	1,743.50	3,777.58	45,331
4	22.3386	1,787.09	3,872.02	46,464

## Unrepresented, Executive, General Unit, and Laboratory Unit

EXHIBIT 1

## Salary Matrix

Effective November 1, 2014

Range/Step	Hourly	Bi-Weekly	Monthly	Annually
5	22.8970	1,831.76	3,968.82	47,626
6	23.4695	1,877.56	4,068.04	48,816
7	24.0562	1,924.50	4,169.74	50,037
8	24.6576	1,972.61	4,273.98	51,288
9	25.2740	2,021.92	4,380.83	52,570
<b>170</b>				
1	21.7814	1,742.51	3,775.43	45,305
2	22.3259	1,786.07	3,869.82	46,438
3	22.8840	1,830.72	3,966.57	47,599
4	23.4561	1,876.49	4,065.73	48,789
5	24.0425	1,923.40	4,167.37	50,008
6	24.6436	1,971.49	4,271.56	51,259
7	25.2597	2,020.78	4,378.35	52,540
8	25.8912	2,071.29	4,487.80	53,854
9	26.5385	2,123.08	4,600.00	55,200
<b>171</b>				
1	22.8704	1,829.63	3,964.21	47,570
2	23.4422	1,875.37	4,063.31	48,760
3	24.0282	1,922.26	4,164.89	49,979
4	24.6289	1,970.32	4,269.02	51,228
5	25.2447	2,019.57	4,375.74	52,509
6	25.8758	2,070.06	4,485.14	53,822
7	26.5227	2,121.81	4,597.26	55,167
8	27.1857	2,174.86	4,712.20	56,546
9	27.8654	2,229.23	4,830.00	57,960
<b>172</b>				
1	24.0147	1,921.18	4,162.55	49,951
2	24.6151	1,969.21	4,266.62	51,199
3	25.2305	2,018.44	4,373.28	52,479
4	25.8612	2,068.90	4,482.61	53,791
5	26.5078	2,120.62	4,594.68	55,136
6	27.1705	2,173.64	4,709.55	56,515
7	27.8497	2,227.98	4,827.29	57,927
8	28.5460	2,283.68	4,947.97	59,376
9	29.2596	2,340.77	5,071.67	60,860
<b>173</b>				
1	25.2143	2,017.14	4,370.48	52,446
2	25.8446	2,067.57	4,479.74	53,757
3	26.4908	2,119.26	4,591.73	55,101
4	27.1530	2,172.24	4,706.52	56,478
5	27.8318	2,226.55	4,824.19	57,890
6	28.5276	2,282.21	4,944.79	59,338
7	29.2408	2,339.27	5,068.41	60,821
8	29.9719	2,397.75	5,195.12	62,341
9	30.7212	2,457.69	5,325.00	63,900

Unrepresented, Executive, General Unit, and Laboratory Unit  
Salary Matrix  
Effective November 1, 2014

EXHIBIT 1

Range/Step	Hourly	Bi-Weekly	Monthly	Annually
<b>174</b>				
1	26.4730	2,117.84	4,588.66	55,064
2	27.1348	2,170.79	4,703.37	56,440
3	27.8132	2,225.06	4,820.96	57,851
4	28.5086	2,280.68	4,941.48	59,298
5	29.2213	2,337.70	5,065.02	60,780
6	29.9518	2,396.14	5,191.64	62,300
7	30.7006	2,456.05	5,321.44	63,857
8	31.4681	2,517.45	5,454.47	65,454
9	32.2548	2,580.38	5,590.83	67,090
<b>175</b>				
1	27.7949	2,223.59	4,817.78	57,813
2	28.4898	2,279.18	4,938.23	59,259
3	29.2020	2,336.16	5,061.68	60,740
4	29.9321	2,394.57	5,188.22	62,259
5	30.6804	2,454.43	5,317.93	63,815
6	31.4474	2,515.79	5,450.88	65,411
7	32.2336	2,578.68	5,587.15	67,046
8	33.0394	2,643.15	5,726.83	68,722
9	33.8654	2,709.23	5,870.00	70,440
<b>176</b>				
1	29.1839	2,334.71	5,058.53	60,702
2	29.9135	2,393.08	5,185.00	62,220
3	30.6613	2,452.90	5,314.62	63,775
4	31.4278	2,514.23	5,447.49	65,370
5	32.2135	2,577.08	5,583.68	67,004
6	33.0189	2,641.51	5,723.27	68,679
7	33.8443	2,707.55	5,866.35	70,396
8	34.6904	2,775.23	6,013.01	72,156
9	35.5577	2,844.62	6,163.33	73,960
<b>177</b>				
1	30.6438	2,451.51	5,311.60	63,739
2	31.4099	2,512.79	5,444.39	65,333
3	32.1952	2,575.61	5,580.50	66,966
4	33.0001	2,640.00	5,720.01	68,640
5	33.8251	2,706.00	5,863.01	70,356
6	34.6707	2,773.66	6,009.59	72,115
7	35.5375	2,843.00	6,159.83	73,918
8	36.4259	2,914.07	6,313.82	75,766
9	37.3365	2,986.92	6,471.67	77,660
<b>178</b>				
1	32.1748	2,573.99	5,576.97	66,924
2	32.9792	2,638.34	5,716.40	68,597
3	33.8037	2,704.30	5,859.31	70,312
4	34.6488	2,771.90	6,005.79	72,069

Unrepresented, Executive, General Unit, and Laboratory Unit  
Salary Matrix  
Effective November 1, 2014

EXHIBIT 1

Range/Step	Hourly	Bi-Weekly	Monthly	Annually
5	35.5150	2,841.20	6,155.93	73,871
6	36.4029	2,912.23	6,309.83	75,718
7	37.3130	2,985.04	6,467.58	77,611
8	38.2458	3,059.66	6,629.27	79,551
9	39.2019	3,136.15	6,795.00	81,540
<b>179</b>				
1	33.7848	2,702.78	5,856.03	70,272
2	34.6294	2,770.35	6,002.43	72,029
3	35.4951	2,839.61	6,152.49	73,830
4	36.3825	2,910.60	6,306.30	75,676
5	37.2921	2,983.37	6,463.96	77,567
6	38.2244	3,057.95	6,625.56	79,507
7	39.1800	3,134.40	6,791.20	81,494
8	40.1595	3,212.76	6,960.98	83,532
9	41.1635	3,293.08	7,135.00	85,620
<b>180</b>				
1	35.4736	2,837.89	6,148.76	73,785
2	36.3605	2,908.84	6,302.48	75,630
3	37.2695	2,981.56	6,460.04	77,520
4	38.2012	3,056.10	6,621.54	79,459
5	39.1562	3,132.50	6,787.08	81,445
6	40.1351	3,210.81	6,956.76	83,481
7	41.1385	3,291.08	7,130.68	85,568
8	42.1670	3,373.36	7,308.94	87,707
9	43.2212	3,457.69	7,491.67	89,900
<b>181</b>				
1	37.2453	2,979.63	6,455.86	77,470
2	38.1765	3,054.12	6,617.25	79,407
3	39.1309	3,130.47	6,782.68	81,392
4	40.1091	3,208.73	6,952.25	83,427
5	41.1119	3,288.95	7,126.06	85,513
6	42.1397	3,371.17	7,304.21	87,650
7	43.1932	3,455.45	7,486.81	89,842
8	44.2730	3,541.84	7,673.98	92,088
9	45.3798	3,630.38	7,865.83	94,390
<b>182</b>				
1	39.1078	3,128.62	6,778.68	81,344
2	40.0855	3,206.84	6,948.15	83,378
3	41.0876	3,287.01	7,121.85	85,462
4	42.1148	3,369.18	7,299.90	87,599
5	43.1677	3,453.41	7,482.40	89,789
6	44.2469	3,539.75	7,669.46	92,033
7	45.3530	3,628.24	7,861.19	94,334
8	46.4869	3,718.95	8,057.72	96,693
9	47.6490	3,811.92	8,259.17	99,110

Unrepresented, Executive, General Unit, and Laboratory Unit  
Salary Matrix  
Effective November 1, 2014

EXHIBIT 1

Range/Step	Hourly	Bi-Weekly	Monthly	Annually
<b>183</b>				
1	41.0649	3,285.20	7,117.92	85,415
2	42.0916	3,367.33	7,295.87	87,550
3	43.1439	3,451.51	7,478.27	89,739
4	44.2225	3,537.80	7,665.23	91,983
5	45.3280	3,626.24	7,856.86	94,282
6	46.4612	3,716.90	8,053.28	96,639
7	47.6228	3,809.82	8,254.61	99,055
8	48.8133	3,905.07	8,460.98	101,532
9	50.0337	4,002.69	8,672.50	104,070
<b>184</b>				
1	43.1168	3,449.35	7,473.58	89,683
2	44.1947	3,535.58	7,660.42	91,925
3	45.2996	3,623.97	7,851.93	94,223
4	46.4321	3,714.57	8,048.23	96,579
5	47.5929	3,807.43	8,249.44	98,993
6	48.7827	3,902.62	8,455.67	101,468
7	50.0023	4,000.18	8,667.06	104,005
8	51.2523	4,100.19	8,883.74	106,605
9	52.5337	4,202.69	9,105.83	109,270
<b>185</b>				
1	45.2713	3,621.70	7,847.02	94,164
2	46.4031	3,712.24	8,043.20	96,518
3	47.5631	3,805.05	8,244.28	98,931
4	48.7522	3,900.18	8,450.38	101,405
5	49.9710	3,997.68	8,661.64	103,940
6	51.2203	4,097.62	8,878.18	106,538
7	52.5008	4,200.06	9,100.14	109,202
8	53.8133	4,305.07	9,327.64	111,932
9	55.1587	4,412.69	9,560.83	114,730
<b>186</b>				
1	47.5362	3,802.90	8,239.61	98,875
2	48.7246	3,897.97	8,445.60	101,347
3	49.9427	3,995.42	8,656.74	103,881
4	51.1913	4,095.30	8,873.16	106,478
5	52.4711	4,197.69	9,094.99	109,140
6	53.7829	4,302.63	9,322.36	111,868
7	55.1274	4,410.20	9,555.42	114,665
8	56.5056	4,520.45	9,794.31	117,532
9	57.9183	4,633.46	10,039.17	120,470
<b>187</b>				
1	49.9117	3,992.93	8,651.35	103,816
2	51.1594	4,092.76	8,867.64	106,412
3	52.4384	4,195.07	9,089.33	109,072
4	53.7494	4,299.95	9,316.56	111,799

Unrepresented, Executive, General Unit, and Laboratory Unit  
Salary Matrix  
Effective November 1, 2014

EXHIBIT 1

Range/Step	Hourly	Bi-Weekly	Monthly	Annually
5	55.0931	4,407.45	9,549.47	114,594
6	56.4705	4,517.64	9,788.21	117,459
7	57.8822	4,630.58	10,032.92	120,395
8	59.3293	4,746.34	10,283.74	123,405
9	60.8125	4,865.00	10,540.83	126,490
<b>188</b>				
1	52.4055	4,192.44	9,083.61	109,003
2	53.7156	4,297.25	9,310.70	111,728
3	55.0585	4,404.68	9,543.47	114,522
4	56.4349	4,514.80	9,782.06	117,385
5	57.8458	4,627.67	10,026.61	120,319
6	59.2920	4,743.36	10,277.27	123,327
7	60.7743	4,861.94	10,534.21	126,410
8	62.2936	4,983.49	10,797.56	129,571
9	63.8510	5,108.08	11,067.50	132,810
<b>189</b>				
1	55.0255	4,402.04	9,537.76	114,453
2	56.4012	4,512.09	9,776.20	117,314
3	57.8112	4,624.90	10,020.61	120,247
4	59.2565	4,740.52	10,271.12	123,253
5	60.7379	4,859.03	10,527.90	126,335
6	62.2563	4,980.51	10,791.10	129,493
7	63.8127	5,105.02	11,060.88	132,731
8	65.4081	5,232.65	11,337.40	136,049
9	67.0433	5,363.46	11,620.83	139,450
<b>190</b>				
1	57.7758	4,622.07	10,014.48	120,174
2	59.2202	4,737.62	10,264.84	123,178
3	60.7007	4,856.06	10,521.46	126,258
4	62.2182	4,977.46	10,784.50	129,414
5	63.7737	5,101.90	11,054.11	132,649
6	65.3680	5,229.44	11,330.46	135,966
7	67.0022	5,360.18	11,613.72	139,365
8	68.6773	5,494.18	11,904.07	142,849
9	70.3942	5,631.54	12,201.67	146,420
<b>191</b>				
1	60.6642	4,853.14	10,515.13	126,182
2	62.1808	4,974.47	10,778.01	129,336
3	63.7353	5,098.83	11,047.46	132,570
4	65.3287	5,226.30	11,323.65	135,884
5	66.9619	5,356.96	11,606.74	139,281
6	68.6360	5,490.88	11,896.91	142,763
7	70.3519	5,628.15	12,194.33	146,332
8	72.1107	5,768.86	12,499.19	149,990
9	73.9135	5,913.08	12,811.67	153,740

Unrepresented, Executive, General Unit, and Laboratory Unit  
Salary Matrix  
Effective November 1, 2014

EXHIBIT 1

Range/Step	Hourly	Bi-Weekly	Monthly	Annually
<b>192</b>				
1	63.6986	5,095.89	11,041.09	132,493
2	65.2911	5,223.29	11,317.12	135,805
3	66.9234	5,353.87	11,600.05	139,201
4	68.5964	5,487.72	11,890.05	142,681
5	70.3114	5,624.91	12,187.30	146,248
6	72.0691	5,765.53	12,491.98	149,904
7	73.8709	5,909.67	12,804.28	153,651
8	75.7176	6,057.41	13,124.39	157,493
9	77.6106	6,208.85	13,452.50	161,430
<b>193</b>				
1	66.8830	5,350.64	11,593.05	139,117
2	68.5550	5,484.40	11,882.87	142,594
3	70.2689	5,621.51	12,179.94	146,159
4	72.0256	5,762.05	12,484.44	149,813
5	73.8263	5,906.10	12,796.55	153,559
6	75.6719	6,053.75	13,116.47	157,398
7	77.5637	6,205.10	13,444.38	161,333
8	79.5028	6,360.23	13,780.49	165,366
9	81.4904	6,519.23	14,125.00	169,500
<b>194</b>				
1	70.2291	5,618.33	12,173.04	146,076
2	71.9848	5,758.78	12,477.37	149,728
3	73.7844	5,902.75	12,789.30	153,472
4	75.6290	6,050.32	13,109.03	157,308
5	77.5198	6,201.58	13,436.76	161,241
6	79.4578	6,356.62	13,772.68	165,272
7	81.4442	6,515.54	14,116.99	169,404
8	83.4803	6,678.42	14,469.92	173,639
9	85.5673	6,845.38	14,831.67	177,980
<b>195</b>				
1	73.7409	5,899.27	12,781.76	153,381
2	75.5844	6,046.76	13,101.30	157,216
3	77.4741	6,197.92	13,428.84	161,146
4	79.4109	6,352.87	13,764.56	165,175
5	81.3962	6,511.69	14,108.67	169,304
6	83.4311	6,674.49	14,461.39	173,537
7	85.5169	6,841.35	14,822.92	177,875
8	87.6548	7,012.38	15,193.50	182,322
9	89.8462	7,187.69	15,573.33	186,880
<b>196</b>				
1	77.4264	6,194.11	13,420.57	161,047
2	79.3621	6,348.96	13,756.09	165,073
3	81.3461	6,507.69	14,099.99	169,200
4	83.3798	6,670.38	14,452.49	173,430

Unrepresented, Executive, General Unit, and Laboratory Unit  
Salary Matrix  
Effective November 1, 2014

EXHIBIT 1

Range/Step	Hourly	Bi-Weekly	Monthly	Annually
5	85.4642	6,837.14	14,813.80	177,766
6	87.6009	7,008.07	15,184.15	182,210
7	89.7909	7,183.27	15,563.75	186,765
8	92.0356	7,362.85	15,952.85	191,434
9	94.3365	7,546.92	16,351.67	196,220
<b>197</b>				
1	81.2973	6,503.79	14,091.53	169,098
2	83.3297	6,666.38	14,443.82	173,326
3	85.4130	6,833.04	14,804.92	177,659
4	87.5483	7,003.87	15,175.04	182,100
5	89.7370	7,178.96	15,554.42	186,653
6	91.9805	7,358.44	15,943.28	191,319
7	94.2800	7,542.40	16,341.86	196,102
8	96.6370	7,730.96	16,750.41	201,005
9	99.0529	7,924.23	17,169.17	206,030
<b>198</b>				
1	85.3616	6,828.93	14,796.01	177,552
2	87.4956	6,999.65	15,165.91	181,991
3	89.6830	7,174.64	15,545.06	186,541
4	91.9251	7,354.01	15,933.68	191,204
5	94.2232	7,537.86	16,332.03	195,984
6	96.5788	7,726.30	16,740.33	200,884
7	98.9933	7,919.46	17,158.83	205,906
8	101.4681	8,117.45	17,587.80	211,054
9	104.0048	8,320.38	18,027.50	216,330
<b>199</b>				
1	91.7658	7,341.26	15,906.07	190,873
2	94.0599	7,524.79	16,303.72	195,645
3	96.4114	7,712.91	16,711.31	200,536
4	98.8217	7,905.74	17,129.10	205,549
5	101.2923	8,103.38	17,557.32	210,688
6	103.8246	8,305.96	17,996.26	215,955
7	106.4202	8,513.61	18,446.16	221,354
8	109.0807	8,726.45	18,907.32	226,888
9	111.8077	8,944.62	19,380.00	232,560
<b>200</b>				
1	98.6474	7,891.79	17,098.89	205,187
2	101.1136	8,089.09	17,526.36	210,316
3	103.6415	8,291.32	17,964.52	215,574
4	106.2325	8,498.60	18,413.63	220,964
5	108.8883	8,711.06	18,873.97	226,488
6	111.6105	8,928.84	19,345.82	232,150
7	114.4008	9,152.06	19,829.47	237,954
8	117.2608	9,380.86	20,325.20	243,902
9	120.1923	9,615.38	20,833.33	250,000



Unrepresented, Executive, General Unit, and Laboratory Unit  
Salary Matrix  
Effective November 1, 2014

EXHIBIT 1

<b>Range/Step</b>	<b>Hourly</b>	<b>Bi-Weekly</b>	<b>Monthly</b>	<b>Annually</b>
<b>201</b>				
1	52.245	4,179.60	9,055.80	108,670
<b>202</b>				
1	42.9806	3,438.45	7,449.97	89,400
<b>203</b>				
1	131.2260	10,498.08	22,745.83	272,950

**Salary Matrix**  
**Effective March 15, 2015**

**EXHIBIT 2**

<b>CLASSIFICATION TITLE</b>	<b>Salary Range</b>	<b>Unit</b>	<b>FLSA</b>
Accountant I	173	UN	Exempt
Accountant II	175	PR	Exempt
Accounting Technician I	169	UN	Non-exempt
Accounting Technician I	170	GU	Non-exempt
Accounting Technician II	173	GU	Non-exempt
Administrative Assistant I	171	GU	Non-exempt
Administrative Assistant I (confidential)	171	UN	Non-exempt
Administrative Assistant II	174	PR	Non-exempt
Administrative Assistant II (confidential)	174	UN	Non-exempt
Assistant Engineer	179	UN	Exempt
Associate Engineer	182	UN	Exempt
Biologist <sup>1</sup>	181	LB	Exempt
Board Secretary/Office Manager	188	UN	Exempt
Budget Officer	186	UN	Exempt
Business System Analyst I	179	PR	Exempt
Business System Analyst II	181	PR	Exempt
CAD Designer	178	UN	Exempt
Chemist	181	LB	Exempt
Chief Financial Officer/Assistant General Manager	196	EX	Exempt
Collection System Operator I	171	GU	Non-exempt
Collection System Operator II	175	GU	Non-exempt
Collection System Operator III	177	GU	Non-exempt
Collection System Supervisor	182	GU	Exempt
Compost Operator	174	GU	Non-exempt
Compost Sales Representative	181	PR	Exempt
Compost Worker	170	GU	Non-exempt
Construction Project Inspector	180	UN	Non-exempt
Contracts Administrator I	177	PR	Exempt
Contracts Administrator II	180	PR	Exempt
Control Systems Analyst I	180	GU	Non-exempt
Control Systems Analyst II	182	GU	Non-exempt
Deputy Manager of Construction Management	188	UN	Exempt
Deputy Manager of Engineering	189	UN	Exempt
Deputy Manager of Human Resources	188	UN	Exempt
Deputy Manager of Integrated Systems Services	188	UN	Exempt
Deputy Manager of Maintenance	188	UN	Exempt
Deputy Manager of Operations	188	UN	Exempt
Deputy Manager of Planning & Environmental Resources	189	UN	Exempt
Electrical & Instrumentation Technician I	176	GU	Non-exempt
Electrical & Instrumentation Technician II	179	GU	Non-exempt
Electrical & Instrumentation Technician III	181	GU	Non-exempt
Electrical & Instrumentation Technician III <sup>2</sup>	182	GU	Non-exempt
Electrical & Instrumentation Technician IV	182	GU	Non-exempt

**Salary Matrix**  
**Effective March 15, 2015**

**EXHIBIT 2**

<b>CLASSIFICATION TITLE</b>	<b>Salary Range</b>	<b>Unit</b>	<b>FLSA</b>
Engineering Services Analyst	182	PR	Exempt
Engineering Technician	175	GU	Non-exempt
Environmental Resources Planner II	182	UN	Exempt
Executive Assistant	178	UN	Exempt
Executive Manager of Engineering/Assistant General Manager	196	EX	Exempt
Executive Manager of Operations/Assistant General Manager	196	EX	Exempt
Executive Manager of Policy Development/Assistant General Manager	196	EX	Exempt
External Affairs Specialist I	171	UN	Exempt
External Affairs Specialist I (Y-Rated) <sup>3</sup>	202	UN	Exempt
Facilities Specialist	177	PR	Exempt
Facilities Specialist - Landscape	177	UN	Exempt
Facilities Program Supervisor	183	PR	Exempt
Financial Analyst I	179	PR	Exempt
Financial Analyst II	181	PR	Exempt
General Manager	203	EX	Exempt
GIS Specialist	178	UN	Exempt
Grants Administrator	179	PR	Exempt
Grants Officer	186	UN	Exempt
Human Resources Analyst I	177	UN	Exempt
Human Resources Analyst II	179	UN	Exempt
Human Resources Officer	183	UN	Exempt
Human Resources Technician	171	UN	Non-exempt
HVAC Technician	177	GU	Non-exempt
Industrial Engine Technician I	177	GU	Non-exempt
Industrial Engine Technician II	181	GU	Non-exempt
Information Systems Analyst I	179	PR	Exempt
Information Systems Analyst II	181	PR	Exempt
Internal Auditor	179	UN	Exempt
Laboratory Assistant	172	LB	Non-exempt
Laboratory Scientist I	177	LB	Non-exempt
Laboratory Scientist II	179	LB	Non-exempt
Maintenance Planner	181	GU	Non-exempt
Maintenance Specialist	201	UN	Exempt
Manager of Business Information Services	190	UN	Exempt
Manager of Contracts & Facility Services	190	UN	Exempt
Manager of Engineering	192	UN	Exempt
Manager of External Affairs	190	UN	Exempt
Manager of Finance & Accounting	190	UN	Exempt
Manager of Human Resources	190	UN	Exempt
Manager of Internal Audit	190	UN	Exempt
Manager of Laboratories	190	UN	Exempt
Manager of Maintenance	192	UN	Exempt
Manager of Operations	192	UN	Exempt

**Salary Matrix**  
**Effective March 15, 2015**

**EXHIBIT 2**

<b>CLASSIFICATION TITLE</b>	<b>Salary Range</b>	<b>Unit</b>	<b>FLSA</b>
Manager of Planning & Environmental Resources	192	UN	Exempt
Manager of Regional Compost Authority	190	UN	Exempt
Manager of Technical Services	190	UN	Exempt
Mechanic I	172	GU	Non-exempt
Mechanic I <sup>4</sup>	173	GU	Non-exempt
Mechanic II	176	GU	Non-exempt
Mechanic III	179	GU	Non-exempt
Mechanic IV	181	GU	Non-exempt
Network Administrator	183	PR	Exempt
Office Assistant	166	UN	Non-exempt
Office Assistant	166	GU	Non-exempt
Operations Specialist	179	UN	Exempt
Pre-treatment & Source Control Inspector I	174	GU	Non-exempt
Pre-treatment & Source Control Inspector II	177	GU	Non-exempt
Procurement Specialist I	174	PR	Non-exempt
Procurement Specialist II	175	PR	Non-exempt
Records Specialist	173	GU	Non-exempt
Recycled Water Distribution Operator	179	OP	Non-exempt
Risk Specialist	174	UN	Non-exempt
RW/Groundwater Recharge Operations & Maintenance Specialist	179	UN	Exempt
Safety Analyst	178	UN	Exempt
Safety Officer	183	UN	Exempt
Senior Accountant	179	PR	Exempt
Senior Associate Engineer	184	UN	Exempt
Senior Associate Engineer - PE	185	UN	Exempt
Senior Compost O & M Technician	181	GU	Non-exempt
Senior Engineer	187	PR	Exempt
Senior Environmental Resources Planner	184	UN	Exempt
Senior External Affairs Specialist	180	UN	Exempt
Senior Financial Analyst	183	PR	Exempt
Senior Information Systems Analyst	182	PR	Exempt
Senior Internal Auditor	182	UN	Exempt
Senior Operations Specialist	184	UN	Exempt
Senior Pre-treatment & Source Control Inspector	180	GU	Non-exempt
Senior Wastewater Treatment Plant Operator	181	OP	Non-exempt
Senior Water Plant Operator	181	OP	Non-exempt
Senior Water Resources Analyst	182	PR	Exempt
Supervisor-Environmental Compliance & Energy	188	PR	Exempt
Systems Administrator	181	PR	Exempt
Technology Specialist I	178	GU	Non-exempt
Technology Specialist II	180	GU	Non-exempt
Technology Specialist III	182	GU	Non-exempt
Warehouse Technician	171	GU	Non-exempt

**Salary Matrix**  
**Effective March 15, 2015**

**EXHIBIT 2**

<b>CLASSIFICATION TITLE</b>	<b>Salary Range</b>	<b>Unit</b>	<b>FLSA</b>
Wastewater Treatment Plant Operator I	174	OP	Non-exempt
Wastewater Treatment Plant Operator II	176	OP	Non-exempt
Wastewater Treatment Plant Operator III	178	OP	Non-exempt
Wastewater Treatment Plant Operator IV, V	180	OP	Non-exempt
Wastewater Treatment Plant Operator-in-Training	171	OP	Non-exempt
Water Plant Operator I	174	OP	Non-exempt
Water Plant Operator II	176	OP	Non-exempt
Water Plant Operator III	178	OP	Non-exempt
Water Plant Operator IV, V	180	OP	Non-exempt

**Notes:**

1. Incumbent Biologist in this position prior to 7/1/01 shall be non-exempt.
2. Salary range for incumbent Senior Electrical & Instrumentation Tech employee reclassified to Electrical & Instrumentation Technician III.
3. The Y-Rated salary for this position is reflective of the incumbent in the position effective 11/1/14 formerly classified as CIP Coordinator.
4. Salary range for incumbent Plant Maintenance Technician II employees reclassified to Mechanic I.

Unrepresented, Executive, General Unit, Laboratory Unit, Operators' Association,  
and Professional Unit

EXHIBIT 2

Salary Matrix Effective March 15, 2015

Range/Step	Hourly	Bi-Weekly	Monthly	Annually
<b>165</b>				
1	17.0700	1,365.60	2,958.79	35,505
2	17.4967	1,399.74	3,032.76	36,393
3	17.9341	1,434.73	3,108.58	37,303
4	18.3825	1,470.60	3,186.29	38,236
5	18.8420	1,507.36	3,265.95	39,191
6	19.3131	1,545.05	3,347.60	40,171
7	19.7959	1,583.67	3,431.29	41,175
8	20.2908	1,623.26	3,517.07	42,205
9	20.7981	1,663.85	3,605.00	43,260
<b>166</b>				
1	17.9223	1,433.78	3,106.53	37,278
2	18.3703	1,469.63	3,184.19	38,210
3	18.8296	1,506.37	3,263.79	39,166
4	19.3003	1,544.03	3,345.39	40,145
5	19.7828	1,582.63	3,429.02	41,148
6	20.2774	1,622.19	3,514.75	42,177
7	20.7843	1,662.75	3,602.62	43,231
8	21.3039	1,704.32	3,692.68	44,312
9	21.8365	1,746.92	3,785.00	45,420
<b>167</b>				
1	18.8180	1,505.44	3,261.78	39,141
2	19.2884	1,543.07	3,343.33	40,120
3	19.7706	1,581.65	3,426.91	41,123
4	20.2649	1,621.19	3,512.58	42,151
5	20.7715	1,661.72	3,600.40	43,205
6	21.2908	1,703.27	3,690.41	44,285
7	21.8231	1,745.85	3,782.67	45,392
8	22.3687	1,789.49	3,877.24	46,527
9	22.9279	1,834.23	3,974.17	47,690
<b>168</b>				
1	19.7571	1,580.57	3,424.57	41,095
2	20.2510	1,620.08	3,510.18	42,122
3	20.7573	1,660.58	3,597.93	43,175
4	21.2762	1,702.10	3,687.88	44,255
5	21.8081	1,744.65	3,780.08	45,361
6	22.3534	1,788.27	3,874.58	46,495
7	22.9122	1,832.97	3,971.45	47,657
8	23.4850	1,878.80	4,070.73	48,849
9	24.0721	1,925.77	4,172.50	50,070
<b>169</b>				
1	20.7436	1,659.49	3,595.55	43,147
2	21.2622	1,700.97	3,685.44	44,225
3	21.7937	1,743.50	3,777.58	45,331
4	22.3386	1,787.09	3,872.02	46,464

Unrepresented, Executive, General Unit, Laboratory Unit, Operators' Association,  
and Professional Unit

EXHIBIT 2

Salary Matrix Effective March 15, 2015

Range/Step	Hourly	Bi-Weekly	Monthly	Annually
5	22.8970	1,831.76	3,968.82	47,626
6	23.4695	1,877.56	4,068.04	48,816
7	24.0562	1,924.50	4,169.74	50,037
8	24.6576	1,972.61	4,273.98	51,288
9	25.2740	2,021.92	4,380.83	52,570
<b>170</b>				
1	21.7814	1,742.51	3,775.43	45,305
2	22.3259	1,786.07	3,869.82	46,438
3	22.8840	1,830.72	3,966.57	47,599
4	23.4561	1,876.49	4,065.73	48,789
5	24.0425	1,923.40	4,167.37	50,008
6	24.6436	1,971.49	4,271.56	51,259
7	25.2597	2,020.78	4,378.35	52,540
8	25.8912	2,071.29	4,487.80	53,854
9	26.5385	2,123.08	4,600.00	55,200
<b>171</b>				
1	22.8704	1,829.63	3,964.21	47,570
2	23.4422	1,875.37	4,063.31	48,760
3	24.0282	1,922.26	4,164.89	49,979
4	24.6289	1,970.32	4,269.02	51,228
5	25.2447	2,019.57	4,375.74	52,509
6	25.8758	2,070.06	4,485.14	53,822
7	26.5227	2,121.81	4,597.26	55,167
8	27.1857	2,174.86	4,712.20	56,546
9	27.8654	2,229.23	4,830.00	57,960
<b>172</b>				
1	24.0147	1,921.18	4,162.55	49,951
2	24.6151	1,969.21	4,266.62	51,199
3	25.2305	2,018.44	4,373.28	52,479
4	25.8612	2,068.90	4,482.61	53,791
5	26.5078	2,120.62	4,594.68	55,136
6	27.1705	2,173.64	4,709.55	56,515
7	27.8497	2,227.98	4,827.29	57,927
8	28.5460	2,283.68	4,947.97	59,376
9	29.2596	2,340.77	5,071.67	60,860
<b>173</b>				
1	25.2143	2,017.14	4,370.48	52,446
2	25.8446	2,067.57	4,479.74	53,757
3	26.4908	2,119.26	4,591.73	55,101
4	27.1530	2,172.24	4,706.52	56,478
5	27.8318	2,226.55	4,824.19	57,890
6	28.5276	2,282.21	4,944.79	59,338
7	29.2408	2,339.27	5,068.41	60,821
8	29.9719	2,397.75	5,195.12	62,341
9	30.7212	2,457.69	5,325.00	63,900

Unrepresented, Executive, General Unit, Laboratory Unit, Operators' Association,  
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EXHIBIT 2

Salary Matrix Effective March 15, 2015

Range/Step	Hourly	Bi-Weekly	Monthly	Annually
<b>174</b>				
1	26.4730	2,117.84	4,588.66	55,064
2	27.1348	2,170.79	4,703.37	56,440
3	27.8132	2,225.06	4,820.96	57,851
4	28.5086	2,280.68	4,941.48	59,298
5	29.2213	2,337.70	5,065.02	60,780
6	29.9518	2,396.14	5,191.64	62,300
7	30.7006	2,456.05	5,321.44	63,857
8	31.4681	2,517.45	5,454.47	65,454
9	32.2548	2,580.38	5,590.83	67,090
<b>175</b>				
1	27.7949	2,223.59	4,817.78	57,813
2	28.4898	2,279.18	4,938.23	59,259
3	29.2020	2,336.16	5,061.68	60,740
4	29.9321	2,394.57	5,188.22	62,259
5	30.6804	2,454.43	5,317.93	63,815
6	31.4474	2,515.79	5,450.88	65,411
7	32.2336	2,578.68	5,587.15	67,046
8	33.0394	2,643.15	5,726.83	68,722
9	33.8654	2,709.23	5,870.00	70,440
<b>176</b>				
1	29.1839	2,334.71	5,058.53	60,702
2	29.9135	2,393.08	5,185.00	62,220
3	30.6613	2,452.90	5,314.62	63,775
4	31.4278	2,514.23	5,447.49	65,370
5	32.2135	2,577.08	5,583.68	67,004
6	33.0189	2,641.51	5,723.27	68,679
7	33.8443	2,707.55	5,866.35	70,396
8	34.6904	2,775.23	6,013.01	72,156
9	35.5577	2,844.62	6,163.33	73,960
<b>177</b>				
1	30.6438	2,451.51	5,311.60	63,739
2	31.4099	2,512.79	5,444.39	65,333
3	32.1952	2,575.61	5,580.50	66,966
4	33.0001	2,640.00	5,720.01	68,640
5	33.8251	2,706.00	5,863.01	70,356
6	34.6707	2,773.66	6,009.59	72,115
7	35.5375	2,843.00	6,159.83	73,918
8	36.4259	2,914.07	6,313.82	75,766
9	37.3365	2,986.92	6,471.67	77,660
<b>178</b>				
1	32.1748	2,573.99	5,576.97	66,924
2	32.9792	2,638.34	5,716.40	68,597
3	33.8037	2,704.30	5,859.31	70,312
4	34.6488	2,771.90	6,005.79	72,069



Unrepresented, Executive, General Unit, Laboratory Unit, Operators' Association,  
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EXHIBIT 2

Salary Matrix Effective March 15, 2015

Range/Step	Hourly	Bi-Weekly	Monthly	Annually
5	35.5150	2,841.20	6,155.93	73,871
6	36.4029	2,912.23	6,309.83	75,718
7	37.3130	2,985.04	6,467.58	77,611
8	38.2458	3,059.66	6,629.27	79,551
9	39.2019	3,136.15	6,795.00	81,540
<b>179</b>				
1	33.7848	2,702.78	5,856.03	70,272
2	34.6294	2,770.35	6,002.43	72,029
3	35.4951	2,839.61	6,152.49	73,830
4	36.3825	2,910.60	6,306.30	75,676
5	37.2921	2,983.37	6,463.96	77,567
6	38.2244	3,057.95	6,625.56	79,507
7	39.1800	3,134.40	6,791.20	81,494
8	40.1595	3,212.76	6,960.98	83,532
9	41.1635	3,293.08	7,135.00	85,620
<b>180</b>				
1	35.4736	2,837.89	6,148.76	73,785
2	36.3605	2,908.84	6,302.48	75,630
3	37.2695	2,981.56	6,460.04	77,520
4	38.2012	3,056.10	6,621.54	79,459
5	39.1562	3,132.50	6,787.08	81,445
6	40.1351	3,210.81	6,956.76	83,481
7	41.1385	3,291.08	7,130.68	85,568
8	42.1670	3,373.36	7,308.94	87,707
9	43.2212	3,457.69	7,491.67	89,900
<b>181</b>				
1	37.2453	2,979.63	6,455.86	77,470
2	38.1765	3,054.12	6,617.25	79,407
3	39.1309	3,130.47	6,782.68	81,392
4	40.1091	3,208.73	6,952.25	83,427
5	41.1119	3,288.95	7,126.06	85,513
6	42.1397	3,371.17	7,304.21	87,650
7	43.1932	3,455.45	7,486.81	89,842
8	44.2730	3,541.84	7,673.98	92,088
9	45.3798	3,630.38	7,865.83	94,390
<b>182</b>				
1	39.1078	3,128.62	6,778.68	81,344
2	40.0855	3,206.84	6,948.15	83,378
3	41.0876	3,287.01	7,121.85	85,462
4	42.1148	3,369.18	7,299.90	87,599
5	43.1677	3,453.41	7,482.40	89,789
6	44.2469	3,539.75	7,669.46	92,033
7	45.3530	3,628.24	7,861.19	94,334
8	46.4869	3,718.95	8,057.72	96,693
9	47.6490	3,811.92	8,259.17	99,110

Unrepresented, Executive, General Unit, Laboratory Unit, Operators' Association,  
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EXHIBIT 2

Salary Matrix Effective March 15, 2015

Range/Step	Hourly	Bi-Weekly	Monthly	Annually
<b>183</b>				
1	41.0649	3,285.20	7,117.92	85,415
2	42.0916	3,367.33	7,295.87	87,550
3	43.1439	3,451.51	7,478.27	89,739
4	44.2225	3,537.80	7,665.23	91,983
5	45.3280	3,626.24	7,856.86	94,282
6	46.4612	3,716.90	8,053.28	96,639
7	47.6228	3,809.82	8,254.61	99,055
8	48.8133	3,905.07	8,460.98	101,532
9	50.0337	4,002.69	8,672.50	104,070
<b>184</b>				
1	43.1168	3,449.35	7,473.58	89,683
2	44.1947	3,535.58	7,660.42	91,925
3	45.2996	3,623.97	7,851.93	94,223
4	46.4321	3,714.57	8,048.23	96,579
5	47.5929	3,807.43	8,249.44	98,993
6	48.7827	3,902.62	8,455.67	101,468
7	50.0023	4,000.18	8,667.06	104,005
8	51.2523	4,100.19	8,883.74	106,605
9	52.5337	4,202.69	9,105.83	109,270
<b>185</b>				
1	45.2713	3,621.70	7,847.02	94,164
2	46.4031	3,712.24	8,043.20	96,518
3	47.5631	3,805.05	8,244.28	98,931
4	48.7522	3,900.18	8,450.38	101,405
5	49.9710	3,997.68	8,661.64	103,940
6	51.2203	4,097.62	8,878.18	106,538
7	52.5008	4,200.06	9,100.14	109,202
8	53.8133	4,305.07	9,327.64	111,932
9	55.1587	4,412.69	9,560.83	114,730
<b>186</b>				
1	47.5362	3,802.90	8,239.61	98,875
2	48.7246	3,897.97	8,445.60	101,347
3	49.9427	3,995.42	8,656.74	103,881
4	51.1913	4,095.30	8,873.16	106,478
5	52.4711	4,197.69	9,094.99	109,140
6	53.7829	4,302.63	9,322.36	111,868
7	55.1274	4,410.20	9,555.42	114,665
8	56.5056	4,520.45	9,794.31	117,532
9	57.9183	4,633.46	10,039.17	120,470
<b>187</b>				
1	49.9117	3,992.93	8,651.35	103,816
2	51.1594	4,092.76	8,867.64	106,412
3	52.4384	4,195.07	9,089.33	109,072
4	53.7494	4,299.95	9,316.56	111,799

Unrepresented, Executive, General Unit, Laboratory Unit, Operators' Association,  
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EXHIBIT 2

Salary Matrix Effective March 15, 2015

Range/Step	Hourly	Bi-Weekly	Monthly	Annually
5	55.0931	4,407.45	9,549.47	114,594
6	56.4705	4,517.64	9,788.21	117,459
7	57.8822	4,630.58	10,032.92	120,395
8	59.3293	4,746.34	10,283.74	123,405
9	60.8125	4,865.00	10,540.83	126,490
<b>188</b>				
1	52.4055	4,192.44	9,083.61	109,003
2	53.7156	4,297.25	9,310.70	111,728
3	55.0585	4,404.68	9,543.47	114,522
4	56.4349	4,514.80	9,782.06	117,385
5	57.8458	4,627.67	10,026.61	120,319
6	59.2920	4,743.36	10,277.27	123,327
7	60.7743	4,861.94	10,534.21	126,410
8	62.2936	4,983.49	10,797.56	129,571
9	63.8510	5,108.08	11,067.50	132,810
<b>189</b>				
1	55.0255	4,402.04	9,537.76	114,453
2	56.4012	4,512.09	9,776.20	117,314
3	57.8112	4,624.90	10,020.61	120,247
4	59.2565	4,740.52	10,271.12	123,253
5	60.7379	4,859.03	10,527.90	126,335
6	62.2563	4,980.51	10,791.10	129,493
7	63.8127	5,105.02	11,060.88	132,731
8	65.4081	5,232.65	11,337.40	136,049
9	67.0433	5,363.46	11,620.83	139,450
<b>190</b>				
1	57.7758	4,622.07	10,014.48	120,174
2	59.2202	4,737.62	10,264.84	123,178
3	60.7007	4,856.06	10,521.46	126,258
4	62.2182	4,977.46	10,784.50	129,414
5	63.7737	5,101.90	11,054.11	132,649
6	65.3680	5,229.44	11,330.46	135,966
7	67.0022	5,360.18	11,613.72	139,365
8	68.6773	5,494.18	11,904.07	142,849
9	70.3942	5,631.54	12,201.67	146,420
<b>191</b>				
1	60.6642	4,853.14	10,515.13	126,182
2	62.1808	4,974.47	10,778.01	129,336
3	63.7353	5,098.83	11,047.46	132,570
4	65.3287	5,226.30	11,323.65	135,884
5	66.9619	5,356.96	11,606.74	139,281
6	68.6360	5,490.88	11,896.91	142,763
7	70.3519	5,628.15	12,194.33	146,332
8	72.1107	5,768.86	12,499.19	149,990
9	73.9135	5,913.08	12,811.67	153,740

Unrepresented, Executive, General Unit, Laboratory Unit, Operators' Association,  
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EXHIBIT 2

Salary Matrix Effective March 15, 2015

Range/Step	Hourly	Bi-Weekly	Monthly	Annually
<b>192</b>				
1	63.6986	5,095.89	11,041.09	132,493
2	65.2911	5,223.29	11,317.12	135,805
3	66.9234	5,353.87	11,600.05	139,201
4	68.5964	5,487.72	11,890.05	142,681
5	70.3114	5,624.91	12,187.30	146,248
6	72.0691	5,765.53	12,491.98	149,904
7	73.8709	5,909.67	12,804.28	153,651
8	75.7176	6,057.41	13,124.39	157,493
9	77.6106	6,208.85	13,452.50	161,430
<b>193</b>				
1	66.8830	5,350.64	11,593.05	139,117
2	68.5550	5,484.40	11,882.87	142,594
3	70.2689	5,621.51	12,179.94	146,159
4	72.0256	5,762.05	12,484.44	149,813
5	73.8263	5,906.10	12,796.55	153,559
6	75.6719	6,053.75	13,116.47	157,398
7	77.5637	6,205.10	13,444.38	161,333
8	79.5028	6,360.23	13,780.49	165,366
9	81.4904	6,519.23	14,125.00	169,500
<b>194</b>				
1	70.2291	5,618.33	12,173.04	146,076
2	71.9848	5,758.78	12,477.37	149,728
3	73.7844	5,902.75	12,789.30	153,472
4	75.6290	6,050.32	13,109.03	157,308
5	77.5198	6,201.58	13,436.76	161,241
6	79.4578	6,356.62	13,772.68	165,272
7	81.4442	6,515.54	14,116.99	169,404
8	83.4803	6,678.42	14,469.92	173,639
9	85.5673	6,845.38	14,831.67	177,980
<b>195</b>				
1	73.7409	5,899.27	12,781.76	153,381
2	75.5844	6,046.76	13,101.30	157,216
3	77.4741	6,197.92	13,428.84	161,146
4	79.4109	6,352.87	13,764.56	165,175
5	81.3962	6,511.69	14,108.67	169,304
6	83.4311	6,674.49	14,461.39	173,537
7	85.5169	6,841.35	14,822.92	177,875
8	87.6548	7,012.38	15,193.50	182,322
9	89.8462	7,187.69	15,573.33	186,880
<b>196</b>				
1	77.4264	6,194.11	13,420.57	161,047
2	79.3621	6,348.96	13,756.09	165,073
3	81.3461	6,507.69	14,099.99	169,200
4	83.3798	6,670.38	14,452.49	173,430

Unrepresented, Executive, General Unit, Laboratory Unit, Operators' Association,  
and Professional Unit

EXHIBIT 2

Salary Matrix Effective March 15, 2015

Range/Step	Hourly	Bi-Weekly	Monthly	Annually
5	85.4642	6,837.14	14,813.80	177,766
6	87.6009	7,008.07	15,184.15	182,210
7	89.7909	7,183.27	15,563.75	186,765
8	92.0356	7,362.85	15,952.85	191,434
9	94.3365	7,546.92	16,351.67	196,220
<b>197</b>				
1	81.2973	6,503.79	14,091.53	169,098
2	83.3297	6,666.38	14,443.82	173,326
3	85.4130	6,833.04	14,804.92	177,659
4	87.5483	7,003.87	15,175.04	182,100
5	89.7370	7,178.96	15,554.42	186,653
6	91.9805	7,358.44	15,943.28	191,319
7	94.2800	7,542.40	16,341.86	196,102
8	96.6370	7,730.96	16,750.41	201,005
9	99.0529	7,924.23	17,169.17	206,030
<b>198</b>				
1	85.3616	6,828.93	14,796.01	177,552
2	87.4956	6,999.65	15,165.91	181,991
3	89.6830	7,174.64	15,545.06	186,541
4	91.9251	7,354.01	15,933.68	191,204
5	94.2232	7,537.86	16,332.03	195,984
6	96.5788	7,726.30	16,740.33	200,884
7	98.9933	7,919.46	17,158.83	205,906
8	101.4681	8,117.45	17,587.80	211,054
9	104.0048	8,320.38	18,027.50	216,330
<b>199</b>				
1	91.7658	7,341.26	15,906.07	190,873
2	94.0599	7,524.79	16,303.72	195,645
3	96.4114	7,712.91	16,711.31	200,536
4	98.8217	7,905.74	17,129.10	205,549
5	101.2923	8,103.38	17,557.32	210,688
6	103.8246	8,305.96	17,996.26	215,955
7	106.4202	8,513.61	18,446.16	221,354
8	109.0807	8,726.45	18,907.32	226,888
9	111.8077	8,944.62	19,380.00	232,560
<b>200</b>				
1	98.6474	7,891.79	17,098.89	205,187
2	101.1136	8,089.09	17,526.36	210,316
3	103.6415	8,291.32	17,964.52	215,574
4	106.2325	8,498.60	18,413.63	220,964
5	108.8883	8,711.06	18,873.97	226,488
6	111.6105	8,928.84	19,345.82	232,150
7	114.4008	9,152.06	19,829.47	237,954
8	117.2608	9,380.86	20,325.20	243,902
9	120.1923	9,615.38	20,833.33	250,000

Unrepresented, Executive, General Unit, Laboratory Unit, Operators' Association,  
and Professional Unit

EXHIBIT 2

Salary Matrix Effective March 15, 2015

<b>Range/Step</b>	<b>Hourly</b>	<b>Bi-Weekly</b>	<b>Monthly</b>	<b>Annually</b>
<b>201</b>				
1	52.245	4,179.60	9,055.80	108,670
<b>202</b>				
1	42.9806	3,438.45	7,449.97	89,400
<b>203</b>				
1	131.2260	10,498.08	22,745.83	272,950


**ACTION  
ITEM**

**3C**

Date: March 16, 2016

To:  The Honorable Board of Directors

From:  P. Joseph Grindstaff  
General Manager

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

 Sharmeen Bhojani  
Manager of Human Resources

Subject: Adoption of Resolution No. 2016-3-7, for the Unrepresented, Executive Management, Laboratory Unit, Operators' Association, Professional Unit, and General Unit

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### **RECOMMENDATION**

It is recommended that the Board of Directors, adopt Resolution No. 2016-3-7, amending the salary schedule/matrix for the Unrepresented, Executive Management, Laboratory Unit, Operators' Association, Professional Unit, and General Unit employees.

### **BACKGROUND**

Maintenance of the Agency's salary schedules/matrixes falls under the responsibility of the Human Resources Department, including presenting a comprehensive salary resolution incorporating changes to the Board of Directors as changes occur in accordance with the California Code of Regulations (CCR) §570.5 [Requirement for a Publicly Available Pay Schedule].

The Agency entered into 5 year contracts with the five represented groups in FY 2013/14. The five Memorandums of Understanding (MOUs) include a 3% Cost of Living Adjustment (COLA) effective July 1, 2015. Similarly, the Executive Management and the Unrepresented Personnel Manuals also include a 3% COLA. As a result of the agreed upon COLA increases, the Salary Schedules/Matrixes for all groups was amended by the Board on July 15, 2015. Since then Management reached a tentative agreement with the General Unit to implement the results of the classification and compensation study. Upon approval by the Board, the results of the study will be implemented retroactive to November 1, 2014 requiring an amendment to the COLA amount effective July 1, 2015.

Additionally, as part of the classification and compensation study, the Agency's goal is to



implement a single consolidated salary schedule/matrix for all employees. A recommendation is being made to add the updated salaries for the General Unit to the Unrepresented, Executive Management, Laboratory Unit, Operators' Association, and Professional Unit salary schedule/matrix.

The California Public Employees' Retirement System (CalPERS) employers may only report payrates, that meet the definition of a Publicly Available Salary Schedule as defined by CCR 570.5, for the purposes of calculating retirement benefits. The code states in part:

“(a) For purposes of determining the amount of “compensation earnable” pursuant to Government Code Sections 20630, 20636, and 20636.1, payrate shall be limited to the amount listed on a pay schedule that meets all of the following requirements:

- (1) Has been duly approved and adopted by the employer's governing body in accordance with requirements of applicable public meeting laws;
- (2) Identifies the position title for every employee position;
- (3) Shows the payrate for each identified position, which may be stated as a single amount or as multiple amounts within a range;
- (4) Indicates the time base, including, but not limited to, whether the time base is hourly, daily, bi-weekly, monthly, bi-monthly, or annually;
- (5) Is posted at the office of the employer or immediately accessible and available for public review from the employer during normal business hours or posted on the employer's internet website;
- (6) Indicates an effective date and date of any revisions;
- (7) Is retained by the employer and available for public inspection for not less than five years; and
- (8) Does not reference another document in lieu of disclosing the payrate.

### **PRIOR BOARD ACTION**

On July 15, 2015, the Board of Directors approved Resolutions amending the salary schedule matrix for the Unrepresented, Executive Management, Laboratory Unit, Operators' Association, Professional Unit, and General Unit employees

### **IMPACT ON BUDGET**

Adjustments to the salary schedule/matrix are budgeted in the Administrative Services (GG) fund.

**RESOLUTION NO. 2016-3-7**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY\*, SAN BERNARDINO COUNTY, CALIFORNIA, AMENDING THE SALARY SCHEDULE/MATRIX FOR THE UNREPRESENTED, EXECUTIVE MANAGEMENT, LABORATORY UNIT, OPERATORS' ASSOCIATION, PROFESSIONAL UNIT, AND GENERAL UNIT**

**WHEREAS**, the Agency has compensation changes as a result of an agreed upon Cost of Living Adjustment (COLA), and

**WHEREAS**, the Agency now desires to update the salary and classification information to comply with the California Code of Regulations (CCR) §570.5, and

**NOW, THEREFORE**, the Board of Directors of the Inland Empire Utilities Agency\* does hereby **RESOLVE, DETERMINE AND ORDER** as follows:

SECTION 1: The Unrepresented, Executive Management, Laboratory Unit, Operators' Association, Professional Unit, and General Unit salary schedule/matrix is hereby adopted and set forth in Exhibit "1" of this resolution.

SECTION 2: The salary information contained in Exhibit "1" shall be effective as of July 1, 2015.

**ADOPTED** the 16<sup>th</sup> day of March, 2016.

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Terry Catlin  
President of the Inland Empire  
Utilities Agency\* and of the  
Board of Directors thereof

ATTEST:

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Steven J. Elie  
Secretary/Treasurer of the Inland Empire  
Utilities Agency\* and of the  
Board of Directors thereof

\*A Municipal Water District

STATE OF CALIFORNIA )  
COUNTY OF ) SS  
SAN BERNARDINO )

I, Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency\*, DO  
HEREBY CERTIFY that the foregoing Resolution being No. 2016-3-7, was adopted at a regular  
Board Meeting on March 16, 2016, of said Agency by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

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Steven J. Elie  
Secretary/Treasurer

**Salary Matrix  
Effective July 1, 2015**

**EXHIBIT 1**

<b>CLASSIFICATION TITLE</b>	<b>Salary Range</b>	<b>Unit</b>	<b>FLSA</b>
Accountant I	173	UN	Exempt
Accountant II	175	PR	Exempt
Accounting Technician I	169	UN	Non-exempt
Accounting Technician I	170	GU	Non-exempt
Accounting Technician II	173	GU	Non-exempt
Administrative Assistant I	171	GU	Non-exempt
Administrative Assistant I (confidential)	171	UN	Non-exempt
Administrative Assistant II	174	PR	Non-exempt
Administrative Assistant II (confidential)	174	UN	Non-exempt
Assistant Engineer	179	UN	Exempt
Associate Engineer	182	UN	Exempt
Biologist <sup>1</sup>	181	LB	Exempt
Board Secretary/Office Manager	188	UN	Exempt
Budget Officer	186	UN	Exempt
Business System Analyst I	179	PR	Exempt
Business System Analyst II	181	PR	Exempt
CAD Designer	178	UN	Exempt
Chemist	181	LB	Exempt
Chief Financial Officer/Assistant General Manager	196	EX	Exempt
Collection System Operator I	171	GU	Non-exempt
Collection System Operator II	175	GU	Non-exempt
Collection System Operator III	177	GU	Non-exempt
Collection System Supervisor	182	GU	Exempt
Compost Operator	174	GU	Non-exempt
Compost Sales Representative	181	PR	Exempt
Compost Worker	170	GU	Non-exempt
Construction Project Inspector	180	UN	Non-exempt
Contracts Administrator I	177	PR	Exempt
Contracts Administrator II	180	PR	Exempt
Control Systems Analyst I	180	GU	Non-exempt
Control Systems Analyst II	182	GU	Non-exempt
Deputy Manager of Construction Management	188	UN	Exempt
Deputy Manager of Engineering	189	UN	Exempt
Deputy Manager of Human Resources	188	UN	Exempt
Deputy Manager of Integrated Systems Services	188	UN	Exempt
Deputy Manager of Maintenance	188	UN	Exempt
Deputy Manager of Operations	188	UN	Exempt
Deputy Manager of Planning & Environmental Resources	189	UN	Exempt
Electrical & Instrumentation Technician I	176	GU	Non-exempt
Electrical & Instrumentation Technician II	179	GU	Non-exempt
Electrical & Instrumentation Technician III	181	GU	Non-exempt
Electrical & Instrumentation Technician III <sup>2</sup>	182	GU	Non-exempt
Electrical & Instrumentation Technician IV	182	GU	Non-exempt

**Salary Matrix**  
**Effective July 1, 2015**

**EXHIBIT 1**

<b>CLASSIFICATION TITLE</b>	<b>Salary Range</b>	<b>Unit</b>	<b>FLSA</b>
Engineering Services Analyst	182	PR	Exempt
Engineering Technician	175	GU	Non-exempt
Environmental Resources Planner II	182	UN	Exempt
Executive Assistant	178	UN	Exempt
Executive Manager of Engineering/Assistant General Manager	196	EX	Exempt
Executive Manager of Operations/Assistant General Manager	196	EX	Exempt
Executive Manager of Policy Development/Assistant General Manager	196	EX	Exempt
External Affairs Specialist I	171	UN	Exempt
External Affairs Specialist I (Y-Rated) <sup>3</sup>	202	UN	Exempt
Facilities Specialist	177	PR	Exempt
Facilities Specialist - Landscape	177	UN	Exempt
Facilities Program Supervisor	183	PR	Exempt
Financial Analyst I	179	PR	Exempt
Financial Analyst II	181	PR	Exempt
General Manager	203	EX	Exempt
GIS Specialist	178	UN	Exempt
Grants Administrator	179	PR	Exempt
Grants Officer	186	UN	Exempt
Human Resources Analyst I	177	UN	Exempt
Human Resources Analyst II	179	UN	Exempt
Human Resources Officer	183	UN	Exempt
Human Resources Technician	171	UN	Non-exempt
HVAC Technician	177	GU	Non-exempt
Industrial Engine Technician I	177	GU	Non-exempt
Industrial Engine Technician II	181	GU	Non-exempt
Information Systems Analyst I	179	PR	Exempt
Information Systems Analyst II	181	PR	Exempt
Internal Auditor	179	UN	Exempt
Laboratory Assistant	172	LB	Non-exempt
Laboratory Scientist I	177	LB	Non-exempt
Laboratory Scientist II	179	LB	Non-exempt
Maintenance Planner	181	GU	Non-exempt
Maintenance Specialist	201	UN	Exempt
Manager of Business Information Services	190	UN	Exempt
Manager of Contracts & Facility Services	190	UN	Exempt
Manager of Engineering	192	UN	Exempt
Manager of External Affairs	190	UN	Exempt
Manager of Finance & Accounting	190	UN	Exempt
Manager of Human Resources	190	UN	Exempt
Manager of Internal Audit	190	UN	Exempt
Manager of Laboratories	190	UN	Exempt
Manager of Maintenance	192	UN	Exempt
Manager of Operations	192	UN	Exempt

**Salary Matrix**  
**Effective July 1, 2015**

**EXHIBIT 1**

<b>CLASSIFICATION TITLE</b>	<b>Salary Range</b>	<b>Unit</b>	<b>FLSA</b>
Manager of Planning & Environmental Resources	192	UN	Exempt
Manager of Regional Compost Authority	190	UN	Exempt
Manager of Technical Services	190	UN	Exempt
Mechanic I	172	GU	Non-exempt
Mechanic I <sup>4</sup>	173	GU	Non-exempt
Mechanic II	176	GU	Non-exempt
Mechanic III	179	GU	Non-exempt
Mechanic IV	181	GU	Non-exempt
Network Administrator	183	PR	Exempt
Office Assistant	166	UN	Non-exempt
Office Assistant	166	GU	Non-exempt
Operations Specialist	179	UN	Exempt
Pre-treatment & Source Control Inspector I	174	GU	Non-exempt
Pre-treatment & Source Control Inspector II	177	GU	Non-exempt
Procurement Specialist I	174	PR	Non-exempt
Procurement Specialist II	175	PR	Non-exempt
Records Specialist	173	GU	Non-exempt
Recycled Water Distribution Operator	179	OP	Non-exempt
Risk Specialist	174	UN	Non-exempt
RW/Groundwater Recharge Operations & Maintenance Specialist	179	UN	Exempt
Safety Analyst	178	UN	Exempt
Safety Officer	183	UN	Exempt
Senior Accountant	179	PR	Exempt
Senior Associate Engineer	184	UN	Exempt
Senior Associate Engineer - PE	185	UN	Exempt
Senior Compost O & M Technician	181	GU	Non-exempt
Senior Engineer	187	PR	Exempt
Senior Environmental Resources Planner	184	UN	Exempt
Senior External Affairs Specialist	180	UN	Exempt
Senior Financial Analyst	183	PR	Exempt
Senior Information Systems Analyst	182	PR	Exempt
Senior Internal Auditor	182	UN	Exempt
Senior Operations Specialist	184	UN	Exempt
Senior Pre-treatment & Source Control Inspector	180	GU	Non-exempt
Senior Wastewater Treatment Plant Operator	181	OP	Non-exempt
Senior Water Plant Operator	181	OP	Non-exempt
Senior Water Resources Analyst	182	PR	Exempt
Supervisor-Environmental Compliance & Energy	188	PR	Exempt
Systems Administrator	181	PR	Exempt
Technology Specialist I	178	GU	Non-exempt
Technology Specialist II	180	GU	Non-exempt
Technology Specialist III	182	GU	Non-exempt
Warehouse Technician	171	GU	Non-exempt

**Salary Matrix**  
**Effective July 1, 2015**

**EXHIBIT 1**

<b>CLASSIFICATION TITLE</b>	<b>Salary Range</b>	<b>Unit</b>	<b>FLSA</b>
Wastewater Treatment Plant Operator I	174	OP	Non-exempt
Wastewater Treatment Plant Operator II	176	OP	Non-exempt
Wastewater Treatment Plant Operator III	178	OP	Non-exempt
Wastewater Treatment Plant Operator IV, V	180	OP	Non-exempt
Wastewater Treatment Plant Operator-in-Training	171	OP	Non-exempt
Water Plant Operator I	174	OP	Non-exempt
Water Plant Operator II	176	OP	Non-exempt
Water Plant Operator III	178	OP	Non-exempt
Water Plant Operator IV, V	180	OP	Non-exempt

**Notes:**

1. Incumbent Biologist in this position prior to 7/1/01 shall be non-exempt.
2. Salary range for incumbent Senior Electrical & Instrumentation Tech employee reclassified to Electrical & Instrumentation Technician III.
3. The Y-Rated salary for this position is reflective of the Incumbent in the position effective 11/1/14 formerly classified as CIP Coordinator.
4. Salary range for incumbent Plant Maintenance Technician II employees reclassified to Mechanic I.

Unrepresented, Executive, General Unit, Laboratory Unit, Operators' Association,  
and Professional Unit

EXHIBIT 1

Salary Matrix Effective July 1, 2015

Range/Step	Hourly	Bi-Weekly	Monthly	Annually
<b>165</b>				
1	17.5821	1,406.57	3,047.56	36,571
2	18.0216	1,441.73	3,123.74	37,485
3	18.4721	1,477.77	3,201.83	38,422
4	18.9340	1,514.72	3,281.89	39,383
5	19.4073	1,552.58	3,363.93	40,367
6	19.8925	1,591.40	3,448.03	41,376
7	20.3898	1,631.18	3,534.23	42,411
8	20.8995	1,671.96	3,622.58	43,471
9	21.4220	1,713.76	3,713.15	44,558
<b>166</b>				
1	18.4600	1,476.80	3,199.73	38,397
2	18.9214	1,513.71	3,279.71	39,357
3	19.3945	1,551.56	3,361.71	40,341
4	19.8793	1,590.34	3,445.75	41,349
5	20.3763	1,630.10	3,531.89	42,383
6	20.8857	1,670.86	3,620.19	43,442
7	21.4078	1,712.63	3,710.69	44,528
8	21.9430	1,755.44	3,803.46	45,641
9	22.4916	1,799.33	3,898.54	46,783
<b>167</b>				
1	19.3825	1,550.60	3,359.64	40,316
2	19.8671	1,589.36	3,443.62	41,323
3	20.3637	1,629.10	3,529.71	42,357
4	20.8728	1,669.83	3,617.96	43,416
5	21.3946	1,711.57	3,708.41	44,501
6	21.9295	1,754.36	3,801.12	45,613
7	22.4778	1,798.22	3,896.15	46,754
8	23.0398	1,843.18	3,993.56	47,923
9	23.6157	1,889.26	4,093.39	49,121
<b>168</b>				
1	20.3498	1,627.99	3,527.30	42,328
2	20.8585	1,668.68	3,615.48	43,386
3	21.3800	1,710.40	3,705.87	44,470
4	21.9145	1,753.16	3,798.51	45,582
5	22.4623	1,796.99	3,893.47	46,722
6	23.0240	1,841.92	3,990.83	47,890
7	23.5996	1,887.97	4,090.59	49,087
8	24.1896	1,935.16	4,192.86	50,314
9	24.7943	1,983.54	4,297.67	51,572
<b>169</b>				
1	21.3659	1,709.27	3,703.42	44,441
2	21.9001	1,752.01	3,796.01	45,552
3	22.4475	1,795.80	3,890.90	46,691
4	23.0088	1,840.70	3,988.18	47,858



Unrepresented, Executive, General Unit, Laboratory Unit, Operators' Association,  
and Professional Unit

EXHIBIT 1

Salary Matrix Effective July 1, 2015

Range/Step	Hourly	Bi-Weekly	Monthly	Annually
5	23.5839	1,886.71	4,087.88	49,055
6	24.1736	1,933.89	4,190.09	50,281
7	24.7779	1,982.23	4,294.83	51,538
8	25.3973	2,031.79	4,402.20	52,826
9	26.0322	2,082.58	4,512.25	54,147
<b>170</b>				
1	22.4348	1,794.79	3,888.71	46,664
2	22.9957	1,839.65	3,985.92	47,831
3	23.5705	1,885.64	4,085.56	49,027
4	24.1598	1,932.78	4,187.70	50,252
5	24.7638	1,981.10	4,292.39	51,509
6	25.3829	2,030.63	4,399.70	52,796
7	26.0175	2,081.40	4,509.70	54,116
8	26.6679	2,133.43	4,622.44	55,469
9	27.3347	2,186.77	4,738.01	56,856
<b>171</b>				
1	23.5565	1,884.52	4,083.13	48,998
2	24.1455	1,931.64	4,185.21	50,223
3	24.7490	1,979.92	4,289.83	51,478
4	25.3678	2,029.42	4,397.08	52,765
5	26.0020	2,080.16	4,507.02	54,084
6	26.6521	2,132.17	4,619.69	55,436
7	27.3184	2,185.47	4,735.19	56,822
8	28.0013	2,240.10	4,853.55	58,243
9	28.7014	2,296.11	4,974.90	59,699
<b>172</b>				
1	24.7351	1,978.81	4,287.42	51,449
2	25.3536	2,028.28	4,394.62	52,735
3	25.9874	2,078.99	4,504.49	54,054
4	26.6370	2,130.96	4,617.09	55,405
5	27.3030	2,184.24	4,732.53	56,790
6	27.9856	2,238.85	4,850.84	58,210
7	28.6852	2,294.82	4,972.10	59,665
8	29.4024	2,352.19	5,096.41	61,157
9	30.1374	2,410.99	5,223.81	62,686
<b>173</b>				
1	25.9707	2,077.66	4,501.59	54,019
2	26.6199	2,129.60	4,614.12	55,369
3	27.2855	2,182.84	4,729.49	56,754
4	27.9676	2,237.41	4,847.72	58,173
5	28.6668	2,293.34	4,968.90	59,627
6	29.3834	2,350.67	5,093.13	61,118
7	30.1180	2,409.44	5,220.46	62,645
8	30.8711	2,469.68	5,350.98	64,212
9	31.6428	2,531.43	5,484.76	65,817

Unrepresented, Executive, General Unit, Laboratory Unit, Operators' Association,  
and Professional Unit

EXHIBIT 1

Salary Matrix Effective July 1, 2015

Range/Step	Hourly	Bi-Weekly	Monthly	Annually
<b>174</b>				
1	27.2672	2,181.38	4,726.31	56,716
2	27.9488	2,235.91	4,844.47	58,134
3	28.6476	2,291.81	4,965.58	59,587
4	29.3639	2,349.11	5,089.74	61,077
5	30.0979	2,407.84	5,216.98	62,604
6	30.8504	2,468.03	5,347.39	64,169
7	31.6216	2,529.73	5,481.08	65,773
8	32.4121	2,592.97	5,618.10	67,417
9	33.2224	2,657.80	5,758.56	69,103
<b>175</b>				
1	28.6287	2,290.30	4,962.32	59,548
2	29.3445	2,347.56	5,086.38	61,037
3	30.0781	2,406.24	5,213.53	62,562
4	30.8301	2,466.41	5,343.88	64,127
5	31.6008	2,528.06	5,477.47	65,730
6	32.3908	2,591.27	5,614.41	67,373
7	33.2006	2,656.05	5,754.77	69,057
8	34.0306	2,722.45	5,898.63	70,784
9	34.8814	2,790.51	6,046.10	72,553
<b>176</b>				
1	30.0594	2,404.75	5,210.30	62,524
2	30.8109	2,464.87	5,340.56	64,087
3	31.5811	2,526.49	5,474.06	65,689
4	32.3706	2,589.65	5,610.91	67,331
5	33.1799	2,654.39	5,751.18	69,014
6	34.0095	2,720.76	5,894.97	70,740
7	34.8596	2,788.77	6,042.34	72,508
8	35.7311	2,858.49	6,193.39	74,321
9	36.6244	2,929.95	6,348.23	76,179
<b>177</b>				
1	31.5631	2,525.05	5,470.94	65,651
2	32.3522	2,588.18	5,607.71	67,293
3	33.1611	2,652.88	5,747.92	68,975
4	33.9901	2,719.21	5,891.62	70,699
5	34.8399	2,787.19	6,038.91	72,467
6	35.7108	2,856.87	6,189.88	74,279
7	36.6036	2,928.29	6,344.63	76,136
8	37.5187	3,001.49	6,503.24	78,039
9	38.4566	3,076.53	6,665.81	79,990
<b>178</b>				
1	33.1400	2,651.20	5,744.27	68,931
2	33.9686	2,717.49	5,887.89	70,655
3	34.8178	2,785.42	6,035.09	72,421
4	35.6883	2,855.06	6,185.97	74,232

Unrepresented, Executive, General Unit, Laboratory Unit, Operators' Association,  
and Professional Unit

EXHIBIT 1

Salary Matrix Effective July 1, 2015

Range/Step	Hourly	Bi-Weekly	Monthly	Annually
5	36.5805	2,926.44	6,340.61	76,087
6	37.4950	2,999.60	6,499.13	77,990
7	38.4324	3,074.59	6,661.61	79,939
8	39.3932	3,151.45	6,828.15	81,938
9	40.3780	3,230.24	6,998.85	83,986
<b>179</b>				
1	34.7983	2,783.87	6,031.71	72,381
2	35.6683	2,853.46	6,182.50	74,190
3	36.5600	2,924.80	6,337.06	76,045
4	37.4740	2,997.92	6,495.49	77,946
5	38.4109	3,072.87	6,657.88	79,895
6	39.3711	3,149.69	6,824.33	81,892
7	40.3554	3,228.43	6,994.94	83,939
8	41.3643	3,309.14	7,169.81	86,038
9	42.3984	3,391.87	7,349.06	88,189
<b>180</b>				
1	36.5378	2,923.02	6,333.22	75,999
2	37.4513	2,996.11	6,491.56	77,899
3	38.3876	3,071.01	6,653.85	79,846
4	39.3472	3,147.78	6,820.19	81,842
5	40.3309	3,226.47	6,990.69	83,888
6	41.3392	3,307.13	7,165.45	85,985
7	42.3727	3,389.81	7,344.59	88,135
8	43.4320	3,474.56	7,528.22	90,339
9	44.5178	3,561.43	7,716.42	92,597
<b>181</b>				
1	38.3627	3,069.01	6,649.53	79,794
2	39.3218	3,145.74	6,815.78	81,789
3	40.3048	3,224.39	6,986.17	83,834
4	41.3124	3,304.99	7,160.81	85,930
5	42.3453	3,387.62	7,339.84	88,078
6	43.4039	3,472.31	7,523.34	90,280
7	44.4890	3,559.12	7,711.43	92,537
8	45.6012	3,648.10	7,904.21	94,850
9	46.7412	3,739.30	8,101.81	97,222
<b>182</b>				
1	40.2810	3,222.48	6,982.05	83,785
2	41.2881	3,303.05	7,156.60	85,879
3	42.3202	3,385.62	7,335.51	88,026
4	43.3782	3,470.26	7,518.90	90,227
5	44.4627	3,557.02	7,706.87	92,482
6	45.5743	3,645.94	7,899.55	94,795
7	46.7136	3,737.09	8,097.02	97,164
8	47.8815	3,830.52	8,299.46	99,594
9	49.0785	3,926.28	8,506.93	102,083

Unrepresented, Executive, General Unit, Laboratory Unit, Operators' Association,  
and Professional Unit

EXHIBIT 1

Salary Matrix Effective July 1, 2015

Range/Step	Hourly	Bi-Weekly	Monthly	Annually
<b>183</b>				
1	42.2968	3,383.75	7,331.45	87,977
2	43.3543	3,468.35	7,514.75	90,177
3	44.4382	3,555.06	7,702.62	92,431
4	45.5492	3,643.93	7,895.19	94,742
5	46.6878	3,735.03	8,092.56	97,111
6	47.8550	3,828.40	8,294.87	99,538
7	49.0515	3,924.12	8,502.26	102,027
8	50.2777	4,022.22	8,714.80	104,578
9	51.5347	4,122.78	8,932.68	107,192
<b>184</b>				
1	44.4103	3,552.82	7,697.79	92,373
2	45.5205	3,641.64	7,890.23	94,683
3	46.6586	3,732.69	8,087.49	97,050
4	47.8251	3,826.01	8,289.68	99,476
5	49.0207	3,921.65	8,496.92	101,963
6	50.2462	4,019.69	8,709.34	104,512
7	51.5024	4,120.19	8,927.08	107,125
8	52.7899	4,223.19	9,150.24	109,803
9	54.1097	4,328.78	9,379.02	112,548
<b>185</b>				
1	46.6294	3,730.36	8,082.44	96,989
2	47.7952	3,823.62	8,284.50	99,414
3	48.9900	3,919.20	8,491.60	101,899
4	50.2148	4,017.18	8,703.89	104,447
5	51.4701	4,117.61	8,921.49	107,058
6	52.7569	4,220.55	9,144.53	109,734
7	54.0758	4,326.07	9,373.14	112,478
8	55.4277	4,434.22	9,607.47	115,290
9	56.8135	4,545.08	9,847.67	118,172
<b>186</b>				
1	48.9623	3,916.98	8,486.80	101,842
2	50.1863	4,014.91	8,698.97	104,388
3	51.4410	4,115.28	8,916.44	106,997
4	52.7270	4,218.16	9,139.35	109,672
5	54.0452	4,323.62	9,367.84	112,414
6	55.3964	4,431.71	9,602.04	115,224
7	56.7812	4,542.50	9,842.08	118,105
8	58.2008	4,656.06	10,088.13	121,058
9	59.6558	4,772.47	10,340.35	124,084
<b>187</b>				
1	51.4091	4,112.72	8,910.90	106,931
2	52.6942	4,215.53	9,133.66	109,604
3	54.0116	4,320.92	9,362.00	112,344
4	55.3619	4,428.95	9,596.06	115,153

Unrepresented, Executive, General Unit, Laboratory Unit, Operators' Association,  
and Professional Unit

EXHIBIT 1

Salary Matrix Effective July 1, 2015

Range/Step	Hourly	Bi-Weekly	Monthly	Annually
5	56.7459	4,539.67	9,835.95	118,031
6	58.1646	4,653.17	10,081.87	120,982
7	59.6187	4,769.49	10,333.90	124,007
8	61.1092	4,888.73	10,592.26	127,107
9	62.6369	5,010.95	10,857.06	130,285
<b>188</b>				
1	53.9777	4,318.21	9,356.13	112,274
2	55.3271	4,426.17	9,590.03	115,080
3	56.7103	4,536.82	9,829.78	117,957
4	58.1279	4,650.24	10,075.51	120,906
5	59.5812	4,766.49	10,327.40	123,929
6	61.0708	4,885.66	10,585.60	127,027
7	62.5975	5,007.80	10,850.24	130,203
8	64.1624	5,132.99	11,121.48	133,458
9	65.7665	5,261.32	11,399.53	136,794
<b>189</b>				
1	56.6763	4,534.10	9,823.89	117,887
2	58.0932	4,647.46	10,069.49	120,834
3	59.5455	4,763.64	10,321.23	123,855
4	61.0342	4,882.74	10,579.26	126,951
5	62.5600	5,004.80	10,843.74	130,125
6	64.1240	5,129.92	11,114.82	133,378
7	65.7271	5,258.17	11,392.69	136,712
8	67.3703	5,389.63	11,677.53	140,130
9	69.0546	5,524.37	11,969.46	143,634
<b>190</b>				
1	59.5091	4,760.73	10,314.91	123,779
2	60.9968	4,879.74	10,572.78	126,873
3	62.5217	5,001.74	10,837.10	130,045
4	64.0847	5,126.78	11,108.02	133,296
5	65.6869	5,254.95	11,385.73	136,629
6	67.3290	5,386.32	11,670.37	140,044
7	69.0123	5,520.98	11,962.13	143,546
8	70.7376	5,659.01	12,261.19	147,134
9	72.5060	5,800.48	12,567.71	150,813
<b>191</b>				
1	62.4841	4,998.73	10,830.58	129,967
2	64.0462	5,123.70	11,101.35	133,216
3	65.6474	5,251.79	11,378.88	136,547
4	67.2886	5,383.08	11,663.35	139,960
5	68.9708	5,517.66	11,954.93	143,459
6	70.6951	5,655.61	12,253.81	147,046
7	72.4625	5,797.00	12,560.16	150,722
8	74.2740	5,941.92	12,874.16	154,490
9	76.1309	6,090.47	13,196.02	158,352

Unrepresented, Executive, General Unit, Laboratory Unit, Operators' Association,  
and Professional Unit

EXHIBIT 1

Salary Matrix Effective July 1, 2015

Range/Step	Hourly	Bi-Weekly	Monthly	Annually
<b>192</b>				
1	65.6096	5,248.76	11,372.32	136,468
2	67.2498	5,379.99	11,656.64	139,880
3	68.9311	5,514.49	11,948.06	143,377
4	70.6543	5,652.34	12,246.74	146,961
5	72.4207	5,793.66	12,552.93	150,635
6	74.2312	5,938.49	12,866.74	154,401
7	76.0870	6,086.96	13,188.42	158,261
8	77.9891	6,239.13	13,518.12	162,217
9	79.9389	6,395.11	13,856.08	166,273
<b>193</b>				
1	68.8895	5,511.16	11,940.84	143,290
2	70.6117	5,648.93	12,239.35	146,872
3	72.3770	5,790.16	12,545.34	150,544
4	74.1864	5,934.91	12,858.97	154,308
5	76.0411	6,083.29	13,180.46	158,165
6	77.9421	6,235.36	13,509.96	162,119
7	79.8906	6,391.25	13,847.71	166,172
8	81.8879	6,551.03	14,193.90	170,327
9	83.9351	6,714.81	14,548.75	174,585
<b>194</b>				
1	72.3360	5,786.88	12,538.24	150,459
2	74.1443	5,931.55	12,851.69	154,220
3	75.9979	6,079.83	13,172.97	158,076
4	77.8979	6,231.83	13,502.30	162,028
5	79.8454	6,387.63	13,839.87	166,078
6	81.8415	6,547.32	14,185.87	170,230
7	83.8875	6,711.00	14,540.50	174,486
8	85.9847	6,878.78	14,904.02	178,848
9	88.1343	7,050.75	15,276.62	183,319
<b>195</b>				
1	75.9531	6,076.25	13,165.21	157,983
2	77.8519	6,228.15	13,494.33	161,932
3	79.7983	6,383.87	13,831.71	165,981
4	81.7932	6,543.46	14,177.49	170,130
5	83.8381	6,707.05	14,531.93	174,383
6	85.9340	6,874.72	14,895.23	178,743
7	88.0824	7,046.59	15,267.62	183,211
8	90.2844	7,222.76	15,649.30	187,792
9	92.5416	7,403.33	16,040.54	192,486
<b>196</b>				
1	79.7492	6,379.94	13,823.19	165,878
2	81.7430	6,539.44	14,168.78	170,025
3	83.7865	6,702.92	14,522.99	174,276
4	85.8812	6,870.50	14,886.07	178,633

Unrepresented, Executive, General Unit, Laboratory Unit, Operators' Association,  
and Professional Unit

EXHIBIT 1

Salary Matrix Effective July 1, 2015

Range/Step	Hourly	Bi-Weekly	Monthly	Annually
5	88.0281	7,042.25	15,258.21	183,099
6	90.2289	7,218.31	15,639.68	187,676
7	92.4846	7,398.77	16,030.67	192,368
8	94.7967	7,583.73	16,431.42	197,177
9	97.1666	7,773.33	16,842.21	202,107
<b>197</b>	<b>0.0000</b>	<b>0.00</b>	<b>0.00</b>	<b>0</b>
1	83.7362	6,698.90	14,514.28	174,171
2	85.8296	6,866.37	14,877.13	178,526
3	87.9754	7,038.03	15,249.07	182,989
4	90.1747	7,213.98	15,630.29	187,563
5	92.4291	7,394.33	16,021.05	192,253
6	94.7399	7,579.19	16,421.59	197,059
7	97.1084	7,768.67	16,832.12	201,985
8	99.5361	7,962.89	17,252.93	207,035
9	102.0245	8,161.96	17,684.24	212,211
<b>198</b>				
1	87.9224	7,033.80	15,239.89	182,879
2	90.1205	7,209.64	15,620.88	187,451
3	92.3735	7,389.88	16,011.40	192,137
4	94.6829	7,574.63	16,411.69	196,940
5	97.0499	7,763.99	16,821.98	201,864
6	99.4762	7,958.09	17,242.54	206,910
7	101.9631	8,157.05	17,673.60	212,083
8	104.5121	8,360.97	18,115.44	217,385
9	107.1249	8,570.00	18,568.32	222,820
<b>199</b>				
1	94.5188	7,561.50	16,383.25	196,599
2	96.8817	7,750.54	16,792.83	201,514
3	99.3037	7,944.30	17,212.65	206,552
4	101.7864	8,142.91	17,642.97	211,716
5	104.3311	8,346.49	18,084.05	217,009
6	106.9393	8,555.15	18,536.15	222,434
7	109.6128	8,769.02	18,999.55	227,995
8	112.3531	8,988.25	19,474.54	233,694
9	115.1619	9,212.95	19,961.40	239,537
<b>200</b>				
1	101.6068	8,128.55	17,611.85	211,342
2	104.1470	8,331.76	18,052.15	216,626
3	106.7507	8,540.06	18,503.46	222,042
4	109.4195	8,753.56	18,966.04	227,593
5	112.1549	8,972.40	19,440.19	233,282
6	114.9588	9,196.71	19,926.19	239,114
7	117.8328	9,426.63	20,424.36	245,092
8	120.7786	9,662.29	20,934.96	251,220
9	123.7981	9,903.85	21,458.33	257,500

Unrepresented, Executive, General Unit, Laboratory Unit, Operators' Association,  
and Professional Unit

EXHIBIT 1

Salary Matrix Effective July 1, 2015

<b>Range/Step</b>	<b>Hourly</b>	<b>Bi-Weekly</b>	<b>Monthly</b>	<b>Annually</b>
<b>201</b>				
1	53.8124	4,304.99	9,327.47	111,930
<b>202</b>				
1	42.9806	3,438.45	7,449.97	89,400
<b>203</b>				
1	135.1628	10,813.02	23,428.22	281,139



**INFORMATION  
ITEM**


**4C**

Date: March 16, 2016

To: The Honorable Board of Directors

Through: Finance, Legal, and Administration Committee (03/9/16)

From: P. Joseph Grindstaff  
General Manager

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

Javier Chagoyen-Lazaro  
Manager of Finance and Accounting

Subject: Treasurer's Report of Financial Affairs

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### **RECOMMENDATION**

The Treasurer's Report of Financial Affairs for the month ended January 31, 2016, is an informational item for the Board of Director's review.

### **BACKGROUND**

The Treasurer's Report of Financial Affairs for the month ended January 31, 2016, is submitted in a format consistent with State requirements. The monthly report denotes investment transactions that have been executed in accordance with the criteria stated in the Agency's Investment Policy (Resolution No. 2015-6-3).

Total cash, investments, and restricted deposits of \$163,950,513 reflect an increase of \$11,992,362 compared to the total reported for December 2015. The increase was primarily due to the property tax receipts and wastewater connection fees reported by contracting agencies.

The average days of cash on hand for the month ended January 31, 2016, increased from 209 days to 227 days. 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. New connection fees collected and held by member agencies is excluded from the days of cash on hand calculation.

The Agency's investment portfolio average rate of return in January 2016 was 0.748%, an increase of 0.113% compared to the average yield of 0.635% reported in December 2015. The increase is the result of investing available resources within the three to five year term which offers higher rate of return and change in our portfolio duration.

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

### **PRIOR BOARD ACTION**

The Board reviewed the Financial Affairs Report for the month of December 2015 on February 17, 2016.

### **IMPACT ON BUDGET**

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

Attachment: January 2016 Treasurer's Report of Financial Affairs



# **Treasurer's Report of Financial Affairs for January 31, 2016**

**March 2016  
Board Meeting**

# Report of Financial Affairs

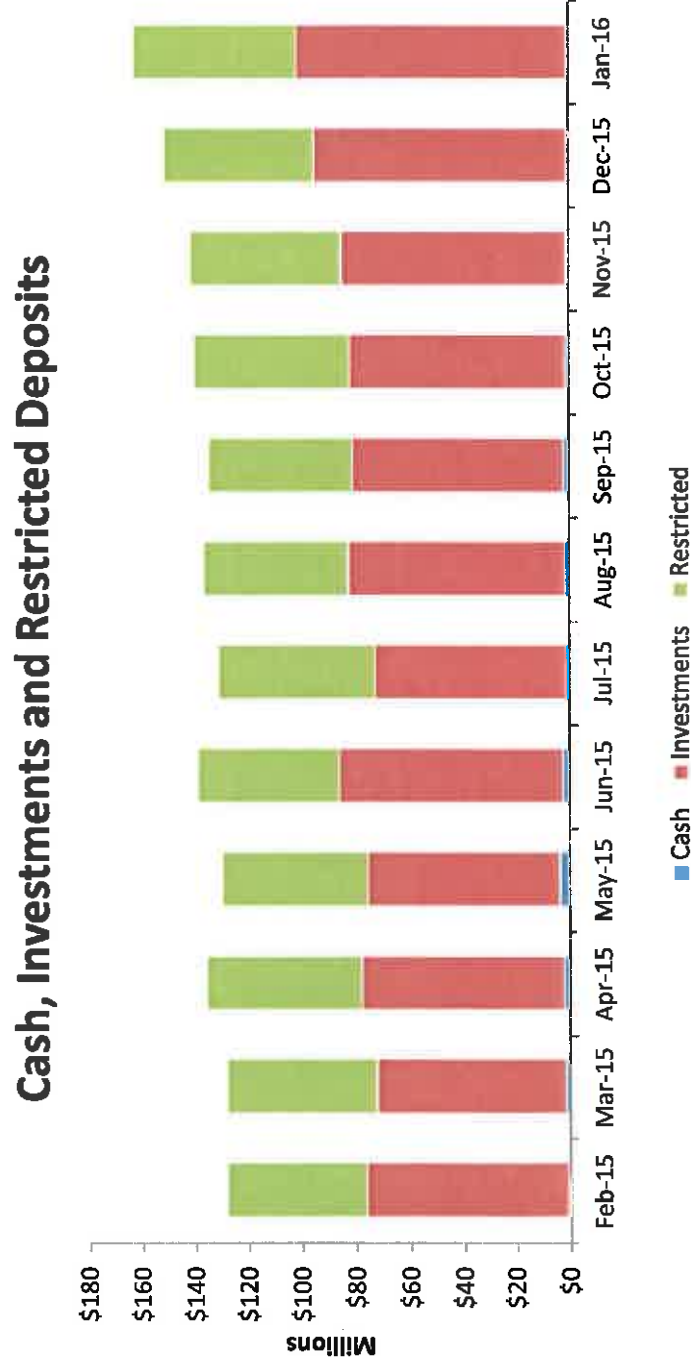
## Liquidity

Description	January 2016 (\$ million)	December 2015 (\$ million)	Increase (Decrease) (\$ million)
Total Cash, Investments, and Restricted Deposits	\$163.9	\$152.0	\$11.9
Total Investment Portfolio	\$101.1	\$95.4	\$5.7
Investment Portfolio Yield	0.748%	0.635%	0.113%
Weighted Average Duration (years)	0.99	0.75	0.24
Average Cash on Hand (days)	227	209	18

## Portfolio

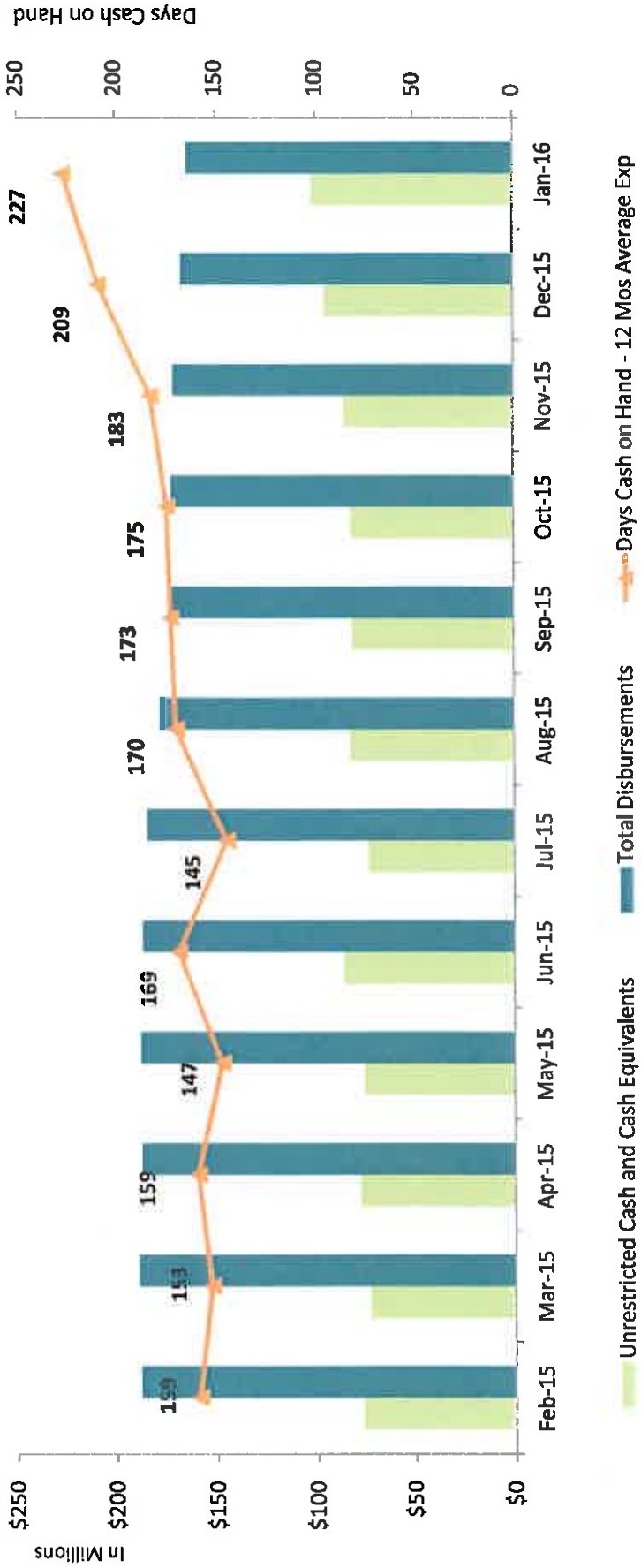
Term	Description	Allowable Threshold (\$ million)	Investment Value (\$ million)	Yield	Current Portfolio %
<b>Short Term, Under 1 Year:</b>	LAI*	\$65	\$34.9	0.40%	35%
	CalTrust	\$20	\$7.5	0.56%	7%
	Citizens Business – Sweep	40%	\$21.7	0.30%	21%
	Brokered CDs	30%	\$0.8	0.82%	1%
	US Treasury Note	n/a	\$1.0	0.64%	1%
	US Government Securities	n/a	\$2.0	0.38%	2%
	Medium Term Notes	10%	\$1.0	1.07%	1%
<b>1 to 3 Years:</b>	Brokered CDs	30%	\$2.4	1.33%	2%
	US Government Securities	n/a	\$8.0	1.21%	8%
	Medium Term Notes	10%	\$6.1	1.27%	6%
<b>Over 3 Years:</b>	Brokered CDs	30%	\$0.8	2.36%	1%
	US Government Securities	n/a	\$14.9	1.70%	15%

# Cash, Investments and Restricted Deposits

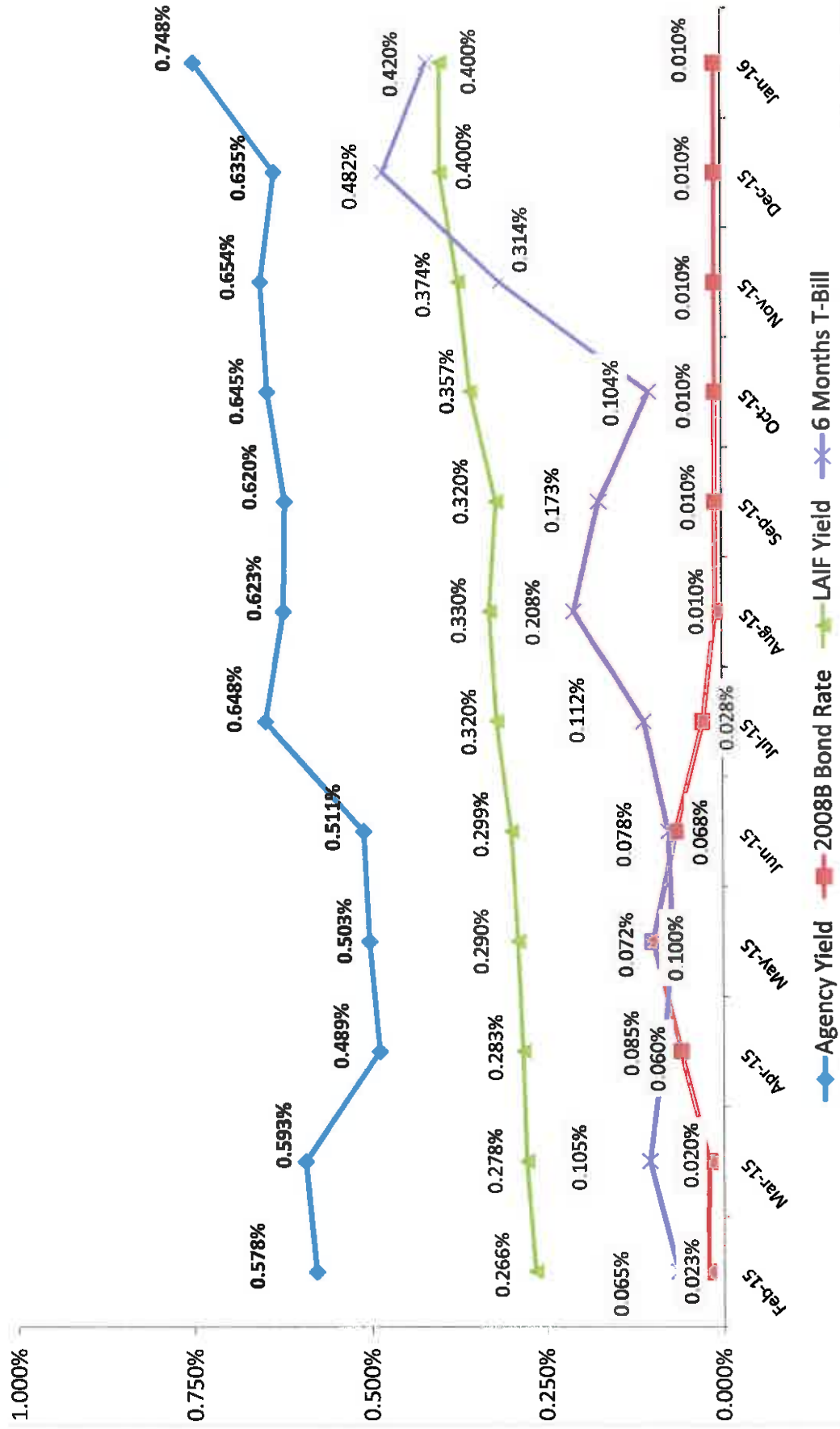


# Day Cash on Hand 12 Months Rolling Average

## Days Cash on Hand - 12 Mos Rolling



# Month End Portfolio Yield Comparison







# Questions?

*The Treasurer's Report of Financial Affairs is consistent with the Agency's business goal of fiscal responsibility*

# TREASURER'S REPORT OF FINANCIAL AFFAIRS

For the Month Ended January 31, 2016



All investment transactions have been executed in accordance with the criteria stated in the Agency's Investment Policy (Resolution No. 2015-6-3) adopted by the Inland Empire Utilities Agency's Board of Directors during its regular meeting held on June 17, 2015.

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

	January	December
<b>Cash, Bank Deposits, and Bank Investment Accounts</b>	<b>\$1,007,067</b>	<b>\$915,171</b>
<b>Investments</b>		
Citizens Business Bank (CBB) Repurchase (Sweep)	\$21,681,737	\$28,507,944
Local Agency Investment Fund (LAIF)	34,897,078	34,873,252
CallTrust	7,551,077	4,544,409
Certificates of Deposit	3,874,000	3,874,000
Medium Term Notes	7,104,634	3,000,723
U.S. Treasury Notes	999,843	999,828
U.S. Government Sponsored Entities	24,972,930	18,999,654
<b>Total Investments</b>	<b>\$101,081,299</b>	<b>\$94,799,810</b>
<b>Total Cash and Investments Available to the Agency</b>	<b>\$102,088,366</b>	<b>\$95,714,981</b>
<b>Restricted Deposits</b>		
Debt Service Accounts	\$3,178,494	\$2,544,734
CCRA Deposits Held by Member Agencies	51,906,260	46,871,217
OPEB (GERBT) Account	6,758,422	6,821,716
Escrow Deposits	18,971	5,503
<b>Total Restricted Deposits</b>	<b>\$61,862,147</b>	<b>\$56,243,170</b>
<b>Total Cash, Investments, and Restricted Deposits</b>	<b>\$163,950,513</b>	<b>\$151,958,151</b>

**INLAND EMPIRE UTILITIES AGENCY**  
**Cash and Investment Summary**

Month Ended  
 January 31, 2016

**Cash, Bank Deposits, and Bank Investment Accounts**

CBB Demand Account (Offset by CBB Sweep Balance)	\$694,661
CBB Workers' Compensation Account	64,414
Bank of America (BoFA) Payroll Account	58,719
BoFA Payroll Taxes Account	56,081
Subtotal Demand Deposits	\$873,875
<b>Other Cash and Bank Accounts</b>	
Petty Cash	\$2,250
Subtotal Other Cash	\$2,250
<b>Bank of the West Money Market Account</b>	\$51,800
<b>US Bank Pre-Investment Money Market Account</b>	\$79,142
<b>Total Cash and Bank Accounts</b>	\$1,007,067

**Investments**

<b>CBB Repurchase (Sweep) Investments</b>	
Federal Home Loan	
Subtotal CBB Repurchase (Sweep)	\$21,681,737
<b>Local Agency Investment Fund (LAIF)</b>	
LAIF Non-Restricted Fund	\$28,974,253
LAIF Insurance Sinking Fund	5,922,825
Subtotal Local Agency Investment Fund	\$34,897,078
<b>CalTrust</b>	
Short Term	\$7,551,077
Subtotal CalTrust	\$7,551,077
<b>Certificates of Deposit</b>	
Brokered Certificates of Deposit	
Subtotal Certificates of Deposit	\$3,874,000

**INLAND EMPIRE UTILITIES AGENCY**  
**Cash and Investment Summary**

Month Ended  
 January 31, 2016

**Investments Continued**

<b>Medium Term Notes</b>	
JP Morgan Securities	\$1,000,078
John Deere Capital Corp	1,001,480
JP Morgan Chase & Co.	999,165
Johnson & Johnson	2,027,348
Microsoft	2,076,563
Subtotal Medium Term Notes	<u>\$7,104,634</u>

**U.S. Treasury Notes**

Treasury Note	\$999,843
Subtotal U.S. Treasury Notes	<u>\$999,843</u>

**U.S. Government Sponsored Entities**

Fannie Mae Bank	\$7,999,502
Freddie Mac Bank	3,001,043
Federal Farm Credit Bank	3,000,000
Federal Home Loan Bank	10,972,385
Subtotal U.S. Government Sponsored Entities	<u>\$24,972,930</u>

**Total Investments**

\$101,081,299

**Restricted Deposits**

<b>Debt Service Reserves</b>	
08A Debt Service Accounts	\$0
08B Debt Service Accounts	2,544,719
10A Debt Service Accounts	633,775
Subtotal Debt Service Reserves	<u>\$3,178,494</u>

**INLAND EMPIRE UTILITIES AGENCY**  
**Cash and Investment Summary**

Month Ended  
 January 31, 2016

**CCRA Deposits Held by Member Agencies**

City of Chino	\$12,629,797
Cucamonga Valley Water District	12,459,633
City of Fontana	8,396,131
City of Montclair	2,472,618
City of Ontario	9,012,751
City of Chino Hills	3,415,776
City of Upland	3,519,554
Subtotal CCRA Deposits Held by Member Agencies	<u>\$51,906,260</u>

**CalPERS**

OPEB (CERBT) Account	<u>\$6,758,422</u>
Subtotal CalPERS Accounts	<u>\$6,758,422</u>

**Total Restricted Deposits**

	<u>\$61,862,147</u>
	<u><u>\$163,950,513</u></u>

**Total Cash, Investments, and Restricted Deposits as of January 31, 2016**

Total Cash, Investments, and Restricted Deposits as of 1/31/16	\$163,950,513
Less: Total Cash, Investments, and Restricted Deposits as of 12/31/15	151,958,151
<b>Total Monthly Increase (Decrease)</b>	<u><u>\$11,992,362</u></u>

**INLAND EMPIRE UTILITIES AGENCY**  
**Cash and Investment Summary**

Month Ended  
 January 31, 2016

	Credit Rating @ Purchase		CHANGES IN Credit Rating		Par Amount	Cost Basis Amount	Term (Days)	January Amortization	January Value	% Coupon	% Yield to Maturity	Maturity Date	Market Value
	S&P	Moody's	S&P	Moody's									
<b>Cash, Bank Deposits, and Bank Investment Accounts</b>													
<b>Citizens Business Bank (CBB)</b>													
Demand Account*					\$694,661	\$694,661	N/A	N/A	\$694,661		N/A	N/A	\$694,661
Workers' Compensation Account					64,414	\$64,414	N/A	N/A	\$64,414		N/A	N/A	\$64,414
Subtotal CBB Accounts					\$759,075	\$759,075			\$759,075				\$759,075
<b>Bank of America (BoFA)</b>													
Payroll Checking					\$58,719	\$58,719	N/A	N/A	\$58,719		N/A	N/A	\$58,719
Payroll Tax Checking					56,081	56,081	N/A	N/A	56,081		N/A	N/A	56,081
Subtotal B of A Accounts					\$114,800	\$114,800			\$114,800				\$114,800
<b>Bank of the West</b>													
Money Market Plus - Business Account					\$51,800	\$51,800	N/A	N/A	\$51,800		0.18%	N/A	\$51,800
Subtotal Bank of the West Account					\$51,800	\$51,800			\$51,800		0.18%		\$51,800
<b>US Bank (USB)</b>													
Federated Automated MMA					\$79,142	\$79,142	N/A	N/A	\$79,142		0.01%	N/A	\$79,142
Subtotal USB Account					\$79,142	\$79,142			\$79,142		0.01%		\$79,142
<b>Petty Cash</b>					\$2,250	\$2,250	N/A	N/A	\$2,250		N/A	N/A	\$2,250
<b>Total Cash, Bank Deposits and Bank Investment Accounts</b>					<b>\$1,007,967</b>	<b>\$1,007,967</b>			<b>\$1,007,967</b>				<b>\$1,007,967</b>
<i>*Negative demand checking balance is offset by the Daily Repurchase (Sweep) Account balance</i>													
<b>Investments</b>													
<b>CBB Daily Repurchase (Sweep) Accounts</b>													
Federal Home Loan					\$21,681,737	\$21,681,737	N/A	N/A	\$21,681,737		0.30%	N/A	\$21,681,737
Subtotal CBB Repurchase Accounts					\$21,681,737	\$21,681,737			\$21,681,737		0.30%		\$21,681,737
<b>LAIF Accounts</b>													
Non-Restricted Funds					\$28,974,253	\$28,974,253	N/A	N/A	\$28,974,253		0.446%	N/A	\$28,974,253
LAIF Sinking Fund					5,922,825	5,922,825	N/A	N/A	5,922,825		0.446%	N/A	5,922,825
Subtotal LAIF Accounts					\$34,897,078	\$34,897,078			\$34,897,078		0.446%		\$34,897,078
<b>CALTRUST Accounts</b>													
Short-Term					\$7,551,077	\$7,551,077	N/A	N/A	\$7,551,077		0.60%	N/A	\$7,551,077
Subtotal CalTrust Accounts					\$7,551,077	\$7,551,077			\$7,551,077		0.60%		\$7,551,077

**INLAND EMPIRE UTILITIES AGENCY**  
**Cash and Investment Summary**

Month Ended  
 January 31, 2016

	Credit Rating @ Purchase		CHANGES IN Credit Rating		Par Amount	Cost Basis Amount	Term (Days)	January Amortization	January Value	% Coupon	% Yield to Maturity	Maturity Date	Market Value
	S&P	Moody's	S&P	Moody's									
<b>Investments (continued)</b>													
<b>Brokered Certificates of Deposit (CDs)</b>													
Ally Bank	N/A				\$245,000	\$245,000	551		\$245,000	0.80%	0.80%	01/17/17	\$244,762
Capital One National Association	N/A				240,000	240,000	552		240,000	0.80%	0.80%	01/17/17	239,767
Compass Bank	N/A				245,000	245,000	552		245,000	0.85%	0.85%	01/17/17	244,762
Comenity Capital Bank	N/A				240,000	240,000	731		240,000	1.15%	1.15%	07/13/17	239,736
Discover Bank	N/A				240,000	240,000	552		240,000	1.15%	1.15%	07/17/17	239,683
Medallion Bank	N/A				240,000	240,000	733		240,000	1.20%	1.20%	07/17/17	239,683
Sallie Mae Bank	N/A				248,000	248,000	743		248,000	1.15%	1.15%	11/06/17	247,921
Key Bank National Association	N/A				248,000	248,000	732		248,000	1.10%	1.10%	11/13/17	247,928
Capital One Bank	N/A				240,000	240,000	916		240,000	1.35%	1.35%	01/16/18	240,293
Goldman Sachs Bank USA	N/A				240,000	240,000	916		240,000	1.40%	1.40%	01/16/18	240,523
BMW Bank of North America	N/A				240,000	240,000	915		240,000	1.40%	1.40%	01/17/18	240,518
American Express Bank	N/A				240,000	240,000	1097		240,000	1.70%	1.70%	07/16/18	240,031
American Express Centurion	N/A				240,000	240,000	1097		240,000	1.70%	1.70%	07/16/18	240,031
HSBC Bank USA, NA Step	N/A				244,000	244,000	1827		244,000	1.25%	1.25%	07/29/20	244,190
JPM Chase NA Step	N/A				244,000	244,000	1827		244,000	2.32%	2.32%	07/31/20	244,542
Synchrony Bank	N/A				240,000	240,000	1827		240,000	2.25%	2.25%	10/02/20	241,637
Subtotal Brokered CDs					\$3,874,000	\$3,874,000		\$0	\$3,874,000		1.426%		\$3,876,009
<b>US Treasury Note</b>													
US Treasury Note	N/A	AAA			\$1,000,000	\$999,463	1092	15	\$999,843	0.63%	0.64%	12/15/16	\$999,960
Subtotal US Treasuries					\$1,000,000	\$999,463		15	\$999,843		0.64%		\$999,960
<b>U.S. Government Sponsored Entities</b>													
Federal Home Loan Bank	N/A	AAA			\$2,000,000	\$2,000,000	355		\$2,000,000	0.38%	0.38%	06/20/16	\$1,999,400
Freddie Mac Bond	AA+	AAA			2,000,000	2,001,500	722	(64)	2,001,043	0.85%	0.81%	06/16/17	2,000,440
Federal Home Loan Bank	AA+	AAA			2,000,000	2,000,000	1,100		2,000,000	1.20%	1.20%	06/29/18	2,000,160
Fannie Mae Bond	AA+	AAA			2,000,000	2,000,000	1,097		2,000,000	1.20%	1.20%	11/28/18	2,002,600
Federal Home Loan Bank	AA+	AAA			2,000,000	2,000,000	1,459		2,000,000	1.61%	1.63%	12/28/18	2,013,840
Fannie Mae Bond	AA+	AAA			3,000,000	3,000,000	1,186		3,000,000	1.50%	1.50%	04/26/19	3,007,860
Federal Home Loan Bank	AA+	AAA			4,000,000	3,999,400	1,456	13	3,999,502	1.50%	1.50%	05/24/19	4,009,080
Fannie Mae Bond	AA+	AAA			2,000,000	2,000,000	1,460		2,000,000	1.50%	1.52%	06/24/19	2,024,740
Federal Farm Credit Bank	AA+	AAA			1,000,000	1,000,000	1,461		1,000,000	1.00%	3.00%	07/29/19	1,001,810
Freddie Mac Bond	AA+	AAA			3,000,000	2,972,928	1,359	378	2,973,306	1.25%	1.50%	10/02/19	3,002,610
Federal Home Loan Bank	AA+	AAA			1,000,000	999,000	1,461	21	999,079	1.40%	1.43%	10/08/19	1,000,000
Federal Home Loan Bank	AA+	AAA			1,000,000	1,000,000	1,461		1,000,000	1.42%	1.42%	10/21/19	1,000,300
Federal Farm Credit Bank	AA+	AAA			\$25,000,000	\$24,972,828		\$348	\$24,972,930		1.373%		\$25,062,840

Subtotal U.S. Gov't Sponsored Entities  
 (As of August 2011, all US GSE's have been downgraded to AA+ Rating by S&P)



**INLAND EMPIRE UTILITIES AGENCY**  
**Cash and Investment Summary**

Month Ended  
 January 31, 2016

	Credit Rating @ Purchase		CHANGES IN Credit Rating		Par Amount	Cost Basis Amount	Term (Days)	January Amortization	January Value	% Coupon	% Yield to Maturity	Maturity Date	Market Value
	S&P	Moody's	S&P	Moody's									
<b>Medium Term Notes</b>													
JP Morgan Securities	A-	A3			\$1,000,000	\$1,001,500	1,094	(43)	\$1,000,078	1.13%	1.07%	02/26/16	\$1,000,340
John Deere Capital Corp	A	A2			1,000,000	1,004,000	1,754	(71)	1,001,480	1.20%	1.11%	10/10/17	998,400
JP Morgan Chase & Co	A-	A3			1,000,000	999,000	1,037	30	999,165	1.63%	1.66%	05/15/18	994,990
Johnson & Johnson	AAA	AAA			2,000,000	2,027,480	1,044		2,027,348	1.63%	1.16%	12/05/18	2,028,260
Microsoft	AAA	AAA			2,050,000	2,076,691	1,045		2,076,563	1.60%	1.16%	12/06/18	2,077,901
Subtotal Medium Term Notes					<u>\$7,650,000</u>	<u>\$7,108,671</u>		<u>(\$84)</u>	<u>\$7,104,634</u>		<u>1.21%</u>		<u>\$7,099,891</u>
<b>Total Investments</b>					<u>\$101,053,892</u>	<u>\$101,084,854</u>			<u>\$101,081,299</u>				<u>\$101,168,591</u>
<i>(Source of Investment Market Value: US Bank)</i>													
<b>Restricted Deposits</b>													
Debt Service and Arbitrage Accounts					2,544,719	2,544,719	N/A	N/A	2,544,719		0.00%		2,544,719
DBB Debt Service Accounts					633,775	633,775	N/A	N/A	633,775		0.00%		633,775
10A Debt Service Accounts													
<b>Total Debt Service Accounts</b>					<u>\$3,178,494</u>	<u>\$3,178,494</u>			<u>\$3,178,494</u>				<u>\$3,178,494</u>
<b>CCRA Deposits Held by Member Agencies</b>													
City of Chino					\$12,629,797	\$12,629,797	N/A	N/A	\$12,629,797		N/A	N/A	\$12,629,797
Cucamonga Valley Water District					12,459,633	12,459,633	N/A	N/A	12,459,633		N/A	N/A	12,459,633
City of Fontana					8,396,131	8,396,131	N/A	N/A	8,396,131		N/A	N/A	8,396,131
City of Montclair					2,472,618	2,472,618	N/A	N/A	2,472,618		N/A	N/A	2,472,618
City of Ontario					9,012,751	9,012,751	N/A	N/A	9,012,751		N/A	N/A	9,012,751
City of Chino Hills					3,415,776	3,415,776	N/A	N/A	3,415,776		N/A	N/A	3,415,776
City of Upland					3,519,554	3,519,554	N/A	N/A	3,519,554		N/A	N/A	3,519,554
Subtotal CCRA Deposits Held by Member Agencies					<u>\$51,906,260</u>	<u>\$51,906,260</u>			<u>\$51,906,260</u>				<u>\$51,906,260</u>
<i>(Reported total as of December 31, 2015)</i>													
<b>CalPERS Deposits</b>													
OPEB (CERBT) Account					\$7,000,000	\$7,000,000	N/A	N/A	\$6,758,422		N/A	N/A	\$6,758,422
Subtotal CalPERS Deposits					<u>\$7,000,000</u>	<u>\$7,000,000</u>			<u>\$6,758,422</u>				<u>\$6,758,422</u>
<b>Escrow Deposits</b>													
Genesis Construction Escrow					\$18,971	\$18,971	N/A	N/A	\$18,971		N/A	N/A	\$18,971
Subtotal Escrow Deposits					<u>\$18,971</u>	<u>\$18,971</u>			<u>\$18,971</u>				<u>\$18,971</u>
<b>Total Restricted Deposits</b>					<u>\$62,103,725</u>	<u>\$62,103,725</u>			<u>\$61,862,147</u>				<u>\$61,862,147</u>
<b>Total Cash, Investments, and Restricted Deposits as of January 31, 2016</b>					<u>\$164,164,684</u>	<u>\$164,195,646</u>			<u>\$163,950,513</u>				<u>\$164,037,805</u>

**INLAND EMPIRE UTILITIES AGENCY**  
**Cash and Investment Summary**

Month Ended  
 January 31, 2016

January Purchases					
No.	Date	Transaction	Investment Security	Par Amount Purchased	Investment Yield
1	1/12/2016	Purchased	Federal Home Loan Bank	\$ 3,000,000	1.25%
2	1/26/2016	Purchased	Federal Home Loan Bank	\$ 3,000,000	1.50%
3	1/26/2016	Purchased	Johnson & Johnson Corporate Bond	\$ 2,000,000	1.650%
4	1/26/2016	Purchased	Microsoft Corporate Bond	\$ 2,050,000	1.625%
<b>Total Purchases</b>				<b>\$ 10,050,000</b>	

January Investment Maturities, Calls & Sales					
No.	Date	Transaction	Investment Security	Par Amount Matured/Sold	Investment Yield to Maturity
None					
<b>Total Maturities, Calls &amp; Sales</b>				<b>\$ -</b>	

**INLAND EMPIRE UTILITIES AGENCY**  
**Cash and Investment Summary**

Month Ended  
 January 31, 2016

<b>Directed Investment Category</b>	<b>Amount Invested</b>	<b>Yield</b>
CBB Repurchase (Sweep)	\$21,681,737	0.300%
LALF	34,897,078	0.446%
CallTrust	7,551,077	0.600%
Medium Term Notes	7,104,634	1.212%
US Treasury Notes	999,843	0.640%
U.S. Government Sponsored Entities	24,972,930	1.373%
	<b>\$97,207,299</b>	<b>0.721%</b>
<b>Bank Deposit and Investment Accounts</b>		
Various Banks - Brokered Certificates of Deposit	3,874,000	1.426%
Bank of the West Money Market Account	51,800	0.180%
	<b>\$3,925,800</b>	<b>1.410%</b>

**Total Investment Portfolio**  
*Investment Portfolio Rate of Return* **0.748%**

<b>Restricted/Transitory/Other Demand Accounts</b>	<b>Amount Invested</b>	<b>Yield</b>
CCRA Deposits Held by Member Agencies	\$51,906,260	N/A
CalPERS OPEB (CERBT) Account	6,758,422	N/A
US Bank - 2008B Debt Service Accounts	2,544,719	0.000%
Citizens Business Bank - Demand Account	694,661	N/A
US Bank - 2010A Debt Service Accounts	633,775	0.000%
US Bank - Pre-Investment Money Market Account	79,142	0.010%
Citizens Business Bank - Workers' Compensation Account	64,414	N/A
Other Accounts*	117,050	N/A
	<b>\$62,798,443</b>	<b>0.000%</b>
<b>Total Other Accounts</b> <i>Average Yield of Other Accounts</i>		
	<b>\$163,931,542</b>	

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

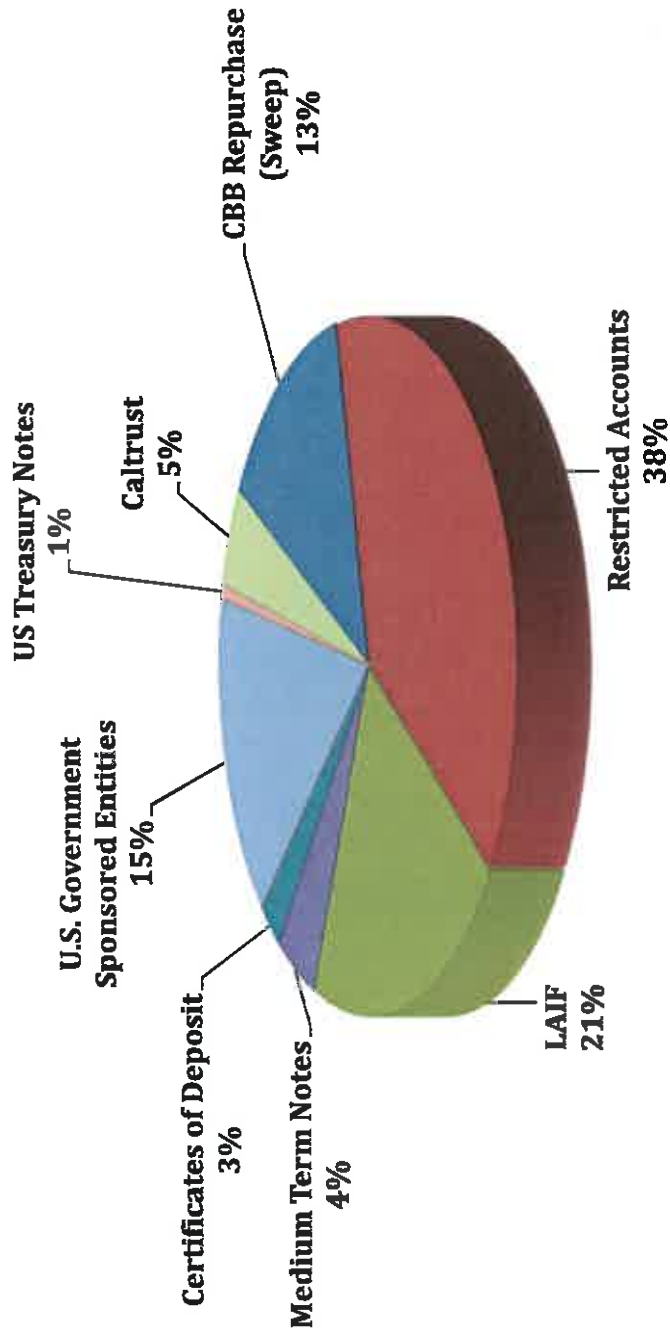
# ***Inland Empire Utilities Agency***

## **Treasurer's Report of Financial Affairs**

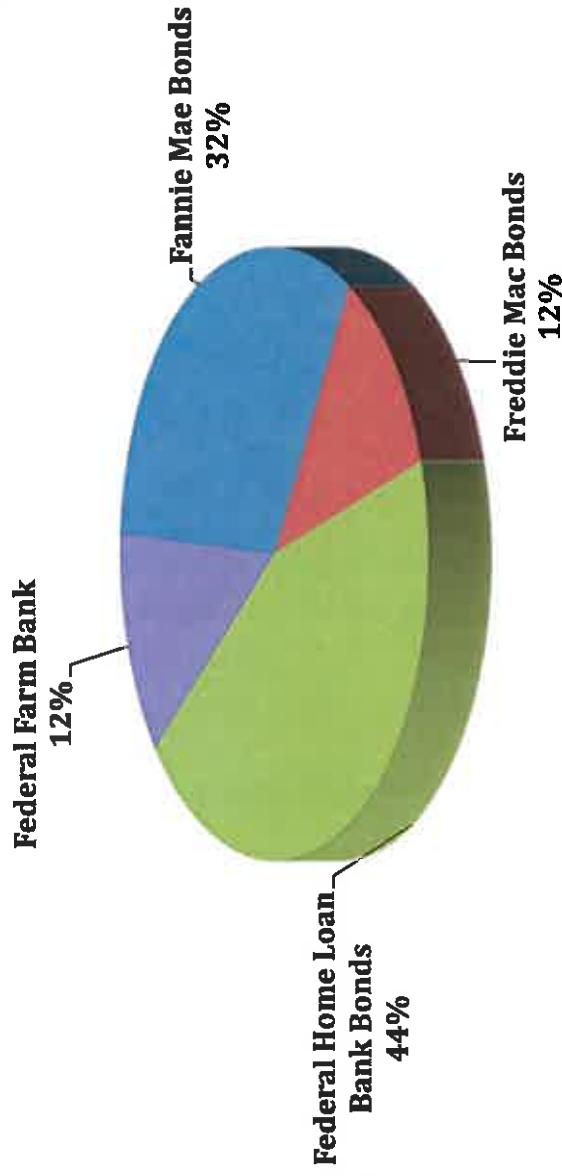
**For the Month Ended January 31, 2016**

**Agency Investment Portfolio (net of escrow deposits)**

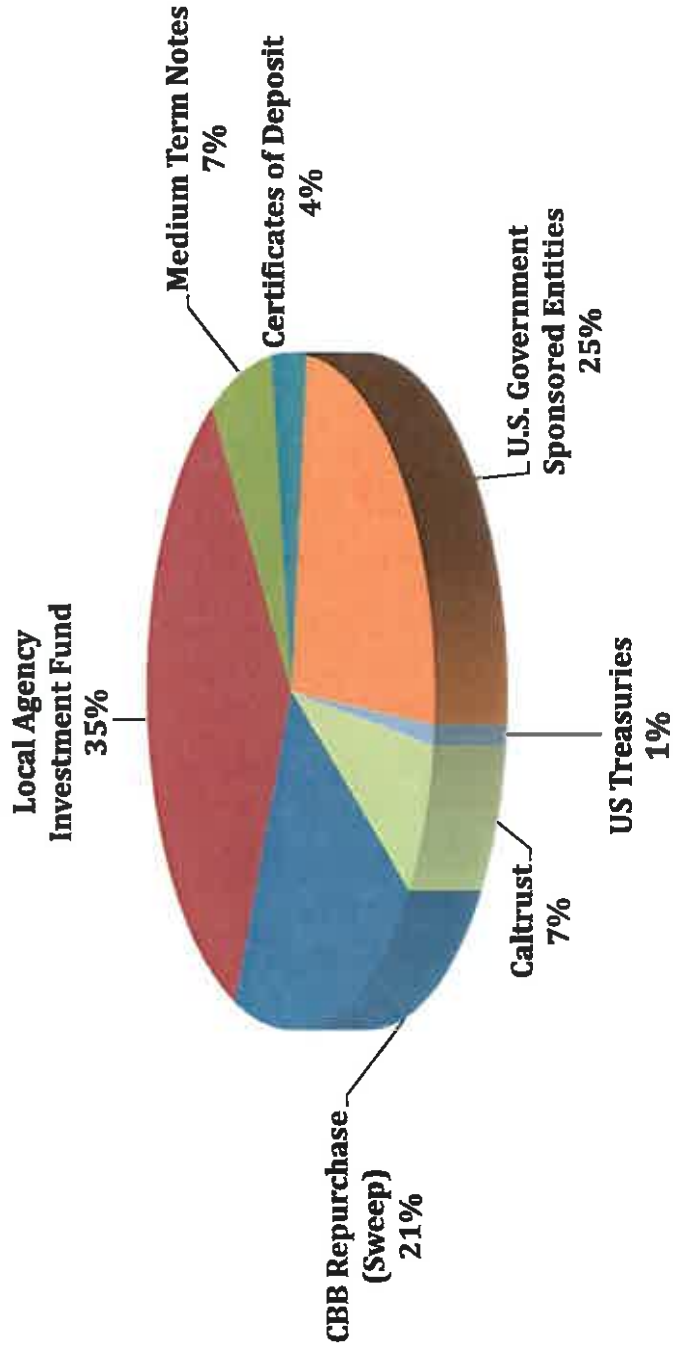
**\$163,931,542**



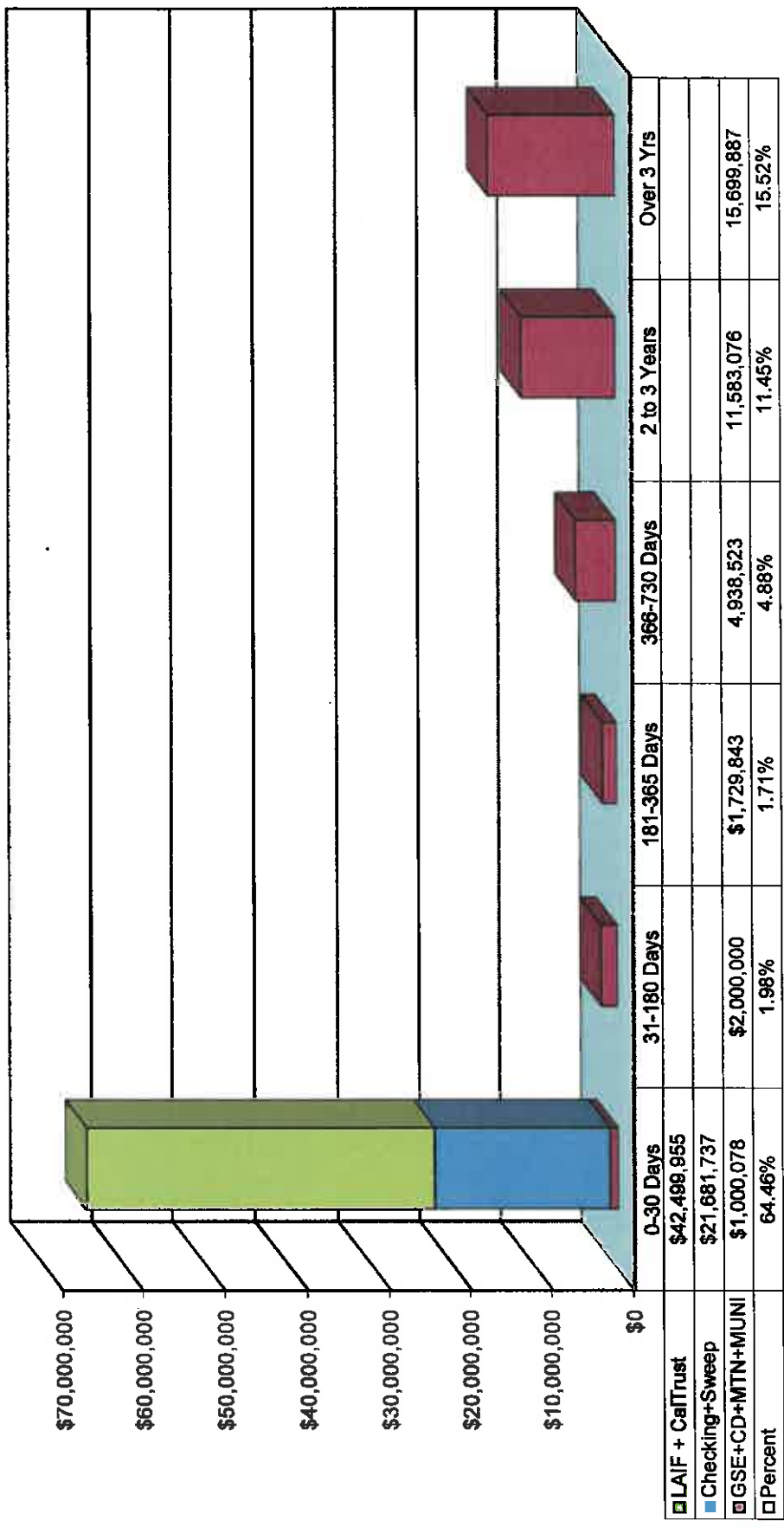
***Inland Empire Utilities Agency***  
**Treasurer's Report of Financial Affairs**  
**For the Month Ended January 31, 2016**  
**U.S. Government Sponsored Entities Portfolio**  
**\$24,972,930**



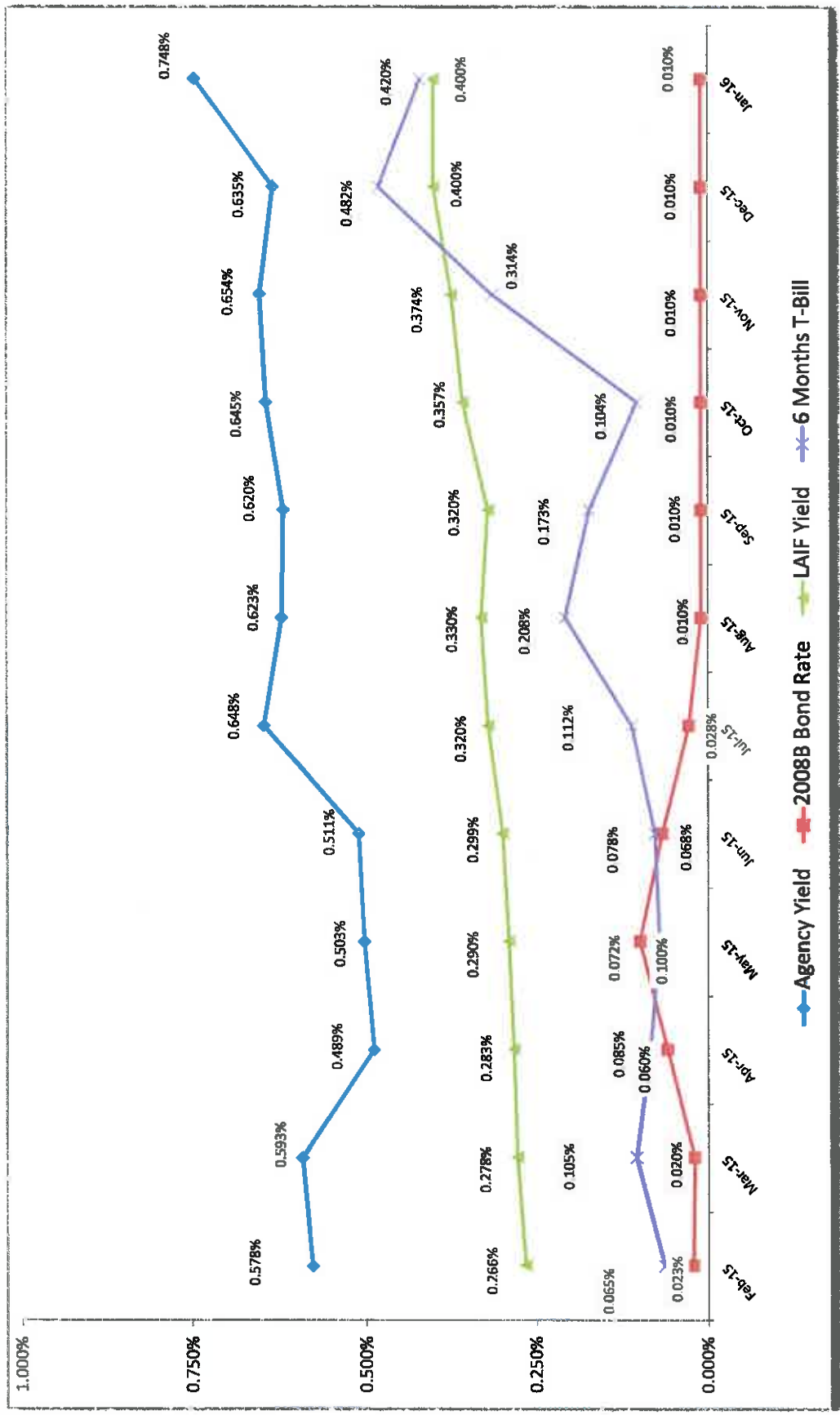
***Inland Empire Utilities Agency***  
**Treasurer's Report of Financial Affairs**  
**For the Month Ended January 31, 2016**  
**Unrestricted Agency Investment Portfolio**  
**\$101,133,099**



**Inland Empire Utilities Agency**  
**Treasurer's Report of Financial Affairs**  
 For the Month Ended January 31, 2016  
*Agency Investment Portfolio Maturity Distribution*  
**\$101,133,099**



**Inland Empire Utilities Agency**  
**Treasurer's Report of Financial Affairs**  
*Agency Investment Portfolio Yield Comparison*






**INFORMATION  
ITEM**


**4D**


Date: March 16, 2016

To: The Honorable Board of Directors

Through: Finance, Legal, and Administration Committee (03/09/16)

From: P. Joseph Grindstaff  
General Manager 

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

 Javier Chagoyen-Lazaro  
Manager of Finance and Accounting

Subject: FY 2015/16 Second Quarter Budget Variance Report

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### **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 the second quarter ending December 31, 2015, includes various analyses in the following attachments:

- Exhibit A provides a comparison of actual revenues and expenses against the current FY 2015/16 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 the FY 2015/16 adopted budget.
- Exhibit C-1 presents a summary of Operations and Maintenance (O&M) budget transfers approved by management during the second quarter.
- Exhibit C-2 presents a summary of the GM contingency account activity.
- Exhibit D lists Board approved budget amendments and management approved budget transfers for capital and O&M projects.
- Attachment A provides a FY 2015/16 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 during the second quarter of FY 2015/16 of \$84.7 million, or 38.0% of the amended budget (Exhibit A detail). The following section highlights key variances:

- **User Charges** – User charges were \$32.6 million or 48.6% of amended budget. This category includes \$24.7 million from equivalent dwelling unit (EDU) volumetric charges, \$5.3 million for non-reclaimable wastewater fees, \$2.6 million for imported potable water meter service charges, and associated surcharge and other fees.
- **Recycled Water Sales** – Recycled water sales at the end of second quarter were \$6.1 million, or 51.4% of the amended budget. Direct sales were \$3.9 million at 11,689 acre feet (AF) and groundwater recharge sales were \$2.2 million at 5,997 AF. Total year to date deliveries of 17,686 AF compared to the 35,150 AF projected for the fiscal year accounts for the favorable variance. A wet winter season may impact future deliveries due to reduced demand for recycled water and limit the recharge deliveries to groundwater basins.
- **MWD Imported Water Sales** – Total MWD pass-through imported water revenue was \$8.9 million or 21.6% of amended budget. The variance is due to continuous response to the drought condition and public outreach efforts aimed at reducing water demand. If dry weather persists, MWD may initiate water supply allocation plan to its member agencies. In addition, formation of an El Niño weather pattern could result in normal to above normal precipitation which could further suppress water demand.
- **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) rebate at a rate of \$154/AF, for a maximum amount of \$2.1 million per fiscal year. At the end of the second quarter, the total rebate was \$1.3 million for 8,557 AF of credit or 63.4% of budget.
- **Property Taxes** – Tax receipts at the end of the second quarter were \$18.0 million or 43.8% of the amended budget. General ad-valorem property tax receipts from the San Bernardino County Tax Assessor (County) was \$15.3 million and “pass-through” incremental RDA taxes received was \$2.7 million. Taxes received from the county are estimated to be 12% higher than taxes received in December of last year. Tax revenue stream is anticipated to stabilize due to the housing market rebound and increase in the County's property assessed valuation.
- **Wastewater Connection Fees** – Total wastewater connection fee receipts reported through the second quarter were \$13.1 million or 56.3% of the budget. A total of 2,571 new EDU connections was reported through December 2015, compared to the 4,330 new EDU connections budgeted for this fiscal year.
- **Grants & Loans** – Total receipts of \$0.8 million or 3.7% of the amended budget were received during the second quarter. Amended budget is comprised of \$8.9 million of grants and \$12.3 million of SRF loan proceeds. Grants and loans receipts are cyclical in nature due to the capital projects spending trend and the multi-year funding for large projects.
- **Cost Reimbursements** – Total cost reimbursements were \$2.6 million, or 48.0% of the amended budget. Reimbursements include \$1.7 million from the Inland Empire Regional Composting Authority (IERCA), \$0.6 million from Chino Basin Desalter Authority (CDA), and \$0.3 million from Chino Basin Watermaster (CBWM). Total cost

reimbursement budget of \$5.5 million includes; \$3.4 million from IERCA, \$1.4 million from CDA, and \$0.7 million from CBWM.

- **Other Revenues** – Total other revenues were \$0.8 million, or 10.7% of the amended budget, include cost reimbursable projects that are still in the early design phase and lease revenue for the RP-5 Solids Handling Facility that is on track.

### TOTAL EXPENSES AND USES OF FUNDS

The Agency’s total expenses and uses of funds through the second quarter were \$76.9 million, or 32.6% of the amended budget.

The amended budget includes \$15.6 million of encumbrances and commitments carried forward from FY 2014/15; \$8.3 million for capital projects and \$7.3 million of operating (O&M) expenses, including O&M and reimbursable projects. In accordance with Agency Policy A-81 (Fiscal Year-End Carry Forward of Encumbrances and Related Budget), carry forward encumbrances, commitments and related budget not expended by December 31, 2015, are subject to cancellation unless otherwise approved by Executive Management. At the end of the second quarter, unspent carry forward was \$7,186,071, of which \$6,779,109 was extended and \$406,962 was returned, as shown in Table 1.

**Table 1: FY 2014/15 Encumbrance Carry Forward Status**

	Capital & Special Projects	O&M	Total
Carried Forward – September 2015	\$14,087,352	\$1,558,648	\$15,646,000
Remaining Carry Forward subject to Reversal	\$6,643,432	\$542,639	\$7,186,071
Carry Forward Requested for Extension	\$6,339,013	\$440,096	\$6,779,109
Encumbrance Returned – January 2016	\$304,419	\$102,543	\$406,962

Key expense variance highlights are:

- **Employment Expenses** – Employment expenses were \$20.1 million or 49.4% of amended budget. Higher than anticipated vacancy factor of 12.4%, equivalent to 36 full-time (FTE) positions, compared to budgeted vacancy rate of 4% (12 FTEs), provide savings in wages and benefits. Savings were partially offset by a \$3 million payment towards pension unfunded liabilities and other post-employment (OPEB) benefits.
- **Professional Fees & Services** – Total expenses were \$3.1 million, or 28.8% of the amended budget. The positive variance can be attributed to the timing of contracts and services that are anticipated to be executed in the subsequent months for:
  - *Contract labor & contract materials* for dig alerts, troubleshooting secondary system evaluation, treatment process improvements, and asset management;
  - Deferral of *consultant services* to perform analyses; research and studies for Planning & Environmental Compliance Department related to new water, recycled water, and regional wastewater capital function; earthwork and debris removal at the basins; and financial services to address taxes and LAFCO issues.
- **Chemicals** – Chemicals through the second quarter were \$1.9 million, or 41.6% of the amended budget.

- Sodium Hypochlorite – favorable variance is a result of the actual price per unit at \$0.55 per gallon lower than the budgeted costs of \$0.587 per gallon coupled with low actual flows. It is anticipated that the consumption of this category will increase during the winter months as flows increase and the metabolism of microorganisms slows down.
- Ferric Chloride - The reduced amount of raw waste water treated due to critical aeration equipment rehabilitation resulted to lower spending at this category. Year to date raw waste treated is 292,744 pounds at \$0.18 per pound.

While most chemicals were very close to targeted costs, others such as the buffers and chemical solutions used for maintenance instrumentation and calibration, and the continued monitoring of chemical usage and process optimization contribute to the overall favorable category variance.

- **Utilities** – Expenses in this category were \$4.9 million or 44.4% of the amended budget.
  - Electricity costs were higher than budgeted due to peak rate at \$0.137/kWh incurred between July and September. The current average rate of imported electricity of \$0.119/kWh is lower than the budgeted rate of \$0.125/kWh. Mid-year usage was measured at 35,084,262 kWh, or 50% of annual agency average of 70,000,000 kWh.
  - Natural gas was favorable due to a lower gas rate averaging \$0.45/therm compared to the budgeted rate of \$0.80/therm. Average usage was measured at 446,096 therms, or 36% of annual agency average of 1,200,000 therms.
  - Fuel cell is only operating at half rated capacity and producing electricity lower than the expected output.
  - Solar energy is slightly lower than the budgeted amount for the second quarter. Electricity generated from solar power is directly related to the amount of sunlight experienced during the year.
- **MWD Imported Water Purchases** – Total MWD pass-through imported water purchases were \$8.9 million for 15,345 AF or 21.6% of 50,000 AF budgeted for the fiscal year. Based on the volume year-to-date, the amended budget will be reduced to \$29.6 million, from \$41.4 million. The MWD imported water pass-through sales revenue will be reduced respectively.
- **Special and Reimbursable Projects** – O&M project expenditures were \$2.5 million or 8.8% of the amended budget. The Chino Basin Groundwater Wells and Raw Water Pipeline project budgeted for this fiscal year at \$9.0 million, or 32% of the amended budget, has been delayed due to the ongoing discussions. The CDA has initiated project management with Michael Baker International, but design and construction will not begin until ongoing discussions and terms are completed.
- **Capital Projects**–Total capital project expenditures were \$13.2 million or 25.6% of the amended budget of \$51.4 million, amended budget includes a net of \$8.0 million carry forward from prior fiscal year. Regional Wastewater projects account for approximately 56.0% of total capital project costs through the second quarter, and 36% were related to Recycled water projects.

As of December 31, 2015, there were fifteen (15) projects identified as eligible for closure which total to approximately \$4.6 million.

Table 2 below identifies projects with project budget over \$500,000 which are not projected to be expended in the current fiscal year. These projects account for approximately \$7.7 million, or 15% of the amended budget. Spending levels are largely driven by changes in project scope and schedule, construction bid results, regulatory issues, and available resources associated with such undertakings.

**Table 2: Project Budget Not Planned to be Expended in FY 2015/16**

- **Debt Service** – Total principal, interest, financial expenses and inter-fund loan for the second quarter were \$12.1 million or 51.8% of the amended budget. The 2008B Variable Rate Demand Bonds interest rate continues to stay below the budgeted 1% rate, with the actual rate averaging 0.013% year to date, resulting to \$0.4 million in savings.

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

**FUND BALANCES AND RESERVES**

The net result through the end of the second quarter indicated an increase of \$7.8 million in total fund balance, resulted in an ending fund balance of \$153.9 million. Change in the level of revenues, such as; the timing of receipts and expenditures, staff’s continuous effort to improve and identify opportunities to reduce expenditures and timing or deferred execution of projects accounted for the increase. Table 3 provides an overview of the second quarter budget variance in revenue, expense, and fund balance.

Project #	Description	FY 15/16 Forecast	FY 15/16 Budget	Variance	Reason for Variance
EN06025	Wineville Ext Recy Wtr Pipeline Seg A	1,106,242	2,135,354	1,029,112	Completed under budget with a 4% change order ratio.
EN13001	San Savaine Basin Improvements	2,525,342	3,500,000	974,658	Construction slated to begin later in the fiscal year. Major portion of budget total to carried forward to FY 2015/16.
EN13045	Wineville RW Extension Segment B	1,639,135	2,506,255	867,120	Nearly complete and projected to finish below the FY budget.
EN13048	RP-1 930-Zone RW Pump Station Load Analysis	219,516	1,000,000	780,484	An extensive analysis of the RP-1 existing load is required prior to launching the design. The majority of the budget will be consumed in FY16/17.
EN13016	SCADA Enterprise System	3,190,282	4,200,000	1,009,718	Project is progressing with less than anticipated manpower and with minimal change orders. Contract negotiation resulted in \$400,000 of savings. Additionally, work on Phase 2 requires upfront as-building prior to design.
EN15008	New Water Quality Laboratory	854,301	1,700,000	845,699	Based on original TYCIP allocation, some of the FY15/16 budget belongs to the construction phase which will begin in FY16/17.
EN11031	RP-5 Flow Equalization and Effluent Monitoring	142,857	1,255,263	1,112,406	The project scope was modified to meet Agency operating requirements. Contract modifications are underway and resulted in delays.
EN14019	RP-1 Headworks Gate Replacement	185,558	700,000	514,442	The project evaluation period was extended based on review of project expectations and Stakeholder requirements.
EN16024	RP-1 Mixed Liquor Return Pumps	397,874	1,000,000	602,126	The project evaluation period was extended based on review of project expectations and Stakeholder requirements.
<b>Total</b>		<b>10,261,107</b>	<b>17,996,872</b>	<b>7,735,765</b>	

Source: EGM project Status-GM Report February 2016

**Table 3: Second Quarter Revenues, Expenses, and Fund Balance (\$Millions)**

Operating	FY 2015/16 Amended Budget	Second Quarter Ended 12/31/15	Actual % of Amended Budget
Operating Revenue	\$131.0	\$52.7	40.2 %
Operating Expense	\$160.5	\$51.3	31.9%
<b>Operating Net Increase/(Decrease)</b>	<b>(\$29.5)</b>	<b>\$1.4</b>	
Non- Operating			
Non-Operating Revenue	\$91.6	\$32.0	34.9%
Non-Operating Expense	\$75.2	\$25.6	34.0%
<b>Non-Operating Net Increase/(Decrease)</b>	<b>\$16.4</b>	<b>\$6.4</b>	
Consolidated	FY 2015/16 Amended Budget	Second Quarter Ended 12/31/15	Actual % of Amended Budget
Total Sources of Funds	\$222.6	\$84.7	38.0%
Total Uses of Funds	\$235.7	\$76.9	32.6%
<b>Total Net Increase/(Decrease)</b>	<b>(\$13.1)</b>	<b>\$7.8</b>	
Beginning Fund Balance	\$146.1	\$146.1	
<b>Ending Fund Balance</b>	<b>\$133.0</b>	<b>\$153.9</b>	

## 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 fiscal year. The goals and objective indicators are 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 track productivity and to justify current resource allocations, re-allocation and requests for additional staff.

## BUDGET TRANSFERS AND AMENDMENTS

O&M budget transfers for this quarter accounted for \$27,506 as detailed in Exhibit C-1.

*General Manager (GM) Contingency Account* budget for \$500,000 includes \$400,000 in the Regional Wastewater Operations & Maintenance (RO) Fund and \$100,000 in the Administrative Services (GG) Fund. At the end of the second quarter, \$70,000 from the GG Fund was utilized to support the unexpected and necessary expenses as listed in Exhibit C-2.

Budget Variance and Report for Second Quarter Ending December 31, 2015

March 16, 2016

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*Capital and O&M projects* budget transfers accounted for approximately \$2.0 million, including changes in total project budget of approximately \$0.5 million approved by management during the second quarter as 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**

None.

**IMPACT ON BUDGET**

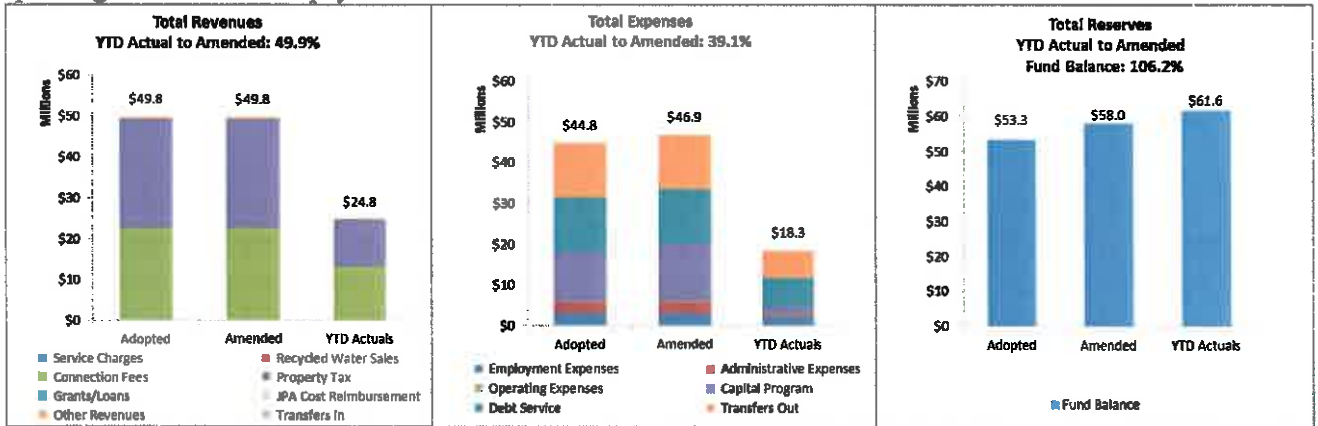
The net increase in total revenues over total expenses in the amount of \$7.8 million resulted in a total estimated fund balance of \$153.9 million, for the second quarter ended December 31, 2015.



**Attachment A**  
**Financial Overview of Agency's Programs**  
**FY 2015/16 Second Quarter ended December 31, 2015**  
**Total Revenues, Expenses, and Fund Balance**

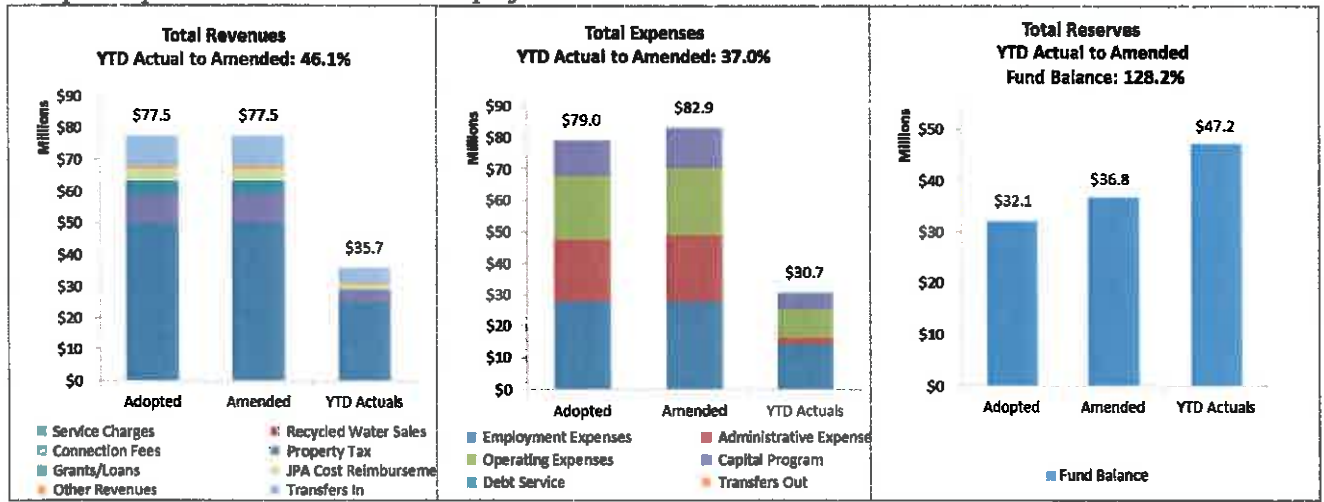
**Regional Wastewater Capital Improvement (RC) Fund**

- The fund balance indicated an increase of \$3.6 million compared to the amended budget due to low capital spending and debt service payments.



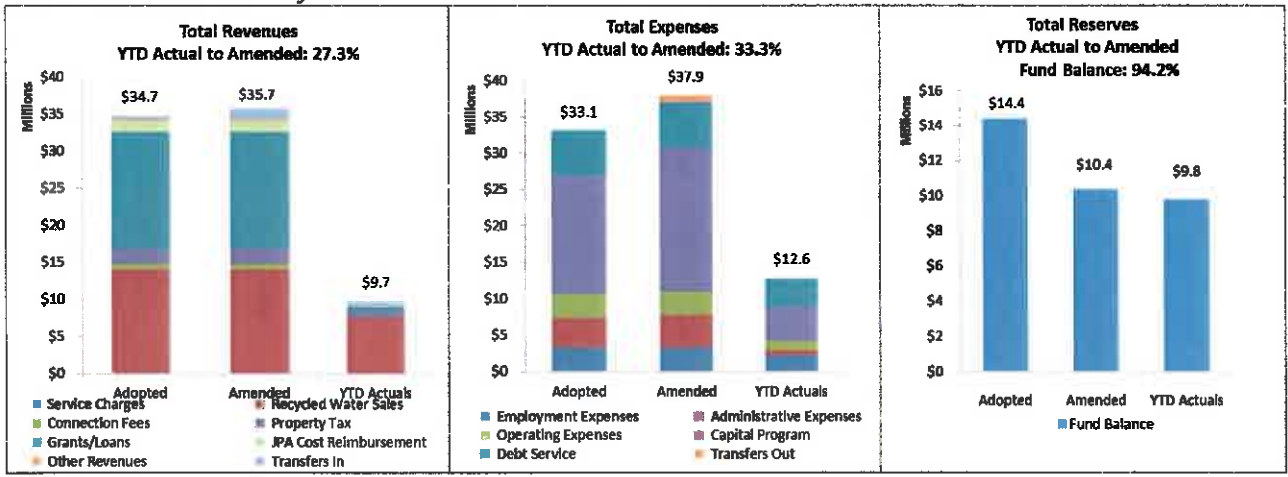
**Regional Wastewater Operations and Maintenance (RO) Fund**

- The fund balance increase of \$10.4 million compared to the amended budget due to the delayed execution of capital replacement and rehabilitation projects.



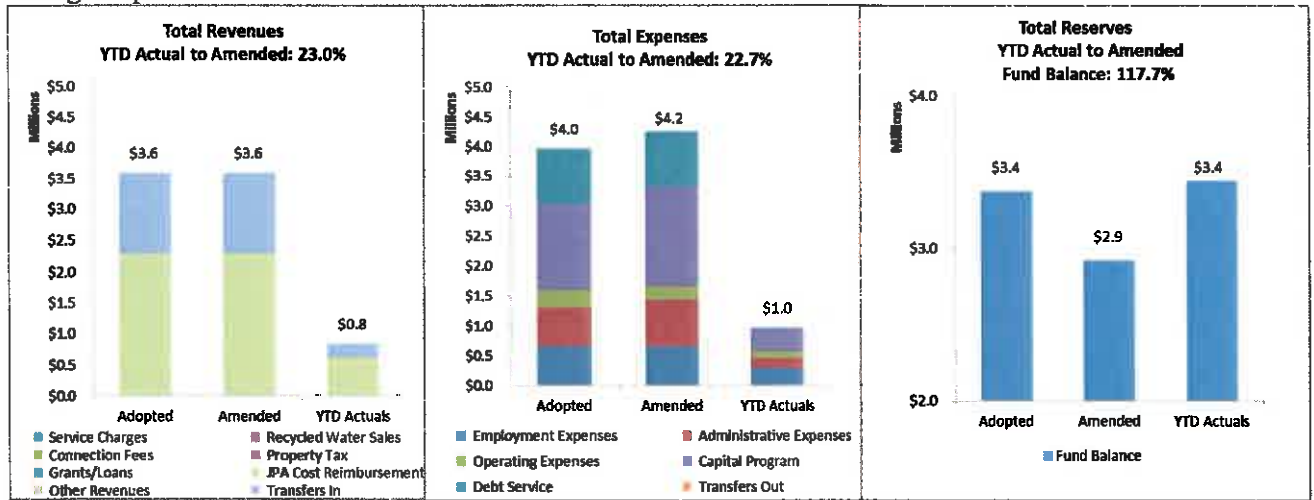
**Recycled Water (WC) Fund**

- The fund balance indicated a decrease of \$0.6 million compared to the amended budget due to lower grants and loan receipts linked to the level of capital spending. The Agency will begin collecting water connection fees in January 2016.



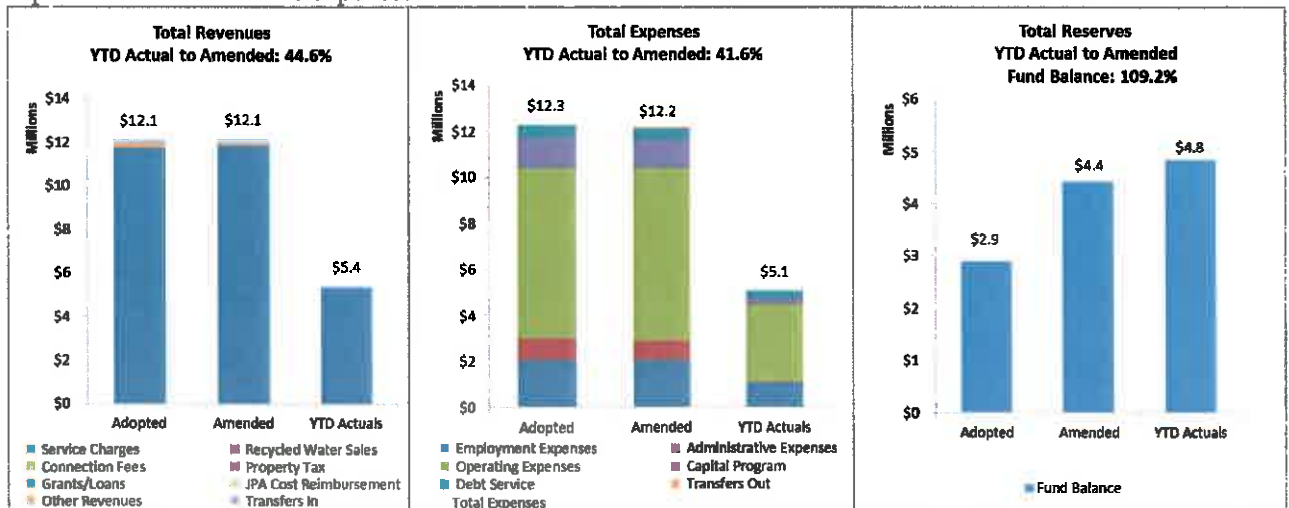
**Recharge Water (RW) Fund**

- The fund balance shows a slight increase of \$0.5 million compared to the amended budget due to the timing of operations and maintenance services.



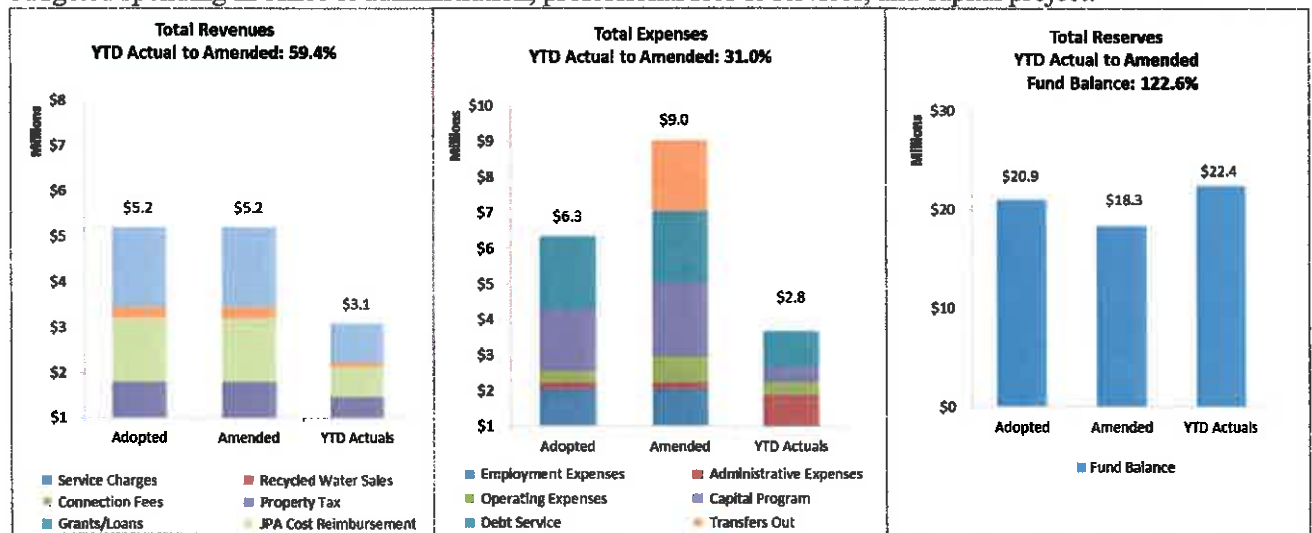
**Non-Reclaimable Wastewater (NRW) Fund**

- The fund balance indicated an increase of \$0.4 million compared to the amended budget due to delay of capital and administrative expenses.



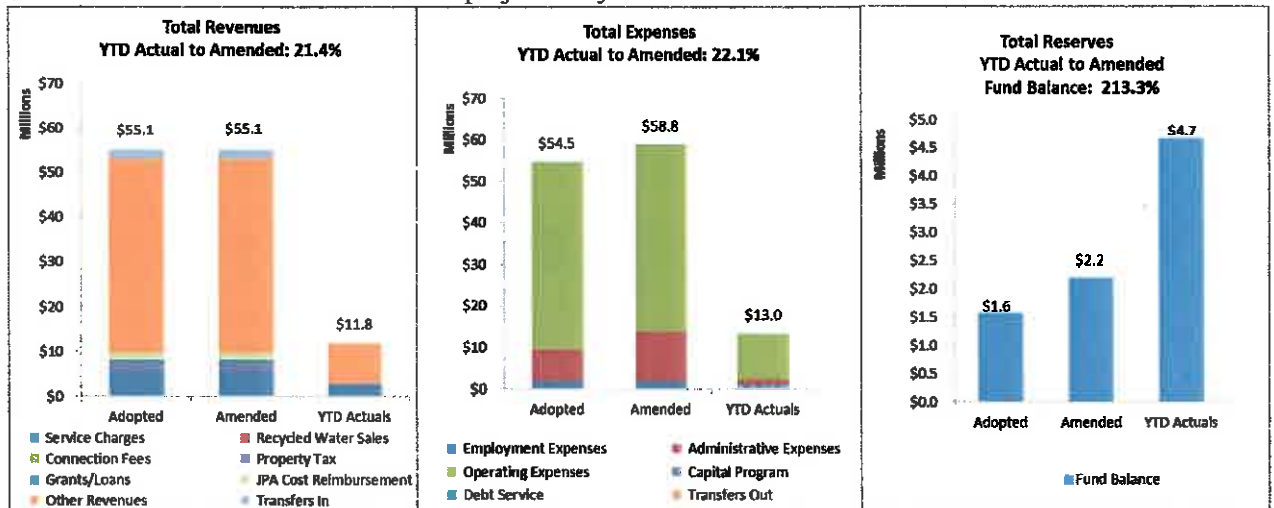
**Administrative Services (GG) Fund**

- The fund balance indicated an increase of \$4.1 million compared to the amended budget due to lower than budgeted spending in office & administration, professional fees & services, and capital project.



**Water Resources (WW) Fund**

- The fund balance indicates an increase of \$2.5 million compared to the amended budget due to lower special project spending which are eligible for reimbursements. The amended expense budget includes \$4.0 million of O&M and reimbursable project carry forward.

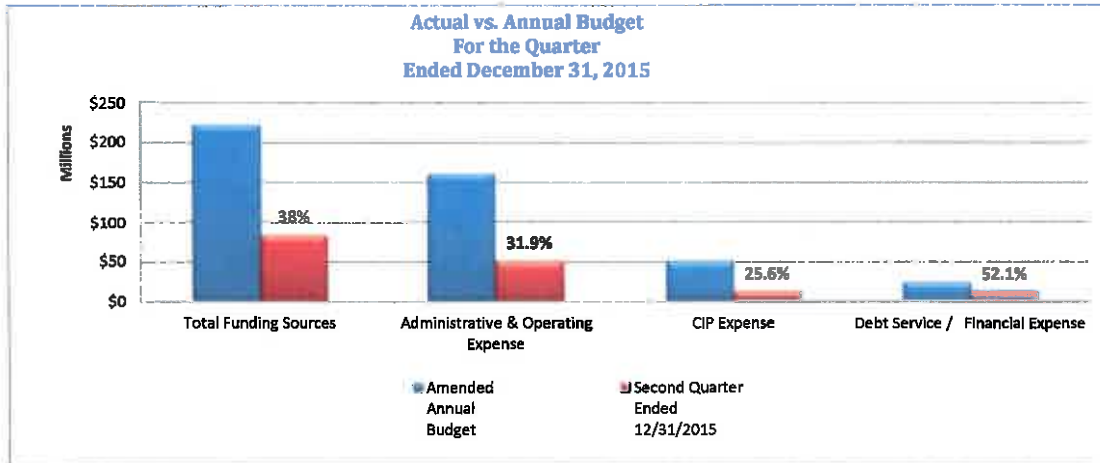


I. Actual vs. Budget Summary:

Second Quarter Ended December 31, 2015

% of the Year  
Elapsed: 50%

	Adopted Annual Budget	Amended Annual Budget	Second Quarter Ended 12/31/2015	Amended vs. Actual	% of Amended Budget
Operating Revenues	\$130,814,725	\$131,024,725	\$52,720,308	(78,304,417)	40.2%
Non-Operating (Other Sources of Fund)	91,839,772	91,629,772	31,988,764	(59,641,008)	34.9%
<b>TOTAL FUNDING SOURCES</b>	<b>222,654,497</b>	<b>222,654,497</b>	<b>84,709,072</b>	<b>(137,945,425)</b>	<b>38.0%</b>
Administrative & Operating Expense	(152,929,623)	(160,533,917)	(51,283,848)	109,250,068	31.9%
CIP Expense	(43,886,402)	(51,408,476)	(13,175,362)	38,233,114	25.6%
Debt Service / Financial Expense	(23,802,656)	(23,802,657)	(12,408,953)	11,393,704	52.1%
<b>TOTAL USES OF FUNDS</b>	<b>(220,618,681)</b>	<b>(235,745,050)</b>	<b>(76,868,163)</b>	<b>158,876,887</b>	<b>32.6%</b>
Surplus/(Deficit)	2,035,816	(13,090,553)	7,840,909	20,931,462	-59.9%



2. Actual Revenue vs. Budget:

**% of the Year  
Elapsed: 50%**

	Adopted Annual Budget	Amended Annual Budget	Second Quarter Ended 12/31/2015	Amended vs. Actual	% of Amended Budget
<b>Operating Revenues:</b>					
User Charges	\$67,040,941	\$67,250,941	\$32,666,590	\$34,584,351	48.6%
Recycled Water Sales	11,942,682	11,942,682	6,141,467	5,801,215	51.4%
MWD Water Sales	41,440,829	41,440,829	8,931,023	32,509,806	21.6%
MWD LPP Rebate	2,079,000	2,079,000	1,317,732	761,268	63.4%
Property Tax - O&M	1,792,530	1,792,530	785,684	1,006,846	43.8%
Cost Reimbursement	5,482,843	5,482,843	2,629,186	2,853,657	48.0%
Interest	1,035,900	1,035,900	248,626	787,274	24.0%
<b>OPERATING REVENUES</b>	<b>130,814,725</b>	<b>131,024,725</b>	<b>52,720,308</b>	<b>78,304,417</b>	<b>40.2%</b>
<b>Non-Operating Revenues:</b>					
Property Tax - Debt, Capital, Reserves	\$39,364,099	\$39,364,099	\$17,253,692	\$22,110,407	43.8%
Connection Fees	\$23,329,423	\$23,329,423	\$13,124,856	\$10,204,567	56.3%
Grants & Loans	21,257,262	21,257,262	787,794	20,469,468	3.7%
Other Revenue	7,888,988	7,678,988	822,422	6,856,566	10.7%
<b>NON-OPERATING REVENUES</b>	<b>91,839,772</b>	<b>91,629,772</b>	<b>31,988,764</b>	<b>59,641,008</b>	<b>34.9%</b>
<b>Total Revenues</b>	<b>\$222,654,497</b>	<b>\$222,654,497</b>	<b>\$84,709,072</b>	<b>\$137,945,425</b>	<b>38.0%</b>

**User Charges , 48.6%** User charges were \$32.6 million, or 48.6% of the Amended Budget. The category includes equivalent dwelling unit (EDU) volumetric charges of \$24.7 million, \$5.3 million Non-Reclaimable wastewater fees paid by industrial and commercial users connected to the brine line system; \$2.6 million for water meter service charge to meet our Readiness-to-Serve obligation from MWD and water use efficiency programs; and for imported potable water surcharge, and other service charges.

**Property Tax/ AdValorem, 43.8%** The \$18.0 million in property tax receipts included \$15.3 million of general ad-valorem property tax from the San Bernardino County and \$2.7 million in "pass-through" incremental taxes (RDA). Taxes received from the county are estimated to be 12% higher compared to taxes received in December of last year. Tax revenue stream is anticipated to stabilize due to the housing market rebound and increase in the County's property assessed valuation.

**Recycled Water Sales, 51.4%** Recycled water actual direct and groundwater recharge sales were \$3.9 million (11,689 AF) and \$2.2 million (5,997 AF) respectively, for a combined total \$6.1 million or 51.4% of the budget. Total year to date deliveries is 17,686 AF compared to the 35,150 AF projected for the fiscal year. A wet winter season may impact future deliveries due to reduced demand for recycled water and limit the recharge deliveries to groundwater basins.

**Interest Income, 24.0%** Interest Income is \$0.3 million or 24.0% of the annual budget. The current low interest rate environment accounts for low interest earnings with average sweep and LAIF pooled investments yielding 0.325% compared to the budgeted interest rate of 0.50%. The recent increase in the Federal rate from 0% to 0.25% resulted to having very little impact on the interest rates earning being offered.

**MWD Water Sales, 21.6%** Total MWD pass-through imported water revenue was \$8.9 million or 21.6% of amended budget. The variance is due to the continuous response to drought condition and public outreach efforts aimed at reducing water. If dry weather persists, MWD may initiate water supply allocation plan to its member agencies. In addition, if the formation of an El Nino weather pattern happens, this could result in normal to above normal precipitation which could further suppress water demand. A total of 15,345 AF of pass through water was delivered at the end of the second quarter compared to 50,000 AF budgeted for FY 2015/16. The current projection indicates the imported water sales will go below 50,000 AF. The initial sales projection of \$41.4 million decrease to approximately \$29 million. As a result the MWD water purchases will be reduced respectively.

**MWD LPP Rebates, 63.4%** MWD LPP rebate is budgeted at \$2.1 million or \$154/AF for direct recycled water deliveries up to 17,000 AFY, excluding the initial 3,500 AFY. Total rebate of \$1.3 million or 63.4% of budget, a total of 8,557 AF was applied for at the end of the second quarter.

**Wastewater Connection Fees, 56.3%** Member agencies reported \$13.1 million or 56.3% of the budget. A total of 2,571 new wastewater connections were reported by member agencies through December compared to the budgeted new EDU connections for FY 2015/16 of 4,330.

Grants and Loans, 3.7%	Current grant and loan receipts total \$0.8 million for the second quarter or just 3.7% of the annual budget of \$21.2 million. Grants are budgeted at \$8.9 million for the Regional Recycled Water Distribution System, ground water supply wells and basins, water quality laboratory and drought and water conservation. SRF loan receipts are budgeted at \$12.3 million for Wineville area and other recycled water projects and the new water quality laboratory. Grant and loan revenues are cyclical in nature due to capital projects spending trends and the multi-year funding for large projects.
Cost Reimbursements JPA, 48.0%	Total cost reimbursements were \$2.6 million, or 48.0% of the amended budget. Category actual includes reimbursements of \$1.7 million from the Inland Empire Regional Composting Authority (IERCA), \$0.6 million from Chino Basin Desalter Authority (CDA), and \$0.3 million from Chino Basin Watermaster (CBWM). Total cost reimbursement budget of \$5.5 million includes; \$3.4 million from IERCA, \$1.4 million from CDA, and \$0.7 million from CBWM.
Other Revenues, 10.7%	Total other revenues were \$0.8 million, or 10.7% of the amended budget. Lower levels of revenues in this category is due to the majority of reimbursable projects that are still in the early design phase. Other revenues include \$0.5 million from lease revenue for the RP-5 Solids Handling Facility, \$0.3 million in project reimbursements.

3. Actual Operating and Capital Expense vs. Budget:

% of the Year  
Elapsed: 50%

	Adopted Annual Budget	Amended Annual Budget	Second Quarter Ended 12/31/2015	Amended vs. Actual	% of Amended Budget
<b>Operating Expenses:</b>					
Employment	\$40,609,906	\$40,609,906	\$20,079,646	\$20,530,260	49.4%
Admin & Operating	112,319,717	119,924,011	31,204,202	\$88,719,809	26.0%
<b>OPERATING EXPENSES</b>	<b>\$152,929,623</b>	<b>\$160,533,917</b>	<b>\$51,283,848</b>	<b>\$109,250,068</b>	<b>31.9%</b>
<b>Non-Operating Expenses:</b>					
Capital	43,886,402	51,408,476	13,175,362	\$38,233,114	25.6%
Debt Service and All Other Expenses	23,802,656	23,802,657	12,408,952	\$11,393,705	52.1%
<b>NON-OPERATING EXPENSES</b>	<b>\$67,689,058</b>	<b>\$75,211,133</b>	<b>\$25,584,315</b>	<b>\$49,626,819</b>	<b>34.0%</b>
<b>Total Expenses</b>	<b>\$220,618,681</b>	<b>\$235,745,050</b>	<b>\$76,868,163</b>	<b>\$158,876,887</b>	<b>32.6%</b>

Employment Expense

*Employment , 49.4%*

This category includes both wages and benefits. Employment expenses were \$20.1 million or approximately 49.4% of the Amended Budget. Higher than anticipated vacancy factor of 12.4% (36 positions) compared to budgeted vacancy rate of 4% (12 positions) provides savings in wages and benefits. These savings were partially offset by \$3 million of pension costs associated with unfunded liabilities and other post-employment benefits.

Administrative & Operating Expense

*Office and Administrative, 26.7%*

The favorable variance was due to the inclusion of the GM contingency for \$430,000 under this category (Exclusion of this account will result to 32.3% of budget). Expenses related to conferences and training were lower than budgeted but are expected to increase when training related courses will be made available and attended by employees in the coming months. Other unspent items such as contributions, sponsorships, subscriptions, and advertising are anticipated to be spent within the fiscal year.

*Professional Fees & Services , 28.8%*

Variance is attributed to the timing of contracts and services that are anticipated to be executed in the subsequent months for: (1) *contract labor & contract materials* for dig alerts, troubleshooting secondary system evaluation, treatment process improvements, and asset management; (2) deferral of *consultant services* to perform analyses; research and studies for Planning & Environmental Compliance Department related to new water, recycled water, and regional wastewater capital function; earthwork and debris removal at the basins; and financial services to address taxes and LAFCO issues.

*Materials & Supplies/Leases/Contribution , 39.4%*

The favorable variance was primarily due to staff's ongoing effort to monitor operational equipment usage to ensure maximum use from supplies, replacement parts and consumables used by treatment plants/facilities such as pumps, conveyors, process analyzer, mechanical & electrical devices for motor, control panels, and valve actuators.

*Biosolids Recycling , 33.7%*

Residual disposal is under budget due to the optimization of the RP-1 centrifuge and the continuous use of the solar pad at RP-2 to further dry biosolids which helps reduce operating costs. Total tonnage shipped to IERCA was approx. 28,000 tons at \$54 per ton accounted for 43% of the annual projected tonnage of 64,600. Total tonnage hauled was approx. 20,900 tons at \$5.60- \$6.00 per ton which is lower than the budgeted transportation cost of \$7.67 per ton.

*Chemicals , 41.6%*

Chemicals through the second quarter were \$1.9 million or 41.6% of budget. Favorable variance was due to *sodium hypochlorite's* actual price per unit at \$0.55 per gallon lower than the budgeted cost of \$0.587 per gallon coupled with low actual flows. This category is anticipated to increase during the winter months as flows increase and the metabolism of microorganisms slows down. *Ferric chloride's* lower actual cost at \$0.18 per pound compared to budget cost of \$0.276 per pound in addition to the reduced amount of raw waste water treated due to critical aeration equipment rehabilitation resulted to lower spending at this category. While most chemicals were very close to targeted costs, others such as the buffers and chemical solutions used for maintenance instrumentation and calibration are lower than budgeted. The continued monitoring of chemical usage and process optimization contribute to the overall favorable category variance.



**MWD Water Purchases , 21.6%**

Total MWD pass-through water purchases were \$8.9 million or 15,345 AF compared to 50,000 AF budgeted. Based on the volume year-to-date, the amended will be reduced from \$41.4 million to \$29.6 million. The MWD imported water pass-through sales revenue will be reduced respectively.

**Utilities , 44.4%**

Electricity usage were higher than budgeted due to peak rate at \$0.137/kWh incurred between July and September. Current average rate for imported electricity of \$0.119 versus \$0.125/kWh budgeted rate. Mid-year usage was measured at 35,084,262 kWh against annual agency average of 70,000,000 kWh.

Natural gas expense is low due to the lower gas rate averaging \$0.45/therm compared to the budgeted rate of \$0.80/therm and lower usage measured at 446,096 therms compared to annual agency average of 1,200,000 therms.

Fuel Cell is operating half rated capacity and producing electricity lower than the expected output.

Solar energy is slightly lower than the budgeted amount for the second quarter. Electricity generated from solar power is directly related to the amount of sunlight experienced during the year.

**Special and Reimbursable Projects , 7.5% and 43%**

The combined special and reimbursable project expenditures were \$2.5 million or 8.8% of the Amended Budget. The favorable variance is mainly due to the Chino Basin Groundwater Wells and Raw Water Pipeline budgeted at \$9.0 million or 32% of the amended budget which has been delayed due to the ongoing settlement negotiations with the Regional Board. The table below provides a summary of the major projects and current status.

**Financial Expenses**

**Financial Expense , 51.8%**

Total financial expenses were \$12.1 million or 51.8% through the second quarter. Actual costs included \$6.8 million in principal payments and \$5.3 million in interest, interfund loan and other financial administration fee expense.

**Capital Expense**

**Capital Costs , 25.6%**

Capital actual expenditures through the second quarter were \$13.2 million or 25.6% when compared to the amended budget of \$51.4 million. The amended budget includes encumbrances and related budget of \$8.0 million of capital project budget carried forward/reversed from FY 2014/15. Approximately \$7.7 million or 15% of the amended budget has been identified to not be spent in this fiscal year (see details at the board letter). Spending levels are largely driven by changes in project scope and schedule, construction bid results, regulatory issues, and external resources associated with such undertakings. Actual cost related to Regional Wastewater projects were \$7.4 million or 56% of actual costs and \$4.8 million or 36% of the actual costs were related to Recycled Water projects. Listed below is a brief status report for some of the major projects currently under construction.

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

Capital Project	Amended FY 2015/16	YTD Expenditure	Budgeted Amount Remaining	
<b>EN13016</b>	<b>SCADA Enterprise System</b>	<b>4,200,000</b>	<b>2,622,499</b>	<b>1,577,501</b>
	The project will convert the existing control and workrooms into new server and control rooms at CCWRF, RP-1, RP-4, and RP-5 to be utilized in the migration of the SCADA system. The server and control rooms will serve the long-term needs of the facility, and will provide Operations and Integrated System Services staff with improved facilities to support the operation and maintenance of the process. The CCWRF portion of the project is currently in construction and estimated to be complete by the end of the second quarter.			
<b>EN13001</b>	<b>San Seavine Basin Improvements</b>	<b>3,500,000</b>	<b>124,191</b>	<b>3,375,809</b>
	It is projected that budget will not be expended this fiscal year since majority of the expense is within construction phase which will begin later in the fiscal year. The capital call will be reduced to reflect the major expenses occurring in the following fiscal year.			
<b>EN13045</b>	<b>Wineville Extension Recycled Water Pipeline Segment B</b>	<b>2,506,256</b>	<b>1,471,085</b>	<b>1,035,171</b>
	This project is near its completion phase and the remaining budget for this fiscal year will not be expended.			
<b>EN15008</b>	<b>Water Quality Laboratory</b>	<b>1,700,000</b>	<b>432,307</b>	<b>1,267,693</b>
	It is projected that budget will not be expended this fiscal year since construction phase is anticipated to in FY 2016/17.			
O&M & Reimbursable Projects	Amended FY 2015/16	YTD Expenditure	Budgeted Amount Remaining	
<b>EN16021</b>	<b>Chino Basin Groundwater</b>	<b>9,000,000</b>	<b>56,046</b>	<b>8,943,954</b>
	The project work has been delayed due to the ongoing settlement negotiations with the Regional Board. CDA has initiated project management with Michael Baker International, but design and construction will not begin until Regional Board settlement is complete, per IEUA's agreement with CDA. The Regional Board is expected to present the proposed settlement to their Board of Directors in January 2016.			
<b>WR16007</b>	<b>Residential Rebate</b>	<b>314,185</b>	<b>98,783</b>	<b>215,402</b>
	Activity is driven by public participation and MWD's invoicing typically occurs 3-6 months after customer has been paid.			

**INLAND EMPIRE UTILITIES AGENCY**  
**Fiscal Year 2015/16**  
**CONSOLIDATED BUDGET VARIANCE ANALYSIS REPORT**  
**Second Quarter Ended December 31, 2015**

	Adopted FY 2015/16 Annual Budget	Amended FY 2015/16 Annual Budget	YTD Actual	YTD Variance	YTD % Budget Used
<b><u>OPERATING REVENUES</u></b>					
User Charges	\$67,040,941	67,250,941	\$32,666,590	(\$34,584,351)	48.6%
Recycled Water	11,942,682	11,942,682	6,141,467	(5,801,215)	51.4%
MWD Water Sales	41,440,829	41,440,829	8,931,023	(32,509,806)	21.6%
MWD LPP Rebates	2,079,000	2,079,000	1,317,732	(761,268)	63.4%
Property Tax - O&M	1,792,530	1,792,530	785,684	(1,006,846)	43.8%
Cost Reimbursement from JPA	5,482,843	5,482,843	2,629,186	(2,853,657)	48.0%
Interest Revenue	1,035,900	1,035,900	248,626	(787,274)	24.0%
<b>TOTAL OPERATING REVENUES</b>	<b>\$130,814,725</b>	<b>\$131,024,725</b>	<b>\$52,720,308</b>	<b>(\$78,304,417)</b>	<b>40.2%</b>
<b><u>NON-OPERATING REVENUES</u></b>					
Property Tax - Debt, Capital, Reserves	\$39,364,099	\$39,364,099	\$17,253,692	(\$22,110,407)	43.8%
Connection Fees	23,329,423	23,329,423	13,124,856	(10,204,567)	56.3%
Grants	8,942,419	8,942,419	416,287	(8,526,132)	4.7%
SRF Loan Receipts	12,314,843	12,314,843	\$371,507	(11,943,336)	3.0%
Project Reimbursements	4,994,447	4,901,447	340,909	(4,560,538)	7.0%
Other Revenue	2,894,541	2,777,541	481,513	(2,296,028)	17.3%
<b>TOTAL NON OPERATING REVENUES</b>	<b>\$91,839,772</b>	<b>\$91,629,772</b>	<b>\$31,988,764</b>	<b>(\$59,641,008)</b>	<b>34.9%</b>
<b>TOTAL REVENUES</b>	<b>\$222,654,497</b>	<b>\$222,654,497</b>	<b>\$84,709,072</b>	<b>(\$137,945,425)</b>	<b>38.0%</b>
<b><u>ADMINISTRATIVE and OPERATING EXPENSES</u></b>					
<b>EMPLOYMENT EXPENSES</b>					
Wages	\$22,448,006	\$22,448,006	\$11,673,519	\$10,774,487	52.0%
Benefits	18,161,900	18,161,900	8,406,127	9,755,772	46.3%
<b>TOTAL EMPLOYMENT EXPENSES</b>	<b>\$40,609,906</b>	<b>\$40,609,906</b>	<b>\$20,079,646</b>	<b>\$20,530,260</b>	<b>49.4%</b>
<b>ADMINISTRATIVE EXPENSES</b>					
Office & Administrative	\$1,281,624	\$2,115,912	\$565,968	\$1,549,944	26.7%
Insurance Expenses	775,500	747,425	346,740	400,685	46.4%
Professional Fees & Services	9,249,989	10,578,208	3,051,440	7,526,768	28.8%
O&M Projects	22,106,625	27,371,918	2,040,854	25,331,064	7.5%
Reimbursable Projects	100,000	1,039,889	446,895	592,994	43.0%
<b>TOTAL ADMINISTRATIVE EXPENSES</b>	<b>\$33,513,738</b>	<b>\$41,853,352</b>	<b>\$6,451,897</b>	<b>\$35,401,455</b>	<b>15.4%</b>

Exhibit A Detail

**INLAND EMPIRE UTILITIES AGENCY**  
**Fiscal Year 2015/16**  
**CONSOLIDATED BUDGET VARIANCE ANALYSIS REPORT**  
**Second Quarter Ended December 31, 2015**

	Adopted FY 2015/16 Annual Budget	Amended FY 2015/16 Annual Budget	YTD Actual	YTD Variance	YTD % Budget Used
<b>OPERATING EXPENSES</b>					
Material & Supplies/Leases	\$2,798,809	\$3,399,871	\$1,340,085	\$2,059,786	39.4%
Biosolids Recycling	4,358,631	4,282,844	1,444,749	2,838,095	33.7%
Chemicals	4,394,574	4,640,551	1,929,408	2,711,143	41.6%
MWD Water Purchases	41,440,829	41,440,829	8,931,023	32,509,806	21.6%
Operating Fees/RTS Fees/Exp. Alloc.	14,663,144	13,206,572	6,182,226	7,024,346	46.8%
Utilities	11,149,992	11,099,992	4,924,814	6,175,178	44.4%
<b>TOTAL OPERATING EXPENSES</b>	<b>\$78,805,979</b>	<b>\$78,070,659</b>	<b>\$24,752,305</b>	<b>\$53,318,354</b>	<b>31.7%</b>
<b>TOTAL ADMINISTRATIVE and OPERATING EXPENSES</b>	<b>\$152,929,623</b>	<b>\$160,533,917</b>	<b>\$51,283,848</b>	<b>\$109,250,068</b>	<b>31.9%</b>
<b><u>NON-OPERATING EXPENSES</u></b>					
<b>CAPITAL OUTLAY</b>	<b>\$43,886,402</b>	<b>\$51,408,476</b>	<b>\$13,175,362</b>	<b>\$38,233,114</b>	<b>25.6%</b>
<b>FINANCIAL EXPENSES</b>					
Principal, Interest and Financial Expenditure	23,462,656	23,462,657	12,144,394	11,318,263	51.8%
<b>OTHER NON OPERATING EXPENSES</b>	<b>340,000</b>	<b>340,000</b>	<b>264,559</b>	<b>75,441</b>	<b>77.8%</b>
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>\$67,689,058</b>	<b>\$75,211,133</b>	<b>\$25,584,315</b>	<b>\$49,626,818</b>	<b>34.0%</b>
<b>TOTAL EXPENSES</b>	<b>\$220,618,681</b>	<b>\$235,745,050</b>	<b>\$76,868,163</b>	<b>\$158,876,887</b>	<b>32.6%</b>
<b>REVENUES IN EXCESS/ (UNDER) EXPENSES</b>					
	\$2,035,816	(\$13,090,552)	\$7,840,909	(\$20,931,462)	
<b>FUND BALANCE SUMMARY</b>					
Unaudited Beginning Balance, July 01	\$125,635,403	146,104,580	\$146,104,580	\$0	
Surplus/ (Deficit)	2,035,816	(13,090,552)	\$7,840,909	(20,931,462)	
<b>ENDING BALANCE, June 30</b>	<b>\$127,671,219</b>	<b>\$133,014,028</b>	<b>\$153,945,489</b>	<b>\$20,931,462</b>	

**Business Goals & Objectives Report By Department**

Department: ALL  
 Report Month: December, January, February : Year: 2016

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
<b>Agency Management</b>													
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	January	2016	On Schedule	No	Put on hold until the department is fully staffed and trained.
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	January	2016	On Schedule	No	Put on hold until the department is fully staffed and trained.
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	January	2016	On Schedule	No	Put on hold until the department is fully staffed and trained.
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	January	2016	On Schedule	No	Put on hold until the department is fully staffed and trained.
<b>Business Information Services</b>													
180	FY 2015/16 Quarterly	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	Ongoing	< 3 systems in use	Kanes Pantayathwong	January	2016	On Schedule	No	Implemented digital routing and approval of engineering invoice using Adobe and SharePoint; implemented new process and trained users on reconciliation of P-card statements to streamline overall process; Completed the assessment of DCS inventory management process and in process of identifying potential solution options; Completed the assessment of IERCA's billing process and partially done with identifying solution options.
179	FY 2015/16 Quarterly	Finance and Administration	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Assess challenges with Agency's financial processes: develop RFP for long term modifications	Ongoing	< 3 systems in use	Kanes Pantayathwong	January	2016	On Schedule	No	Key staff needed for the needs assessment and requirements gathering for the finance roadmap is currently involved in payroll improvement projects, which is estimated to be completed by late February. Once available, he will be working with Finance and Accounting departments to begin gathering requirements from users in late Q3 and possibly early Q4. The RFP will be issued in late Q4 if time permits.
177	FY 2015/16 Quarterly	Finance and Administration	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Determine requirements for new SAP enhancement that improve cost tracking for projects that qualify for multiple grants - Timeline 15/16 reads: Establish baseline date; develop requirements; implement prototype	Ongoing	< 3 systems in use	Kanes Pantayathwong	January	2016	On Schedule	No	Key staff needed for the needs assessment and requirements gathering for the finance roadmap is currently involved in payroll improvement projects, which is estimated to be completed by late February. Once available, he will be working with Finance and Accounting departments to begin gathering requirements from users in late Q3 and possibly early Q4. The RFP will be issued in late Q4 if time permits.

**Exhibit B**

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
<b>Contracts and Facilities Services</b>													
174	FY 2015/16 Quarterly	Finance and Administration	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Maintain average processing time within CFS's published service level objectives =95%	Ongoing		Warren Green	January	2016	On Schedule	No	Staff continues to review and process purchase requisitions and contracts in a timely manner. During the holidays staff experienced a backup in processing as a result of the vacation schedules.
175	FY 2015/16 Quarterly	Finance and Administration	C	Provide timely updates to the Regional Committees and the IEUA Board on long term planning needs	Identify and participate in organizations that advance the Agency MV and key initiatives	Ongoing		Warren Green	January	2016	On Schedule	No	Staff continues to participate in CAPPO, ARMA and other organizations to stay on top of concepts and trends.
175	FY 2015/16 Quarterly	Finance and Administration	B	Promote a safer work environment by administering and monitoring required safety and regulatory trainings	Conduct Agency training on department processes that are in line with the Agency's MVV	Ongoing		Warren Green	January	2016	On Schedule	No	Staff conducted training on changes in SOP's with Engineering and Maintenance staff.
<b>Engineering</b>													
214	FY 2015/16 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 2022	Provide high quality project management design for Capital Improvement Projects.	Ongoing	In-House Design Engineer = 10%	Shaun Stone	January	2016	On Schedule		15.81% 7 of 44 projects are In house design
215	FY 2015/16 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 2022	Provide high quality project management design for Capital Improvement Projects.	Ongoing	Fiscal Year Capital Spending = 90%	Shaun Stone	January	2016	On Schedule		FY Budget = \$63m; Projected spending = \$30M Overall projection = 57%
216	FY 2015/16 Quarterly	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.	Ongoing	10x/year > 80%	Shaun Stone	January	2016	On Schedule		Conducted 1 Lessons Learned during this quarter: RP-4 Headworks Retrofit
<b>External Affairs</b>													
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/organizational meeting a month.	Kathryn Besser	January	2016	On Schedule	No	Education and drought continue to be the focus in Q2. Our three Solar Cup teams continue to work with MWD; four new schools were given grants to participate in Garden in Every School, and the busing grant for the Park tours was continued until 2020.
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	The Website will be updated on an ongoing and as needed basis.	Ongoing	The External Affairs Department will review the entire Website for accuracy every six months.	Kathryn Besser	January	2016	On Schedule	No	Updating continues to occur, including improvements to Board package posting and adding the regional contract.
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	January	2016	On Schedule	No	Drought Task Force meetings have continued on a bi-monthly basis; co-hosted China Basin Water Conservation Fair, which drew elected officials, working closely with local staff of elected members, and participated in two district events.

**Finance and Accounting**

**Exhibit B**

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
186	FY 2015/16 Quarterly	Finance and Administration	B	Promote a safer work environment by administering and monitoring required safety and regulatory trainings.	Promote a safer work environment by administering and monitoring required safety and regulatory trainings.	Ongoing		Tina Cheng	January	2016	On Schedule	No	Safety Officer confirmed in December 2015, that Finance completed all safety related training.
52	FY 2015/16 Quarterly	Finance and Administration	A	Annually, review and update the Agency's reserve policy to ensure sufficient funding to meet operating, capital, debt service, obligations, unforeseen events, and comply with legally mandated requirements	Reserve levels will be evaluated as part of the budget/rate setting process using the financial model to ensure all short term and long term initiatives are supported	June 30, 2015	Annually	Javier Chagoyen -	January	2016	On Schedule	No	In the process of updating the Fiscal Control Ordinance, Budget Amendment Policy, Reserve and Debt Management Policies.
184	FY 2015/16 Quarterly	Finance and Administration	A	Reinstate the Agency's long term credit rating to AAA and maintain a debt coverage ratio to support such rating	Reinstate the Agency's long term credit rating to AAA and maintain a debt coverage ratio to support such rating	Ongoing		Tina Cheng	January	2016	On Schedule	No	S&P analyst notified IEUA in December 2015, that their committee reviewed and affirmed the AAAA-1 Rating on the 2008B Bonds as it relates to the LOC substitution
52	FY 2015/16 Quarterly	Finance and Administration	A	Annually, review and update the Agency's reserve policy to ensure sufficient funding to meet operating, capital, debt service, obligations, unforeseen events, and comply with legally mandated requirements	Reserve levels will be evaluated as part of the budget/rate setting process using the financial model to ensure all short term and long term initiatives are supported	June 30, 2015	Annually	Javier Chagoyen -	January	2016	On Schedule	No	Completed and presented the FY 2014/15 CAFR to the Board in December 2015, regarding the revenues, expenditures and the reserve balances.
185	FY 2015/16 Quarterly	Finance and Administration	A	Continue to monitor market opportunities for retirement, refunding, or restructuring of outstanding debt to reduce costs.	Monitor market opportunities for retirement, refunding, or restructuring of outstanding debt to reduce costs.	Ongoing		Tina Cheng	January	2016	On Schedule	No	On-going reviewing and monitoring financial market for refinancing opportunities.
<b>Grants</b>													
182	FY 2015/16 Quarterly	Engineering, Planning and Science	A	Advocate for continued receipt of property taxes and optimize grants and other funding sources to support Agency and regional investments	Pursue new grant awards to diversify revenue	Ongoing		Jason Gu	January	2016	On Schedule	No	Major new grant applications were submitted to the State Water Resources Control Board under the Clean Water State Revolving Fund Program and to the U.S. Department of Interior under the federal Title XVI Water Recycling Program.
183	FY 2015/16 Quarterly	Engineering, Planning and Science	A	Advocate for continued receipt of property taxes and optimize grants and other funding sources to support Agency and regional investments	Collaborate with departments that have projects that need grant funding	Ongoing		Jason Gu	January	2016	On Schedule	No	Collaborated with the Engineering and the Planning Departments for IEUA, member agencies, water districts' grant and loan funding needs.
181	FY 2015/16 Quarterly	Engineering, Planning and Science	A	Advocate for continued receipt of property taxes and optimize grants and other funding sources to support Agency and regional investments	Recommend potential grant opportunities that align with the Agency mission and financial goal	Ongoing		Jason Gu	January	2016	On Schedule	No	Recommended multiple State and Federal Grant and SRF loans opportunities that align with the Agency mission and financial goal
<b>Human Resources</b>													
187	FY 2015/16 Quarterly	Finance and Administration	B	Ensure staff understands and upholds their role in achieving the Agency's Mission, Vision, and Values	Assist in the development of the cross-training program by providing guidance, coordination, and administrative skills in the program design, course content development, marketing and evaluation with various stakeholders and subject matter experts	Ongoing June 2015????	Survey and employee feedback/ Number of on-site visits, lunch and learns and other educational sessions held	Sharmeen Bhojani	January	2016	Behind Schedule	No	This was to be a collaborative effort with the Operations Division. With the retirement of the Executive Manager of Operations/AGM, this goal will need to be re-evaluated and postponed.

Exhibit B

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
188	FY 2015/16 Quarterly	Finance and Administration	B	Implement strategies and recruitment practices that provide flexible and responsive solutions to assist the Agency in filling positions in a timely and effective manner.	Draft a new consolidated Personnel Rules and Regulations	Ongoing	Track the average number of weeks it takes to complete the recruitment process from beginning to end	Sharmeen Brojani	January	2016	On Schedule	No	Current average is 8 weeks.
<b>Internal Audit</b>													
169	FY 2015/16 Quarterly	Agency Management	B	Develop and implement a plan to mentor and prepare the next generation of Agency leaders by July 2017	Achieve the Certified Internal Auditor Designation by two auditors – One by Dec. 2015, one by Dec. 2016	One completed by December 2015, One completed by December 2016	A minimum of eight hours of continuous professional development, annually.	Teresa Velarde	January	2016	On Schedule	No	All three auditors in the department are preparing for the certification. All three plan to complete the certification requirements by December 2016. All three auditors already have a higher professional designation and regularly attend continuous professional development to stay abreast of best practices.
170	FY 2015/16 Quarterly	Agency Management	B	Develop and implement a plan to mentor and prepare the next generation of Agency leaders by July 2017	Conduct control self-assessment of the internal audit dept.	Complete by December 2016	A minimum of eight hours of continuous professional development, annually.	Kathy Besser	January	2016	On Schedule	No	As required by the IAD Charter, each year, we review the charters, the department SOPs and the Annual Audit Plan and make the necessary adjustments according to best practices, new requested project and other factors. The IAD is continuously self-evaluating. A comprehensive self-evaluation is planned for the end of 2016.
171	FY 2015/16 Quarterly	Agency Management	B	Develop and implement a plan to mentor and prepare the next generation of Agency leaders by July 2017	Peer-review of the Internal Audit dept functions	Complete by December 2016	A minimum of eight hours of continuous professional development, annually.	Kathy Besser	January	2016	On Schedule	No	Once all auditors are certified, the peer review can be scheduled and planned. This will be performed by a separate organization and a report will be provided. This process will serve to evaluate the function and provide any feedback to ensure continuous improvement.
170	FY 2015/16 Quarterly	Agency Management	B	Develop and implement a plan to mentor and prepare the next generation of Agency leaders by July 2017	Conduct control self-assessment of the internal audit dept.	Complete by December 2016	A minimum of eight hours of continuous professional development, annually.	Kathy Besser	January	2016	On Schedule	No	As required by the IAD Charter, each year, we review the charters, the department SOPs and the Annual Audit Plan and make the necessary adjustments according to best practices, new requested project and other factors. The IAD is continuously self-evaluating. A comprehensive self-evaluation is planned for the end of 2016.
<b>Laboratory</b>													
9	FY 2014/15 Quarterly	Engineering, Planning and Science	A	Continue commitment to cost containment for operating and capital costs	Evaluate and Implement new technologies for laboratory analyses as they become available.	Ongoing	None	Nel Groenewald	January	2016	On Schedule	No	evaluating BOD calculation option for LIMS
31	FY 2014/15 Quarterly	Engineering, Planning and Science	A	Annually, promote superior customer service when working internally with colleagues	Meet efficient and effective sample turnaround times (TAT) Respond to rush sample requests and special sample requests as needed.	Daily as needed	Compliance results are approved in LIMS within the following TATs: • PTSC: average 20 days • NPDES: 10th of month following receipt of sample • DS-1 & GWR: 10th of month following analyses	Nel Groenewald	January	2016	On Schedule	No	Meeting all targets, PTSC reporting averaging 16 days, data submitted to CDPH and NPDES on time.

Operations

Exhibit B

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
202	FY 2015/16	Quarterly	Operations	D	Develop plan to improve the quality of recycled water to meet customer's needs by June 2017	Prepare and submit to CDPH start-up reports for new basin as delivery mechanisms are completed	Completed by June 2016 and Ongoing	Bill Leaver	February	2016	On Schedule	No	Declair Basin RW deliveries were initiated in December 2015 and the SUP is currently being implemented.
201	FY 2015/16	Quarterly	Operations	D	Develop and implement a communication plan to promote water use efficiency and the value of water by July 2015	Continue weekly Peak Demand Management meetings with key operations staff for start of 2016 Peak Demand season.	Ongoing through June 2016	Bill Leaver	February	2016	On Schedule	No	RW Peak Demand meetings will resume around April as we exit the rainy season and RW demand increases.
200	FY 2015/16	Quarterly	Operations	D	Develop and implement a communication plan to promote water use efficiency and the value of water by July 2015	Maintain pump station readiness	Ongoing through June 2016	Bill Leaver	February	2016	On Schedule	No	Pump station readiness is continuously monitored by RW staff. Any deficiency's of readiness are addressed and remediated.
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	Jason Marselles	February	2016	Behind Schedule	No	Automated controls between the RP-1 930 RWPS and the 930 reservoir have been implemented. At high reservoir levels the pressure set point at the RP-1 930 RWPS soles back to reduce flow to the reservoir and prevent over-filling.
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	Jason Marselles	February	2016	On Schedule	No	Weekly meetings during peak demand continued from June through October 2015. Weekly peak demand meetings will resume as direct use demands increase around May 2016.
206	FY 2015/16	Quarterly	Operations	D	Conduct research to find new methods to safely recharge more water into Chino Basin by June 2016	Maintain basin readiness through basin cleanings	Completed by June 2016 and Ongoing	Bill Leaver	February	2016	On Schedule	No	Turner 1, 8th and Emoks basin were cleaned in 1Q15 and 2015. RP3, Delclaz and Victoria planned for 3Q16 and 4Q16. Will continue to develop cleaning strategies and implement cleaning projects to maintain peak basin infiltration capacity.
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	Jason Marselles	February	2016	Behind Schedule	No	Operational strategies have been developed and implemented to meet direct use demands and maximize RW contribution to GWR. With the 930 reservoir online, the current strategy allows CWRP and RP-5 to meet direct use demands in the south and free up supply at RP-1 to meet GWR goals in the northern service area. These operating strategies will be written into the RW SOPs.
207	FY 2015/16	Quarterly	Operations	D	Conduct research to find new methods to safely recharge more water into Chino Basin by June 2016	Develop written RW storage and delivery strategies to meet department forecasts of diurnally variable RW supplies and seasonally variable RW demands	Completed by June 2016	Bill Leaver	February	2016	On Schedule	No	Continuing to work with both Ops and Planning staff to develop written RW storage and delivery strategies.
205	FY 2015/16	Quarterly	Operations	D	Identify and protect the best recharge land areas in the service region by June 2016	Develop recycled and groundwater recharge SCADA improvements that implement storage and delivery strategies by working with the DCS department	Completed by June 2016	Bill Leaver	February	2016	On Schedule	No	I am on the SCADA Services Sub-Committee and will continue to develop RW/GWR SCADA improvements to more efficiently manage the GWR system.

Planning and Environmental Compliance



Exhibit B

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
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	Sylvia Lee	January	2016	On Schedule	No	This item to be included in the update of the Regional Contract scheduled to be completed by end of 2016.
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	Sylvia Lee	January	2016	On Schedule	No	IRP report is being drafted and will be circulated for review February 2016. Adoption expected to occur in March.
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	Sylvia Lee	January	2016	On Schedule	No	The UWMMP is 25% complete and I and Use Based Model and Draft Plan should be completed by end of February 2016
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	Sylvia Lee	January	2016	On Schedule	No	The Draft WUE Business Plan was received at the end of December. The Draft is under review by Staff which are making edits to the document. Draft Plan should be available for external review in February 2016.
30	FY 2014/15 Quarterly	Engineering, Planning and Science	D	Conduct research to find new methods to safely recharge more water into Chino Basin by June 2016	Complete the MWD Foundational Action Research Program. Develop tertiary injection research project plan	June-2015	Develop the plans	Sylvia Lee	January	2016	On Schedule	No	Responded to the Division of Drinking Water on their initial opinion on the Agency's proposed alternative. Contracted with technical advisor Dr. Jorg Drewes.
185	FY 2015/16 Quarterly	Engineering, Planning and Science	D	Conduct research to find new methods to safely recharge more water into Chino Basin by June 2016	Complete the MWD Foundational Action Research Program and develop a tertiary injection research project plan to find new methods to safely recharge more water in to Chino Basin	Through June 2016 and Ongoing	Develop the plans	Sylvia Lee	January	2016	On Schedule	No	Responded to the Division of Drinking Water on their initial opinion on the Agency's proposed alternative. Contracted with technical advisor Dr. Jorg Drewes.
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	Sylvia Lee	January	2016	On Schedule	No	RWPS completed and included into TYCIP. Program EIR currently in progress.
90	FY 2014/15 Quarterly	Engineering, Planning and Science	D	Conduct research to find new methods to safely recharge more water into Chino Basin by June 2016	Complete the MWD Foundational Action Research Program. Develop tertiary injection research project plan	June-2015	Develop the plans	Sylvia Lee	January	2016	On Schedule	No	Includes 3 studies, RW Interim and BOTTITA complete. Grants final report to MWD for Feb submittal.
154	FY 2014/15 Once Complete	Engineering, Planning and Science	D	Accelerate implementation of capital projects where appropriate to "brought 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	Sylvia Lee	January	2018	On Schedule	No	8 IRP water strategies developed with member agencies. Comprehensive project list will be part of phase 1 of IRP. Policy and implementation to be discussed in 2016.
190	FY 2015/16 Quarterly	Engineering, Planning and Science	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Apply LEAN management principles to streamline current practices and develop long-term strategy for permitting of the O&M activities of recharge basins	To be Completed by June 2017		Sylvia Lee	January	2016	On Schedule	No	Initiated permit application with the US Army Corps of Engineers for Long Term Permitting for the Agency's facilities.
191	FY 2015/16 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 a regulatory permitting strategy to support the implementation of the regional water and wastewater programs as identified in the planning documents	To be Completed by June 2017		Sylvia Lee	January	2016	On Schedule	No	Consultant preparing the draft Programmatic Environmental Impact Report for the Agency's planning initiatives.

Exhibit B

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
28	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	Sylvia Lee	January	2016	On Schedule	No	AMP projects will be added into the FY15/16 TYCIP. TYCIP work will begin in February 2016.
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 Odlet activities of recharge basins	June-2015	Completion of strategy by Jun. 2015	Sylvia Lee	January	2016	On Schedule	No	Consultant is finalizing the cultural resource report and the permit application.
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 RWMPs and IRP	June-2015	Development of Permitting Strategy of the IRP/RWMPs	Sylvia Lee	January	2016	On Schedule	No	Consultant is working on the PEIR.
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 WWMMP	Sylvia Lee	January	2016	On Schedule	No	Prepared monthly building activity reports and GIS maps.
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"> <li>Complete GHG emission baseline</li> <li>Develop GHG reduction plan consistent with the Energy Management Plan</li> <li>Measure GHG reduction (tons CO2 eq/Yr) work plan needs to be reworded - agency does not sell credits</li> </ul>	July-2016	Complete the GHG emission baseline July 2014	Sylvia Lee	January	2016	On Schedule	No	Consultant is working on the verification process. Completion expected by March 2016.
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 Investigation and mitigation	Ongoing	Perform periodic/as needed odor monitoring	Sylvia Lee	January	2016	On Schedule	No	RP-5 SHF odor monitoring conducted weekly.
4	FY 2014/15 Monthly	Engineering, Planning and Science	F	Ensure Agency programs promote environmental stewardship, heritage measures, utilizing green procurement and reuse of surplus materials, equipment, and parts when possible	Update Regional Wastewater Ordinance	December-2014	Adoption of the Regional Wastewater Ordinance	Sylvia Lee	January	2016	On Schedule	No	The Regional Wastewater Ordinance was revised and adopted by the Board on Oct. 16, 2014. This item is completed.
151	FY 2014/15 Once Complete	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	Create a library of documents to guide the Agency in water-use efficiency, planning and regional development.	Ongoing	Complete documents according to the schedule	Sylvia Lee	January	2016	On Schedule	No	The 2015 UWMP Update is on schedule and is at 25% completion. The final Plan will be adopted in June 2016. The WUE Business Plan Draft has been completed and is under review to be presented to external stakeholders in February 2016. Plan is expected to go to the Board for approval in April/May timeframe.
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	Sylvia Lee	January	2016	On Schedule	No	IRP report is being drafted and will be circulated for review February 2016. Adoption expected to occur in March.
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	Sylvia Lee	January	2016	On Schedule	No	IRP report is being drafted and will be circulated for review February 2016. Adoption expected to occur in March.

**Exhibit B**

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
162 FY 2014/15	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	January	2016	Behind Schedule	No	Covered activities for all participants are being finalized and Valley has begun Santa Ana sucker habitat projects in conjunction with SARCCUP program. Hydraulic modeling is being refined. Draft findings should be available end of 2016. Effort is being led by SBVAMWD.
74 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.	Reduce regional water-use through various tactics and strategies.	December-2014	Reduce overall regional water use.	Sylvie Lee	January	2016	On Schedule	No	The Agency is launching two new WUE Programs in the Spring 2016. Residential Controller Upgrades for small landscape customers and residential total home pressure regulation. These programs are to add additional activities to support members in achieving their State mandated water use reduction targets.
164 FY 2014/15	Once Complete	Engineering, Planning and Science	D	Integrate water supply, water efficiency, storm water management, energy efficiency, water quality and land use measures to promote sustainable watershed management	<ul style="list-style-type: none"> <li>• Complete Integrated Resources Plan</li> <li>• Complete Water Use Efficiency Business Plan</li> <li>• Complete 2015 Urban Water Management Plan</li> <li>• Coordinate the implementation of Recharge Master Plan Update</li> <li>• Complete the Recycled Water Program Strategy</li> <li>• Complete Wastewater Facilities Master Plan</li> </ul>	<ul style="list-style-type: none"> <li>• Dec 2014</li> <li>• June 2015</li> <li>• June 2016</li> <li>• June 2020</li> <li>• Sep 2014</li> </ul>	Completion and coordination of said documents	Sylvie Lee	January	2016	On Schedule	No	IRP report is being drafted and will be circulated for review February 2016. Adoption expected to occur in March.
164 FY 2014/15	Once Complete	Engineering, Planning and Science	D	Integrate water supply, water efficiency, storm water management, energy efficiency, water quality and land use measures to promote sustainable watershed management	<ul style="list-style-type: none"> <li>• Complete Integrated Resources Plan</li> <li>• Complete Water Use Efficiency Business Plan</li> <li>• Complete 2015 Urban Water Management Plan</li> <li>• Coordinate the implementation of Recharge Master Plan Update</li> <li>• Complete the Recycled Water Program Strategy</li> <li>• Complete Wastewater Facilities Master Plan</li> </ul>	<ul style="list-style-type: none"> <li>• Dec 2014</li> <li>• June 2015</li> <li>• June 2016</li> <li>• June 2020</li> <li>• Sep 2014</li> </ul>	Completion and coordination of said documents	Sylvie Lee	January	2016	On Schedule	No	WUE Business Plan to be completed by March 2016. UWMIP to be completed by June 2016.
100 FY 2014/15	Quarterly	Engineering, Planning and Science	F	Lead efforts to advocate for emerging trends and proposed changes to rules and regulations	Active participation into the legislative process through advise letters, comments.	Ongoing	Participate in local water/wastewater/air regulatory and association committee meetings.	Sylvie Lee	January	2016	On Schedule	No	Participating with SCAP in regards to SCAQMD Rule 1110.2 and Rule 430.
158 FY 2014/15	Once Complete	Engineering, Planning and Science	F	Complete odor baselines report by June 2015	Coordinate odor survey and develop baseline report	June-2015		Sylvie Lee	January	2016	On Schedule	No	Agency wide quarterly odor rounds expected in March 2016.
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	January	2016	On Schedule	No	Recycled water policy principles to be amended in Regional Contract by June 2016. Term sheet with key principles for contract revisions to be discussed with member agencies in monthly workshops beginning Feb. 2016 with goal to adopt all contract amendments by Jan. 2017.

Exhibit B

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
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	January	2016	Behind Schedule	No	This item is behind schedule. Follow-up meetings need to be scheduled with City managers.
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	January	2016	On Schedule	No	Local limits report submitted to RWQCB in August 2015. RWQCB recommends amending report to include dioxin evaluation. Source evaluation is on-going and expected to take up to 6 months.
<b>Technical Services</b>													
208 FY 2015/16	Quarterly	Operations	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	Perform evaluations to identify measures to improve recycled water quality and implement measures based on priority.	Ongoing	Install recycle water screens at RP-1 and RP-5	Jeff Noelle	January	2016	On Schedule	No	Strainer gates (1/8" openings) are performing well at RP-1 CCBs. A long-term procedure for cleaning is being developed. The feasibility of strainer gates at RP-5 CCB is under investigation.

**Exhibit C-1**

**Inland Empire Utilities Agency  
Inter-Departmental/Division Transfers FY 2015/2016  
Budget Transfer**

Fund	Date	O & M Transfer From	Category	Amt Transfer Out	O & M Transfer To	Category	Amount Transfer In	Description	QTR
10200	11/3/15	517210	Insurance-Casualty	\$26,000	517530	Insurance Deductibles Liability	\$26,000	Transfer from Insurance Casualty to Insurance Deductibles - Liability to pay 2 separate liability claims filed against the agency as a result of an auto accident caused by an Agency employee.	2
10300	12/8/15	521080	Other Contrt Svcs	\$1,506	519310	Operating Permits & Licenses	\$1,506	Transfer from Other Contract Services to Operating Permits & Licenses because San Bernardino County's permit fee increased over the previous year and resulted in insufficient funds in FY 2015/16.	2
			<b>Total O&amp;M Transfers Out</b>	<b>\$27,506</b>		<b>Total O&amp;M Transfers In</b>	<b>\$27,506</b>		

# Exhibit C-2

Inland Empire Utilities Agency  
 FY 2015/16 GM Contingency Account Activity

Date	Description	Account/Project No.	Requestor	GM Contingency Budget	Transfers	Balance
7/1/2015	FY 2015/16 Adopted budget	RO Fund 10800-112100-501000-519010		\$400,000		\$400,000
	RO Fund Year-to-date total budget transferred			\$400,000	0	\$400,000
	RO Fund GM Contingency					
FY 2015/16	Adopted budget	GG Fund 10200-112100-100000-519010		\$100,000		\$100,000
7/8/15	Budget transfer to cover fees for hiring temporary help within Agency Mgmt Dept	GG Fund 10200-112100-100000-521080	A. Woodruff		\$30,000	\$70,000
	GG Fund GM Contingency			\$100,000	\$30,000	\$70,000
<b>GM CONTINGENCY GRAND TOTAL</b>				<b>\$500,000</b>	<b>\$30,000</b>	<b>\$470,000</b>

cc: Joe Grindstaff, Christina Valencia

**Exhibit D**

**Inland Empire Utilities Agency  
Changes in Total Project Budgets: Inter-Departmental/Division Transfers FY 2015/16**

Fund	Capital or Spec Proj?	Request Date	Total Proj Budget Change (Y/N)?	Annual Proj Budget Change (Y/N)?	New Proj?	Project Title	Project Number	Project Title	Adopted Total Project Budget	Prior FY 2015/16 TP Budget Changes	Current Total Project Budget	Amount of Transfer +/- (Out)	New TP Budget	FY 2015/16 Annual Project Budget	Annual Proj Budget Change	New Annual Project Budget	Project Title Interced To/(From)	Justification
10200	Capital	10/5/15	Yes	Yes	No	AutoBlock - Metals Digestion	LB16003	AutoBlock - Metals Digestion	\$35,000	\$0	\$35,000	(\$2,000)	\$33,000	\$35,000	(\$2,000)	\$33,000	LB16001	Transfer from LB16003 to LB16001 to purchase Dimes autosampler. A newer version of the autosampler is now available requiring a software upgrade that was not anticipated during the budgeting process.
						Dimes AS-AP Autosampler	LB16001	Dimes AS-AP Autosampler	\$18,000	\$0	\$18,000	\$2,000	\$20,000	\$18,000	\$2,000	\$20,000	(LB16003)	
	Capital	10/28/15	Yes	Yes	Yes	Executive Dashboard Project	IS15004	Executive Dashboard Project	\$84,000	\$0	\$84,000	(\$7,300)	\$76,700	\$32,023	(\$7,300)	\$24,723	CP16006	Transfer from IS15004 to create new project, CP16006, to fund unplanned purchase of chairs for the relocation of BIS staff from HOA to HOB.
						HQ Chairs Replacement	CP16006	HQ Chairs Replacement	\$0	\$0	\$0	\$7,300	\$7,300	\$0	\$7,300	\$7,300	(IS15004)	
	Capital	11/2/15	Yes	Yes	No	Purchase 2 Color Scanners	FA15001	Purchase 2 Color Scanners	\$8,300	\$0	\$8,300	(\$1,200)	\$7,100	\$4,322	(\$1,200)	\$5,922	IS16015	Transfer from FA15001 to IS16015 for purchase of a new PC and monitor for use by CMSpark Fellow in the Planning and Environmental Resources Department.
						Workstation Replacement	IS16015	Workstation Replacement	\$118,000	\$0	\$118,000	\$1,200	\$119,200	\$118,000	\$1,200	\$119,200	(FA15001)	
	Capital	11/30/15	Yes	Yes	No	SAP User Interface Improvements	IS16020	SAP User Interface Improvements	\$225,070	\$0	\$225,070	(\$83,000)	\$142,070	\$122,535	(\$83,000)	\$59,535	IS15004	Transfer from IS16020 to IS15004 to fund the purchase of SAP Business Objects Enterprise Professional license for 1 CPU.
						Executive Dashboard Project	IS15004	Executive Dashboard Project	\$84,000	(\$7,300)	\$76,700	\$83,000	\$159,700	\$24,723	\$83,000	\$107,723	(IS16020)	
	Capital	12/2/15	Yes	Yes	No	Purchase 2 Color Scanners	FA15001	Purchase 2 Color Scanners	\$8,300	(\$1,200)	\$7,100	(\$1,200)	\$5,900	\$9,322	(\$1,200)	\$8,122	IS16015	Transfer from FA15001 to IS16015 for purchase of a new PC and monitor for use by new Grants Administrator (1) in the Grants Administration Department.
						Workstation Replacement	IS16015	Workstation Replacement	\$118,000	\$1,200	\$119,200	\$1,200	\$120,400	\$119,200	\$1,200	\$120,400	(FA15001)	
						Subtotal Administration (6)			\$688,670		\$688,670		\$687,370	\$477,325		\$477,325		
10300	Capital	11/5/15	Yes	Yes	No	Ely Basin Turnout Remote Control Upgrades	EN16052	Ely Basin Turnout Remote Control Upgrades	\$600,000	\$0	\$600,000	(\$30,000)	\$570,000	\$300,000	(\$30,000)	\$170,000	WR13022	Transfer from EN16052 to WR13022 for additional work requested by the Agency and CBWM to complete the draft report of the Prado Basin Adaptive Management Plan and to cover remaining administrative services for the closeout of the monitoring wells.
						Prado Basin Habitat Well Monitoring	WR13022	Prado Basin Habitat Well Monitoring	\$600,000	\$0	\$600,000	\$30,000	\$630,000	\$30,988	\$30,000	\$60,988	(EN16052)	
	Capital	11/23/15	Yes	Yes	No	Ely Basin Turnout Remote Control Upgrades	EN16052	Ely Basin Turnout Remote Control Upgrades	\$600,000	(\$30,000)	\$570,000	(\$75,000)	\$495,000	\$170,000	(\$75,000)	\$95,000	RW15006	Transfer from EN16052 to RW15006 for the purchase of a new service truck for Ground Water Recharge because it was not originally budgeted this fiscal year. The truck will be cost-shared by the Agency and CBWM.
						Groundwater Truck Purchase	RW15006	Groundwater Truck Purchase	\$0	\$0	\$0	\$75,000	\$75,000	\$0	\$75,000	\$75,000	(EN16052)	
						Subtotal Groundwater Recharge (RW)			\$1,200,000		\$1,200,000		\$1,270,000	\$200,988		\$400,988		
10800	Capital	10/19/15	Yes	Yes	Yes	RP-1 NGO Meters Interconnecting Agreement	EN16126	RP-1 NGO Meters Interconnecting Agreement	\$900,000	\$0	\$900,000	(\$200,000)	\$700,000	\$300,000	(\$200,000)	\$600,000	EN16055	Transfer from EN16126 to create new project, EN16055, to complete modifications of the existing electrical switchboard system adjacent to the Headquarters, modifications of the control system, addition of an automatic transfer switch, and installation of the existing pre-certified engine generator as a stationary unit to supply backup power to the Agency's Headquarters.
						Headquarters Back Up Generator	EN16055	Headquarters Back Up Generator	\$0	\$0	\$0	\$200,000	\$200,000	\$0	\$200,000	\$200,000	(EN16126)	
	Capital	10/26/15	Yes	Yes	No	RP-1 NGO Meters Interconnecting Agreement	EN16126	RP-1 NGO Meters Interconnecting Agreement	\$900,000	(\$200,000)	\$700,000	(\$110,000)	\$590,000	\$300,000	(\$110,000)	\$480,000	EN08023	Transfer from EN16126 to EN08023 address the discovery of unforeseen mechanical improvements during construction and complete the project within the originally scheduled time. The transferred funds will address the added change orders with the contractor and allow staff to continue to monitor progress.
						RP-1 Asset Replacement	EN08023	RP-1 Asset Replacement	\$5,855,896	\$0	\$5,855,896	\$110,000	\$5,965,896	\$1,000,000	\$110,000	\$1,110,000	(EN16126)	
						Subtotal Regional Operations (RO)			\$7,655,896		\$7,655,896		\$7,455,896	\$2,400,000		\$2,400,000		

Exhibit D

Inland Empire Utilities Agency  
Changes in Total Project Budgets: Inter-Departmental/Division Transfers FY 2015/16

Capital or Fund	Request Date	Total Proj Budget Change (Y/N)?	Annual Proj Budget Change (Y/N)?	New Proj? V/N	Project Number	Project Title	Adopted Total Project Budget	Prop. FY 2015/16 to 2015/16 Project Budget Changes	Current Total Project Budget	Amount of Transfer In / (Out)	New FY Budget	FY 2015/16 Annual Project Budget	Annual Proj Budget Change	New Annual Project Budget	Project Transferred To / (From)	Justification	
20900 Capital	10/14/15	Yes	Yes	No	EN14037	Sewer Collection System Manhole Rehabilitations	\$4,627,000	\$0	\$4,627,000	(\$80,000)	\$1,547,000	\$154,432	(\$80,000)	\$74,432	EN13047	Transfer from EN14037 to EN13047 to fund Global Power Group, Inc.'s installation of the specified control and wiring modifications needed for the RP-5 back-up generator control system.	
					EN13047	RP-5 Standby Generators Control Modifications	\$437,000	\$0	\$437,000	\$80,000	\$497,000	\$4,737	\$80,000	\$48,737	[EN14037]		
Capital	10/14/15	Yes	Yes	No	EN14037	Sewer Collection System Manhole Rehabilitations	\$4,627,000	(\$80,000)	\$4,547,000	(\$70,000)	\$4,477,000	\$74,432	(\$70,000)	\$4,432	EN15030	Transfer from EN14037 to EN15030 to pay for the work performed on subproject EN15030.09 42-inch Primary Effluent Pipe Repair. The transfer will cover the contractor billing, invoices received on augmented labor, and IEUA labor associated with final project close-out.	
					EN15030	CM Misc RC Construction	\$250,000	\$0	\$250,000	\$70,000	\$320,000	\$183,076	\$70,000	\$320,000	\$253,076	(\$70,000)	\$253,076
Capital	11/18/15	Yes	Yes	No	EN12022	RP-1 Aeration Ducting	\$1,156,000	\$0	\$1,156,000	(\$140,000)	\$1,016,000	\$155,096	(\$140,000)	\$15,096	EN15030	Transfer from projects EN12022, EN11091, and EN15064 to EN15030 to fund the construction and close-out phases of subproject EN15030.02 Fiber Optic Pull Box Upgrades.	
					EN11091	RP-5 Flow Equalization & Effluent Monitoring	\$1,726,949	\$0	\$1,726,949	(\$190,000)	\$1,536,949	\$1,446,264	(\$190,000)	\$1,255,264	EN15030	The total project budget transfers of this project are pending due to projects EN12022 and EN15064 being closed in SAP. The additional TP budget for EN15030 was entered as a supplement instead of a transfer for the time being.	
					EN15064	CCW/RE Lagoon Rip Rap Retrofit	\$125,000	(\$15,000)	\$110,000	(\$30,000)	\$80,000	\$95,000	(\$30,000)	\$5,000	EN15030		
					EN15030	CM Misc RC Construction	\$250,000	\$70,000	\$320,000	\$360,000	\$680,000	\$253,076	\$960,000	\$360,000	\$613,076	[EN12022 / EN11091 / EN15030]	
Subtotal Regional Capital (RC)							\$7,178,949		\$7,153,949		\$7,153,949	\$2,203,113		\$2,203,113			
							Adopted	\$17,833,515	Amended	\$17,071,215	Adopted	\$5,587,406	Amended	\$5,287,406			
10700 O&M Proj	12/9/15	Yes	Yes	No	WR15004	Garden in Every School	\$69,233	\$0	\$69,233	(\$63,128)	\$6,105	\$69,128	(\$63,128)	\$0	WR16004	Transfer from WR15004 to WR16004 for all work occurring in the FY 15/16 budget year so that WR15004 may be closed.	
					WR16004	Garden in Every School	\$45,000	\$0	\$45,000	\$63,128	\$108,128	\$45,000	\$63,128	\$108,128	(\$63,128)	\$0	[WR15004]
O&M Proj	12/9/15	Yes	Yes	No	WR14013	Sponsorship & Public Outreach	\$77,500	\$0	\$77,500	(\$19,654)	\$57,846	\$19,732	(\$19,654)	\$77	WR16013	Transfer from WR14013 and WR15013 to WR16013 in order to receive current expenses against the current fiscal year project number and to close projects WR14013 and WR15013.	
					WR15013	Sponsorship & Public Outreach	\$60,500	\$0	\$60,500	(\$18,861)	\$60,500	\$38,315	(\$18,861)	\$60,500	(\$19,861)	\$13,454	WR16013
					WR16013	Sponsorship & Public Outreach	\$60,375	\$0	\$60,375	\$39,515	\$119,890	\$80,375	\$39,515	\$119,890	\$39,515	\$119,890	[WR14013 / WR15013]
O&M Proj	12/9/15	Yes	Yes	No	WR15022	Water Use Assessments	\$800,000	(\$19,260)	\$780,740	(\$200,000)	\$580,740	\$780,740	(\$200,000)	\$980,740	WR16007	Transfer from WR15022 to WR16007 because all IEUA supplemental funding for MWD's residential base rate rebates for FY 15/16 has been committed.	
					WR16007	Residential Rebate Incentives	\$100,000	\$0	\$100,000	\$200,000	\$900,000	\$100,000	\$200,000	\$900,000	\$200,000	\$900,000	[WR15022]



**Exhibit D**

**Inland Empire Utilities Agency  
Changes in Total Project Budgets: Inter-Departmental/Division Transfers FY 2015/16**

Fund	Capital or Spec Proj?	Request Date	Total Proj Budget Change (Y/N)?	Annual % of Budget Change (Y/N)?	New Proj?	Project Number	Project Title	Adopted Total Project Budget	Prior FY 2015/16 TP Change	Current Total Project Budget	Am't of Transfer Is / (Ord)	New TP Budget	FY 2014/15 Annual Project Budget	Annual Proj Budget Change	New Annual Project Budget	Project Transferred To/From	Justification
10700	O&M Proj	12/9/15	Yes	Yes	No	WR15022	Water Use Assessments	\$800,000	(\$219,260)	\$580,740	(\$100,000)	\$480,740	\$980,740	(\$100,000)	\$480,740	WR16008	Transfer from WR15022 to WR16008 to supplement the funding that is added to MWWD's commercial, institutional, and industrial (CII) base rate rebates.
	O&M Proj	12/9/15	Yes	Yes	No	WR16008	Residential Rebates Incentives	\$100,000	\$300,000	\$400,000	\$100,000	\$500,000	\$400,000	\$100,000	\$500,000	(WR15022)	
	O&M Proj	12/9/15	Yes	Yes	No	WR15007	Residential Rebates Incentives	\$90,000	\$0	\$90,000	(\$14,185)	\$75,815	\$14,767	(\$14,185)	\$582	WR16007	Transfer from WR15007 to WR16007 for all work occurring in FY 15/16 so that WR15007 may be closed.
	O&M Proj	12/9/15	Yes	Yes	No	WR16007	Residential Rebates Incentives	\$100,000	\$200,000	\$300,000	\$14,185	\$314,185	\$300,000	\$14,185	\$314,185	(WR15007)	
							<b>Subtotal Water Resources (WV)</b>	<b>\$2,342,608</b>		<b>\$2,342,608</b>		<b>\$2,342,608</b>	<b>\$2,417,797</b>		<b>\$2,417,797</b>		
10800	O&M Proj	10/6/15	Yes	Yes	No	PK1001	Water Discovery Field Trip	\$286,482	\$0	\$286,482	\$40,000	\$326,482	\$12,210	\$40,000	\$52,210	(O&M: 521010/521110/521080)	Transfer from O&M categories: Contract Labor, Outside Services - Labor, Other Contract Services; to project PK1001 to fund unplanned Water Discovery Program trips partially funded by grants.
	O&M Proj	11/9/15	Yes	Yes	No	EP15001	Digester Cleaning	\$720,000	\$0	\$720,000	(\$126,500)	\$593,500	\$652,112	(\$126,500)	\$525,612	PA15001	Transfer from EP15001 to PA15001 to supplement the underground piping rehabilitation.
	O&M Proj	11/9/15	Yes	Yes	No	PA15001	Underground Piping Rehab	\$3,200,000	\$0	\$3,800,000	\$126,500	\$3,926,500	\$17,918	\$126,500	\$144,418	(EP15001)	
	O&M Proj	12/16/15	Yes	Yes	No	CP16007	RP-1 Lawn Conversion	\$0	\$0	\$0	\$400,000	\$400,000	\$0	\$400,000	\$400,000	(RO Reserves)	Board approved amendment to fund the landscape services contract with Conserve LandCare, Inc. for the RP-1 lawn conversion.
	O&M Proj	12/30/15	Yes	Yes	Yes	LB16004	Blood Sampling Project	\$0	\$0	\$0	\$50,000	\$50,000	\$0	\$50,000	\$50,000	(O&M: 545210)	Transfer from O&M category, Natural Gas, to create project LB16004, Blood Sampling, due to exceedance levels at RP-5.
							<b>Subtotal Regional Operations (RO)</b>	<b>\$4,315,482</b>		<b>\$4,315,482</b>		<b>\$4,315,482</b>	<b>\$4,822,240</b>		<b>\$4,822,240</b>		
							<b>Total Annual O&amp;M Project Budget</b>	<b>\$7,159,090</b>		<b>\$7,159,090</b>		<b>\$7,159,090</b>	<b>\$9,100,915</b>		<b>\$9,100,915</b>		
							<b>Total Capital and O&amp;M Project Transfer</b>			<b>\$2,059,026</b>		<b>\$2,059,026</b>					
							<b>TP8 Change - Capital</b>			<b>(\$262,300)</b>		<b>(\$262,300)</b>					
							<b>TP8 Change - O&amp;M Project</b>			<b>\$751,480</b>		<b>\$751,480</b>					
							<b>Net Change - TP8</b>			<b>\$489,180</b>		<b>\$489,180</b>					



**FY 2015/16**  
**Budget Variance Report**  
**2nd Quarter ended December 31, 2015**

**Board of Directors**

**March 16, 2016**

# Sources of Funds Highlights

## Actuals compared to Amended Budget

### Good News:

- ❖ **Wastewater Connection Fees:** \$13.1 M, 56.3%
  - ❖ 2,571 new EDU connections vs. 4,330 new EDU budgeted
- ❖ **User Charges:** \$32.6M, 48.6%
- ❖ **Recycled Water Sales:** \$6.1M, 51.4%
  - 17,686 AF actual year to date vs. 35,150 AFY budgeted
- ❖ **Property Taxes:** \$18.0M, 43.8%
- ❖ **Water Sales:** \$8.9M, 21.6%
  - 15,345 AF over 50,000 AF budgeted AF



### Not so Good News:

- ❖ **Grants & Loans:** \$0.8M, 3.7%

# Uses of Funds Highlights

## Actuals compared to Amended Budget

### Good News:

- ❖ **Employment Expenses:** \$20.1M, 49.4%
  - Vacancy factor 12.4% higher than budgeted 4%. Savings partially offset by payments for unfunded retirement liabilities.
- ❖ **Debt Service:** \$12.4M, 47.9%
  - 2008A \$3.3M
  - 2010A \$4.5M
  - SARI Loans \$0.3M
  - SRF Loans \$3.3M

### Not so Good News:

- ❖ **Capital Projects:** \$13.2 M, 25.6%



# Updates

- ❖ **Project Closure**
  - 15 projects identified as eligible for closure, for approximately \$4.6M
- ❖ **Total Project Budget Change (over \$100K)**
  - 11 projects have changed the Total Project Budget for approximately \$1M
  - Details listing of projects are shown under Exhibit D



# FY 2015/16 Q2 Consolidated Fund Balance

Operating	FY 2015/16 Amended Budget	Second Quarter Ended 12/31/15	Actual % of Amended Budget
Operating Revenue	\$131.0	\$52.7	40.2 %
Operating Expense	\$160.5	\$51.3	31.9%
<b>Operating Net Increase/(Decrease)</b>	<b>(\$29.5)</b>	<b>\$1.4</b>	
<b>Non- Operating</b>			
Non-Operating Revenue	\$91.6	\$32.0	34.9%
Non-Operating Expense	\$75.2	\$25.6	34.0%
<b>Non-Operating Net Increase/(Decrease)</b>	<b>\$16.4</b>	<b>\$6.4</b>	
<b>Consolidated</b>			
Total Sources of Funds	\$222.6	\$84.7	38.0%
Total Uses of Funds	\$235.7	\$76.9	32.6%
<b>Total Net Increase/(Decrease)</b>	<b>(\$13.1)</b>	<b>\$7.8</b>	
Beginning Fund Balance	\$146.1	\$146.1	
<b>Ending Fund Balance</b>	<b>\$133.0</b>	<b>\$153.9</b>	

# Questions?

*The budget variance analysis report is consistent with the Agency's business goal of fiscal responsibility*



**INFORMATION  
ITEM**

**4E**





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**Date:** March 16, 2016  
**To:** The Honorable Board of Directors  
**Through:** Public, Legislative Affairs, and Water Resources Committee (3/9/16)  
**From:** P. Joseph Grindstaff  
General Manager   
**Submitted by:** Kathy Besser   
Manager of External Affairs  
**Subject:** Public Outreach and Communication

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### **RECOMMENDATION**

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

### **BACKGROUND**

#### **March**

- March 21, IEUA Hosted Special District's Dinner, Panda Inn - 3223 E. Centrelake Drive, Ontario, 6:00 p.m. – 9:00 p.m.

#### **April**

- April 20, IEUA Earth Day Event (Student Day), Chino Creek Park, 9:00 a.m. – 2:00 p.m.
- April 21, IEUA Earth Day Event (Community Day), Chino Creek Park, 4:00 p.m. – 7:00 p.m.
- April 22, Eagle Canyon Elementary GIES Dedication, 13435 Eagle Canyon Drive, Chino Hills, 11:30 a.m. – 1:00 p.m.

#### **May**

- May 5, Truman Middle School GIES Dedication, 16224 Mallory Drive, Fontana, 2:00 p.m. – 3:00 p.m.
- May 13-15, MWD Solar Cup Competition, Lake Skinner
- May 24, Cortez Elementary School GIES Dedication, 12750 Carissa Ave., Chino, 5:45 p.m.

#### **Outreach/Education - Civic Publications Newspaper Campaign**

- IEUA staff has been working in collaboration with Civic Publications to develop and distribute *Kick the Habit* display ads that focus on irrigation tips during the winter season.

The display ads are linked to the *Kick the Habit* micro-site, which displays IEUA's campaign message, tips and member agency links.

- IEUA sent an email blast to 157,000 households in the IEUA service area on February 24, 2016. The email blast led viewers to the *Kick the Habit* micro-site.

#### Media and Outreach

- IEUA staff is working with member agencies to distribute *Kick the Habit* mirror clings and vehicle magnets. To date, the city of Chino, city of Ontario, Chino Basin Water Conservation District, Fontana Water Company, and San Antonio Water Company have requested and received vehicle magnets and clings. Internally, Facilities Management has completed placement of vehicle magnets on all Agency vehicles.
- *Fix a Leak Week* print advertisements will run in the *Daily Bulletin* in March.
- *Kick the Habit* bus advertisements in English and Spanish began on October 5, 2015 for an initial six month run and will continue to run for another six months.
- IEUA staff worked with Tripepi Smith and Associates to develop a movie theater ad that is currently showing at Victoria Gardens and Ontario Palace. The ad will run through mid-May. The trailer ad is also running on YouTube and has had over 46,000 views – a 30,000 increase in February alone.
- In March, 12 items were posted to Facebook and 19 tweets were sent under the @IEUAwater Twitter handle.
- Staff will begin implementing Friday Foliage as a weekly spot on IEUA's social media channels that highlight water efficient California native and drought tolerant plants. It also features pictures of the plants and information regarding the plant (i.e. good for slopes, attractive to butterflies, etc.).

#### Education and Outreach Updates

- Water Discovery Program: 754 Girl Scout troop members, elementary, middle and high school students have taken part in the park field trip from July 1, 2015 through February 29, 2016. The Busing Mini-Grant program was extended through December 2020.
- The GIES Dedication for Cypress Elementary in Fontana was held on February 25. The principal and assistant principal were given a certificate and framed pictures of their garden for display. Representatives from Fontana Water Company were in attendance.
- Staff has begun outreaching for IEUA's "Water is Life" poster contest. Deadline for submissions is March 3, 2016.
- Staff, in cooperation with member agencies, has recruited three teams for MWD's 2016 Solar Cup Competition to be held May 13-16, 2016. Final team names and contact information were submitted to MWD on October 1, 2015 for the 2016 program year: Chino High School (Chino), Chino Hills High School (Chino Hills) and Henry J. Kaiser High School (Fontana).
- Staff has begun scheduling schools for the Earth Day field trip portion. Currently, 1,244 students are scheduled to attend the student day.

#### PRIOR BOARD ACTION

None.

**IMPACT ON BUDGET**

The above-mentioned activities are budgeted in the FY 2015/16 Administrative Service Fund, External Affairs Services budget.

**INFORMATION  
ITEM**

**4F**

# *Innovative Federal Strategies* LLC

Comprehensive Government Relations

## MEMORANDUM

**To:** Joe Grindstaff and Kathy Besser, IEUA

**From:** Letitia White, Jean Denton, and Drew Tatum

**Date:** February 29, 2016

**Re:** February Monthly Legislative Update

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### ***Appropriations Chairman Takes on Army Corps over “Waters” Rule***

House Appropriations Committee Chairman Hal Rogers (R-KY) took aim at the Army Corps of Engineers for its part in the waters of the United States rule issued by the agency and the Environmental Protection Agency. “I’m shooting real bullets here,” Chairman Rogers said at an Energy-Water subcommittee hearing on the agency’s \$4.62 billion fiscal 2017 budget request. Due to the prevalence of mining in his home state, Rogers specifically took issue with the rule’s impact on mining permits. “It’s practically impossible to get a permit to mine through your agency and EPA, and I’m just very chagrined that the Corps of Engineers has kowtowed to the EPA,” Rogers said. “You’re so afraid of a lawsuit that you’ve let the EPA bully you into doing whatever they want to do.”

The “waters” rule is still on hold by the U.S. Court of Appeals for the 6th Circuit based in Cincinnati, Ohio. The three-judge panel put the regulation on hold in October of 2015 when the majority held that the petitioners (the states who filed suit against the federal government) have demonstrated a substantial possibility of success on the merits of their claims. On February 22, the same court ruled against arguments that it did not have proper jurisdiction to review challenges to the rule. Barring an effort to seek review of this decision — either en banc or with the Supreme Court — the decision means the 6th Circuit will hear the merits of the challenge to the waters of the United States rule, which may be good for challengers of the rule based on prior comments.

While taking aim at the agency’s involvement in the rulemaking process, lawmakers lamented the administration’s budget request for the agency. The request calls for \$4.62 billion in discretionary appropriations, a drop from the \$6 billion enacted in the fiscal year 2016. Lawmakers believe the request would do little to address a massive backlog of projects at the agency. Lt. Gen. Thomas P. Bostick, chief of engineers for the Army Corps, told lawmakers that completing all the construction projects currently budgeted at the agency would cost \$19.7 billion and take nearly 20 years to complete. Acknowledgement of the agency’s lack of resources was met with incredulity by Energy-Water Chairman Mike Simpson, R-Idaho, who said in his opening statements that if enacted, the president’s fiscal 2017 request would amount to the lowest funding level since 2004.

## *Innovative Federal Strategies LLC*

### ***President Obama Sends Final Budget Request to Congress***

President Obama delivered his final budget proposal to Congress on February 9, requesting \$4.15 trillion in spending for fiscal year 2017 that begins on October 1, 2016. The proposal would boost total spending by 4.9 percent, mainly as a result of increases in mandatory programs and a rise in interest payments on the national debt. In keeping with the two-year budget deal struck with Congress in December, the president requested only a slight increase, less than 1 percent, in discretionary spending programs overall.

Constrained by tight caps that keep discretionary spending relatively flat, the White House has proposed paying for new initiatives by seeking funding that it considers "mandatory." The use of the "mandatory" label has infuriated Republican appropriators, who view the move as an end-run around spending limits and their own ability to control funding. Mandatory spending programs, which usually require separate authorizing legislation, don't count against the spending limits put in place under last year's bipartisan budget deal. In response, Republicans on the Budget Committee have looked to cut at least \$30 billion from mandatory spending in the fiscal year 2017 budget resolution. House Republican leaders are attempting to woo members of the conservative Freedom Caucus to support a budget resolution after they announced their opposition to any framework that allows for spending above the limits set in the Budget Control Act of 2011.

### ***Obama Designates New National Monuments***

President Obama designated three new national monuments in the California desert Thursday, February 11, expanding federal protection to 1.8 million acres of landscapes in California. The designation came after Senator Dianne Feinstein (D-CA) introduced a new California Desert Conservation and Recreation Act to protect the areas that were not included in her 1994 Desert Protection Act legislation. Unable to move the legislation in Congress, Senator Feinstein decided to take a two-pronged approach—encouraging the president to act unilaterally with an Antiquities Act designation while also encouraging Congress to consider her legislation. In an effort to dissuade the president from acting unilaterally, Representative Paul Cook (R-CA) had introduced his own legislation in the House that would have covered many of the areas included in Feinstein's bill, while protecting some mining interests.

President Obama ultimately decided to move forward after the Department of Interior participated in a field hearing hosted by Senator Feinstein in late 2015. The three proclamations designate the Sand to Snow National Monument, Mojave Trails National Monument, and Castle Mountains National Monument, comprised entirely of existing federal lands. The national monuments will be managed by the Department of the Interior's Bureau of Land Management and National Park Service and by the Department of Agriculture's Forest Service. The proclamations direct the agencies to engage the public in comprehensive planning for the management of these areas, building upon the provisions outlined in the proclamations. The three designations all honor valid existing rights, and provide for continued use for training activities of the U.S. military.

Specifically, the Sand to Snow designation states:

“Nothing in this proclamation shall be construed to interfere with the operation or maintenance, or with the replacement or modification within the existing authorization

## *Innovative Federal Strategies LLC*

boundary, of existing water resource, flood control, utility, pipeline, or telecommunications facilities that are located within the monument. Existing water resource, flood control, utility, pipeline, or telecommunications facilities located within the monument may be expanded, and new facilities may be constructed within the monument, to the extent consistent with the proper care and management of the objects identified above. This proclamation does not alter or affect the valid existing water rights of any party, including the United States. This proclamation does not reserve water as a matter of Federal law.”

### ***Republicans Promise to Block Supreme Court Nominee***

Upon the passing of Associate Supreme Court Justice Antonin Scalia speculation immediately began around who President Barack Obama might nominate to replace him. After learning of his passing, Senate Majority Leader Mitch McConnell (R-KY) indicated he believed that the president should allow his successor to nominate a replacement. McConnell has reiterated that Republicans do not plan to hold confirmation hearings before the Senate Judiciary Committee when the president sends a nomination to the Senate.

Democrats made clear they are prepared to wage war over Senate Majority Leader Mitch McConnell's refusal to consider any nomination to the court made by President Barack Obama. "When the hard right doesn't get its way, their immediate reaction is, 'shut it down' — and the Republican leadership marches in lockstep," Sen. Chuck Schumer (D-NY) said in a statement Tuesday. Since the majority controls the floor calendar, Democrats could not force a vote against the will of a united Republican caucus. However, Democrats could use tools at their disposal—including the filibuster—to make it difficult for Republicans to accomplish anything until they held a vote on a Supreme Court nominee. While there was initial speculation that Democrats would hold up the appropriations process, Senate Minority Leader Harry Reid (D-NV) told reporters that his party would not be an obstructionist party.

### ***Outlook for March***

House Republican Leaders are still holding out hope that they will be able to pass a budget resolution in March. Conservatives have called for reductions in mandatory spending programs (Social Security, Medicare, etc.) in the annual budget resolution, which has not been done in prior years. Appropriators believe that targeting mandatory spending in the budget process sets a dangerous precedent in future years.

The House will spend the first week of the month voting on a number of bills under a suspension of the rules, including a reauthorization bill for the Federal Emergency Management Agency. The Senate is expected to bring the Energy Policy Modernization Act back to the floor early in March after coming to an agreement on a federal response to the water crisis in Flint, Michigan. Additionally, Senate Majority Leader Mitch McConnell has teed up consideration of an anti-opioid bill, the Comprehensive Addiction and Recovery Act of 2015.

Appropriations Committees in the House and Senate will continue the process of crafting FY17 spending bills in March, with some subcommittee markups possibly occurring at the end of the month.

**INFORMATION  
ITEM**

**4G**





**February 26, 2016**

**To:** Inland Empire Utilities Agency  
**From:** Michael Boccadoro  
President  
**RE:** February Legislative Report

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**Overview:**

February 19 was the bill introduction deadline. Hundreds of bills were introduced, many in “spot” format and bills must be in print for 30 days before they can be acted on or amended. The Legislature spent most of February getting their bills ready for introduction. As bills pass the 30-day mark, policy committees will start to meet to report bills out ahead of the April 22 policy committee deadline.

The State Water Resources Control Board has approved a resolution implementing a 2012 law declaring that every human has the right to clean, affordable and accessible water. The primary objective of the resolution is to provide direction and guidance to the regional boards to ensure consistency in the manner in which the human right to water is considered in certain board actions.

Since the beginning of the year more than 500,000 acre-feet of water has been lost due to biological opinion requirements. That is enough water for over one million families for one year. Significant legislative concern is developing as that water flows into the ocean when it could be used to replenish groundwater and fill critically low basins.

The State Water Resources Control Board recently voted to adopt an emergency conservation regulation that extends mandatory urban conservation through October. There were many requests for the regulations to be eased in light of heavy early-winter precipitation, but Board members said they would revisit the regulation in the spring when more complete information is available about the water year.

During a call to announce a multi-state clean energy initiative, Governor Brown stated his interest in a carbon tax. Brown noted that there would be significant political hurdles to such a tax, and no legislative measures have been introduced to implement the tax. A carbon tax is only one of the many measures that are being discussed as tools to help the state meet its ambitious greenhouse gas reduction goals.

Among the hundreds of bills introduced in the beginning of February, there were quite a few dealing with biogas. Several by Assemblymember Das Williams (D- Santa Barbara) look to ease gas standards and increase funds to help with interconnection costs.

ACWA has received title and summary for its joint proposal to amend Article X of the State Constitution to create an alternative rate setting process for budget-based rates and stormwater

projects. The coalition is now testing the language in a voter survey and will consider next steps after evaluating the poll results.

Early winter storms created a strong snowpack up and down the Sierras. Recent warmer temperatures have caused significant snowmelt and leave many worried if the El Niño will continue. Additionally, the recent storms and snow melt have helped to replenish many of Northern California's critically low reservoirs. Unfortunately, with the inability to move water to the southern part of the state, southern reservoirs still remain critically low.

## **Inland Empire Utilities Agency Status Report – February 2016**

### ***Human Right to Water***

The State Water Resources Control Board has approved a resolution implementing a 2012 law declaring that every human has the right to clean, affordable and accessible water. There were last minute amendments to the resolution that ease the language to ensure it will not spur any new rules.

The primary objective of the resolution is to provide direction and guidance to the regional boards to ensure consistency in the manner in which the human right to water is considered in certain board actions.

### ***Water Loss***

As California struggles to recover from record drought conditions, environmental regulations continue to force hundreds of thousands of acre-feet of precious water to be flushed through the Sacramento-San Joaquin Delta and out to the ocean. At the same time, State Water Project contractors have received allocation estimates of only 30 percent.

Since the beginning of the year more than 500,000 acre-feet has been lost due to biological opinion requirements. That is enough water for over one million families for one year.

The amount of water lost has been an increasingly hot topic among regulators and Legislators in Sacramento. State Water Resources Control Board Chair Felicia Marcus and Senator Fran Pavley are among those who have questioned if there is anything that can be done to capture that water and get it into storage or use it to replenish groundwater basins.

With the warm weather continuing, many are also questioning the Army Corps' 30 year-old policies to keep certain amounts of capacity available for flood protection. Folsom Reservoir has been releasing water for the past few weeks which is also being lost due to the pumping restrictions in the Delta.

### ***Emergency Conservation Regulations Extended***

The State Water Resources Control Board recently voted to adopt an emergency conservation regulation that extends mandatory urban conservation through October.

There were many requests for the regulations to be eased in light of heavy early-winter precipitation, but Board members said they would revisit the regulation in the spring when more complete information is available about the water year. Local water agency representatives called for modifications to recognize local drought resilient supplies and to address on-the-ground conditions in different parts of the state. For example, requests were made to credit agencies that have invested in local resilient supplies through projects such as recycling, local storage, desal of brackish and ocean water and other measures.

Board chair Felicia Marcus noted that regional differences are a factor, and that other adjustments may be needed after April. But now is not the time, she said, for a major overhaul of the regulation that has been in place since June 2015.

### ***Carbon Tax***

During a call to announce a multi-state clean energy initiative, Governor Brown stated his interest in a carbon tax. Brown noted that there would be significant political hurdles to such a tax, and no legislative measures have surfaced to implement such a tax.

The comments from the Governor came after California Air Resources Board Chair Mary Nichols warned legislators that California cannot meet its long-term GHG-reduction targets if it does not set a higher price on carbon. Her statement underscores the administration's desire to continue a cap and trade program post 2020 and increase the state's emissions reductions goals.

The last carbon tax bill was introduced in 2014 by then President Pro Tem Steinberg and was met with significant opposition including Governor Brown.

### ***Biogas Bills***

There have been a significant number of bills introduced all taking aim at trying to increase biogas production in California.

AB 2206 (Williams) aims to address on the gas quality standards for biomethane injection into common carrier pipelines.

AB 2313 (Williams) targets the \$40 million set aside at the CPUC for biomethane interconnection costs. The author is interested in increasing the funding cap from \$1.5 million per project to \$3 million per project.

SB 1043 (Allen) is similar to his SB 687 from last year. The bill would require CARB to look at ways to increase biogas production in the state. Options still include a biogas procurement requirement, similar to the electric Renewable Portfolio Standard.

SB 1153 (Cannella) will address possibly rate-basing gas corporation capital investments to facilitate pipeline biomethane development and injection in California.

SB 1402 (Pavley) would authorize investing from the Greenhouse Gas Reduction Fund (GGRF) to promote in-state production of low-carbon intensity fuels.

All of these bills are still in draft format and conversations with the authors' offices about what the final goal of the bills are ongoing, but the topic of biomethane injection is clearly a very hot topic in the Legislature this year.

***Title and Summary Received for ACWA Prop 218 Initiative***

The coalition working to make changes to Article X of the constitution to try to mitigate some of the Prop. 218 hurdles to adopting budget based rates and financing stormwater projects has received title and summary from the Attorney General's office for their ballot initiative.

**“LOCAL GOVERNMENT. WATER, SEWER, STORMWATER, AND FLOOD CONTROL SERVICES. FEE STRUCTURES. INITIATIVE CONSTITUTIONAL AMENDMENT.** Establishes alternative process for local government to impose fees for water, sewer, stormwater, and flood control services, as defined, without voter approval. Authorizes fee structures that recover reasonable costs of providing service, encourage water conservation and resource management, and provide fee reductions for low-income households. Requires notice of and public hearing on proposed fees. Allows fee payers to prevent proposed fee by majority filing written protests. Prohibits use of fee revenues for other purposes. Requires independent audit of revenues and expenditures. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: Increased local government revenues and spending for flood control services and stormwater management in the range of low hundreds of millions of dollars up to more than \$1 billion annually, depending on future actions by local governing boards and voters.”

The coalition has taken this language and is now testing it in a voter survey. Results are expected at the beginning of March.

In the meantime, they are still working to get a constitutional amendment on the ballot with a two-thirds vote of the Legislature.

***Snow Pack***

The early-winter storms that brought the statewide snowpack to above normal levels have tapered off. With unseasonably warm temperatures, the snow has started to melt and the snowpack numbers have decreased. Statewide, the snowpack is 91 percent of average to date. In the northern Sierra, it is 96 percent of the norm; in the central Sierra, 92 percent of average and in the southern Sierra, 84 percent of the norm.

When it comes to snowpack, the critical date is still looming. April 1 is when snowpack reaches its peak, and in a typical year that snow provides Californians with roughly a third of their water supply.

Weather forecasts for the next ten days only predict negligible precipitation in Northern California watersheds.

***Reservoir Conditions***

The recent storms have helped replenish critically low reservoirs in Northern California. Unfortunately, with pumping restrictions in the Delta, the regulators have been unable to move water into south of delta storage reservoirs and basins. The chart below shows how northern basins are increasing capacity, while the basis south of the Delta are seeing more moderate or even negative storage changes.

The following is a chart of water levels at several California reservoirs comparing end of September 2015 levels to end of February levels:

Reservoir	Percent of Capacity		Percent of Historical Average	
	Sept. 28	Feb. 25	Sept. 28	Feb. 25
Lake Shasta	35%	59%	59%	82%
Lake Oroville	30%	51%	48%	74%
Folsom Lake	18%	64%	32%	116%
San Luis Reservoir	20%	47%	42%	50%
Lake Perris	36%	35%	47%	42%
Castaic Lake	36%	32%	45%	32%

***Legislative Update***

February 19 was the last day for members to introduce new bills for the 2016 year. Hundreds of bills were introduced before the deadline, a majority of which are in “spot” form. “Spot” bills are bills that are introduced, but do not have any real operative language. Many of these bills will be amended after they have been in print for 30 days to add more substantive language in order to be set for a policy committee hearing.

**INFORMATION  
ITEM**

**4H**

# *Agricultural Resources*

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Washington, D.C. 20002-5811  
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February 26, 2016

## **Legislative Report**

**TO:** Joe Grindstaff  
General Manager, Inland Empire Utility Agency

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

**SU:** Legislative Report, February 2016

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With the arrival of February, the congressional year finally “got underway.” At the beginning of the month, all eyes were on the El Nino on the West Coast and on Congress here on the East Coast.

### **Snapshot.**

- In January, the El Nino weather system arrived in California, the West Coast and even into the Rocky Mountains. After a wet month (above average in some places), the El Nino rains and snow slowed and then all but came to a halt by the month’s end.
- Senator Feinstein formally introduced her long-awaited Drought Bill (S. 2553, The California Long-Term Provisions for Water Supply and Short-Term Provisions for Emergency Drought Relief Act).
- California remains in drought (month-to-month, this report is unchanging) El Nino rains and snow notwithstanding. As February came to a close, approximately half the state, including the San Joaquin Valley, remained in “extreme” or “exceptional” drought condition (the two highest of five categories)
- CASA and ACWA held their annual Washington, DC fly-ins. IEUA was represented by

Director Hall, General Manager Grindstaff and External Affairs Director, Kathy Besser. The conference meetings were supplemented with meetings with Reps. Norma Torres, Ken Calvert, Judy Chu, Pete Aguilar, Ed Royce and Rep. Grace Napolitano's water staff. IEUA held a policy luncheon with Orange County attended by about 15 House Members on a bi-partisan basis.

- **Unexpected Death of Justice Scalia.** On February 13, Justice Scalia died while on a hunting trip in West Texas. The opening on the High Court instantly overwhelmed the political agenda for the year with Senate Rs insisting that any nominee (yet to be identified) won't even get a hearing. The President is making it clear that he will submit a highly qualified nominee to the Senate (which must Advise and Consent – approve or reject – the nomination). This unexpected development has the potential to derail the Senate's political and legislative agenda for the remainder of 2016.
- The primary election “season” is finally underway. Voting began in Iowa, moved to New Hampshire and then South Carolina and Nevada.
- White House Water Innovation Conference – IEUA being considered by WH and Office of Science and Technology Policy for participation.

#### **2016 Agenda – Top Priority**

- House Speaker Paul Ryan (R-WI) and Senate Majority Leader Mitch McConnell (R-KY) jointly decided that considering, marking up, passing and then conferencing all 12 funding (appropriations) bills was their top priority (which hasn't been done in years).
- The House-Senate leadership wanted to avoid the need and use of a Continuing Resolution (CR) or Omnibus bill as has almost routinely occurred in recent years.
- House-Senate leadership effort, however, has been stalled by the House Freedom Caucus – the same 50 or so House Rs who opposed Boehner on just about everything. They are insisting that the budget agreement reached last Fall be rejected and are calling for massive cuts in domestic spending accounts. That single internal House disagreement has prevented Speaker Ryan from presenting a budget (step one in the budget/spending process) to the House and starting the budget/spending/appropriations process.

#### **Administration Submits Budget**

- Interior Department Budget submitted to Congress is \$13.4 billion. The centerpiece of the budget is found in several key points:
  - \* 14 million jobs created during the Obama Administration
  - \* More than 70 consecutive months adding new jobs
  - \* Unemployment now below 5%
  - \* Deficit reduced (annually) by about three-quarters
- BuRec Budget request – \$1.1 Billion. Overall request for BuRec programs and facilities



in the 17 Western States.

- BuRec Request for Title XVI – \$21 million (or, about 1.7-1.8% of the overall BuRec budget request). This is the fifth year of drought. Demand for the program is overwhelming (evidence by the 100+ projects in California alone identified in the Feinstein bill and the more than \$600 million being advanced by the State for recycling projects from Prop. 1. BuRec’s dislike of this program is well-known and already is a point of discussion for Appropriators and other House Members.

### **Tax Reform Agenda**

- House R leadership continues to insist that tax reform is a major issue to be considered this congressional session, but it keeps being pushed back and delayed.
- It remains a priority, but between on-going primary elections, the death of Justice Scalia, and the unexpected internal budget fight – it’s been all but impossible for a new Chair (Rep. Kevin Brady, TX) to both staff up and prepare for tax reform too. This is fast becoming a 2017 issue legislatively. 2016 will be devoted to on-going “educational” efforts.
- As reported last month, *“IEUA, along with ACWA, NWRA along with almost every major form of infrastructure (water, airports, energy, transportation, hospitals, schools, libraries, recreation, etc.), have worked with the Municipal Bonds Coalition of America, headed by Columbia, SC Mayor, Steve Benjamin to protect this tax code provision and oppose efforts to eliminate or modify it. This is also a high priority for the US Conference of Mayors and the bond industry in the finance sector.”*
- The MBCA is actively in the process of changing itself from an informal working group to a formal legal entity and expects to be even more active in 2016 and beyond.

### **Water/Weather/Drought**

#### **Feinstein Bill Introduced – Fate Unclear**

- Drought legislation is gridlocked. Serious disagreements exist between some San Joaquin Valley irrigators (especially those with low water rights) and just about everybody else.
- Senator Feinstein circulated a new bill earlier this year with Senator Boxer. The bill was finally introduced, but Senator Boxer was not willing to put her name on it.
- The bill is still being reviewed – there are unanswered questions about operational impacts to Southern California.
- The bill does something not typically done in legislation. That is, it prescribes “operational” standards. Usually, bills establish *policy*, even a detailed set of policies. Once enacted, the agency, in this case BuRec, then designs an implementation plan – which includes operational considerations, standards and protocols. By statutorily

mandating certain operational standards, the bill has been very atypically complex.

- No date for Senate Energy Committee hearings yet.
- As reported last month, “*of special important to IEUA, there is a provision that will allow recycling projects, not authorized by Congress to be considered. If enacted, this would allow the Cucamonga Valley WD project to be considered for funding, BuRec’s current opposition notwithstanding.*” This provision is included.
- A key addition to the bill – the MWD/LA Sanitation Recycling Project is now identified in the Feinstein bill.

#### **Appropriations – \$100 Million for Drought Relief**

- The massive appropriations bill signed into law in December provided for \$100 million drought relief (the provision was requested by Senator Feinstein).
- IEUA has applied for grant pursuant to a BuRec Request for Proposal (RFP).
- IEUA worked with its House delegation (Cook, Aguilar, Torres, Royce, Chu and Napolitano) to submit a letter to Secretary Jewell urging that a portion of the \$100 million be allocated to Title XVI/Water Smart programs.

#### **El Nino**

- El Nino arrived in January. Rain and snow came. Wet was good and welcomed by all.
- In February, the El Nino season abruptly came a near-halt by the end of the month. El Nino stalled.
- All of California, according to the Drought Monitor, remains “in some category of drought.” Approximately half the entire state, including all of the San Joaquin Valley, is still in *severe* or *exceptional* drought status.

#### **Unanticipated Drought-Related Federal Tax Issue**

- As previously reported, the “unintended tax penalty” resulting from the Governor’s Drought Orders (from MWD’s turf rebates) remains unresolved and unclarified.
- Clarification from Treasury/IRS is still pending.

#### **Drought Status – CA and Rest of the West**

- **Drought Conditions – California.** Even with El Nino storms, the Drought Monitor indicates that all 58 counties remained in various levels of drought.
- **El Nino.** Drought Monitor also reports that westwide, that drought conditions are lessening in most western states.

- **Lake Mead.** BuRec is projecting that Lake Mead remains at risk (even with storms in the Rocky Mountains) and 2017 remains highly problematic.

### **Looking Into March 2016**

- Primary voting continues with Super Tuesday (12 states and one territory)
- On the R side, almost a dozen candidates have now dropped out. The race is down to Trump, Rubio, Cruz and OH's Governor, John Kasich. On the D side, it's a Clinton-Sanders race. It's openly speculated that conventions could be deadlocked. If that happens, all bets are off.
- An energy bill, first time in a decade, has been under consideration in the Senate, guided in a bi-partisan fashion by Senate Energy Committee Chair, Sen. Lisa Murkowski and the Committee's ranking D, Sen. Maria Cantwell. The bill was on the Senate floor early in February but became embroiled in partisan opposition to relief for Flint, Michigan. Indications are that a solution is emerging and the bill will be finalized soon. The fate of the energy bill has the potential to impact a Senate water bill. If the energy bill is blocked, then hope for a bi-partisan Senate water/drought bill goes way down. If it passes, then hope for a drought bill increases.
- Appropriations Committees (even with the uncertainty) are now moving forward with hearings and budget reviews.
- The President is expected to submit a nomination for the Supreme Court.

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CALIFORNIA STRATEGIES, LLC

Date: February 26, 2016  
To: Inland Empire Utilities Agency  
From: John Withers, Jim Brulte  
Re: February Activity Report

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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 staff to review priority issues and to discuss activities for February that Executive Staff wanted accomplished.
- Discussed ways to highlight the customer return on investment for the building of recharge basins in our service territory.
- Discussed LAFCO and made recommendations to staff about upcoming issues. Support and advise on IEUA/SBVMWD transfer transaction on an as needed basis. Review and comment on Webb Engineering Plan of Services Scope of Work.
- Provided a progress 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 activate. Made recommendation regarding the request for money from various state special funds.
- Monitor Santa Ana Regional Board agenda and issues of interest to IEUA.

**INFORMATION  
ITEM**

**4J**

**Federal Legislation of Significance**

Bill Number	Sponsor	Title and/or Summary	Summary/Status
H.R.2029	House and Senate Appropriations Committees	Consolidated Appropriations Act, 2016	<p>The Consolidated Appropriations Act funds all federal agencies through the end of the Fiscal Year, which runs through September 30, 2016.</p> <p>IFS spearheaded an effort with Members of Congress to ask that the Department of the Interior devote money allocated to "western drought relief" for Title XVI and WaterSMART projects. The following Members of Congress signed on to the letter: Aguilar, Cook, Chu, Napolitano, Royce, and Torres.</p> <p><b>**Update:</b> The Bureau of Reclamation announced that it was allocating \$22.6 million for Title XVI and WaterSMART grants in fiscal year 2016.</p> <p>The President's budget request to Congress was released on February 9, 2016.</p> <p>The president requested the following funding levels for water recycling and conservation programs:            Title XVI: \$21.5 million, \$1.5 million above the FY16 request, but \$1.8 million below the FY16 enacted level            WaterSMART: \$23.4 million, \$35,000 above the FY16 request, and \$3.4 million above the FY16 enacted level.</p> <p>The Appropriations subcommittees may start marking up their respective bills by the end of March. At that time we will know how Congress will respond to the budget request for Title XVI and WaterSMART grants. IFS has undertaken two efforts on your behalf and submitted appropriations requests for both Title XVI and WaterSMART that together equal an additional \$22.6 million in requested additional funds for FY17.</p>
H.R. _____ / S. _____	Rep. Mike Simpson / Sen. Lamar Alexander	FY 17 Energy and Water Development and Related Agencies	<p>With her original legislation not gaining traction at the committee level, Senator Feinstein reintroduced drought legislation in February after receiving additional feedback from stakeholders in California. The bill also comes after House Republicans attempted to insert their own drought provisions into the Consolidated Appropriations Act, 2016.</p> <p>Feinstein said that she has continued to work with local, state, and federal partners to create her new legislation, though California Republicans in the House have said they were not involved in the latest discussions. California House Republicans have reiterated that they have already passed a drought bill</p>
S.2533	Sen. Dianne Feinstein	California Long-Term Provisions for Water Supply and Short-Term Provisions for Emergency Drought Relief Act	<p>With her original legislation not gaining traction at the committee level, Senator Feinstein reintroduced drought legislation in February after receiving additional feedback from stakeholders in California. The bill also comes after House Republicans attempted to insert their own drought provisions into the Consolidated Appropriations Act, 2016.</p> <p>Feinstein said that she has continued to work with local, state, and federal partners to create her new legislation, though California Republicans in the House have said they were not involved in the latest discussions. California House Republicans have reiterated that they have already passed a drought bill</p>

			<p>this year, and they believe it is the only legislation that can be passed until the Senate moves legislation that can be confereced between the two chambers.</p>
H.R.2898	Rep. David Valadao	Western Water and American Food Security Act of 2015	<p>Passed the House.</p> <p>First Legislative Committee Hearing was held in early October 2015 in the Senate. As mentioned above, Senator Feinstein has reintroduced drought legislation in the Senate in an effort to conference a bill with the House before the end of the 114<sup>th</sup> Congress.</p>
S.2012	Sen. Lisa Murkowski	Energy Policy Modernization Act of 2015	<p>The Senate is considering its first broad energy reform policy bill in eight years. The bill includes a number of policy priorities from both Republicans and Democrats and came as a result of months of negotiations, meetings outreach and other activities aimed at a truly bipartisan bill. The bill instead on fossil fuels and infrastructure: natural gas pipeline permitting, authorizing the main federal conservation fund, job training, updating the grid, as well as a push on energy efficiency.</p> <p>The legislation was pulled from the floor in February after amendments related to the water crisis in Flint, Michigan caused procedural delays. Republicans and Democrats believe they have an agreement that will allow the legislation to return to the floor in March.</p>
H.R.4470	Rep. Dan Kildee (D-MI) / Rep. Fred Upton (R-MI)	Safe Drinking Water Act Improved Compliance Awareness Act	<p>The House has approved legislation to clarify the Environmental Protection Agency's authority to notify the public about danger from lead in their drinking water. The bill is the first approved by Congress to respond to the water crisis in Flint, Michigan. The legislation requires the Environmental Protection Agency to notify the public when concentrations of lead in drinking water rise above mandated levels and to create a plan to improve communication between the agency, utilities, states, and consumers. While the bill's authors admit that the new legislation will not prevent future water contamination, they contend that it will prevent the situation from dragging out as has happened in Flint.</p> <p>The legislation has not been taken up in the Senate, but it is expected to receive bipartisan support when Senators vote.</p>



**INFORMATION  
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**4K**

*State Legislation to Watch*

Bill Number	Sponsor	Title and/or Summary	Summary/Status
AB 1713	Eggman	Sacramento-San Joaquin Delta: peripheral canal	Current law requires various state agencies to administer programs relating to water supply, water quality, and flood management in the Sacramento-San Joaquin Delta. The bill would prohibit the construction of a peripheral canal, as defined, unless expressly authorized by an initiative voted on by the voters of California on or after January 1, 2017, and would require the Legislative Analyst's Office to complete a prescribed economic feasibility analysis prior to a vote authorizing the construction of a peripheral canal.
AB 1738	McCarty	Building Standards: Dark Graywater	Would define "dark graywater" as a specified wastewater that comes from kitchen sinks and dishwashers. This bill would require the Department of Housing and Community Development, at the next triennial building standards rulemaking cycle, to adopt and submit for approval building standards for the construction, installation, and alteration of dark graywater systems for indoor and outdoor uses. This bill contains other existing laws.
AB 1749	Mathis	California Environmental Quality Act: exemption: recycled water pipelines	CEQA exempts from its requirements projects consisting of the construction or expansion of recycled water pipeline and directly related infrastructure within existing rights of way, and directly related groundwater replenishment, if the project does not affect wetlands or sensitive habitat, and where the construction impacts are fully mitigated, and undertaken for the purpose of mitigating drought conditions for which a state of emergency was proclaimed by the Governor on a certain date. CEQA provides that this exemption remains operative until the state of emergency has expired or until January 1, 2017, whichever occurs first. This bill would extend that date to January 1, 2022.
AB 1842	Levine	Water Pollution: Fines	Current law imposes a maximum civil penalty of \$25,000 on a person who discharges various pollutants or other designated materials into the waters of the state. This bill would impose an additional civil penalty of not more than \$10 for each gallon or pound of polluting material discharged. The bill would require that the civil penalty be reduced for every gallon or pound of the illegally discharged material that is recovered and properly disposed of by the responsible party.
AB 2206	Williams	Biomethane: interconnection and injection into common carrier pipelines: research	Would request the California Council on Science and Technology to undertake and complete a study analyzing the regional and gas corporation specific issues relating to minimum heating value and maximum siloxane specifications adopted by the Public Utilities Commission for biomethane before it can be injected into common carrier gas pipelines. If the California Council on Science and Technology agrees to undertake and complete the study, the bill would require each gas corporation operating common carrier pipelines in California to proportionately contribute to the expenses to undertake the study with the cost recoverable in rates.

AB 2313	Williams	Renewable Natural Gas	The California Global Warming Solutions Act of 2006 establishes the State Air Resources Board as the state agency responsible for monitoring and regulating sources emitting greenhouse gases. This bill would require the state board to study and evaluate a strategy or strategies to increase the in-state production and use of renewable natural gas, as defined, to further specified goals.
AB 2702	Atkins	Climate Change	Would state the intent of the Legislature to enact legislation that would continue the work with local governments, state agencies, and others to meet the goals set forth in Governor Brown's Under 2 MOU, which brings together subnational governments willing to commit to either reducing the emissions of greenhouse gases 80% to 95% below 1990 levels by 2050 or achieving a per capita annual emissions target of less than 2 metric tons of carbon dioxide equivalent by 2050.
ACA-8	Bloom	Local government financing: water facilities and infrastructure: voter approval	Would create an additional exception to the 1% limit for a rate imposed by a city, county, city and county, or special district to service bonded indebtedness incurred to fund the construction, reconstruction, rehabilitation, or replacement of wastewater treatment facilities and related infrastructure, potable water producing facilities and related infrastructure, nonpotable water producing facilities and related infrastructure, and stormwater treatment facilities and related infrastructure, that is approved by 55% of the voters of the city, county, city and county, or special district, as applicable, if the proposition meets specified requirements, and would authorize a city, county, city and county, or special district to levy a 55% vote ad valorem tax. This bill contains other related provisions and other existing laws.
SB 163	Hertzberg	Wastewater treatment: recycled water	Would declare that the discharge of treated wastewater from ocean outfalls, except in compliance with the bill's provisions, is a waste and unreasonable use of water in light of the cost-effective opportunities to recycle this water for further beneficial use. This bill, on or before January 1, 2026, would require a wastewater treatment facility discharging through an ocean outfall to achieve at least 50% reuse of the facility's actual annual flow, as defined, for beneficial purposes.
SB 1043	Allen	Renewable gas: biogas and biomethane	Would require the State Air Resources Board to consider and adopt policies to significantly increase the sustainable production and use of renewable gas, as defined, and, in so doing, would require the state board, among other things, to ensure the production and use of renewable gas provides direct environmental benefits and identify barriers to the rapid development and use of renewable gas and potential sources of funding.
SB 1813	Wolk	Local government: drinking water	Would prohibit a local agency formation commission from authorizing a city or a district to extend drinking water infrastructure or services or wastewater infrastructure or services until it has extended those

		<p>infrastructure or services: wastewater infrastructure or services</p>	<p>services to all disadvantaged communities within or adjacent to its sphere of influence, as specified, or has entered into an agreement to extend those services to those disadvantaged communities, unless specified conditions are met. This bill contains other related provisions and other existing laws.</p>
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**INFORMATION  
ITEM**

**4L**

# Engineering and Construction Management Project Updates March 2016



# EN14043 – RP-5 Recycled Water Pipeline Bottleneck

- Engineering Consultant: TBD
- Total Project Budget: \$1.3 M
- Scope of Work:
  - Evaluate/eliminate existing recycled water piping bottlenecks
  - Upsize piping system as required by design
  - Replacement of all existing PVC piping with steel piping and valves
  - New Scope
    - Address surge issues and piping loop failures
- Anticipated Completion: November 2016 (Design)
- Percent Complete: 2%
- Current Activities: Project Charter completion
- Focus Points:
  - Itemize scope items and gather budget cost information



Pipe Burst



RP-5 RW Pump Station

# EN16067- RP-1 DAFTs Plug Valve Replacement

- Contractor: Ferreira Construction
- Current Contract: \$80 K
- Total Project Budget: \$120 K
- Scope of Work: Replace four seized valves
- Current Activities:
  - Submittal review
  - Procurement of plug valves
- Contract Completion: March 2016
- Percent Complete: 30%
- Focus Point:
  - Shutdown plan approval
  - Complete construction



Eccentric Plug Valve

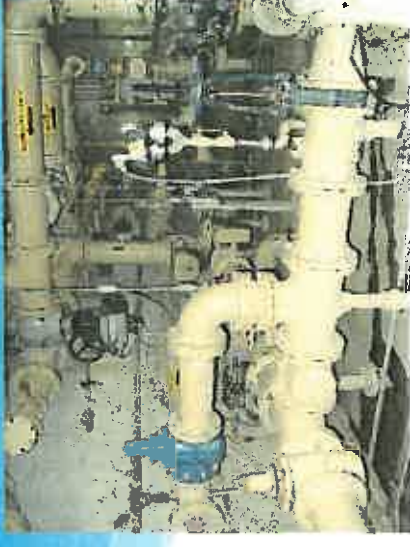


DAFT Valve Vault No. 2



# EN14019 – RP-1 Headworks Primary and Secondary Upgrades

- Engineering Consultant: RMC Water and Environment
- Current Contract: \$724 K
- Total Project Budget: \$10.5 M
- Scope of Work: Upgrade deteriorated headworks facility, upgrade RP-1 Plant 3 scum system, and install bypass for System C flow meter
- Current Activities:
  - RMC is preparing the PDR
  - New Scope
    - Replacement of system C flowmeter
- Contract Completion: November 2017
- Percent Complete: 3%
- Focus Point:
  - Agency review PDR



Scum Pump Location



System C Flow Meter

# EN16024 – RP-1 Mixed Liquor Return Pumps

- Engineering Consultant: RMC Water and Environment

- Current Contract: \$425 K

- Total Project Budget: \$4 M

- Scope of Work: Install six (6) Mixed Liquor Return Pumps/VFDs and flowmeters at the RP-1 Aeration Basins

- Current Activities:

- Finalize the PDR

- New Scope

- Aeration Panel Membrane replacements

- Contract Completion: June 2017

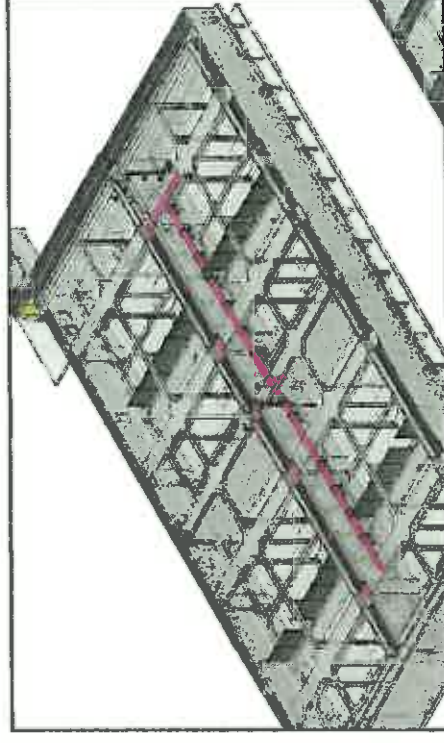
- Percent Complete: 10%

- Focus Point:

- Review PDR

- 30% Design

- Maintain the schedule



Aeration Basin → 3D Design



Inland Empire Utilities Agency  
A MUNICIPAL WATER DISTRICT

# EN13018 – Montclair Diversion Structure Improvements

- Contractor: J. F. Shea
- Current Contract: \$558 K
- Total Project Budget: \$3 M
- Scope of Work: Install three remotely operated electric actuated stainless steel slide gates and upgrade the metering station
- Current Activities:
  - Procurement of long lead items
- Contract Completion: June 2016
- Percent Complete: 55%
- Focus Point:
  - Traffic Control and Encroachment Permits
  - SCADA programming



Splitter Box



Existing Panel

# RP-5 Energy Storage

- Engineering Consultant: Black and Veatch
- Current Contract: (Power Purchase Agreement)
- Total Project Budget: \$0
- Scope of Work: Installation of 500kW battery storage and integration of load shaping software
- Current Activities:
  - 100% Design
  - Obtaining Chino Valley Fire Authority approval
- Anticipated Completion: April 2016
- Percent Complete: 55%
- Focus Point:
  - Batteries onsite
  - Construction kickoff



Tesla Powerpack Units



Proposed Project Location

# EN15045 & EN15046 – Collection/NRW System Manhole Upgrades



Manhole Adjustment Complete



Installation of New Cast Iron Manhole  
Frame and Cover

- Contractor: Genesis Construction
- Current Contract: \$595 K
- Total Project Budget: \$1 M
- Scope of Work: Replace frame and covers for existing damaged manholes
- Current Activities:
  - Replacing cast iron frames and covers within City streets (Ontario, Chino, & Fontana)
- Construction Completion: March 2016
- Percent Complete: 88%
- Focus Point:
  - Night work in three (3) locations in Ontario (Began 2/8/16)
  - Work will continue for approximately two (2) weeks

**INFORMATION  
ITEM**

**4M**

# Recycled Water Semi-Annual Update March 2016



*Inland Empire Utilities Agency*

**A MUNICIPAL WATER DISTRICT**

Andy Campbell

IEUA Board of Directors Meeting  
March 2016

# RW Project- Wineville Pipeline

- **Wineville Extension to RP3**
  - Complete Capital Improvements
  - Increased RP3 Delivery Capacity
    - 4 cfs to 20 cfs
  - Allows Declez Basin RW Start-Up
  - Approx. 3,000 AFY RW Capacity





# RW Project- San Sevaine

- San Sevaine 5 Pump Station & Pipeline to upper 3 Basins
  - 85% design February 2016
  - June/July 2016 Bid & Award
  - 1 year Construction
  - Approx. 4,000-6,000 AFY RW Capacity



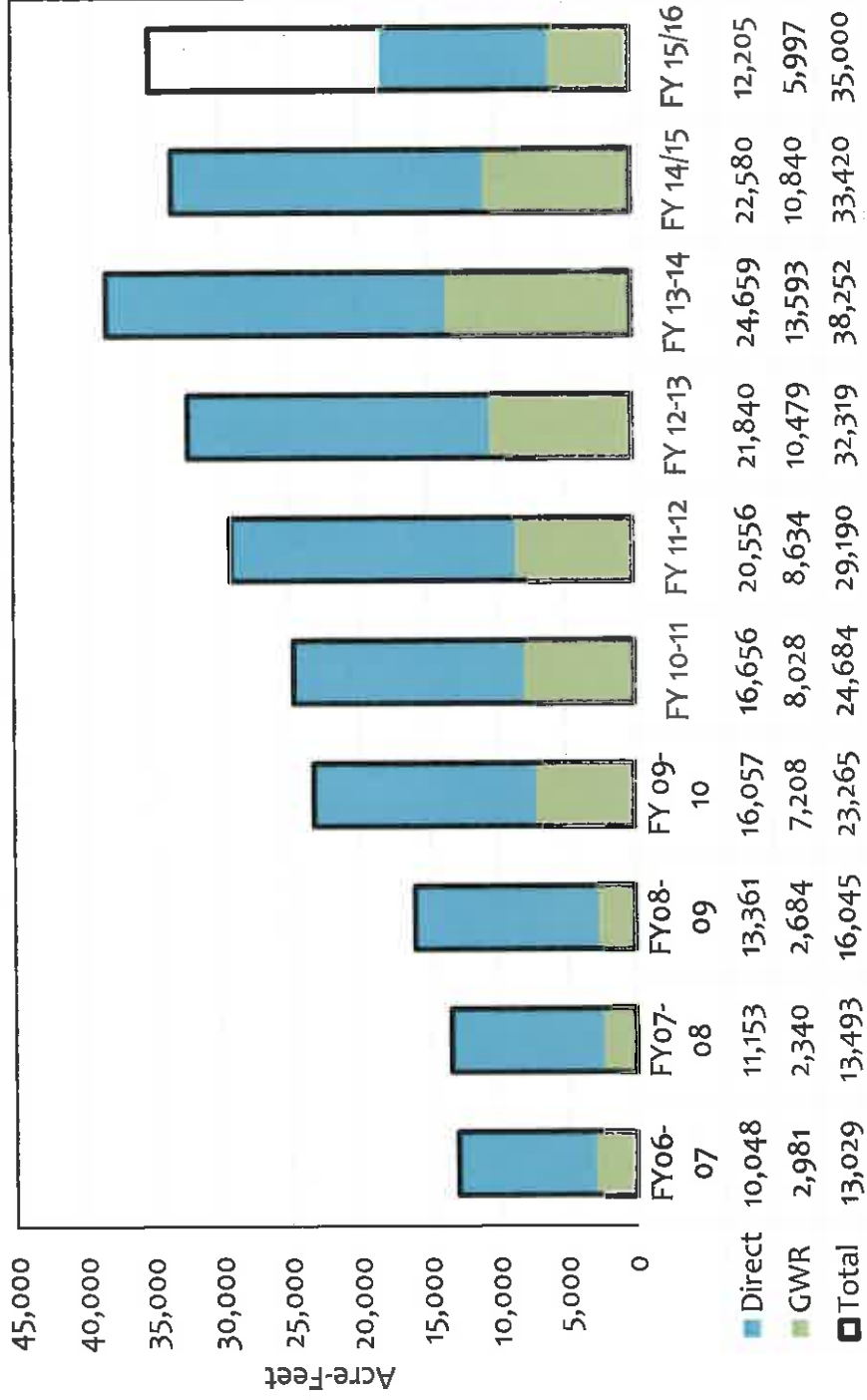
# RW Projects

- Prop 1 Grant Projects
  - State Board requested additional CEQA Information
  - Pending Notification of Award in Summer 2016

Project Name	Status	Estimated Completion Date	Project Benefit (AFY)
San Sevaine Basin Improvements	Design	Summer 2017	4,000 - 6,000
RP-1 1158 PS Upgrades	Pre Design	December 2018	Reliability
RP-5 RW Pipeline Bottleneck	Pre Design	December 2018	Reliability
Pressure Sustaining Valve Installation	Pre Design	December 2018	Reliability
RP-1 Parallel Outfall Pipeline	Pre Design	December 2018	Reliability
Napa Lateral	Pre Design	December 2018	1,000
Baseline RW Extension	Pre Design	December 2018	100
City of Ontario Euclid/Riverside Pipeline	Design	December 2018	600 - 1,200

- 1630 W and 1630 E Surge Projection Projects
  - Estimated completion: Fall 2016

# FY14/15 RW Demand (through December 2015)



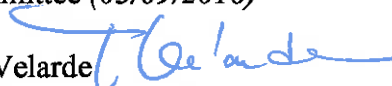
# RW GWR Allocations (through December 2015)

Agency	Pro Rata Share (%)	Recharge Allocation (Acre-Feet) FY 15/16
Chino	10.5	570
Chino Hills	9	480
CVWD	25	1,358
Fontana	19	1,037
Montclair	4.5	240
Ontario	22	1,169
Upland	10	537
<b>Total</b>	<b>100</b>	<b>5,392</b>
	JCSD's Allocation:	605
	<b>Total Amount Recharged:</b>	<b>5,997</b>

**INFORMATION  
ITEM**

**4N**

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Date: March 16, 2016  
To: The Honorable Board of Directors  
Through: Audit Committee (03/09/2016)  
From: Teresa V. Velarde   
Manager of Internal Audit  
Subject: Internal Audit Department Status Report for March 2016

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### **RECOMMENDATION**

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

### **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 March 2016.

The Status Report is consistent with the Agency's Business Goals of Fiscal Responsibility, Workplace Environment and Business Practices by describing IA's progress in providing independent evaluations of Agency financial and operational activities and suggesting recommendations for improvements.

### **PRIOR BOARD ACTION**

On September 16, 2015, the Board of Directors approved the Annual Audit Plan for Fiscal Year 2014/15.

On December 16, 2015, the Board of Directors reconfirmed the approved Audit Committee and the Internal Audit Charter.

### **IMPACT ON BUDGET**

None.

## Internal Audit Department Status Report for March 2016

### Projects Completed This Period

**Project: Regional Contract Review – Follow up: Communication, Collections & Centralization**

**Scope:**

To continue to report the results of the Regional Contract review and pursue region-wide agreement and settlement of findings in conjunction with the renegotiation of the Regional Contract

**Report to Regional Technical Committee and other efforts COMPLETE**

Internal Audit staff provided the Final Report - Regional Contract Review to the Regional Technical Committee as a "Receive and File" item for the January 2016 meeting.

Internal Audit continues to be involved in discussions with outside counsel and representatives from Planning and Environmental Resources and from Finance and Accounting to discuss findings from the Regional Contract Review and potential collection strategies and related issues.

**Reports related to the Regional Contract Review include:**

Final Report-Regional Contract Review	Complete	December 2015
City of Chino Hills	Complete	June 2015
Cucamonga Valley Water District	Complete	March 2015
City of Chino	Complete	December 2014
City of Fontana	Complete	December 2014
City of Montclair	Complete	September 2014
City of Upland	Complete	September 2014
City of Ontario	Complete	September 2015
Review of the Ten-year Forecast	Complete	June 2014
Comparable Agency Survey Report	Complete	June 2014
Survey of Comparative Information	Complete	September 2014

**Project: Request for Proposal for External Financial Audit Services**

**Scope:**

To secure a professional services accounting firm to perform the annual financial audit and single audit of IEUA to ensure compliance with all regulatory requirements and the Agency's Financial Ordinance.

**Status: COMPLETE**

The current contract for External Financial Audit Services expired on December 31, 2015. In accordance with preferred practices and good internal controls it is in the best interests of the Agency to request proposals from capable certified public accounting firms for the external financial audit services contract. The current financial auditors, White Nelson Diehl Evans, have been the Agency's external auditors since 2011. The Internal Audit Department has worked closely with the Contracts and Procurement Department to coordinate and complete the RFP process to qualified firms. IA ensured that a knowledgeable evaluation panel reviewed the 11 written proposals that were received and interviewed the top 6 finalists. The recommendation for approval of the new audit firm, is being provided to the Audit Committee at this meeting and to the Board. The item is under separate cover in this Agenda.

## Internal Audit Department Status Report for March 2016

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**Project:** Filing of the Annual Financial Statements and Single Audit Report

**Scope:** Submit the required audited financial reports to the requesting reporting authorities

**Status:** **COMPLETE**

Completed the required filing with the State Controller's Office, the San Bernardino Auditor-Controller and the State Water Resources Control Board. Upon notified of additional required filing, IA will assist and comply with any filing requirements.

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### ***On-going 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 exist that enforce proper contracting and procurement for transactions.

**Status:** **IN PROGRESS**

IA has obtained listings of all Master Service contracts managed by the Engineering and Construction Management Department and all Master Contracts administered by the Contracts and Procurement Department. IA has also obtained a listing of all 43 contractors prequalified by the Engineering and Construction Management Department for Capital Projects less than \$2,000,000. And, IA has obtained example contracts for each of the trade and service categories.

IA has begun reviewing and selecting information in SAP to examine contract activity and has held kick-off meetings with both the Engineering and Construction Management Department and the Contracts and Procurement Department to undertake a walkthrough of current policies, practices and procedures. IA will perform surveys, prepare flowcharts of processes, and additional interviews and inquiries of Agency personal in relation to the areas of the audit as part of the anticipated fieldwork, as well as testing transactions to verify their compliance with contract terms and Agency policies and procedures. The anticipated date for completion is June 2016.

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**Audit:** **Follow up Review - Information Technology Equipment – ISS**

**Scope:**

Follow-up evaluation of 11 of the 18 outstanding recommendations provided in the Information Technology (IT) Equipment audit reports dated August 21, 2012 and November 14, 2012. The 10 recommendations are the primary responsibility of the ISS department.

**Status:** **COMPLETED**

IA met with Integrated Systems Services (ISS) and various other Agency departments to discuss the outstanding recommendations with the assigned representatives. Of the 18 outstanding recommendations that require follow-up evaluation, IA has completed the evaluation of 11 of them. Of these, 9 have been implemented and 2 recommendations are still in Progress. The 7 remaining recommendations are the primary responsibility of the Finance and Accounting Department (FAD) and will be evaluated separately and reported on in a separate report. No new additional findings or recommendations were noted.

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

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## Internal Audit Department Status Report for March 2016

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**Audit:**      **Follow up Review: Information Technology Equipment – FAD**

**Scope:**

IA is in the progress of performing a follow-up evaluation to determine the status of 7 outstanding recommendations provided in the Information Technology (IT) Equipment audit reports dated August 21, 2012 and November 14, 2012. The 7 recommendations are the primary responsibility of the Finance and Accounting Department (FAD).

**Status:**                      **IN PROGRESS**

There are 7 recommendations that require follow-up evaluation. IA is currently in the planning phase of this project. IA plans to meet with FAD to discuss the outstanding recommendations with the assigned representatives. The 7 recommendations require follow-up procedures be performed to verify if corrective actions have been implemented.

IA will report on the status of the remaining outstanding recommendations and the anticipated date for completion is June 2016.

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**Project:**      **Management Requests**

**Scope:**

Assist Agency Management with requests for analysis, evaluations and verification of information, assist with the interpretation of policies and procedures, and/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 was working on the following "Management Requests":

- Continue to be involved with possible collection of the identified uncollected Connection Fees.
  - Assist and work with the Planning and Environmental Resources Department on the Water Connection process as well as the Waste Water process for centralizing billing at IEUA.
  - Review and comment on draft updates to Fiscal Ordinance and Budget Amendments Policy
  - Discuss Cybersecurity topics
  - Assist departments with interpretation of Agency's Procurement Ordinance, Ethics Policy and other Agency Policies
- 

### ***Internal Audit Department***

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**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 Department Status Report for March 2016

### **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.

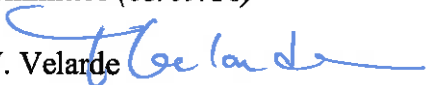
During the past quarter, IA staff has continued to stay abreast of industry developments through review of industry periodicals. One staff member attended an all-day conference on Trends in Governmental Audit, and the two staff attended a half-day seminar on Fraud and Root Cause Analysis. The Manager of IA attended a 2-day Leadership Academy session titled Leadership with a New Perspective. All three IA members are preparing for the third exam of the 3-part Certified Internal Auditor (CIA) certification examination. The CIA is the only globally-recognized certification for internal audit professionals and is the highest certification that can be attained by an internal auditor. One Senior Auditor is a Certified Public Accountant (CPA). One Senior Auditor is a Certified Government Audit Professional (CGAP).

### **Future Audit Committee Meetings:**

- Wednesday, June 8, 2016 – Regularly Scheduled Audit Committee Meeting
- Wednesday, September 14, 2016 – Regularly Scheduled Audit Committee Meeting
- Wednesday, December 14, 2016 – Regularly Scheduled Audit Committee Meeting

**INFORMATION  
ITEM**

**40**

Date: March 16, 2016  
To: The Honorable Board of Directors  
Through: Audit Committee (03/09/16)  
From: Teresa V. Velarde   
Manager of Internal Audit  
Subject: Follow-Up Review – Information Technology Equipment – ISS

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### **RECOMMENDATION**

This is an informational item for the Board of Directors.

### **BACKGROUND**

Internal Audit (IA) has completed the Follow-Up evaluation of the outstanding recommendations for Information Technology (IT) Equipment according to the Fiscal Year 2014/15 Annual Audit Plan. The IA 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 evaluated the outstanding recommendations related to the following reports:

- Information Technology Equipment Audit, dated August 21, 2012; and
- Information Technology Equipment Audit Follow-up Audit, dated November 14, 2012

In August 2012, a total of 22 recommendations were provided to ensure internal controls over IT equipment are in place and ensure physical control and accountability of IT equipment. At the request of the Audit Committee, in November of 2012, IA performed a follow-up review to assess the implementation status of the original 22. The follow-up review found that 6 recommendations were implemented. Additionally, IA identified 2 new recommendations. Bringing the total of open recommendations to 18.

The recommendations provided IT Equipment Audit involved various Agency departments including Integrated Systems Services (ISS), Human Resources (HR), Contracts and Facilities Services (CFS), and Finance and Accounting (FAD).

This follow-up review found that of the 18 outstanding recommendations, 9 recommendations are now implemented and the remaining are in progress of being implemented. The report attached provides the details of the observations and audit procedures employed.

Below is a brief summary of the changes identified:

- ISS documented Standard Operating Procedures (SOP) to document procedures for the purchase, inventory, retirement, reporting, storage and security of IT equipment.
- ISS developed a database/tracking system to account for all the Agency's IT equipment, which has been fully populated and accessible by Agency staff as required.
- ISS developed a tracking mechanism to identify spare IT equipment that is available and in storage, but not currently in use.
- ISS developed an annual self-verification and confirmation/auditing process for employees to verify, confirm, and electronically sign off on all IT equipment assigned to them.
- ISS implemented various security measures at the Agency's Headquarters and plant sites to ensure IT equipment are protected from unauthorized access, loss, damage or theft.
- ISS should continuously evaluate the methods applied for tracking IT equipment to ensure controls are in place and risks are mitigated. As the Agency and technology advances, the processes in place should match the needs of the Agency and ensure these are the most effective methods to compliment the goals of the organization.
- ISS, along with CFS, considered a broader range of disposal options for functional and useful IT equipment that was retired from the Agency, including donations to the San Bernardino Superintendent of Schools.
- CFS developed an Agency-wide Policy (A-89) on the Procurement Card (P-card) Program. The policy is in the process of being revised to include additional language on the purchases of services related to online/cloud-based services using the Agency's P-card.

Of the 18 outstanding recommendations, IA noted that 9 are implemented, 2 are in progress, and 7 are deferred to the FAD. IA will work closely with the FAD to determine the current status of the 7 recommendations deferred to the department and assess the implementation status. IA will report on the recommendations in a separate report.

The Follow-Up review of the outstanding recommendations for IT Equipment is consistent with the Agency's Business Goals of Fiscal Responsibility, Workplace Environment and Business Practices.

Refer to the attached report for additional details of the findings and recommendations.

### **PRIOR BOARD ACTION**

On September 16, 2015, the Board of Directors approved the Annual Audit Plan for Fiscal Year 2014/15.

On December 16, 2015, the Board of Directors reconfirmed the approved Audit Committee and the Internal Audit Charter.

**IMPACT ON BUDGET**

None.




**Inland Empire Utilities Agency**  
A MUNICIPAL WATER DISTRICT

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DATE: February 29, 2016

TO: Joe Grindstaff  
General Manager

  
FROM: Teresa V. Velarde  
Manager of Internal Audit

**SUBJECT: Follow-Up Review – Information Technology Equipment - ISS**

**Audit Authority**

The follow-up audit was performed under the authority provided by the Inland Empire Utilities Agency (IEUA or Agency) Board of Directors. 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 taken. IA completed a follow-up review of the Integrated Systems Services (ISS) functions for the outstanding recommendations related to the following audit reports:

- Information Technology Equipment Audit, dated August 21, 2012, and
- Information Technology Equipment Follow-up Audit, dated November 14, 2012.

**Audit Objective and Scope**

The purpose of this follow-up review was to evaluate the corrective actions implemented for each of the outstanding recommendations remaining from the Information Technology (IT) Equipment Audits. Additionally, the objective was to determine if alternate controls have been implemented to mitigate any risks originally identified and determine if there are any new risk areas that require attention.

**Audit Techniques**

Audit techniques included:

- Discussions with Agency staff
- Review of ordinances, policies, and procedures
- Review and analysis of ISS records
- Physical observation of IT server rooms and storage areas

*Water Smart – Thinking in Terms of Tomorrow*

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**Steven J. Elie**  
Secretary/Treasurer

**Jasmin A. Hall**  
Director

**Gene Koopman**  
Director

**P. Joseph Grindstaff**  
General Manager

### **Audit Results – Executive Summary**

Of the 11 recommendations, IA found that nine (9) recommendations have been implemented and two (2) are in progress. Seven (7) outstanding recommendations have been deferred to FAD and will be reported on in a separate report. The attached report provides details of the findings and recommendations.

Below is a brief summary of the changes identified:

- ISS documented Standard Operating Procedures (SOP) to document procedures for the purchase, inventory, retirement, reporting, storage and security of IT equipment.
- ISS developed a database/tracking system to account for all the Agency's IT equipment, which has been fully populated and accessible by Agency staff as required.
- ISS developed a tracking mechanism to identify spare IT equipment that is available and in storage, but not currently in use.
- ISS developed an annual self-verification and confirmation/auditing process for employees to verify, confirm, and electronically sign off on all IT equipment assigned to them.
- ISS implemented various security measures at the Agency's Headquarters and plant sites to ensure IT equipment are protected from unauthorized access, loss, damage or theft.
- ISS should continuously evaluate the methods applied for tracking IT equipment to ensure controls are in place and risks are mitigated. As the Agency and technology advances, the processes in place should match the needs of the Agency and ensure these are the most effective methods to compliment the goals of the organization.
- ISS, along with Contracts and Facilities Services (CFS), has considered a broader range of disposal options for functional and useful IT equipment that was retired from the Agency, including donations to the San Bernardino Superintendent of Schools.
- CFS developed an Agency-wide Policy (A-89) on the Procurement Card (P-card) Program which is currently in the approval process. The policy has been revised to include additional language on the purchases of services related to online/cloud-based services using the Agency's P-card.



**Discussions with Management**

We provided the results of this follow-up review to Mr. Kenneth Tuliau, Manager of Maintenance and Mr. David Malm, Deputy Manager of ISS on February 23, 2016, prior to finalizing this report for their review and comments.

**Acknowledgements**

We would like to extend our appreciation to ISS, CSF, Human Resources and FAD staff for their cooperation during this follow-up review.

**Written Response to Internal Audit**

As required by the IA Charter, IA will continue to follow up until full implementation of all outstanding recommendations and/or compensating controls has been implemented.

No new recommendations were provided in this report. No response is required.

TV:sn

## **Background**

The Integrated System Services (ISS) department is responsible for the day-to-day operations and maintenance of the Agency's Information Technology (IT) network infrastructure and operating systems at the Headquarters buildings and the various plant sites.

The original IT Equipment Audit report issued in August 2012 provided a total of 22 recommendations to ensure internal controls over IT equipment are in place and ensure the physical control and accountability of IT equipment.

In November 2012, at the request of the Audit Committee, Internal Audit (IA) performed a follow-up evaluation to assess the implementation status of the original 22 recommendations. In the IT Equipment Follow-up audit report issued November 2012, of the original 22 recommendations, IA found six (6) recommendations were implemented, five (5) were in progress, and eleven (11) required additional time for full implementation. Additionally, IA identified two (2) new recommendations which were provided in the IT Equipment Follow-up Audit Report. After the second follow up review, 18 recommendations remained outstanding.

This second follow-up provides an update on eleven (11) recommendations. The other seven (7) recommendations are primarily the responsibility of the Finance and Accounting Department (FAD) and have been deferred to a separate audit report planned for completion in June 2016. **Attachment 4** provides a to-date status of all the recommendations issued since 2012.

For additional background information, IA refers readers to each of the respective IT Equipment audit reports, which were received and filed by the Board of Directors at the time of issuing the original reports. These reports can be accessed through AIM, or can be requested from the Manager of Internal Audit.

At the time of the original and follow-up audit reports, the department responsible for the accounting records and data in the Agency's financial system (SAP) was called Fiscal Management Department (FMD), while the department responsible for the Agency's acquisition of goods and services was called Contracts and Procurement Department (CAP). The departments have been renamed to Finance and Accounting Department (FAD) and Contract and Facilities Services (CFS). The report makes reference to all of the following: "FMD", "FAD", "CAP" and/or "CFS".

### **Equipment Accountability and Tracking (Recommendation 3-7)**

The original August 2012 audit report identified:

- Three different inventory mechanisms were used to track IT equipment
- Purchases could not always be identified in ISS records
- Purchases could not always be identified in SAP asset listings
- ISS Assets Inventory database was incomplete and inconsistent
- Some equipment was not tracked by ISS
- Equipment was not assigned to individuals or departments
- No method was in place to determine whether spare IT equipment items are available
- No periodic inventory was performed of equipment
- Database/Lists were found to be incomplete and missing key identifying information, and some Agency equipment that should be tracked was not accounted for
- Several purchases and existing equipment were not tracked
- Standard Operating Procedures (SOPs) for the management of IT equipment were not documented.

Shortly after the first review, ISS created the Technology Asset List (TAL), a database that is used to manage information on IT equipment. The purpose of the TAL is to track larger value IT equipment. It has the capability to track "workstations" by employee and/or department manager and includes identifying details such as make/model/serial number for equipment assigned.

Based on IA's review, the TAL is an effective tool for tracking IT equipment and addresses the risks identified in the original report. However, IA noted in the follow up report that the effectiveness of the TAL is dependent on the accuracy and completeness of the information contained in the database, along with the effectiveness of the processes established to maintain the TAL.

#### **Recommendation 3:**

**ISS implement appropriate tracking systems that include relevant information on IT purchases (i.e., serial numbers, etc.), are updated timely and are complete and accurate. ISS should establish procedures to enter, modify, and delete information in the tracking systems that address areas such as timeliness for updates, responsibilities for maintaining the systems, and the types of items included in the tracking system.**

#### **Status: In Progress**

Since the first follow-up audit, ISS has fully implemented the use of the TAL to track and manage IT equipment. The previous inventory tracking systems are no longer utilized since the TAL has superseded those and ISS staff is responsible for updating the information recorded in the TAL.

IA reviewed the procedures that have been established for the management of IT equipment and discussed the process with ISS. IA noted the following:

- ISS has documented a Standard Operating Procedure (SOP) titled: Managing Technology Assets (Doc Number: OPS-ISS-001). The SOP provides procedures for the purchase, inventory, retirement, reporting, storage and security of IT equipment. Having documented procedures serves as an added control and reference guide to ensure processes are performed consistently and uniformly.
- ISS noted that there is inaccurate information on the TAL and they are in discussions with an outside vendor to determine options to improve accuracy.

IA recommends ISS consider the following additional controls to more accurately track IT equipment (these added controls would satisfy concerns originally identified in Recommendations #3, #4, and #5):

Timely update of the TAL:

- Upon initial assignment of equipment to new employees or new issuances to current employees,
- Upon transfers and employee department/location changes of the equipment,
- Upon employee separation to reflect that
  - The equipment has been either reassigned or assigned to the department manager and/or equipment is no longer assigned to the employee, and
  - verify that equipment was recovered, and
- When ISS staff needs spare equipment and parts from the storage room or places additional items into the storage room.

Additionally, ISS should continuously consider opportunities to improve the current inventory process and the methods relied upon. For example, related to the TAL and useful metrics, as described under Recommendation #4.

IA will continue to follow up on this recommendation until full implementation.

**Recommendation 4:**

**ISS, in conjunction with Human Resources, should establish procedures to assign equipment to individuals or department managers through the use of hand receipts or another documented method that secures employee signatures. The procedures should address matters such as initial assignment to individuals, transfer of equipment or personnel to different departments, and procedures when an employee terminates.**

**Status: Implemented**

Human Resources (HR) relies on ISS for issuance and monitoring of IT assets. HR relies on the department managers to coordinate the collection of IT equipment when employees terminate Agency service. When an employee separates from Agency service, HR provides the department managers with a checklist to verify all Agency issued materials are collected or returned: IEUA Return of Agency-Issued Keys/Tools/Materials and I.D. Badge/FOB. As a result of this IT follow-up review, HR updated the form to include a reminder to Managers/Supervisors to review the TAL for IT items that were assigned to the separating employee.

ISS is the department with primary responsibility for tracking assignment, transfers, recovery and disposals of IT equipment. ISS has taken several steps to address this recommendation and while this recommendation is now considered implemented, tighter controls should be adopted to address initial assignment to individuals, transfer of equipment or personnel to different departments, and procedures when an employee terminates to ensure full accountability and tracking of equipment, as discussed in Recommendation #3 above (considered In Progress).

Annually, ISS requires all employees complete a self-verification process which serves as an annual inventory to verify the IT assets assigned to them. Starting with FY 2014, the ISS department emailed all Agency staff a hyperlink that takes users to a list of their assigned technology assets. Staff are responsible to verify, confirm, and electronically sign off on the list of IT equipment assigned to them. The IT asset self-verification process is conducted annually and has been performed at the end of the fiscal year for the last two years. This process is meant to place the responsibility for the physical inventory on Agency employees.

According to ISS, the self-verification process has been successful and helps ensure the information maintained in the TAL is up-to-date and accurate. Additionally, the process does not take up resources and time from ISS staff. ISS stated that the challenges with this confirmation process are, it occurs only once a year, requires continuous email reminders to staff, and at times there is employee unresponsiveness.

IA identified the following where there are opportunities for improvement to the current process:

- It was not possible to quantify the response rate for the annual verification process because the information is not captured through this process. It would be beneficial to measure response rate as an indicator of the proportion of IT assets that are verified and those that are not.
- The information maintained in the TAL is not static and constantly changes as updates are made to the database. ISS can only provide a current snap-shot of assets assigned to employees, but cannot go back in time to obtain past

assignments, transfers and movements. This information would be useful to track equipment, if for example, it is lost or stolen.

- To improve the TAL's usefulness, and measure whether the annual self-evaluation inventory process is achieving its intended purpose, ISS should consider finding a method to gather the following information:
  - Total number of employees assigned IT assets/equipment
  - Number of email notifications sent out to remind employees of the self-verification
  - Number of employees that did not respond at all or the actual response rate
  - IT equipment verified
  - IT equipment not verified

As noted above, this recommendation is now considered implemented, however, tighter controls should be adopted to address initial assignment to individuals, transfer of equipment or personnel to different departments, and procedures when an employee terminates and to ensure full accountability and tracking of equipment, as discussed under Recommendation #3 (considered In Progress).

**Recommendation 5:**

**ISS should develop a method for identifying parts and equipment on hand that are available, such as in storage, but not currently in use.**

**Status:        Implemented  
                     No longer applicable**

For this recommendation, risks and controls originally identified and recommended during the first audit will be reviewed under Recommendation #3. Recommendation #5 is no longer applicable because it only addresses one element of the tracking system, whereas Recommendation #3 addresses the entire comprehensive tracking system as a whole. IA has considered these recommendations to be similar and therefore, in an effort of simplicity, all concerns will be discussed under only one recommendation (#3).

ISS has taken several steps since the prior audits to address this recommendation including, developing a mechanism to track and account for spare IT equipment. While this recommendation is now considered implemented, tighter controls should be adopted to address timeliness, accuracy, and completeness of the information documented in the TAL to ensure full accountability and tracking of all IT equipment, to maintain the TAL as current as possible and to perform periodic inventories of assets. The controls and risks identified as part of this recommendation will also be addressed and reviewed in greater detail as part of Recommendation # 3, which is considered In Progress.

The discussion below summarizes the observations during this evaluation. These observations are rolled up into Recommendation #3:

For this 2016 follow up review, IA *judgmentally* selected a sample of 20 IT assets from the TAL with a status of "In Storage" located at the Headquarters and various plant sites to test the accuracy and existence of the assets as noted in the TAL. In addition, IA also selected 20 assets while at the ISS Storage Rooms at Headquarters and the plant sites to verify completeness and accuracy of the information in the TAL.

Based on the results of IA's test work, it appears the information listed in the TAL is not always up-to-date and the processes described in the written SOP are not consistently applied. ISS noted that in each of the ISS Storage Rooms there is a workstation that is connected to the network and staff is required to update the TAL when equipment is moved in and out of the Storage Room as noted in the department's SOP. The information in the TAL should be kept current, otherwise it can result in loss of staff time looking for assets in the wrong location, already in use, or retired. In the prior follow up review, IA noted that the effectiveness of the TAL is dependent on the accuracy and completeness of the information contained in the database, along with the effectiveness of the processes established to maintain the TAL.

**Attachment 1** to this audit report has a table that provides the exceptions of our testing results. The following is a summary of what we noted:

Items selected from the TAL to verify with physical assets:

Of the 20 items selected:

- Seven assets were not physically accounted for in the storage area indicated on the TAL.
- Two assets had already been retired, but the status in the TAL was not updated.

Items selected from the Storage Rooms to verify with the TAL:

Of the 20 items selected:

- One asset in the IS Work Room is a hub (fixed asset), but the information per the TAL indicated it was a workstation (Productivity tool).
- One asset was located in the RP-5/DCS Storage room, but the status information per the TAL noted the asset was in use.
- One asset was located at RP-1 Storage Room (Maintenance Building - Mezzanine area), but the status information per the TAL noted the asset was located at RP-5 Storage room.

Although ISS has taken corrective action to address the original recommendation by developing the TAL to track and account for spare IT equipment that is available and located in storage areas, it is not always up-to-date or accurate and may not be reliable to users. However, this recommendation only addresses one component of the overall IT inventory system, while Recommendation #3 above concerns the entire system. Therefore going forward, the controls concerned with this recommendation will be addressed as part of Recommendation #3, which requires additional time for full implementation.

**Recommendation 6:**

**ISS should establish procedures to perform periodic inventories of equipment under its responsibility, to include, at a minimum, all items with inventory tags in the ISS Assets Inventory database and all PCs/laptops.**

**Status: Implemented**

ISS has developed procedures to regularly inventory IT assets assigned to employees, which is documented in the department SOP: Managing Technology Assets. For the two categories of Technology Assets, the following was noted:

- **Employee Assets (Productivity assets)** – are technology assets routinely used by staff. Examples include: PC's, laptops, monitors, printers, etc.

ISS has established an annual self-verification and confirmation process for IT Productivity assets (as described earlier in this report under Recommendation # 4). This self-audit process puts responsibility and accountability of the IT assets, along with the accuracy of the information in the TAL upon staff.

- **Fixed Assets** – are technology assets installed at the various Agency locations, including headquarters and plant sites. These assets are not assigned to individual staff members. Examples include: programmable logic controllers (PLCs), in computing or input/output (I/O), uninterruptible power supply (UPS), control processor, network switches, microwave radios, servers, routers, etc.

As of December 2, 2015, the TAL had over 7,000 fixed IT assets, as shown:

Asset Type	Examples of Asset Subtype	Total Number of Fixed Assets	Estimated Asset Value per TAL
Network Infrastructure/Other	Switches, UPS, Servers, Microwave/Wireless	1,571	\$9,278,500
Power related	Power Supply, PLC Chassis, UPS, etc.	894	\$4,470,000
Process Control Hardware	I/O, PLC, Communication Card, Ethernet Interface, etc.	4,276	\$21,358,000
Process Control Panel/Hub	Local Control Panel, Remote I/O Panel, Remote Terminal Unit Panel, etc.	286	\$1,430,000
<b>Total of Fixed Assets as of December 2, 2015</b>		<b>7,027</b>	<b>\$36,536,500</b>

As noted above, ISS developed the TAL on AIM to use as a tracking system for the Agency's IT equipment (Employee and Fixed Assets). Even though this tracking system was implemented and meant to track and monitor both the Productivity and the Fixed Assets, ISS has determined that utilizing the TAL may not be the most effective inventory method and have been evaluating other tracking and inventory systems.



The ISS department has a significant number of IT fixed assets under its responsibilities that support the Agency's day-to-day operations, which are located at the treatment plants. The assets include items such as all equipment related to the Agency's SCADA system, large technology parts and small pieces within the larger parts. Based on our review, there is limited risk to the safeguarding and accountability of such large fixed assets. It would seem highly unlikely for a large system computer part to go missing. If a piece goes missing, the Agency's system will not function appropriately and ISS would be able to identify this immediately. Although the risk of theft or loss is minimal, it is still necessary to track all equipment.

ISS has encountered several challenges in continuously maintaining the information in the TAL, along with attempting to conduct periodic inventory of those IT fixed assets. The challenges with the annual inventory are determining what part is an individual asset versus what combined parts should be classified as one whole asset, while ensuring the process is efficient and effective in addressing controls and risks.

As part of addressing this recommendation, ISS has been researching various options to determine the most efficient and effective method to track and inventory IT fixed assets. As an organization, the Agency has evolved, the business needs have changed, and will continue to change. With the high quantity and dollar amount the Agency has invested in its IT Equipment, the risks and controls should be continuously reassessed, reevaluated and monitored. ISS is challenged with keeping up with the technology needs, while ensuring those assets are controlled and safeguarded. As a result, ISS has noted they have initiated discussions with outside consultants with expertise in this area. Additionally, ISS is also working with a Cybersecurity Consultant on another project related to the business network and safeguarding IT assets will be reviewed at some level.

Overall, ISS has noted that there are areas of their operations that can be improved, for example, continuing with cleaning out and purging the storage rooms of unnecessary or old technology, additions of new assets that come online, timely updates of information in the TAL related to terminations and equipment information. ISS plans to address these areas with external consultants as an effort to tighten controls and mitigate risks.

Based on IA's review, ISS has implemented processes to track and inventory IT equipment assigned to users and the annual verification process is conducted. This process will continue to evolve as the Agency moves forward and technology advances. ISS is challenged with solidifying similar controls for IT fixed assets. Because ISS is working to determine the best options and already discussing with outside consultants to address these areas, IA will reevaluate the risks in the future as part of its annual Risk Assessment and/or address any concerns there may be.

### Procurement Card (P-Card) Purchases

#### Recommendation 8:

**CAP review and ensure consistency in the requirements between CAP SOP CPP-07001, the draft Agency policy on the Procurement Card Program, and individual cardholder use agreements.**

#### Status: Implemented

The August 2012 audit report noted the following the observations related to P-cards:

- P-card purchase limits were inconsistent among various Agency documents
- Purchases were made for some items that were unallowable
- P-card purchase logs did not always provide detailed information of the purchase.
- Purchases sometimes exceeded the cardholder's user agreement limits (per transaction limit and monthly limit)

IA reviewed the most current Procurement Ordinance, Agency Policy A-89 Procurement Card Program (Revision No: 1, and Effective: January 26, 2016), CAP SOP (CAP-0012, Version Number: 001, Version date: August 15, 2013), and the individual P-cardholder agreements to verify if the per transaction and monthly limits are consistent.

#### **P-card Limits**

<b>Type of Document</b>	<b>Per Transaction:</b>	<b>Monthly Limit:</b>
Procurement Ordinance No. 101 (Section 3.7)	\$5,000 (less than or equal to)	None
A-89 Procurement Card Program (Number 5.8)	Established per Cardholder Agreement	
CAP SOP (CAP-0012)	Established per Cardholder Agreement	
Individual Cardholder Agreement	\$1,500	\$20,000

In the original audit, each of the documents described above, had different dollar amounts, making it confusing and inconsistent for users to understand their limits and authorized amounts. It appears that although the Agency Procurement Ordinance has higher dollar limits available, the individual cardholder agreements document the maximum spending limits that the cardholders must adhere to and this may be different depending on the needs and approvals for each individual cardholder. IA determines that this provides clarity on the P-card limits.

For P-card purchase activity for the ISS Department, refer to **Attachment 2**.

### **Physical Security**

**Recommendation 11:**

**ISS should ensure that all server and storage areas are properly secured at all times, and that only ISS staff with a specific need are provided access to these areas.**

**Status: Implemented**

**Recommendation 12:**

**ISS should ensure storage areas are clean and organized, dispose of trash, identify old equipment that is no longer needed, and properly dispose of unneeded, obsolete equipment.**

**Status: Implemented**

**Recommendation 13:**

**ISS should establish procedures to ensure all equipment over established thresholds have an inventory tag.**

**Status: Implemented**

During the original audit, IA noted the following observations/risks related to physical security:

- Storage and server areas were not properly secured
- Storage area unorganized, with old equipment and trash in storage area
- Items without inventory tags that should be tagged
- Non-IT items in storage area
- Other observations noted that put IT equipment at risk of damage or loss
- Unsecured equipment - risk for loss, theft, or use without proper authorization
- Disorganized/Unorganized storage areas - risk of theft or loss of equipment
- Non-IT items in the ISS storage room - risk that non-authorized personnel will need to access the storage area putting the Agency IT equipment at risk for loss or theft

Since the original audits in 2012, ISS has implemented the following:

- Tagged all IT equipment hardware with a value of at least \$1,000 (capitalization threshold) and recorded in the TAL. Other assets such as workstations (PC's), laptops, monitors, tablets, printers, and many more have also been tagged and included on the TAL for tracking purposes.
- Cleaned, organized and secured server rooms and storage areas at IEUA's Headquarters Building A and B, RP-1 (ISS Trailer and Mezzanine), and CCWRF. Signage showing "Authorized Access Only" was posted.

- Documented SOP: Managing Technology Assets (Doc Number: OPS-ISS-001). The SOP documents the procedures for the purchase, inventory, retirement, reporting, and **storage and security of IT equipment**.

IA reviewed access rights to the ISS server rooms and storage areas as of November 16, 2015. **Attachment 3** shows the number of individuals with access to each of the ISS Server Rooms and Storage areas, which according to ISS is reasonable. In addition, it is possible to obtain an access activity log by location. While additional controls have been implemented to secure storage areas, **IA suggests that ISS continuously monitor access to ensure only those individuals that require access to the ISS Server Rooms and Storage Rooms have access. Any individuals that do not need access should be deactivated immediately.**

Based on this review, it appears ISS has taken the necessary steps to implement additional security measures to ensure IT equipment is protected from unauthorized access, loss, damage or theft.

### Disposal of Equipment

**Recommendation 14:**

**ISS work with CAP to establish appropriate procedures that consider a broader range of disposal options for used IT equipment such as offering equipment to a wider range of charity organizations/schools, or consider reselling the equipment to recover some costs. Additionally, disposals should be clearly communicated to FMD promptly.**

**Status: Implemented**

The August 2012 audit report noted the following:

- Disposal procedures did not consider donations and/or resale of functional and usable IT equipment
- CAP department was infrequently involved in the disposal process of IT equipment
- Notification method to FMD for disposed items was not effective

The following table provides a breakdown of the recent disposals:

**Retired IT Equipment<sup>(1)</sup> Between 2012 and January 21, 2016**

Status per TAL	Asset Type	Number of Assets
Retired	Workstation	22
Retired/CAP	Monitor (52), Printer (8), Workstation (97)	157
Retired/E-Waste	Mobile Hot Spot/Jet Pack (1), Monitor (107), Printer (20), Scanner (2), Tablet (2), and Workstation (113)	245
<b>Total Amount of Disposed IT equipment</b>		<b>424</b>

(1) = Excludes A/V Equipment, Auto Rental Card, and Smartphones

According to ISS SOP (Doc Number OPS-ISS-001), section 5 Retired Equipment, any IT equipment that is deemed to be no longer useful to the Agency due to lack of technical support, old technology, or failed components will be “Retired” and either e-wasted or forwarded to CFS. E-wasted assets are reformatted or destroyed and kept aside for pick up or delivered to RP1 Warehouse Recycling Container, while retired IT equipment that is still functioning is forwarded to CFS for final disposition.

After 2012, both ISS and CFS have considered various options to dispose of functioning IT equipment, including donations or resell. Per CSF, no retired IT assets have been resold since the original audit was completed, only donated. In order to ensure IT assets are donated in an equitable manner within IEUA’s service area and surrounding regions, CFS determined that any retired and functioning IT assets are first offered to the San Bernardino County Superintendent of Schools (SBCSS), instead of individual schools, for donation. By providing the donations to the SBCSS, the organization can best determine how to allocate the IT equipment according to their needs. Based on the feedback received from SBCSS, the donated IT equipment is appreciated and went directly to the classrooms for student use. For any IT assets that were offered to SBCSS, but declined, ISS e-wasted those assets.

IA reviewed documentation that supported recent donations by the Agency:

Month	Type of Assets	Public Agency
June 2015	Printer and cables	Local School
May 2014	Personal Computers and Printers	San Bernardino County Superintendent of Schools
February 2014	Monitors, Desktops, Laptop Computers and miscellaneous items	San Bernardino County Superintendent of Schools
December 2013	Monitor and Printer	Habitat for Humanity
October 2013	Computers and various Peripherals	San Bernardino County Superintendent of Schools

As of October 13, 2015, the Agency contracted with PCTronics to erase/reformat and e-waste any IT equipment tagged for retirement. As part of the services provided, the vendor provides supporting documentation to confirm the e-waste. The new Agency process for disposals will be done through PCTronics because both ISS and CFS consider it more efficient. Therefore, because the recommendation was addressed, IA considers this recommendation to be implemented and no further action is required.

### **Standard Operating Procedures (SOPs)**

#### **Recommendation 21:**

**ISS should document Standard Operating Procedures to address the many functions of the department such as the Assets Inventory database, tagging new purchases, assigning account information to purchases, assigning property to individuals or departments, reconciliation of ISS and SAP records, spare part availability and tracking, and access to ISS storage areas.**

#### **Status: Implemented**

The original audit report noted that SOPs were lacking for many ISS functions, including:

- Updating ISS Assets Inventory database
- Procedures for tagging new purchases with unique inventory tags
- Identification of a purchase with O&M funds and association with a capital project
- Tracking equipment not in the ISS Assets Inventory database
- Assignment of property to individuals or departments
- Reconciliation of ISS and SAP asset records
- Spare part availability and tracking
- Disposal of equipment other than PCs/laptops
- Access to ISS storage areas

The purpose of SOPs is to ensure there are documented processes during staff absences, staffing changes, and cross-training. Having written procedures serves as an added control and reference guide to ensure functions are performed consistently. Without SOPs, there is the risk that procedures will be incorrectly applied or not reflect current business practices.

For the 2016 follow-up evaluation, IA inquired about the status of SOPs. ISS has a documented SOP titled: Managing Technology Assets (DOC Number OPS-ISS-001). IA reviewed the SOP and it contains the majority of the processes listed in the original recommendation, other than the reconciliation of ISS and SAP records.

According to ISS, there is currently no existing practice to reconcile the ISS information in the TAL to the Agency's financial system (SAP). ISS stated an email notification process has been put into place to notify FAD of IT assets that have been retired. At this time, IA was not able to validate this email notification process on the retirement of IT equipment and if SAP records are updated with this information accordingly.

Without reconciliations of ISS's Technology Asset Records to the SAP records, the accuracy and completeness of both records is at risk. To validate the information recorded, IA suggests ISS work with FAD to adopt a practice of periodic reconciliations of ISS records to the Agency's financial system, or develop a feasible and/or alternative

method to verify the accuracy, existence, and completeness of the financial information for the Agency's IT equipment.

Based on IA's follow-up review, ISS has taken steps to address the original recommendation to document SOPs. The reconciliation of ISS and SAP records is specifically addressed under Recommendation # 7 in this report. IA plans to continue to work with ISS and FAD on full implementation of Recommendation #7. Therefore, IA has determined Recommendation #21 to be fully implemented and no further work is required.

### **Procurement Card (P-card)**

#### **New Recommendation 1 (from November 2012 Follow-Up audit report):**

**ISS should ensure that any services procured with P-cards are expressly authorized by the Manager of CAP, CFO, AGM or GM prior to committing to services.**

#### **Status: In Progress**

In the August 2012 original audit report, IA identified observations related to the use of P-cards by ISS and those observations can be found under Recommendation # 8 in this report.

During the November 2012 follow-up and as a result of IA's audit work, ISS obtained authorization via email from the Manager of CAP to purchase Microsoft technical support and iPad data services using the P-card. Thus, IA provided a new recommendation in the follow-up audit report regarding the purchase of services on the P-card.

IA noted that all purchases of "new services" using the P-card should include the required authorization before the purchase is made.

Additional language has been added to A-89 that allows for the purchase of services related to technology based applications, software, licenses, technical support and data services, application/cloud-based services etc.; however, the revised Policy is still in the review process. Once the policy has been finalized and is available to all employees, this recommendation will be considered Implemented.

**Attachment 1**

**Table – Exceptions**

IA selected assets from the TAL with a status of "In Storage" to test the accuracy and existence of the assets as listed per the TAL. The exceptions found in our testing were:

<b>Assets selected from the TAL:</b>				
<b>Facility per TAL</b>	<b>Status per TAL</b>	<b>Type of Asset</b>	<b>ISS Tag Number</b>	<b>Located in Storage Room or with ISS</b>
HQ-B	In Storage	Monitor	BIZ02944	No – Asset not found
RP-1	In Storage	Laptop	PAC08390	No – Asset not found
RP-1	In Storage	Router	PAC07590	No – Asset not found
RP-1	In Storage	Controller Processor	PAC09631	No – Asset not found
RP-1	In Storage	Power Supply	PAC07173	No – Asset not found
RP-1	In Storage	PLC	PAC07815	No – Asset not found
CCWRF	In Storage	10 Slot I/O Chassis	PAC00086	No – Asset not found
HQ-A	In Storage	Workstation/Laptop	BIZ00076	No – Asset Retired
HQ-B	In Storage	Workstation/Laptop	BIZ01056	No – Asset Retired

IA selected assets at the Headquarters and various plan sites to verify completeness and accuracy of the information in the TAL:

<b>Assets selected from the ISS Storage Room:</b>					
<b>Facility</b>	<b>Location</b>	<b>Type of Asset</b>	<b>ISS Tag Number</b>	<b>Located on the TAL</b>	<b>Information accurate per TAL</b>
HQ-A	IS Work room	Hub	BIZ00977	Yes	No – Asset Type does not match
HQ-B	RP-5/ DCS Storage Lab	Power Supply	PAC04214	Yes	No – Status Incorrect
RP-1	Maintenance Building – Mezzanine Storage Room	Control Logix 10 Slots Chassis	PAC10726	Yes	No – Location Incorrect



## Attachment 2

Below is a table of the ISS department P-card activity for July 1, 2014 to January 31, 2016:

Fiscal Year	Number of P-card Transactions	Total Dollar Amount
2014/15	462	\$ 110,470
2015/16 <sup>(1)</sup>	130	\$ 26,728
<b>Totals</b>	<b>592</b>	<b>\$ 137,199</b>

(1) = Only covers 7 months.

In the limited review performed of P-card transactions for Fiscal Year 2014/15 to January 2016, IA noted there were no individual transactions that exceeded the \$1,500 per transaction limit and there were no cardholders that exceeded the monthly limit of \$20,000.

IA conducted a brief review to ensure that purchase activity did not exceed allowable limits and did not find instances where the new policy limits were exceeded.

**Attachment 3**

**Table – Access to ISS Server Rooms and Storage Areas**

Facility	Location	Security Measures in Place	Individuals with access	Estimated Number of individuals with access
HQ-A	Server Room	FOB access, Signage	Agency employees (62), Outside Agency employees (38)	100
HQ-A	IS Work Room	FOB access, Signage	Agency employees (62), Outside Agency employees (14)	76
HQ-B/ RP-5	Server Room	FOB access, Signage	Agency employees (62), Outside Agency employees (24)	86
HQ-B/ RP-5	DCS Lab	FOB access and Signage	Agency employees (62), Outside Agency employees (25)	87
HQ-B/ RP-5	DCS Storage Room <sup>(1)</sup>	Key access only	Agency employees (62), Outside Agency employees (25)	87
CCWRF	Maintenance Building	Cipher Lock, Signage, and Key	ISS staff (12) and Maintenance Staff (approximately 1-2)	14
RP-1	Mezzanine Area	Cipher Lock, Signage, and Key	ISS staff (12) and Maintenance Staff (approximately 1-2)	14
RP-1	ISS Trailer	Cipher Lock, Key	ISS staff (12) and Other Staff (approximately 8 more or less)	20+
RP-1	Administration Lab Building (Gold Room)	Cipher Lock, Key	ISS staff (12) and Maintenance Staff (approximately 1-2)	14
RP-4	Server Room	Cipher Lock, Key	ISS staff (12) and Maintenance Staff (approximately 1-2)	14
RP-4	Trailer	Cipher Lock, Key	ISS staff (7)	7

**Note:** Agency Employees include Board of Directors, Executives, Managers/Officials, HR, Safety, and ISS/BIS Staff, while Outside Agency employees include Contractors (various).

(1) = DCS Storage Room is located next to the DCS Lab. Accessible only via key, which is kept in a locked cabinet inside the DCS Lab. Individuals with access to the DCS Lab will be able to access DCS Storage Room.

**ISS is currently working with a Cybersecurity Consultant to perform an assessment of the Agency's business network. As part of this process, the Cybersecurity Consultant will evaluate security and accessibility by staff of the Agency's Server rooms located at Headquarters building A and B.**

**Attachment 4**  
**IT Equipment, dated August 21, 2012**  
**Status of Recommendations**

Rec #	Recommendation	Implemented	Deferred	In Progress	Not Implemented
1	ISS, in coordination with other departments, determine suitable methods to track different types of IT equipment, based on risk factors such as the dollar value and risk of loss or theft of the equipment.	Implemented 2012			
2	FAD work with Department Managers and Project Managers to obtain all the necessary information to ensure that all purchases that meet the capitalization threshold are identifiable in SAP asset records with the serial number and other necessary identifying information.	Implemented 2012			
3	ISS implement appropriate tracking systems that include relevant information on IT purchases (i.e., serial numbers, etc.), are updated timely and are complete and accurate. ISS should establish procedures to enter, modify, and delete information in the tracking systems that address areas such as timeliness for updates, responsibilities for maintaining the systems, and the types of items included in the tracking system.			X	
4	ISS, in conjunction with Human Resources, should establish procedures to assign equipment to individuals or department managers through the use of hand receipts or another documented method that secures employee signatures. The procedures should address matters such as initial assignment to individuals, transfer of equipment or personnel to different departments, and procedures when an employee terminates.	X			
5	ISS should develop a method for identifying parts and equipment on hand that are available, such as in storage, but not currently in use.	X			
6	ISS should establish procedures to perform periodic inventories of equipment under its responsibility, to include, at a minimum, all items with inventory tags in the ISS Assets Inventory database and all PCs/laptops.	X			
7	ISS and FAD should work together to establish procedures to perform periodic reconciliations of SAP assets and ISS equipment records.		Deferred to FAD		

8	CAP review and ensure consistency in the requirements between CAP SOP CPP-07001, the draft Agency policy on the Procurement Card Program, and individual cardholder use agreements.	X			
9	ISS staff making purchases with the P-Card should ensure compliance with individual cardholder use agreements.	Implemented 2012			
10	ISS cardholders should ensure logs clearly justify the purchase, by documenting the requestor's name, identifying the assigned user of the purchase, and/or the location where the item will be placed.	Implemented 2012			
11	ISS should ensure that all server and storage areas are properly secured at all times, and that only ISS staff with a specific need are provided access to these areas.	X			
12	ISS should ensure storage areas are clean and organized, dispose of trash, identify old equipment that is no longer needed, and properly dispose of unneeded, obsolete equipment.	X			
13	ISS should establish procedures to ensure all equipment over established thresholds have an inventory tag.	X			
14	ISS work with CAP to establish appropriate procedures that consider a broader range of disposal options for used IT equipment such as offering equipment to a wider range of charity organizations/schools, or consider reselling the equipment to recover some costs. Additionally, disposals should be clearly communicated to FMD promptly.	X			
15	FAD should implement adequate controls to ensure that the stated capitalization policy for IT equipment is consistently followed and to ensure that items not meeting the capitalization threshold are capitalized and to ensure that items not meeting the capitalization threshold are not capitalized.		Deferred to FAD		
16	ISS should ensure that purchases meeting the capitalization threshold are identified to capital projects to ensure the costs are capitalized in accordance with the accounting policy and avoid expensing these purchases even if there is no established project.	Implemented 2012			

17	FAD should implement adequate controls to ensure that asset records established in SAP are accurate and complete, such as ensuring that all data fields in SAP are completed and ensuring that only those items allowed by the capitalization policy are capitalized.								
18	FAD should implement controls to ensure that asset values include only project costs associated with the asset being established.	Implemented 2012							
19	FAD should return incorrect or incomplete Project Closure Authorization Forms to the Project Manager for proper completion. FMD should also provide training to Project Managers on the importance of proper completion and instructions on completing the form.					Deferred to FAD			
20	FAD should implement internal controls to ensure timely periodic follow-up with other department managers on projects requiring closure.					Deferred to FAD			
21	ISS should document Standard Operating Procedures to address the many functions of the department such as the Assets Inventory database, tagging new purchases, assigning account information to purchases, assigning property to individuals or departments, reconciliation of ISS and SAP records, spare part availability and tracking, and access to ISS storage areas.	X							
22	FAD should document Standard Operating Procedures to address the functions of setting up capital assets such as procedures for completing the SAP asset information, compliance with stated capitalization thresholds, and processing of Project Closure Authorization Forms.					Deferred to FAD			
<b>Totals</b>		9				6			1

**IT Equipment Follow up Audit, dated November 14, 2012  
 Status of Recommendations**

Rec #	Recommendation	Implemented	Deferred	In Progress	Not Implemented
1	ISS should ensure that any services procured with P-cards are expressly authorized by the Manager of CAP, CFO, AGM or GM prior to committing to services.			X	
2	FAD should seek guidance from the external auditors on the capitalization of computers and peripheral computer equipment costing less than \$1,000, and the capitalization of software licensing costs to ensure the proper accounting treatment is employed.		Deferred to FAD		
<b>Totals</b>		0	1	1	0

**AGENCY  
REPRESENTATIVES'  
REPORTS**

**5A**



# SAWPA

SANTA ANA WATERSHED PROJECT AUTHORITY  
11615 Sterling Avenue, Riverside, California 92583 • (951) 354-4220

## REGULAR COMMISSION MEETING TUESDAY, MARCH 15, 2016 – 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: MARCH 1, 2016**  
Recommendation: Approve as posted.
  - B. **TREASURER'S REPORT – FEBRUARY 2016**  
Recommendation: Approve as posted.
5. **NEW BUSINESS**
  - A. **SAWPA STRATEGIC REVIEW – ROUNDTABLE PROJECTS (CM#2016.21)**  
Presenter: Mark Norton  
Recommendation: Receive and file this presentation about the SAWPA Roundtable Projects.
6. **INFORMATIONAL REPORTS**  
Recommendation: Receive and file the following oral/written reports/updates.
  - A. **CASH TRANSACTIONS REPORT – JANUARY 2016**  
Presenter: Karen Williams
  - B. **INTER-FUND BORROWING – JANUARY 2016 (CM#2016.19)**  
Presenter: Karen Williams



**C. PERFORMANCE INDICATORS/FINANCIAL REPORTING – JANUARY 2016  
(CM#2016.20)**

Presenter: Karen Williams

**D. GENERAL MANAGER'S REPORT**

**E. STATE LEGISLATIVE REPORT**

Presenter: Celeste Cantú

**F. SAWPA GENERAL MANAGERS MEETING NOTES**

- March 8, 2016

**G. CHAIR'S COMMENTS/REPORT**

**H. COMMISSIONERS' COMMENTS**

**I. COMMISSIONERS' REQUEST FOR FUTURE AGENDA ITEMS**

**7. CLOSED SESSION**

**A. PUBLIC EMPLOYEE ANNUAL PERFORMANCE EVALUATION – PURSUANT TO  
GOVERNMENT CODE SECTION 54957**

Title: Executive Counsel

**B. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION – SIGNIFICANT  
EXPOSURE TO LITIGATION PURSUANT TO GOVERNMENT CODE SECTION  
54956.9(d)(2)**

Company Name: Spiniello

**C. CONFERENCE WITH LEGAL COUNSEL – EXPOSURE TO LITIGATION – PURSUANT  
TO GOVERNMENT CODE SECTION 54956.9(d)(2)**

Number of Potential Cases: One

**8. 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 (951) 354-4220 or [kberry@sawpa.org](mailto:kberry@sawpa.org). 48-hour notification 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](http://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 Wednesday, March 9, 2016, a copy of this agenda has been uploaded to the SAWPA website at [www.sawpa.org](http://www.sawpa.org) and posted in SAWPA's office at 11615 Sterling Avenue, Riverside, California.

/s/

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Kelly Berry, CMC

**2016 - 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.)

<b>January</b> 1/5/16 Commission Workshop 1/19/16 Regular Commission Meeting	<b>February</b> 2/2/16 Commission Workshop-OCSD Facilities Tour 2/16/16 Regular Commission Meeting
<b>March</b> 3/1/16 Commission Workshop 3/15/16 Regular Commission Meeting	<b>April</b> 4/5/16 Commission Workshop 4/19/16 Regular Commission Meeting
<b>May</b> 5/3/16 Commission Workshop 5/3 – 5/6/16 ACWA Spring Conference, Monterey 5/17/16 Regular Commission Meeting	<b>June</b> 6/7/16 Commission Workshop 6/21/16 Regular Commission Meeting
<b>July</b> 7/5/16 Commission Workshop 7/19/16 Regular Commission Meeting	<b>August</b> 8/2/16 Commission Workshop 8/16/16 Regular Commission Meeting
<b>September</b> 9/6/16 Commission Workshop 9/20/16 Regular Commission Meeting	<b>October</b> 10/4/16 Commission Workshop 10/18/16 Regular Commission Meeting
<b>November</b> 11/1/16 Commission Workshop 11/29 – 12/2/16 ACWA Fall Conference, Anaheim 11/15/16 Regular Commission Meeting	<b>December</b> 12/6/16 Commission Workshop 12/20/16 Regular Commission Meeting

**AGENCY  
REPRESENTATIVES'  
REPORTS**

**5B**



**REVISION 2**

**Regular Board Meeting**

**March 8, 2016**

**12:00 p.m. – Board Room**

Tuesday, March 8, 2016 Meeting Schedule		
7:00-8:00 a.m.	Rm. 1-101	Dir. Computer Training
9:00 a.m.	Rm. 2-145	L&C
10:00 a.m.	Rm. 2-456	RP&AM
11:00 a.m.	Rm. 2-145	QP&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: Silvia Lanza, Engineer, Engineering Services Group
- (b) Pledge of Allegiance: Director Donald Galleano

**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))

**PUBLIC HEARING**

- 1. Public hearing to consider suspending the tax rate limitations in Section 124.5 of the Metropolitan Water District Act to maintain the ad valorem tax rate
- 2. Comments on proposed water rates and charges for calendar years 2017 and 2018 to meet revenue requirements

**5. OTHER MATTERS**

- A. Approval of the Minutes of the Meeting for February 9, 2016. (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 February
- C. Approve committee assignments
- D. Chairman's Monthly Activity Report

**6. DEPARTMENT HEADS' REPORTS**

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

**7. CONSENT CALENDAR ITEMS — ACTION**

- 7-1 Appropriate \$620,000; and authorize: (1) design to rehabilitate a blow-off structure on the Orange County Feeder; and (2) increase of \$200,000 to an existing agreement with Dudek, for a new not-to-exceed total of \$485,000 (Approp. 15377). (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 the Board's independent judgment and analysis; adopt the Findings of Fact and Mitigation Monitoring and Reporting Program; and**

- a. Appropriate \$620,000;**
- b. Authorize final design to rehabilitate a blow-off structure on the Orange County Feeder; and**
- c. Authorize increase of \$200,000 to an agreement with Dudek, for a new not-to-exceed total of \$485,000.**

- 7-2** Appropriate \$840,000; and authorize preliminary investigations to rehabilitate the auxiliary power systems at the Colorado River Aqueduct pumping plants (Approp. 15384). (E&O)

**Recommendation:**

**Option #1:**

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

- a. Appropriate \$840,000; and**
- b. Authorize preliminary investigations to rehabilitate the auxiliary power systems at the Colorado River Aqueduct pumping plants.**

- 7-3** Approve revised final terms for the Bard Water District land management and seasonal fallowing pilot program. (WP&S)

**Recommendation:**

**Option #1:**

**Adopt the CEQA determination that the proposed action was previously determined to be categorically exempt and not subject to CEQA, and that no further environmental analysis or documentation is required, and authorize the revised final terms for the pilot program agreement with Bard Water District and the land management and seasonal fallowing agreements with farmers of farmland in the Bard Unit.**

**(END OF CONSENT CALENDAR)**

## 8. OTHER BOARD ITEMS — ACTION

- 8-1** Adopt Master Subordinate Resolution authorizing the issuance of subordinate water revenue bonds and other forms of indebtedness; and adopt the First Supplemental Subordinate Resolution to the Master Subordinate Resolution authorizing the issuance of subordinate water revenue refunding bonds. (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. Adopt the Master Subordinate Resolution authorizing the issuance of subordinate water revenue bonds to finance any legal purpose of the District and providing the terms and conditions for the issuance of said bonds, as contained in Attachment 1 to the board letter; and**
- b. Adopt the First Supplemental Subordinate Resolution to the Master Subordinate Resolution authorizing the issuance of subordinate water revenue refunding bonds, providing the terms and conditions of such bonds and authorizing the approval of other related documents, as contained in Attachment 2 to the board letter.**

- 8-2** Adopt Short-Term Revenue Certificate Resolution authorizing the sale and issuance of up to \$400 million of short-term revenue certificates and providing for credit facilities and trust agreements. (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 adopt the Short-Term Certificates Resolution authorizing the sale and issuance from time to time of up to \$400 million of short-term revenue certificates and providing for credit facilities and trust agreements, as contained in Attachment 1 to the board letter.**

- 8-3** Adopt resolution supporting Metropolitan's application for funding from the State Water Resources Control Board's Water Recycling Funding Program, and for acceptance of potential funding; and authorize two agreements for Metropolitan's potential regional recycled water supply program: (1) agreement with MWH Americas, Inc., in an amount not to exceed \$1.2 million for design of the demonstration-scale recycled water treatment plant; and (2) agreement with Black & Veatch Corporation, Inc. in an amount not to exceed \$1.9 million to conduct feasibility studies of the recycled water delivery system (Approps. 11002 and 15493). (E&O)

**Recommendation:**

**Option #1:**

**Adopt the CEQA determination that the proposed actions are not defined as a project and/or are statutorily and categorically exempt, and**

- a. Adopt a resolution supporting Metropolitan's application to SWRCB's Water Recycling Funding Program, and authorize the General Manager to accept potential grant funding or low interest loans, and to enter into an agreement with SWRCB in a form approved by the General Counsel;**
- b. Authorize agreement with MWH Americas, Inc. in an amount not to exceed \$1.2 million for design of the demonstration-scale recycled water treatment plant; and**
- c. Authorize agreement with Black & Veatch Corporation, Inc. in an amount not to exceed \$1.9 million to conduct initial feasibility studies of the recycled water delivery system.**

**Revised**            **8-4**            Approve entering into memorandum of agreements with Metropolitan's four bargaining units for a three-year \$1,200,000 incentive payment program for employees assigned to the Iron Mountain, Eagle Mountain and Hinds Pumping Plants. (OP&T)

**Added**            **Recommendation:**

**Option #1:**

**Adopt the CEQA determination that the proposed actions are not defined as a project and are not subject to CEQA, and authorize the General Manager to enter into memorandums of agreement in excess of \$250,000 with Metropolitan's four bargaining units to implement a three-year, \$1,200,000 incentive payment program for Remote Location employees according to the provision outlined in the board letter.**

**8-5**            Ratify and amend the Executive Committee appropriation of \$18 million to \$13.9 million; and ratify General Manager's award of a \$9.15 million construction contract to J. F. Shea Construction, Inc. for urgent prestressed concrete cylinder pipe repairs on the Sepulveda Feeder (Approp. 15496).



**Recommendation:**

**Option #1:**

**Adopt the CEQA determination that the proposed action was previously determined to be statutorily exempt and that no further environmental analysis or documentation is required, and**

- a. Ratify the prior action of the Executive Committee;**
- b. Appropriate \$13.9 million; and**
- c. Ratify the General Manager's award of a \$9.15 million contract to J. F. Shea Construction, Inc. for urgent PCCP repairs on the Sepulveda Feeder.**

**Subject Revised 8-6**

**Authorize entering into an agreement to purchase ~~or to acquire an option to purchase~~ property from Delta Wetlands Properties in Contra Costa, San Joaquin, and Solano Counties. (RP&AM)**

**[Conference with real property negotiators; Property is approximately 20,369.80 acres, identified as Contra Costa County Assessor's Parcel Nos. 026-060-003-6, 026-060-007-7, 026-060-008-5, 026-060-015-0, 026-060-016-8, 026-060-017-8, 026-060-018-4, 026-060-019-2, 026-070-001-8, 026-070-006-7, 026-070-010-9, 026-070-011-7, 026-070-012-5, 026-070-013-3, 026-080-004-0, 026-080-005-7, 026-080-006-5, 026-080-007-3, 026-080-008-1, 026-080-009-9; 023-040-026-9, 023-040-027-7, 023-050-001-9, 023-050-002-7, 023-070-011-4, 023-070-012-2, 023-080-010-4, 023-080-011-2, 023-090-001-1, 023-090-003-7, 023-090-004-5, 023-100-001-9, 023-100-002-7, 023-100-004-3, 023-100-007-6, 023-100-008-4; San Joaquin County Assessor's Parcel Nos. 129-050-01, 129-050-02, 129-050-03, 129-050-04, 129-050-05, 129-050-06, 129-050-07, 129-050-08, 129-050-09, 129-050-11, 129-050-12, 129-050-13, 129-050-14, 129-050-15, 129-050-16, 129-050-17, 129-050-18, 129-050-19, 129-050-24, 129-050-25, 129-050-26, 129-050-27, 129-050-28, 129-050-52, 129-050-54, 129-050-55, 129-050-56, 129-050-60, 069-030-08, 069-030-09, 069-030-10, 069-030-11, 069-030-19, 069-030-20, 069-030-21, 069-030-22, 069-030-23, 069-030-24, 069-030-26, 069-030-27, 069-030-28, 069-030-29, 069-030-30, 069-030-31, 069-030-32, 069-030-33, 069-030-34, 069-030-35, 069-030-36, 069-030-37, 069-030-38, 069-030-39, 069-030-42, 069-030-44, 069-100-01, 069-100-02, 069-100-03, 069-100-04, 069-100-05, 069-100-08, 069-100-09, 069-100-10, 069-100-11; and Solano County Assessor's Parcel No. 090-060-010; agency negotiators: Jeff Kightlinger, Stephen Arakawa, and Bryan Otake; negotiating parties: Metropolitan and Delta Wetlands Properties; under negotiation: price and terms; to be heard in closed session pursuant to Gov. Code Section 54956.8)]**

**9. BOARD INFORMATION ITEMS**

- 9-1 Options for leasing Metropolitan-owned lands in the Palo Verde valley. (WP&S)**
- 9-2 Proposed revenue requirements for fiscal years 2016/17 and 2017/18 and proposed water rates and charges for calendar years 2017 and 2018 to meet revenue requirements. (F&I)**

## **10. FOLLOW-UP ITEMS**

None

## **11. FUTURE AGENDA ITEMS**

## **12. 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**

**5C**



## **Regional Sewerage Program Policy Committee Meeting**

**AGENDA**  
**Thursday, March 3, 2016**  
**4:30 p.m.**

**Location**

Inland Empire Utilities Agency  
6075 Kimball Avenue  
Chino, CA 91710

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**Call to Order and Roll Call**

**Pledge of Allegiance**

**Public Comment**

- 1. Technical Committee Report – Ryan Shaw (Oral)**
- 2. Approval of Minutes**
  - A. Minutes of November 4, 2015 Joint IEUA Board and Policy Committee Workshop
- 3. Action Items**
  - A. Recycled Water Policy Principles (Written)
- 4. Informational Items**
  - A. Regional Contract Amendment
- 5. Receive and File**
  - A. RP-1/RP-5 Predesign Report
  - B. JCSD Recycled Water Term Sheet
  - C. Mid-Year Building Activity Update
  - D. Recycled Water Distribution – Operations Summary
  - E. Energy Management Plan
  - F. Recycled Water Semi-Annual Update
  - G. Organics Diversion Feasibility Study
  - H. Septic Area Analysis
  - I. IEUA Storage Agreement
  - J. El Nino Preparation
  - K. Regional Contract Audit Notification Process

**6. Other Business**

- A. IEUA General Manager's Update
- B. Committee Member Requested Agenda Items for Next Meeting
- C. Committee Member Comments
- D. Next Meeting – April 7, 2016

**7. Adjournment**

**DECLARATION OF POSTING**

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I, Laura Mantilla, Executive Assistant 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. in the foyer at the Agency's main office, 6075 Kimball Avenue, Building A, Chino, CA on Monday, February 29, 2016.



Laura Mantilla

**AGENCY  
REPRESENTATIVES'  
REPORTS**

**5D**

**CHINO BASIN WATERMASTER  
WATERMASTER BOARD MEETING**

11:00 a.m. – February 25, 2016

**WITH**

*Mr. Steve Elle – Chair*

*Mr. James Curatalo – 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 Meeting held January 28, 2016

**B. FINANCIAL REPORTS**

1. Cash Disbursements for the month of December 2015
2. Watermaster VISA Check Detail for the month of December 2015
3. Combining Schedule for the Period July 1, 2015 through December 31, 2015
4. Treasurer's Report of Financial Affairs for the Period December 1, 2015 through December 31, 2015
5. Budget vs. Actual Report for the Period July 1, 2015 through December 31, 2015

**C. WATER TRANSACTION**

The purchase of 500,000 acre-feet of water from San Antonio Water Company by Cucamonga Valley Water District. This purchase is made from San Antonio Water Company's storage Account. Date of application: September 8, 2015

**II. BUSINESS ITEMS**

**A. MID-YEAR REVIEW OF FISCAL YEAR 2015/16 (Information Only)**

Receive and file the Mid-Year Review Report for the period of July 1, 2015 through December 31, 2015 as presented.

**III. REPORTS/UPDATES**

**A. LEGAL COUNSEL REPORT**

1. Motion re 2015 Safe Yield Reset Agreement
2. Non-Ag Pool Request for Entry of Order re Filing and Service

**B. CFO REPORT**

None

**C. ENGINEERING REPORT**

1. MZ3 Water Levels (Follow-Up on Director Galleano's Request)

**D. GM REPORT**

1. Basin Boundary Modification Update
2. Business Plan Update
3. Overlying Non-Agricultural Pool Available Water Per Restated Judgment Exhibit "G"
4. Achievement of Hydraulic Control in Chino Basin
5. Other

**IV. INFORMATION**

1. Cash Disbursements for January 2016

**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.

**VIII. FUTURE MEETINGS AT WATERMASTER**


2/23/16	Tue	9:00 a.m.	Groundwater Recharge Coordinating Committee (GRCC at CBWCD)
2/25/16	Thu	11:00 a.m.	Watermaster Board
3/10/16	Thu	9:00 a.m.	Appropriative Pool
3/10/16	Thu	11:00 a.m.	Non-Agricultural Pool
3/10/16	Thu	1:30 p.m.	Agricultural Pool
3/17/16	Thu	8:00 a.m.	Appropriative Pool Strategic Planning (Confidential Session Only)
3/17/16	Thu	9:00 a.m.	Advisory Committee
3/17/16	Thu	9:30 a.m.	Recharge Investigations and Projects Committee (RIPCom)
3/24/16	Thu	11:00 a.m.	Watermaster Board

**ADJOURNMENT**



**GENERAL  
MANAGER'S  
REPORT**



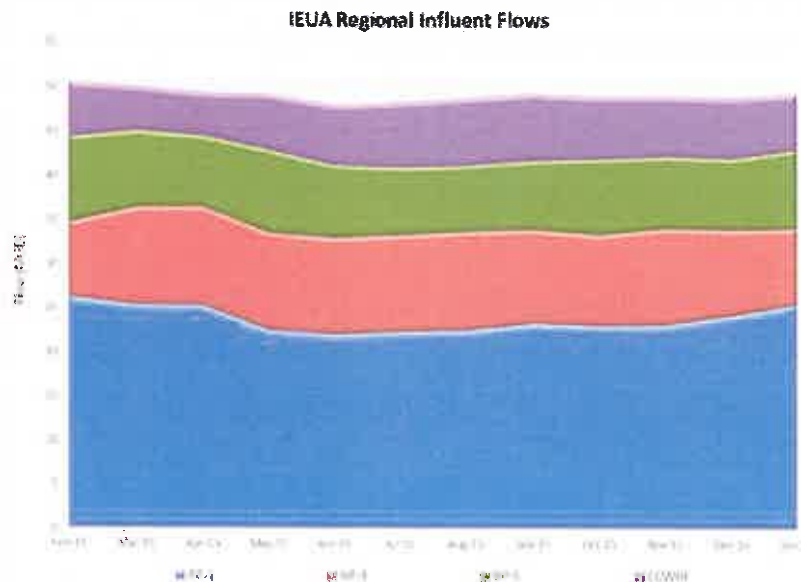
Date: March 16, 2016  
 To: The Honorable Board of Directors  
 From: P. Joseph Grindstaff, General Manager   
 Subject: General Manager's Report Regarding Agency Activities

**PLANNING & ENVIRONMENTAL RESOURCES**

Drought Summary - Member Agencies versus State Board requirement.

<b>Water Tracker</b>			
<b>Agency</b>	<b>Target Savings</b>	<b>Cumulative Savings (Jun-Dec 2015)</b>	<b>Monthly Savings (Jan 2016)</b>
<b>Chino</b>	24%	21%	17%
<b>Chino Hills</b>	28%	29%	21%
<b>CVWD</b>	32%	27%	20%
<b>FWC</b>	28%	29%	19%
<b>MVWD</b>	24%	27%	18%
<b>Ontario</b>	24%	21%	19%
<b>Upland</b>	36%	39%	32%

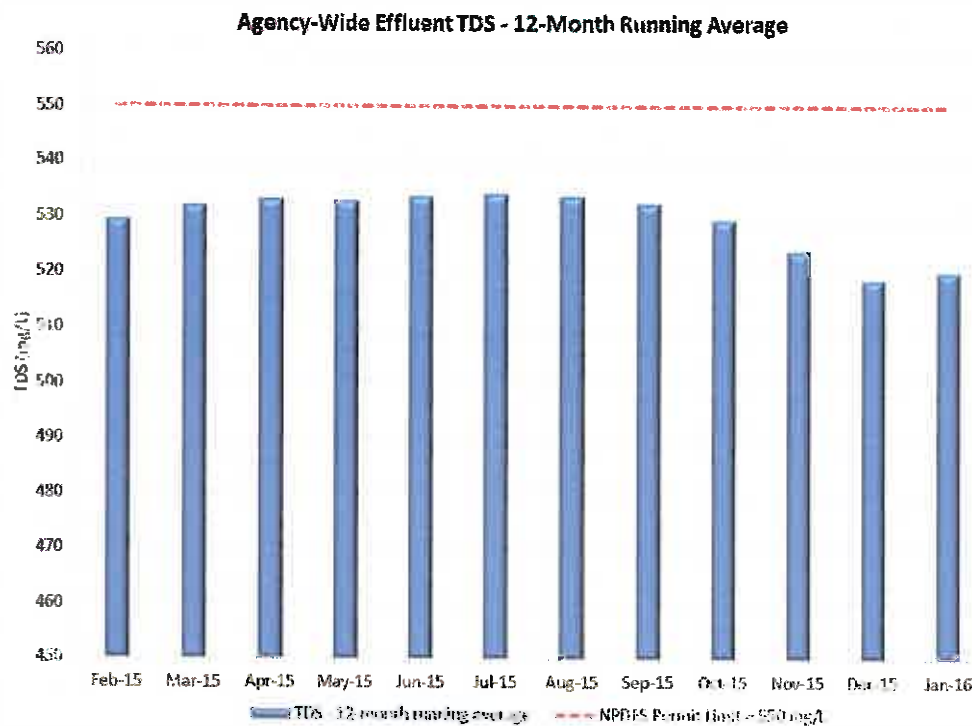
Regional Plant influent flows during the month of January was consistent with the flow received during the previous months. Agency-wide average daily influent flow for the month of January 2016 was approximately 49.3 million gallons per day.



The National Pollutant Discharge Elimination System (NPDES) permit limit for Agency-wide 12-month flow-weighted running average of Total Inorganic Nitrogen (TIN) is 8 mg/L. The value for January 2016 TIN was 5.7 mg/L.

The 12-month running average for TDS from the Agency's treatment plants was on an incline, and reached 534 mg/L; January's 12-month average had slightly decreased to 515 mg/L. The increase in salinity can be attributed to a combination of conservation efforts, which caused an increase to the wastewater strength received at the treatment plants, as well as increased salinity from the State Water Project. If the TDS trend continues to increase, the Agency will have to plan for added treatment in order to meet NPDES permit requirement of 550 mg/L, and in the long term to meet salinity objectives for the Chino Basin.

In January 2016, IEUA staff met with Regional Board staff to discuss the feasibility of an extended averaging period for TDS. The Regional Board staff determined that in order to proceed, IEUA would need to amend the Basin Plan to reflect the change from 12-month to the requested 10-year period. They recommended that IEUA re-evaluate the maximum benefit program since it has been over ten years since it has been in place.



The recently adopted NPDES permit incorporated effluent limits for dioxins (including dioxin-like compounds known as PCDD/PCDF congeners). In November and December 2015, IEUA self-reported exceedances of the average monthly (0.014 pg/L) and maximum daily (0.028 pg/L) limits. After some research, IEUA presented the Regional Board with a toxicity equivalency quotient (TEQ) calculation that took into account lab results that fell below minimum levels/reporting limits of the lab method to be calculated as zeroes and bioaccumulation in fish flesh. The Regional Board is currently looking into our proposal and preliminary findings are favorable.

On December 9, 2015, Inland BioEnergy (IBE) source tested the flare at RP-5 Solids Handling Facility (RP-5 SHF) as required by the South Coast Air Quality Management District (AQMD) permit. Since the results indicated that the NOx emissions were above the limit, IEUA filed a petition for an emergency variance and for a short variance on February 12, 2016 to seek relief from the AQMD Board to allow operating the flare in violation of AQMD rules without penalty, while taking appropriate steps to be in compliance. The hearing for the short variance has been scheduled for March 9, 2016. If the Board grants the variance, AQMD can still issue a Notice of Violation to the facility for the days prior to March 9, 2016.

**OPERATIONS UPDATE**

January 2016, Regional Plant sodium hypochlorite consumption averaged 129 gallons per million gallons of treated flows.

**IERCF UPDATE**

**Operational Comments** – Facility throughput for February averaged approximately 96% of permitted capacity at an average of 429 tons per day of biosolids and 160 tons per day of amendments (based on a 29-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	6,892.14	14,103.65
IEUA	5,542.21	10,782.72
OCSA	0	0
<b>Total</b>	<b>12,434.35</b>	<b>24,886.37</b>

**Compost Sales** – Sales were flat in February reflecting typical winter agricultural use. April is expected to be similar depending on weather. Compost inventory in the storage facility is at approximately 20,000 cubic yards.

**Monthly Sales Summary February 2016**

Month	Product	Cubic Yards	Avg. \$/CYD	Total \$
February	Premium	10,512.12	\$2.74	\$28,818.39
	Base	1,906.74	\$0.06	\$107.76
<b>Total</b>		<b>12,418.86</b>	<b>\$2.33</b>	<b>\$28,926.15</b>

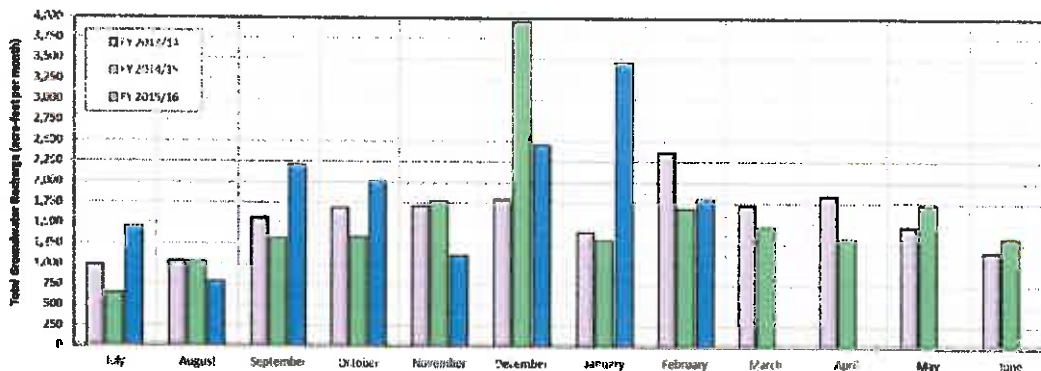
**YTD Sales Summary through February 2016**

Month	Total Cyds 2015/2016	Total Cyds 2014/2015	Total \$ 2015/2016	Total \$ 2014/2015
July	21,389.25	23,882.49	\$34,657.16	\$39,474.57
August	16,919.04	25,689.52	\$30,461.07	\$27,575.69
September	16,750.02	33,184.26	\$24,655.71	\$37,732.49
October	27,394.30	31,487.37	\$33,401.74	\$31,552.56
November	29,056.62	22,348.31	\$25,280.90	\$32,957.02
December	17,586.64	18,272.61	\$28,476.77	\$23,528.45
January	14,298.49	14,388.67	\$22,085.28	\$38,227.06
February	12,418.86	15,105.97	\$28,926.15	\$37,979.47
<b>Total</b>	<b>155,813.22</b>	<b>184,359.20</b>	<b>\$227,944.78</b>	<b>\$269,027.31</b>
<b>Average</b>	<b>19,476.65</b>	<b>23,044.90</b>	<b>\$28,493.10</b>	<b>\$33,628.41</b>

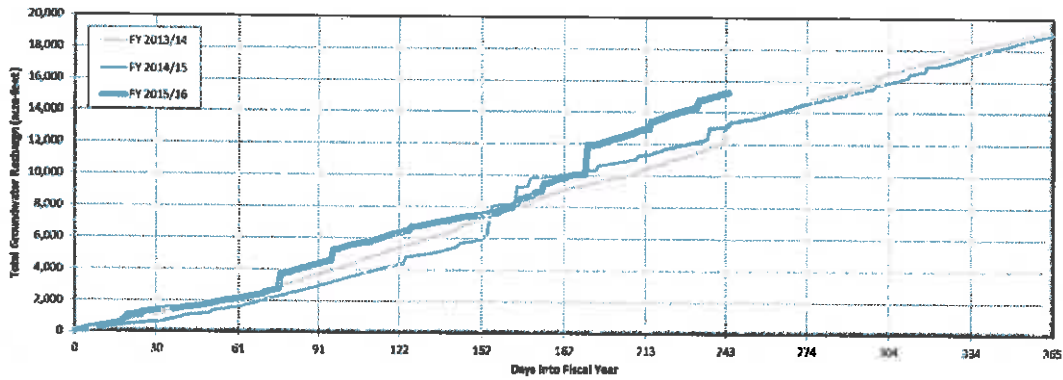
**GROUNDWATER RECHARGE**

During February 2016, recycled water recharge totaled 1,321 acre-feet. There was no imported water delivered. The capture of dry weather creek flows totaled 20 acre-feet. There was one rain event during this period that generated a total of approximately 455 acre-feet of captured storm water. A detailed summary of the Chino Basin Groundwater Recharge Operations can be found at <http://www.ieua.org/category/reports/groundwater-recharge-reports>.

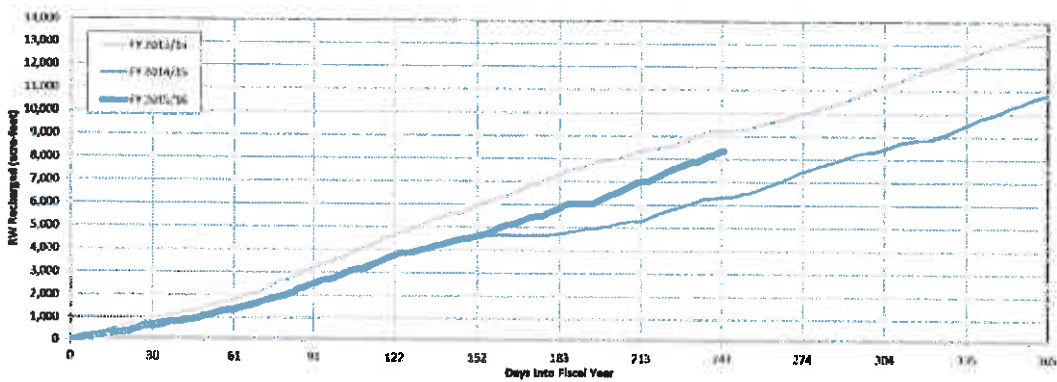
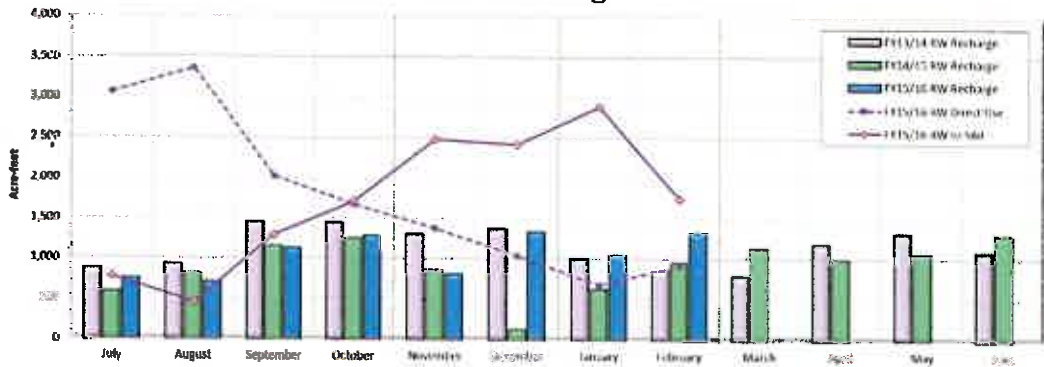
**Total Groundwater Recharge**



**Total Groundwater Recharge (continued)**

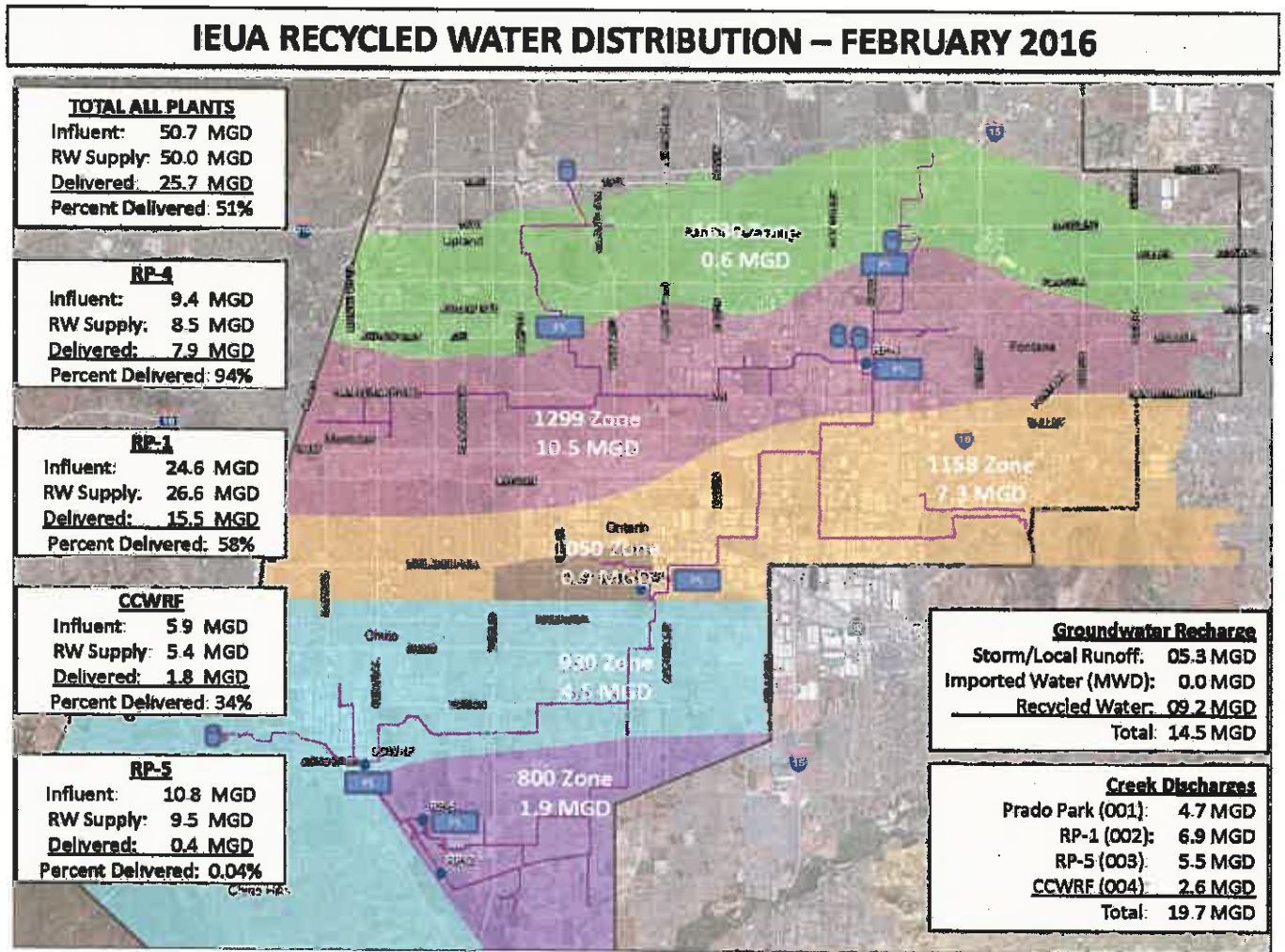


**Recycled Water Delivered to Groundwater Recharge**



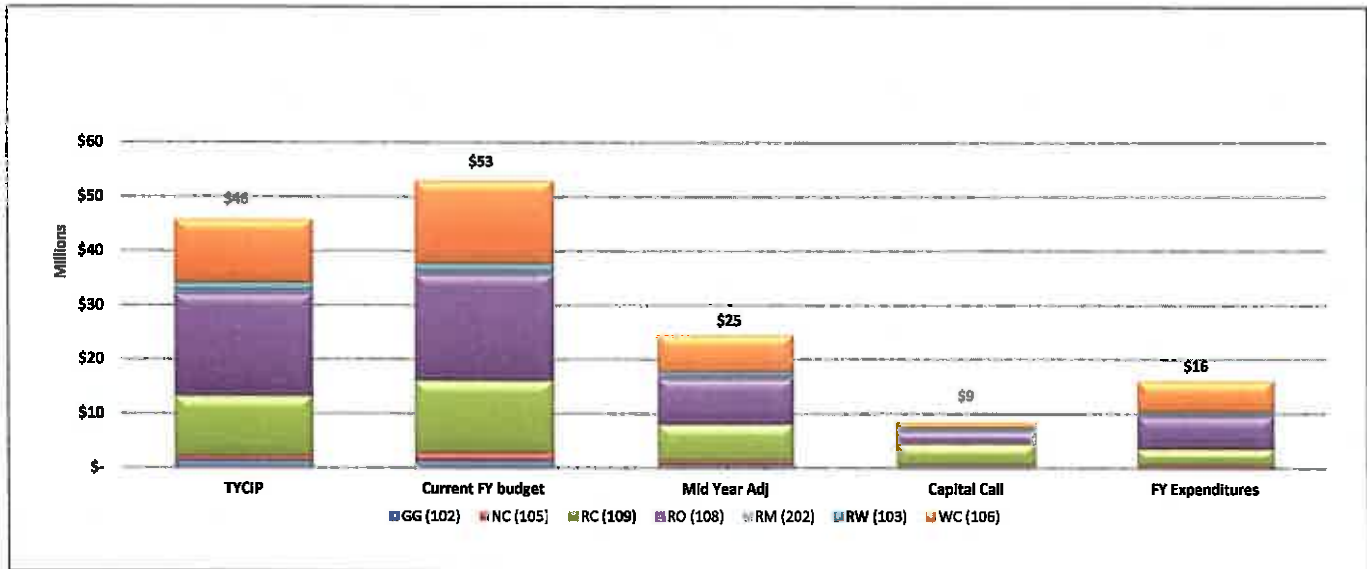
**RW Distribution**

During February 2016, 51% (25.7 MGD) of IEUA recycled water supply (50.0 MGD) was delivered into the distribution system for both direct use customers (16.5 MGD) and groundwater recharge (9.2 MGD). Plant discharge to creeks feeding the Santa Ana River averaged 19.7 MGD.



**ENGINEERING & CONSTRUCTION MANAGEMENT PROJECT STATUS SUMMARY**

Engineering and Construction Management's FY15/16 budget is \$52,981,235. As of February 29<sup>th</sup>, staff has projected to spend \$24,519,471 during FY15/16 of which \$16,084,372 has been spent. The following chart summarizes the Engineering and Construction Management FY Budget status update.



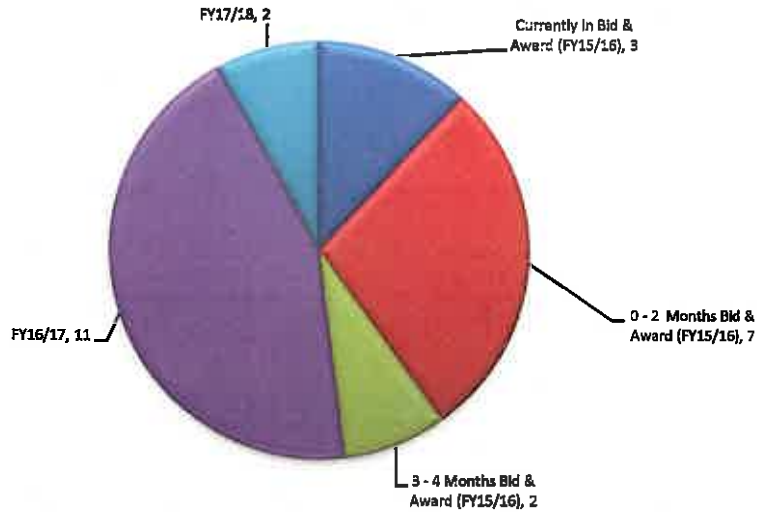
Currently, twelve projects have over \$500,000 of FY budget that will not be expended this FY. These twelve projects represent \$18,860,201 of the variance between the current FY budget and the Mid-year adjusted FY projections. The reasons for their FY variances are as follows:

Project #	Description	Amended FY 15/16 Forecast	Amended FY 15/16 Budget	Variance (FY Budget - FY Forecast)	Reason for Variance
EN06025	Wineville Ext Recy Wtr Pipeline Seg A	1,140,000	2,135,354	995,354	The project finished under budget.
EN11031	RP-5 Flow Equalization and Effluent Monitoring	150,000	1,255,264	1,105,264	The project scope was modified to meet Agency operating requirements causing a schedule delay. Contract modifications are complete and the project has restarted.
EN13001	San Savaine Basin Improvements	250,000	3,500,000	3,250,000	A majority of the expenses are construction related which is scheduled to begin later in the fiscal year. The capital call was reduced to reflect major construction expenses occurring in the following fiscal year.
EN13016	SCADA Enterprise System	3,000,000	4,200,000	1,200,000	Project is progressing with less than anticipated manpower and with minimal change orders. Contract negotiation resulted in \$400,000 of savings. Additionally, work on Phase 2 requires upfront as-builting prior to design causing an unanticipated delay in the schedule.
EN13045	Wineville RW Extension Segment B	1,761,100	2,506,256	745,156	The project is nearly completion and will finish under budget.
EN13048	RP-1 930-Zone RW Pump Station Load Analysis	231,800	1,000,000	768,200	An extensive analysis of the RP-1 existing load was required prior to launching the design. The majority of the budget (design and construction) will be consumed in FY16/17.
EN15043	SBCFCD Recycled Water Easement	500	567,298	566,798	San Bernardino County has not completed the appraisal report reviews.
EN15044	SBCFCD NRW Easement	500	514,930	514,430	San Bernardino County has not completed the appraisal report reviews.
EN16018	RC Emergency O&M Projects FY 15/16	25,000	600,000	575,000	Less than anticipated number of emergencies have occurred during the fiscal year.
EN16021	Chino Basin Groundwater Supply Wells and Raw Water Pipelines	1,060,000	9,000,000	7,940,000	The project work has been delayed due to the ongoing settlement negotiations with the Regional Board. CDA has initiated project management with Michael Baker International, but design and construction will not begin until Regional Board settlement is complete, per IEUA's agreement with CDA. The Regional Board was expected to present the proposed settlement to their Board of Directors in January 2016. However, this has not happened therefore the delay has been extended.
EN16024	RP-1 Mixed Liquor Return Pumps	500,000	1,000,000	500,000	The project evaluation period was extended based on review of project expectations and Stakeholder requirements. This reduced the funding needed for this year and moved expenditures into FY 16/17.
EN16025	RP-1 Expansion PDR	300,000	1,000,000	700,000	Original Budget assumed 50/50 Cost Split between RP-1 & RP-5. Actual cost split is 20/80. Remaining \$850,000 will be transferred to EN16028.
		9,418,900	27,279,101	18,860,201	



Active Projects in Design

25 Active Project in Design



3 Project Currently in Bid & Award

- EN14047.00 GWR and RW SCADA Control Upgrades
- EN15008.00 Water Quality Laboratory
- EN16068.00 Main Office Permit Office

7 Projects 0-2 Months Bid & Award

- EN16051.00 RP-1 Utility Water Flow Meter
- EN13001.00 San Sevaine Basin Improvements
- EN16055.00 Headquarters Back Up Generator
- EN14012.01 RP-2 Drying Beds Rehab Tractor and Compost Aerator
- EN16047.00 HQ Parking Lot FY15/16
- EN16049.00 Conference Rooms Audio Visual Upgrades
- EN16132.00 Magnolia Channel Spillway

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**Active Projects in Construction**

Project ID	Project Title	Description	Total Project Budget (\$)	Total Cost to Date (\$)	FY Budget (\$ 2016)	FY Cost thru 2/29 (\$)	COs Processed thru Jan (\$)	Total Project CO's (%)	% Project Complete	Original Ops Date	Estimated Ops Date
1	EN08023.06 RP1 Primary Clarifier 2015 Rehab Proj	Continuation of the required rehab work within the Primary Clarifiers	0	920,607	0	898,992	190,407	30.22%	97.97%	12/31/2015	3/4/2016
2	FN12014.00 East Avenue 1630 E RWP Relocation	Relocation of 200 LF of 36 inch RW PL on East Avenue in Rancho	890,108	483,607	633,261	311,662	0	0.00%	92.16%	8/30/2015	6/27/2016
3	EN13016.00 SCADA Enterprise System	Design/construct SCADA system that enables remote control of facilities	10,407,046	4,278,022	4,297,500	2,780,995	19,302	0.7%	77.27%	7/15/2016	3/14/2016
4	FN13018.00 Montclair Diverison Structure Improvements	Replace liquid mist odor control system @ CCWRF and replace bar screens	3,030,095	452,593	1,209,874	188,960	0	0.00%	90.07%	7/16/2016	5/16/2015
5	EN13045.00 Wineville RW Extension Segment B	Install 2.8 miles of 30" RWP & the associated appurtenances	11,880,300	10,709,820	2,506,256	1,618,193	150,381	1.68%	96.82%	6/26/2015	12/15/2015
6	EN13046.00 RP1 Flare System Improvements	Design, procure, construction & startup of the two new flare systems at RP1	3,600,000	593,984	487,622	451,994	0	0.00%	93.15%	9/30/2015	2/29/2016
7	EN13056.01 RP-4 MCC - Power Center Five Roof Access	Design, fabricate & install stairs for rooftop w/ installation of gantry platform	0	28,369	0	28,016	0	0.00%	69.51%	7/18/2016	7/15/2016
8	EN14038.00 CR20 Noise Mitigation Measures	Design and build the sound mitigating enclosure	160,000	149,539	109,328	93,124	0	0.00%	98.38%	6/30/2014	2/26/2016
9	EN15030.02 San Bernardino Lift Station Fiber Optic Vault Upgrades	Install traffic rated manhole covers & modify existing pull boxes to be traffic rated.	0	72,594	0	72,594	0	0.00%	35.21%	6/78/2016	6/23/2016
10	EN15032.00 Agency-Wide HVAC Improvements-Pkg No. 3	Evaluate elect & control bldgs HVAC systems & provide solutions @RP-1	1,180,000	436,115	989,250	341,899	1,811	0.42%	79.23%	6/6/2016	4/8/2016
11	EN15045.00 Collection System Manhole Upgrades FY 15/16	Repair/replace 44 sewer collection system manhole frames and covers	620,000	452,208	512,340	346,742	0	0.00%	88.22%	4/30/2016	4/5/2016
12	EN15046.00 NRW Manhole Upgrades FY 15/16	Repair 23 NRW collection system manholes.	436,086	306,941	350,000	228,467	0	0.00%	89.67%	4/30/2016	4/18/2016
13	EN15055.00 1650 W. RW PS- Surge Tank Installation	Field survey to ensure the construction of the surge tank that will be within IEUA's easement	1,590,000	208,515	527,428	148,982	0	0.00%	52.93%	10/17/2016	10/31/2016
14	FN15056.00 RP-1 Digester Gas System Evaluation & Improvements	Evaluate the digester gas piping, provide improve controls and pavement	655,000	365,453	583,608	295,597	0	0.00%	92.43%	12/31/2015	2/29/2016
15	EN16067.00 RP-1 DAFs Plug Valve Replacement	Demo & replacement of existing eccentric plug valves in DAF Valve Vaults	120,000	19,457	120,000	19,457	0	0.00%	86.09%	2/9/2016	3/25/2016
			34,568,635	19,471,824	12,920,466	7,774,955	361,901				

• Total construction contract payments for work completed in February: \$316,066

**Completed Construction Projects - Notice of Completion Filed**

Project ID	Project Title	Description	Total Project Budget (\$)	Total Cost to Date (\$)	FY Budget (\$ 2016)	FY Cost thru 2/29 (\$)	COs Processed thru Jan (\$)	Total Project CO's (%)	% Project Complete	Original Ops Date	Notice of Completion Filed
N/A											

**Emergency Projects Awarded in February 2016**

Project ID	Contractor	Task Order Description	TO #	Amount	Date
EN16019.11	Ferreira Construction	RP-1 Lagoon No.1 Water Cannon Leak	TO-006	5,200	2/23/2016
EN16019.10	W.A. Basic Construction	RP-2 Hot Water Line Leak	TO-029	9,200	2/17/2016
				14,400	

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## Office Engineering Project

Project ID	Project Title	Notes	% Complete	Actual Costs
CW16003.01	Ontario Reg Conns to FTS Group 1	The temporary manhole covers were replaced with IEUA covers	63.47%	462
CW16003.02	Chino Reg Conn C-30	Preserve LS has not been advertised for const. due to USACE's lengthy review	8.20%	176
CW16015.01	City of Ontario Francis St SD Project	A precon Mtg was held on 2/9.	0.00%	144
CW16102.01	CWWD RW Conn CVRW-43	A construction permit was issued on 2/2. Waiting to receive notification for inspection	59.89%	504
CW16102.02	Ontario RW Conns ORW-67 & ORW-68	A construction permit was issued on 2/16. Waiting to receive notification for inspection.	37.37%	361
CW16102.03	CWWD RW Conn CVRW-42	The revised final design was taken with no exceptions and mylars were signed.	23.80%	179
CW16102.04	CWWD RW Conn CVRW-44	The mylar was signed and a request for the contractor's certificate of insurance was submitted.	41.96%	578
CW16102.05	CWWD RW Conn CVRW-45	The IEUA permit was issued. Waiting for preconstruction/inspection notification.	74.36%	121
CW16102.07	CWWD RW Conn CVRW-47	The connection location was reviewed with as-built drawings and design comments were provided.	62.56%	115
CW16102.08	Chino RW Conn CRW-80	The engineering plans were reviewed and comments were provided to the consultant. A new hot tap will be constructed.	74.36%	294
CW16102.09	Chino RW Conn CRW-81	The engineering plans were reviewed.	74.36%	0
CW16102.10	Chino RW Conn CRW-82-83-84	The engineering plans were reviewed.	68.21%	0
CW16102.11	24in RWPI in 800 PZ in Chino Hills	The connection location was reviewed with as-built drawings and design comments were provided.	72.64%	144
CW16102.12	CWWD RW Conn CVRW-48	The City of Ontario conducted a precon meeting on 2/22 w/MCC. It is anticipated that the project will start in 4/16	0	0
CW16102.13	City of Ontario Sixth St SD Project	The connection location was reviewed with as-built drawings and design comments were provided.	72.64%	0
CW16102.14	CWWD RW Conn CVRW-49-50-51			
				<b>3,237</b>

## **GRANTS ADMINISTRATION UPDATE**

### **Board Activities**

Since the last General Manager's report, Grants Administration has processed the following Chino Basin Regional Financing Authority (CBRFA) item:

- Adoption of Resolution No. 2016-1, Approving and Adopting the Initial Study, Mitigated Negative Declaration and Addendum of the Recycled Water Service Expansion Program as CEQA-Responsible Agency.

This item was requested by the State Water Board as an additional requirement for the design and construction of the Joint IEUA-JCSD Regional Water Recycling Program, which was approved by both the CBRFA Board and IEUA Board on November 18, 2015.

Since the last General Manager's report, Grants Administration has processed the following IEUA Board item:

- Adoption of Resolution Nos. 2016-3-1 and 2016-3-2, authorizing the General Manager to execute a Financial Assistance Agreement with the State Water Resources Control Board (SWRCB) for a Planning Grant application through the Small Community Wastewater Grant Program; and dedicating certain revenues in connection with the Small Community Wastewater Grant Program and associated State Revolving Fund (SRF) loan financing.

### **Grant/Loan Opportunities and Applications**

The Agency's Grant Administration group is continuing to pursue additional federal and state grant opportunities as they become available to offset project costs, including:

#### **State Water Resources Control Board (SWRCB)**

Continued review and application development of Proposition 1 Storm Water Grant Program which includes grant opportunities for both planning and implementation. This funding will be used for the regions RMPU Projects. Multiple projects will be included in the implementation application due in July.

Staff review of Proposition 1 Groundwater Grant Program application guidelines which became available for public review. These funds will be allocated to eligible projects to support the Water Quality, Supply and Infrastructure Improvement Act of 2014 through groundwater sustainability and projects that clean up the contamination of groundwater that serves or has served as a source of drinking water. A pre-application was submitted in November 2015.

Staff submitted a grant application on February 11, 2016 in the amount of \$500,000, for a study regarding the feasibility of providing sewer service to septic tank users within the Inland Empire Utilities Agency (IEUA) service area. The study will develop a plan of implementation for the conversion of septic users in the service area to the local city/agency sewer system. The primary goal of the feasibility study is to provide targeted service based on the most benefit to be evaluated

on cost effectiveness, potential to mitigate the impact of groundwater contamination, and validation of available sewer capacity.

### **California Department of Water Resources (DWR)**

Staff review and summary of the Agricultural Water Use Efficiency Grants- This grant opportunity is designed for projects that contribute toward the implementation of the California Water Action Plan to make conservation a way of life and to achieve or exceed water management planning or water use efficiency targets.

### **United States Bureau of Reclamation (USBR)**

Review and summary of the WaterSMART: Drought Contingency Planning Grants FY 2016-To support drought planning by promoting collaborative efforts between multiple stakeholders including agricultural, municipal and environmental sectors. USBR seeks to support the leverage of funds and resources by cost sharing.

### **WaterReuse Foundation**

A pre-application was submitted on February 8, 2016, in the amount of \$100,000, for the Tailored Collaboration Research Program. The project will evaluate groundwater recharge injection of tertiary treated recycled water in unsaturated zones, as compared to surface recharge.

### **Grant Reimbursements and Reporting Activities**

The following is a status update on several existing contracts for various grants and loans:

- SAWPA/DWR High Visibility Turf Removal and Retrofit – Invoicing is complete for costs through January 31, 2016 for \$807,564.
- SWRCB New Main Water Quality Laboratory – Invoicing is complete for the remaining preliminary budget through January 31, 2016 for \$473,647.
- USBR/CDA Wells 1,2,3 – Invoicing is complete for costs through January 31, 2016 for \$3,899.55.
- SWRCB Wineville Project No. C-06-5318-110/3849-030 Amendment No. 3 has been signed and is in process for full execution with SWRCB. Modifications include a project completion date extension to 6/30/2017 and a newly negotiated budget approval that reduces the SRF loan amount by \$4 million due to the availability of grant funding.
- Quarterly Progress Reports were successfully submitted for SAWPA agreements including: Wineville, Interregional Landscape Water Demand Reduction Program/Turf Removal, San Sevaine Basin Improvement, Regional Residential Landscape Retrofit, and Lower Day Basin Improvement.
- Interregional Landscape Water Demand Reduction Program-Institutional and HOA Turf Removal project was completed and invoiced. Pre and post photos were submitted to demonstrate the successful completion of the project.