



AGENDA

**MEETING OF THE
INLAND EMPIRE UTILITIES AGENCY
BOARD OF DIRECTORS**

**WEDNESDAY, JUNE 15, 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. NEW HIRE INTRODUCTIONS

- Mr. Nelson Htoy, Deputy Manager of Maintenance, hired on 6/6/15 (Randy Lee)

2. PUBLIC HEARING

A. PUBLIC HEARING AND ADOPTION OF ORDINANCE NO. 104

It is recommended that the Board:

1. Hold a Public Hearing to receive public comments prior to the adoption of Ordinance No. 104; Classes of Water Services & Regulating the Sale and Delivery of Water; and
2. After closing the Public Hearing, by roll call vote, adopt Ordinance No. 104.

B. PUBLIC HEARING AND ADOPTION OF RESOLUTION NO. 2016-6-16

It is recommended that the Board:

1. Hold a Public Hearing to receive public comments prior to the adoption of Resolution No. 2016-6-16, establishing surcharge rates for recycled water use above entitlement;
2. After closing the Public Hearing, adopt Resolution No. 2016-6-16; and
3. Adopt Resolution No. 2016-6-17, establishing regulations for the purchase of recycled water above base entitlement for Contracting Agencies.

C. PUBLIC HEARING AND ADOPTION OF RESOLUTION NO. 2016-6-14

It is recommended that the Board:

1. Hold a Public Hearing to receive public comments prior to the adoption of Resolution No. 2016-6-14, adopting the 2015 Regional Urban Water Management Plan for the Inland Empire Utilities Agency (IEUA) and the Water Facilities Authority;
2. After closing the Public Hearing, adopt Resolution No. 2016-6-14; and
3. Authorize the General Manager to file the 2015 Regional Urban Water Management Plan electronically to the California Department of Water Resources, submit a CD or hardcopy to the California State Library, and submit an electronic copy, CD or hard copy to any city or county in which the suppliers provide water.

3. CONSENT CALENDAR

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

A. MINUTES

The Board will be asked to approve the minutes from the April 20, Board meeting, May 11, Special Board Workshop, and May 18, Board meeting.

B. REPORT ON GENERAL DISBURSEMENTS

It is recommended that the Board approve the total disbursements for the month of April 2016, in the amount of \$10,275,385.58.

C. ADOPTION OF RESOLUTION NO. 2016-6-8, ESTABLISHING THE APPROPRIATION LIMITS FOR FISCAL YEAR 2016/17

It is recommended that the Board adopt Resolution No. 2016-6-8, establishing the appropriation limits for Fiscal Year 2016/17.

D. CONTRACT APPROVAL FOR COMPRESSED GAS, PROPANE, AND RELATED SUPPLIES

It is recommended that the Board:

1. Approve a seven-year competitively-let contract (No. 4600002112) to Airgas USA, LLC of Ontario, California, through June 30, 2022, for Agency-wide compressed gases, propane, and related supplies; and
2. Authorize the General Manager to execute the contract.

E. CBWM MASTER AGREEMENT SECOND AMENDMENT TO TASK ORDER NO. 1

It is recommended that the Board:

1. Approve the second amendment to Task Order No. 1 of the Master Agreement with Chino Basin Watermaster as part of the Recharge Master Plan Update Yield Enhancement Projects, Project No. RW15003; and
2. Authorize the General Manager, subject to non-substantive changes, to execute the amendment.

F. RP-2 MICROTURBINE PROPOSAL REJECTION

It is recommended that the Board reject the November 17, 2015, proposal from Regatta Solutions to design and build a microturbine at Regional Plant No. 2.

G. FY 2016/17 ANNUAL AUDIT PLAN

It is recommended that the Board:

1. Approve the FY 2016/17 Annual Audit Plan; and
2. Direct the Manager of Internal Audit to finalize the FY 2016/17 Annual Audit Plan.

H. REGIONAL WATER USE EFFICIENCY BUSINESS PLAN (2015-2020)

It is recommended that the Board adopt the 2015 Regional Water Use Efficiency Business Plan.

I. 2016 CHINO BASIN STORM WATER RESOURCES PLAN

It is recommended that the Board adopt the 2016 Chino Basin Storm Water Resources Plan.

J. PUMP EFFICIENCY IMPROVEMENTS PROPOSAL REJECTION

It is recommended that the Board reject the April 12, 2016, proposals for the construction of the Agency-Wide Pump Efficiency Improvements, Project No. EN16070.

K. PURCHASE OF DEWATERING POLYMER BLENDING UNITS

It is recommended that the Board:

1. Authorize the single source procurement of new polymer blending units and start up services for Regional Water Recycling Plant No. 1 (RP-1) from Velocity Dynamics, LLC for a not-to-exceed amount of \$172,000 (including tax and delivery); and
2. Authorize the General Manager to execute the purchase.

L. CONTRACT AWARD TO POLYDYNE INC. FOR FLOSPERSE 30S

It is recommended that the Board:

1. Approve Contract No. 4600002106 to Polydyne Inc., establishing a two-year contract for the supply of Flosperser 30S with options for three additional one-year extensions, for a potential total contract term of five years; and
2. Authorize the General Manager to execute the contract with the three potential contract extensions.

4. ACTION ITEMS

A. FILLING VACANT SEAT ON THE BOARD OF DIRECTORS

It is recommended that the Board determine as follows:

1. Adopt Resolution No. 2016-6-20, determining that the vacancy on the Board of Directors shall be by appointment as opposed to special election;
2. Ratify notice to the County Election Official of the existence of a vacant seat on the Board of Directors of the Agency; and
3. Authorize staff to post a Notice of Vacancy on the IEUA Board of Directors in three (3) or more conspicuous places within Division 2.

B. FY 2016/17 BUDGET AMENDMENT, RATES AND FEES, AND INTER-FUND LOANS

It is recommended that the Board approve:

1. The amendments to the FY 2016/17 adopted budget for all Agency's funds;
2. The Non-Reclaimable Wastewater (NC) fund Rate Resolution Nos. 2016-6-1 through 2016-6-3;
3. The Regional Wastewater Operations & Maintenance (RO) fund Rate Resolution 2016-6-4;
4. The Water Resources (WW) fund Rate Resolution Nos. 2016-6-7 and 2016-6-15;
5. Rate Resolution No. 2016-6-5 for Laboratory Fees, 2016-6-6 for Equipment Rental, and 2016-6-9 for the Fontana Extra-Territorial Charge;
6. An inter-fund loan from the RO fund to the WW fund for a not-to-exceed amount of \$3.2 million in FY 2016/17 to support purchase of supplemental water supplies;
7. The forgiveness of the inter-fund loan from the Administrative Service (GG) fund to the WW fund in the amount of \$4.3 million in FY 2015/16; and
8. The allocation of property tax receipts in excess of \$13.7 million from the Regional RO, Recycled Water (WC), and GG funds to the WW fund beginning in FY 2016/17, and maintain allocation of 65% of property tax receipts to the Regional Wastewater Capital Improvement (RC) fund.

C. ADOPTION OF RESOLUTIONS NOS. 2016-6-11 AND 2016-6-12, APPROVING THE AMENDMENTS TO THE SALARY SCHEDULES/MATRIXES

It is recommended that the Board adopt Resolution Nos. 2016-6-11 and 2016-6-12 amending the salary schedules/matrixes for Unrepresented Employees, Executive Management Employees and Laboratory Unit, the General Unit, the Professional Unit, Operators' Association, and the Supervisors' Unit.

D. ADOPTION OF RESOLUTIONS NO. 2016-6-13, AMENDING THE EMPLOYER PAID MEMBER CONTRIBUTIONS (EPMC)

It is recommended that the Board adopt Resolution No. 2016-6-13, amending the EPMC to CalPERS for all classic employees.

E. SANTA ANA RIVER CONSERVATION AND CONJUNCTIVE USE PROGRAM (SARCCUP)

It is recommended that the Board:

1. Approve the June 2016 SARCCUP Memorandum of Understanding (MOU);
2. Approve Project Agreement 23 (PA23) between SAWPA and the five SAWPA member agencies for SARCCUP governance;
3. Approve the professional services contract award to Tom Dodson & Associates (TDA) to conduct a SARCCUP CEQA evaluation for the not-to-exceed amount of \$340,397;
4. Approve the CEQA Cost Sharing Agreement; and
5. Authorize the General Manager to execute the following documents:
 - a. June 2016 SARCCUP MOU
 - b. PA23
 - c. Professional Services Contract Award to TDA
 - d. CEQA Cost Sharing Agreement

F. PROFESSIONAL SERVICES CONTRACT AWARD FOR SEWER FEE EVALUATION

It is recommended that the Board:

1. Approve the professional services contract award for the Sewer Fee Evaluation to Carollo Engineers, Inc. for the not-to-exceed amount of \$376,586; and
2. Authorize the General Manager to execute the contract.

G. 2015 INTEGRATED WATER RESOURCES PLAN

It is recommended that the Board authorize development of a Programmatic Environmental Impact Report (PEIR) based on the core recommendations in the 2015 Integrated Water Resources Plan (IRP).

5. INFORMATION ITEMS

A. ENGINEERING AND CONSTRUCTION MANAGEMENT PROJECT UPDATES (POWERPOINT)

B. MWD UPDATE AND DROUGHT UPDATE (ORAL)

RECEIVE AND FILE INFORMATION ITEMS

- C. **TREASURER'S REPORT OF FINANCIAL AFFAIRS (WRITTEN/ POWERPOINT)**
- D. **FY 2015/16 THIRD QUARTER BUDGET VARIANCE , PERFORMANCE GOALS UPDATES, AND BUDGET TRANSFERS (WRITTEN/POWERPOINT)**
- 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. **REPORT OF OPEN AUDIT RECOMMENDATIONS (WRITTEN)**
- M. **AUDIT PLANNING COMMUNICATION AS REQUIRED BY SAS 114 (WRITTEN)**
- N. **INTERNAL AUDIT DEPARTMENT STATUS REPORT FOR JUNE 2016 (WRITTEN)**
- O. **PREQUALIFICATION PROCESS REVIEW (WRITTEN)**

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

6. AGENCY REPRESENTATIVES' REPORTS

- A. **SAWPA REPORT**
(SAWPA COMMISSION MEETING SCHEDULED FOR JUNE 21, 2016)
- B. **MWD REPORT (WRITTEN)**
- C. **REGIONAL SEWERAGE PROGRAM POLICY COMMITTEE REPORT (WRITTEN)**

D. CHINO BASIN WATERMASTER REPORT

7. GENERAL MANAGER'S REPORT (WRITTEN)

8. BOARD OF DIRECTORS' REQUESTED FUTURE AGENDA ITEMS

9. 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.

10. CLOSED SESSION

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

1. Chino Basin Municipal Water District vs. City of Chino, Case No. RCV51010
2. Martin vs. IEUA, Case No. CIVRS 1000767
3. 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

11. ADJOURN

*A Municipal Water District

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

Proofed by: _____

Declaration of Posting

I, April Woodruff, Board Secretary of the Inland Empire Utilities Agency*, A Municipal Water District, hereby certify that a copy of this agenda has been posted by 5:30 p.m. at the Agency's main office, 6075 Kimball Avenue, Building A, Chino, CA on Thursday, June 9, 2016.


April Woodruff


**ACTION
ITEM**


4C

Date: June 15, 2016

To: The Honorable Board of Directors

From: P. Joseph Grindstaff
General Manager 

Submitted by:  Christina Valencia
Chief Financial Officer

 Sharmeen Bhojani
Manager of Human Resources

Subject: Adoption of Resolution Nos. 2016-6-11 and 2016-6-12 approving the amendments to the Salary Schedules/Matrixes

RECOMMENDATION

It is recommended that the Board of Directors adopt Resolution Nos. 2016-6-11 and 2016-6-12 amending the salary schedules/matrixes for Unrepresented Employees, Executive Management Employees, the Laboratory Unit, the General Unit, the Professional Unit, the Operators' Association and the Supervisors' Unit.

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 last update for all the groups was approved by the Board on April 20, 2016.

The Agency entered into 5 year contracts with the five represented groups in FY 13/14. The five Memorandums of Understanding (MOUs) include a 3.5% Cost of Living Adjustment (COLA) effective July 1, 2016. Similarly, the Executive Management and the Unrepresented Personnel Manuals also include a 3.5% COLA. As a result of the agreed upon COLA increases, the existing Salary Schedules/Matrixes for seven groups need to be amended.

Additionally, job classifications identified as future use positions by the Agency's recent classification and compensation study are being added to the salary matrix. The following is a list of the vacant future use positions: Engineering Services Specialist, Environmental Resources Planner I, External Affairs Specialist II, and Recycled Water/Groundwater Recharge Systems Maintenance Technician. The position of External Affairs Analyst is also being added and will replace the future

Adoption of Resolution Nos. 2016-6-11 and 2016-6-12 approving the amendments to the Salary Schedules/Matrixes for all groups

June 15, 2016

Page 2

use position of Legislative Analyst recommended by the consultant to more accurately reflect the duties of the Analyst assigned to the External Affairs department. Although these positions are being added to the salary matrix, they will not be filled unless the respective departments have budgeted for them.

The California Public Employees' Retirement System (CalPERS) employers may only report payrates, for the purposes of calculating retirement benefits, that meet the definition of a Publicly Available Salary Schedule as defined by CCR 570.5. 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 April 20, 2016, the Board of Directors adopt Resolution No. 2016-4-5 and 2016-4-6 amending the salary schedule/matrix for the Unrepresented, Executive Management, Laboratory Unit, Operators' Association, Professional Unit, General Unit, and Supervisors Unit

IMPACT ON BUDGET

The financial impact of the updated salary schedule/matrix resolution was discussed during the negotiation process; adequate funds are budgeted.

RESOLUTION NO. 2016-6-11

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

WHEREAS, the Agency has compensation changes for the Unrepresented, Executive Management, Laboratory Unit, Operators' Association, Professional Unit and General Unit employees 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,

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, 2016.

ADOPTED the 15th day of June, 2016.

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

ATTEST:

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. 2016-6-11, was adopted at a
regular Board Meeting on June 15, 2016, of said Agency by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Steven J. Elie
Secretary/Treasurer

**Salary Matrix
Effective July 1, 2016**

EXHIBIT 1

CLASSIFICATION TITLE	Salary Range	Unit	FLSA
Accountant I	173	UN	Exempt
Accountant II	175	PR	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 ¹	181	LB	Exempt
Board Secretary/Office Manager	188	UN	Exempt
Budget Officer	186	UN	Exempt
Business Systems Analyst I	179	PR	Exempt
Business Systems 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 Capital Improvement Projects	188	UN	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 ²	182	GU	Non-exempt
Electrical & Instrumentation Technician IV	182	GU	Non-exempt

**Salary Matrix
Effective July 1, 2016**

EXHIBIT 1

CLASSIFICATION TITLE	Salary Range	Unit	FLSA
Engineering Services Analyst	182	PR	Exempt
Engineering Services Specialist	179	UN	Exempt
Engineering Technician	175	GU	Non-exempt
Environmental Resources Planner I	179	UN	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 Analyst	180	UN	Exempt
External Affairs Specialist I	171	UN	Exempt
External Affairs Specialist I (Y-Rated) ³	202	UN	Exempt
External Affairs Specialist II	177	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
Intern	001	N/A	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

**Salary Matrix
Effective July 1, 2016**

EXHIBIT 1

CLASSIFICATION TITLE	Salary Range	Unit	FLSA
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 ⁴	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 (confidential)	166	UN	Non-exempt
Office Assistant	166	GU	Non-exempt
Operations Specialist	179	UN	Exempt
Pretreatment & Source Control Inspector I	174	GU	Non-exempt
Pretreatment & Source Control Inspector II	177	GU	Non-exempt
Procurement Specialist I	174	PR	Non-exempt
Procurement Specialist II	175	PR	Non-exempt
Project Manager I	184	PR	Exempt
Project Manager II	185	PR	Exempt
Records Specialist	173	GU	Non-exempt
Recycled Water Distribution Operator	179	OP	Non-exempt
Risk Specialist	174	UN	Non-exempt
RW/Groundwater Recharge Systems Maintenance Technician	176	GU	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 Operations & Maintenance Technician	181	GU	Non-exempt
Senior Construction Project Inspector	182	UN	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 Project Manager	187	PR	Exempt

Salary Matrix
Effective July 1, 2016

EXHIBIT 1

CLASSIFICATION TITLE	Salary Range	Unit	FLSA
Senior Pretreatment & 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
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 Salary Matrix
Effective July 1, 2016**

EXHIBIT 1

Range/Step	Hourly	Bi-Weekly	Monthly	Annually
165				
1	18.1975	1,455.80	3,154.23	37,851
2	18.6524	1,492.19	3,233.08	38,797
3	19.1186	1,529.49	3,313.90	39,767
4	19.5967	1,567.73	3,396.76	40,761
5	20.0865	1,606.92	3,481.66	41,780
6	20.5887	1,647.10	3,568.71	42,825
7	21.1034	1,688.27	3,657.93	43,895
8	21.6310	1,730.48	3,749.37	44,992
9	22.1718	1,773.75	3,843.11	46,117
166				
1	19.1061	1,528.49	3,311.72	39,741
2	19.5837	1,566.69	3,394.50	40,734
3	20.0733	1,605.86	3,479.37	41,752
4	20.5751	1,646.01	3,566.35	42,796
5	21.0895	1,687.16	3,655.51	43,866
6	21.6167	1,729.34	3,746.90	44,963
7	22.1571	1,772.57	3,840.56	46,087
8	22.7110	1,816.88	3,936.58	47,239
9	23.2788	1,862.30	4,034.99	48,420
167				
1	20.0609	1,604.87	3,477.23	41,727
2	20.5624	1,644.99	3,564.15	42,770
3	21.0764	1,686.12	3,653.25	43,839
4	21.6034	1,728.27	3,744.59	44,935
5	22.1435	1,771.48	3,838.20	46,058
6	22.6971	1,815.76	3,934.16	47,210
7	23.2645	1,861.16	4,032.52	48,390
8	23.8462	1,907.69	4,133.33	49,600
9	24.4423	1,955.38	4,236.66	50,840
168				
1	21.0621	1,684.96	3,650.76	43,809
2	21.5886	1,727.09	3,742.02	44,904
3	22.1283	1,770.27	3,835.58	46,027
4	22.6815	1,814.52	3,931.46	47,178
5	23.2485	1,859.88	4,029.74	48,357
6	23.8298	1,906.39	4,130.51	49,566
7	24.4256	1,954.04	4,233.76	50,805
8	25.0362	2,002.89	4,339.61	52,075
9	25.6621	2,052.96	4,448.09	53,377
169				
1	22.1137	1,769.10	3,833.04	45,997
2	22.6666	1,813.33	3,928.87	47,146
3	23.2332	1,858.65	4,027.08	48,325
4	23.8141	1,905.13	4,127.77	49,533

**Unrepresented, Executive, General Unit, Laboratory Unit, Operators' Association,
and Professional Unit Salary Matrix**

EXHIBIT 1

Effective July 1, 2016

Range/Step	Hourly	Bi-Weekly	Monthly	Annually
5	24.4093	1,952.75	4,230.95	50,771
6	25.0197	2,001.57	4,336.74	52,041
7	25.6451	2,051.61	4,445.15	53,342
8	26.2862	2,102.90	4,556.28	54,675
9	26.9433	2,155.47	4,670.18	56,042
170				
1	23.2201	1,857.60	4,024.81	48,298
2	23.8005	1,904.04	4,125.42	49,505
3	24.3955	1,951.64	4,228.55	50,743
4	25.0054	2,000.43	4,334.27	52,011
5	25.6305	2,050.44	4,442.62	53,311
6	26.2713	2,101.70	4,553.69	54,644
7	26.9281	2,154.25	4,667.54	56,010
8	27.6013	2,208.11	4,784.23	57,411
9	28.2914	2,263.31	4,903.84	58,846
171				
1	24.3810	1,950.48	4,226.04	50,712
2	24.9906	1,999.24	4,331.70	51,980
3	25.6153	2,049.22	4,439.98	53,280
4	26.2556	2,100.45	4,550.98	54,612
5	26.9121	2,152.97	4,664.77	55,977
6	27.5849	2,206.79	4,781.38	57,377
7	28.2745	2,261.96	4,900.92	58,811
8	28.9813	2,318.51	5,023.43	60,281
9	29.7059	2,376.47	5,149.02	61,788
172				
1	25.6009	2,048.07	4,437.48	53,250
2	26.2409	2,099.27	4,548.43	54,581
3	26.8970	2,151.76	4,662.14	55,946
4	27.5693	2,205.55	4,778.68	57,344
5	28.2586	2,260.69	4,898.16	58,778
6	28.9651	2,317.21	5,020.62	60,247
7	29.6892	2,375.13	5,146.12	61,753
8	30.4315	2,434.52	5,274.79	63,297
9	31.1922	2,495.38	5,406.65	64,880
173				
1	26.8797	2,150.38	4,659.15	55,910
2	27.5516	2,204.13	4,775.62	57,307
3	28.2405	2,259.24	4,895.02	58,740
4	28.9465	2,315.72	5,017.39	60,209
5	29.6701	2,373.61	5,142.82	61,714
6	30.4118	2,432.95	5,271.39	63,257
7	31.1722	2,493.77	5,403.17	64,838
8	31.9515	2,556.12	5,538.27	66,459
9	32.7503	2,620.03	5,676.72	68,121

**Unrepresented, Executive, General Unit, Laboratory Unit, Operators' Association,
and Professional Unit Salary Matrix**

EXHIBIT 1

Effective July 1, 2016

Range/Step	Hourly	Bi-Weekly	Monthly	Annually
174				
1	28.2215	2,257.72	4,891.73	58,701
2	28.9271	2,314.16	5,014.02	60,168
3	29.6503	2,372.02	5,139.38	61,673
4	30.3916	2,431.33	5,267.88	63,215
5	31.1514	2,492.11	5,399.57	64,795
6	31.9301	2,554.41	5,534.55	66,415
7	32.7284	2,618.27	5,672.92	68,075
8	33.5466	2,683.73	5,814.74	69,777
9	34.3852	2,750.82	5,960.11	71,521
175				
1	29.6308	2,370.46	5,136.00	61,632
2	30.3716	2,429.72	5,264.40	63,173
3	31.1308	2,490.46	5,396.00	64,752
4	31.9091	2,552.73	5,530.91	66,371
5	32.7068	2,616.55	5,669.19	68,030
6	33.5245	2,681.96	5,810.91	69,731
7	34.3626	2,749.01	5,956.19	71,474
8	35.2217	2,817.73	6,105.09	73,261
9	36.1022	2,888.18	6,257.72	75,093
176				
1	31.1115	2,488.92	5,392.66	64,712
2	31.8893	2,551.14	5,527.48	66,330
3	32.6865	2,614.92	5,665.66	67,988
4	33.5036	2,680.29	5,807.29	69,688
5	34.3412	2,747.30	5,952.47	71,430
6	35.1998	2,815.98	6,101.30	73,216
7	36.0797	2,886.38	6,253.82	75,046
8	36.9817	2,958.54	6,410.16	76,922
9	37.9063	3,032.50	6,570.42	78,845
177				
1	32.6678	2,613.43	5,662.42	67,949
2	33.4845	2,678.76	5,803.98	69,648
3	34.3217	2,745.74	5,949.09	71,389
4	35.1798	2,814.38	6,097.82	73,174
5	36.0592	2,884.74	6,250.27	75,003
6	36.9607	2,956.86	6,406.52	76,878
7	37.8848	3,030.78	6,566.69	78,800
8	38.8318	3,106.55	6,730.85	80,770
9	39.8026	3,184.21	6,899.11	82,789
178				
1	34.2999	2,744.00	5,945.32	71,344
2	35.1575	2,812.60	6,093.96	73,128
3	36.0364	2,882.91	6,246.32	74,956
4	36.9374	2,954.99	6,402.47	76,830

**Unrepresented, Executive, General Unit, Laboratory Unit, Operators' Association,
and Professional Unit Salary Matrix**

EXHIBIT 1

Effective July 1, 2016

Range/Step	Hourly	Bi-Weekly	Monthly	Annually
5	37.8608	3,028.86	6,562.53	78,750
6	38.8073	3,104.58	6,726.60	80,719
7	39.7775	3,182.20	6,894.77	82,737
8	40.7719	3,261.75	7,067.14	84,806
9	41.7912	3,343.29	7,243.81	86,926
179				
1	36.0163	2,881.30	6,242.82	74,914
2	36.9167	2,953.33	6,398.89	76,787
3	37.8396	3,027.16	6,558.86	78,706
4	38.7856	3,102.85	6,722.83	80,674
5	39.7552	3,180.42	6,890.91	82,691
6	40.7491	3,259.93	7,063.18	84,758
7	41.7678	3,341.43	7,239.76	86,877
8	42.8120	3,424.96	7,420.75	89,049
9	43.8823	3,510.59	7,606.27	91,275
180				
1	37.8166	3,025.33	6,554.88	78,659
2	38.7621	3,100.97	6,718.77	80,625
3	39.7312	3,178.49	6,886.73	82,641
4	40.7244	3,257.95	7,058.89	84,707
5	41.7425	3,339.40	7,235.36	86,824
6	42.7860	3,422.88	7,416.24	88,995
7	43.8557	3,508.46	7,601.65	91,220
8	44.9521	3,596.17	7,791.70	93,500
9	46.0760	3,686.08	7,986.50	95,838
181				
1	39.7054	3,176.43	6,882.26	82,587
2	40.6981	3,255.84	7,054.33	84,652
3	41.7155	3,337.24	7,230.69	86,768
4	42.7583	3,420.66	7,411.44	88,937
5	43.8273	3,506.19	7,596.74	91,161
6	44.9230	3,593.84	7,786.66	93,440
7	46.0461	3,683.69	7,981.33	95,776
8	47.1972	3,775.78	8,180.85	98,170
9	48.3771	3,870.17	8,385.37	100,624
182				
1	41.6909	3,335.27	7,226.42	86,717
2	42.7331	3,418.65	7,407.08	88,885
3	43.8014	3,504.11	7,592.25	91,107
4	44.8965	3,591.72	7,782.06	93,385
5	46.0189	3,681.51	7,976.61	95,719
6	47.1694	3,773.55	8,176.03	98,112
7	48.3486	3,867.89	8,380.42	100,565
8	49.5574	3,964.59	8,589.94	103,079
9	50.7962	4,063.70	8,804.68	105,656

**Unrepresented, Executive, General Unit, Laboratory Unit, Operators' Association,
and Professional Unit Salary Matrix
Effective July 1, 2016**

EXHIBIT 1

Range/Step	Hourly	Bi-Weekly	Monthly	Annually
183				
1	43.7772	3,502.18	7,588.05	91,057
2	44.8718	3,589.74	7,777.77	93,333
3	45.9936	3,679.48	7,972.22	95,667
4	47.1434	3,771.47	8,171.52	98,058
5	48.3219	3,865.75	8,375.80	100,510
6	49.5300	3,962.40	8,585.19	103,022
7	50.7683	4,061.46	8,799.84	105,598
8	52.0374	4,162.99	9,019.82	108,238
9	53.3384	4,267.07	9,245.33	110,944
184				
1	45.9647	3,677.17	7,967.21	95,607
2	47.1138	3,769.10	8,166.39	97,997
3	48.2916	3,863.33	8,370.55	100,447
4	49.4989	3,959.92	8,579.82	102,958
5	50.7364	4,058.91	8,794.31	105,532
6	52.0048	4,160.38	9,014.16	108,170
7	53.3050	4,264.40	9,239.52	110,874
8	54.6375	4,371.00	9,470.50	113,646
9	56.0036	4,480.28	9,707.28	116,487
185				
1	48.2615	3,860.92	8,365.32	100,384
2	49.4680	3,957.44	8,574.46	102,893
3	50.7046	4,056.37	8,788.80	105,466
4	51.9723	4,157.78	9,008.53	108,102
5	53.2716	4,261.73	9,233.74	110,805
6	54.6034	4,368.27	9,464.59	113,575
7	55.9685	4,477.48	9,701.20	116,414
8	57.3677	4,589.41	9,943.73	119,325
9	58.8019	4,704.15	10,192.33	122,308
186				
1	50.6760	4,054.08	8,783.83	105,406
2	51.9429	4,155.43	9,003.43	108,041
3	53.2414	4,259.31	9,228.51	110,742
4	54.5725	4,365.80	9,459.23	113,511
5	55.9368	4,474.95	9,695.71	116,349
6	57.3353	4,586.82	9,938.11	119,257
7	58.7686	4,701.49	10,186.55	122,239
8	60.2378	4,819.02	10,441.22	125,295
9	61.7438	4,939.50	10,702.26	128,427
187				
1	53.2084	4,256.67	9,222.78	110,673
2	54.5385	4,363.08	9,453.34	113,440
3	55.9020	4,472.16	9,689.67	116,276
4	57.2995	4,583.96	9,931.92	119,183

**Unrepresented, Executive, General Unit, Laboratory Unit, Operators' Association,
and Professional Unit Salary Matrix
Effective July 1, 2016**

EXHIBIT 1

Range/Step	Hourly	Bi-Weekly	Monthly	Annually
5	58.7320	4,698.56	10,180.21	122,163
6	60.2004	4,816.03	10,434.73	125,217
7	61.7053	4,936.43	10,695.59	128,347
8	63.2480	5,059.84	10,962.99	131,556
9	64.8292	5,186.33	11,237.06	134,845
188				
1	55.8669	4,469.35	9,683.59	116,203
2	57.2635	4,581.08	9,925.68	119,108
3	58.6951	4,695.61	10,173.82	122,086
4	60.1624	4,812.99	10,428.15	125,138
5	61.6665	4,933.32	10,688.86	128,266
6	63.2082	5,056.66	10,956.09	131,473
7	64.7884	5,183.08	11,230.00	134,760
8	66.4081	5,312.65	11,510.74	138,129
9	68.0684	5,445.47	11,798.52	141,582
189				
1	58.6599	4,692.79	10,167.72	122,013
2	60.1265	4,810.12	10,421.93	125,063
3	61.6296	4,930.37	10,682.47	128,190
4	63.1704	5,053.63	10,949.53	131,394
5	64.7496	5,179.97	11,223.27	134,679
6	66.3683	5,309.47	11,503.84	138,046
7	68.0275	5,442.20	11,791.44	141,497
8	69.7283	5,578.26	12,086.24	145,035
9	71.4715	5,717.72	12,388.40	148,661
190				
1	61.5919	4,927.35	10,675.93	128,111
2	63.1317	5,050.54	10,942.83	131,314
3	64.7100	5,176.80	11,216.40	134,597
4	66.3277	5,306.22	11,496.80	137,962
5	67.9860	5,438.88	11,784.23	141,411
6	69.6856	5,574.84	12,078.83	144,946
7	71.4277	5,714.22	12,380.80	148,570
8	73.2134	5,857.07	12,690.33	152,284
9	75.0437	6,003.50	13,007.58	156,091
191				
1	64.6711	5,173.69	11,209.65	134,516
2	66.2878	5,303.03	11,489.89	137,879
3	67.9450	5,435.60	11,777.14	141,326
4	69.6437	5,571.49	12,071.57	144,859
5	71.3847	5,710.78	12,373.35	148,480
6	73.1694	5,853.55	12,682.70	152,192
7	74.9986	5,999.89	12,999.76	155,997
8	76.8736	6,149.89	13,324.76	159,897
9	78.7955	6,303.64	13,657.88	163,895

**Unrepresented, Executive, General Unit, Laboratory Unit, Operators' Association,
and Professional Unit Salary Matrix
Effective July 1, 2016**

EXHIBIT 1

Range/Step	Hourly	Bi-Weekly	Monthly	Annually
192				
1	67.9059	5,432.47	11,770.35	141,244
2	69.6036	5,568.29	12,064.62	144,775
3	71.3437	5,707.50	12,366.24	148,395
4	73.1272	5,850.18	12,675.38	152,105
5	74.9555	5,996.44	12,992.28	155,907
6	76.8293	6,146.34	13,317.07	159,805
7	78.7501	6,300.01	13,650.01	163,800
8	80.7187	6,457.50	13,991.25	167,895
9	82.7368	6,618.94	14,341.04	172,093
193				
1	71.3006	5,704.05	12,358.77	148,305
2	73.0831	5,846.64	12,667.73	152,013
3	74.9102	5,992.81	12,984.43	155,813
4	76.7829	6,142.63	13,309.03	159,708
5	78.7025	6,296.20	13,641.77	163,701
6	80.6700	6,453.60	13,982.81	167,794
7	82.6868	6,614.94	14,332.38	171,989
8	84.7540	6,780.32	14,690.69	176,288
9	86.8728	6,949.83	15,057.96	180,696
194				
1	74.8677	5,989.42	12,977.07	155,725
2	76.7394	6,139.15	13,301.50	159,618
3	78.6579	6,292.63	13,634.03	163,608
4	80.6243	6,449.94	13,974.88	167,699
5	82.6400	6,611.20	14,324.26	171,891
6	84.7060	6,776.48	14,682.37	176,188
7	86.8236	6,945.89	15,049.42	180,593
8	88.9942	7,119.53	15,425.66	185,108
9	91.2190	7,297.52	15,811.30	189,736
195				
1	78.6115	6,288.92	13,625.99	163,512
2	80.5767	6,446.14	13,966.64	167,600
3	82.5913	6,607.30	14,315.82	171,790
4	84.6560	6,772.48	14,673.70	176,084
5	86.7724	6,941.79	15,040.55	180,487
6	88.9417	7,115.34	15,416.57	184,999
7	91.1653	7,293.22	15,801.98	189,624
8	93.4444	7,475.55	16,197.03	194,364
9	95.7805	7,662.44	16,601.96	199,224
196				
1	82.5404	6,603.23	14,307.01	171,684
2	84.6040	6,768.32	14,664.69	175,976
3	86.7190	6,937.52	15,031.30	180,376
4	88.8870	7,110.96	15,407.09	184,885

**Unrepresented, Executive, General Unit, Laboratory Unit, Operators' Association,
and Professional Unit Salary Matrix**

EXHIBIT 1

Effective July 1, 2016

Range/Step	Hourly	Bi-Weekly	Monthly	Annually
5	91.1091	7,288.73	15,792.25	189,507
6	93.3869	7,470.96	16,187.07	194,245
7	95.7216	7,657.73	16,591.74	199,101
8	98.1146	7,849.16	17,006.52	204,078
9	100.5674	8,045.39	17,431.69	209,180
197				
1	86.6670	6,933.36	15,022.28	180,267
2	88.8336	7,106.69	15,397.83	184,774
3	91.0545	7,284.36	15,782.78	189,393
4	93.3309	7,466.47	16,177.35	194,128
5	95.6641	7,653.13	16,581.78	198,981
6	98.0558	7,844.46	16,996.34	203,956
7	100.5072	8,040.58	17,421.25	209,055
8	103.0199	8,241.59	17,856.78	214,281
9	105.5953	8,447.63	18,303.19	219,638
198				
1	90.9997	7,279.98	15,773.29	189,279
2	93.2747	7,461.97	16,167.61	194,011
3	95.6066	7,648.52	16,571.80	198,862
4	97.9968	7,839.74	16,986.10	203,833
5	100.4466	8,035.73	17,410.75	208,929
6	102.9578	8,236.63	17,846.02	214,152
7	105.5318	8,442.54	18,292.18	219,506
8	108.1701	8,653.61	18,749.48	224,994
9	110.8743	8,869.95	19,218.21	230,619
199				
1	97.8269	7,826.15	16,956.67	203,480
2	100.2726	8,021.80	17,380.58	208,567
3	102.7794	8,222.35	17,815.09	213,781
4	105.3489	8,427.91	18,260.47	219,126
5	107.9827	8,638.61	18,716.99	224,604
6	110.6822	8,854.58	19,184.92	230,219
7	113.4493	9,075.94	19,664.54	235,974
8	116.2855	9,302.84	20,156.15	241,874
9	119.1926	9,535.41	20,660.05	247,921
200				
1	105.1631	8,413.04	18,228.26	218,739
2	107.7922	8,623.37	18,683.97	224,208
3	110.4870	8,838.96	19,151.08	229,813
4	113.2492	9,059.93	19,629.85	235,558
5	116.0804	9,286.43	20,120.60	241,447
6	118.9824	9,518.59	20,623.61	247,483
7	121.9570	9,756.56	21,139.21	253,671
8	125.0059	10,000.47	21,667.69	260,012
9	128.1310	10,250.48	22,209.37	266,512

**Unrepresented, Executive, General Unit, Laboratory Unit, Operators' Association,
and Professional Unit Salary Matrix
Effective July 1, 2016**

EXHIBIT 1

Range/Step	Hourly	Bi-Weekly	Monthly	Annually
201				
1	55.6958	4,455.66	9,653.94	115,847
202				
1	42.9806	3,438.45	7,449.97	89,400
203				
1	139.8935	11,191.48	24,248.20	290,978
001				
1	10.0000			
2	11.0000			
3	12.0000			
4	13.0000			
5	14.0000			
6	15.0000			

RESOLUTION NO. 2016-6-12

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, APPROVING THE AMENDMENT OF THE SUPERVISORS' UNIT SALARY SCHEDULE/MATRIX

WHEREAS, the Agency has compensation changes for the Supervisors' Unit Employees 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,

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

SECTION 1: The Supervisors' 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, 2016.

ADOPTED the 15th day of June, 2016.

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

ATTEST:

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. 2016-6-12, was adopted at a
regular Board Meeting on June 15, 2016, of said Agency by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Steven J. Elie
Secretary/Treasurer

**SUPERVISORS' UNIT
SALARY MATRIX
Effective July 1, 2016**

Exhibit 1

CLASSIFICATION TITLE	SALARY RANGES
Accounting Supervisor	SU 099
Administrative Coordinator	SU 098
Business Systems Supervisor	SU 100
Compost Facility Superintendent	SU 101
Construction Project Manager	SU 100
Construction Project Manager - PE	SU 103
Groundwater Recharge Coordinator	SU 103
Inventory Resources Coordinator	SU 102
Maintenance Supervisor	SU 101
Materials Management Supervisor	SU 099
Operations Supervisor*	SU 100
Process Automation & Controls Supervisor	SU 101
Senior Chemist	SU 100
Senior Water Resources Analyst	SU 098
Source Control/Environmental Resources Superv	SU 104
Supervising Contract & Programs Administrator	SU 099
Supervising Management Analyst	SU 099
Supervising Warehouse Systems & Inventory	SU 099
Supervisor of Engineering Administration	SU 100

* Non-Exempt Classification

**SUPERVISORS' UNIT
SALARY MATRIX
Effective July 1, 2016**

Exhibit 1

Range	Step	Hourly	Bi-weekly	Monthly	Annual
SU088	1	24.2428	1,939.43	4,202.09	50,425
	2	24.8489	1,987.91	4,307.14	51,686
	3	25.4702	2,037.61	4,414.83	52,978
	4	26.1068	2,088.55	4,525.18	54,302
	5	26.7595	2,140.76	4,638.31	55,660
	6	27.4284	2,194.27	4,754.26	57,051
	7	28.1143	2,249.14	4,873.14	58,478
	8	28.8170	2,305.36	4,994.95	59,939
	9	29.5374	2,362.99	5,119.81	61,438
SU089	1	25.4551	2,036.41	4,412.22	52,947
	2	26.0916	2,087.33	4,522.54	54,270
	3	26.7438	2,139.50	4,635.59	55,627
	4	27.4123	2,192.98	4,751.47	57,018
	5	28.0977	2,247.81	4,870.26	58,443
	6	28.8001	2,304.01	4,992.02	59,904
	7	29.5201	2,361.61	5,116.82	61,402
	8	30.2581	2,420.65	5,244.74	62,937
	9	31.0147	2,481.18	5,375.88	64,511
SU090	1	26.7284	2,138.27	4,632.93	55,595
	2	27.3967	2,191.74	4,748.77	56,985
	3	28.0816	2,246.53	4,867.47	58,410
	4	28.7837	2,302.69	4,989.17	59,870
	5	29.5034	2,360.27	5,113.92	61,367
	6	30.2409	2,419.27	5,241.75	62,901
	7	30.9968	2,479.74	5,372.78	64,473
	8	31.7717	2,541.74	5,507.09	66,085
	9	32.5659	2,605.27	5,644.76	67,737
SU091	1	28.0633	2,245.07	4,864.31	58,372
	2	28.7650	2,301.20	4,985.94	59,831
	3	29.4842	2,358.73	5,110.59	61,327
	4	30.2212	2,417.70	5,238.35	62,860
	5	30.9767	2,478.14	5,369.30	64,432
	6	31.7511	2,540.09	5,503.53	66,042
	7	32.5448	2,603.58	5,641.10	67,693
	8	33.3585	2,668.68	5,782.14	69,386
	9	34.1925	2,735.40	5,926.70	71,120

**SUPERVISORS' UNIT
SALARY MATRIX
Effective July 1, 2016**

Exhibit 1

<u>Range</u>	<u>Step</u>	<u>Hourly</u>	<u>Bi-weekly</u>	<u>Monthly</u>	<u>Annual</u>
SU092	1	29.4678	2,357.42	5,107.74	61,293
	2	30.2045	2,416.36	5,235.45	62,825
	3	30.9596	2,476.77	5,366.33	64,396
	4	31.7336	2,538.69	5,500.50	66,006
	5	32.5269	2,602.15	5,637.99	67,656
	6	33.3401	2,667.21	5,778.95	69,347
	7	34.1736	2,733.89	5,923.43	71,081
	8	35.0280	2,802.24	6,071.51	72,858
	9	35.9037	2,872.30	6,223.31	74,680
SU093	1	30.9404	2,475.23	5,363.00	64,356
	2	31.7139	2,537.11	5,497.08	65,965
	3	32.5066	2,600.53	5,634.48	67,614
	4	33.3193	2,665.54	5,775.34	69,304
	5	34.1523	2,732.18	5,919.73	71,037
	6	35.0062	2,800.50	6,067.74	72,813
	7	35.8812	2,870.50	6,219.41	74,633
	8	36.7782	2,942.26	6,374.89	76,499
	9	37.6977	3,015.81	6,534.26	78,411
SU094	1	32.4877	2,599.01	5,631.19	67,574
	2	33.3000	2,664.00	5,772.00	69,264
	3	34.1325	2,730.60	5,916.29	70,996
	4	34.9857	2,798.86	6,064.19	72,770
	5	35.8603	2,868.83	6,215.79	74,589
	6	36.7569	2,940.55	6,371.19	76,454
	7	37.6758	3,014.06	6,530.47	78,366
	8	38.6177	3,089.41	6,693.73	80,325
	9	39.5831	3,166.65	6,861.07	82,333
SU095	1	34.1123	2,728.99	5,912.80	70,954
	2	34.9652	2,797.21	6,060.63	72,728
	3	35.8392	2,867.14	6,212.13	74,546
	4	36.7351	2,938.81	6,367.42	76,409
	5	37.6535	3,012.28	6,526.61	78,319
	6	38.5950	3,087.60	6,689.79	80,278
	7	39.5597	3,164.78	6,857.02	82,284
	8	40.5488	3,243.90	7,028.46	84,342
	9	41.5625	3,325.00	7,204.17	86,450

**SUPERVISORS' UNIT
SALARY MATRIX
Effective July 1, 2016**

Exhibit 1

Range	Step	Hourly	Bi-weekly	Monthly	Annual
SU096					
	1	35.8174	2,865.39	6,208.34	74,500
	2	36.7128	2,937.03	6,363.56	76,363
	3	37.6307	3,010.46	6,522.66	78,272
	4	38.5714	3,085.71	6,685.71	80,229
	5	39.5357	3,162.86	6,852.86	82,234
	6	40.5242	3,241.93	7,024.19	84,290
	7	41.5374	3,322.99	7,199.81	86,398
	8	42.5758	3,406.06	7,379.81	88,558
	9	43.6402	3,491.22	7,564.31	90,772
SU097					
	1	37.6080	3,008.64	6,518.72	78,225
	2	38.5484	3,083.87	6,681.72	80,181
	3	39.5121	3,160.97	6,848.76	82,185
	4	40.4998	3,239.98	7,019.96	84,240
	5	41.5124	3,320.99	7,195.48	86,346
	6	42.5502	3,404.02	7,375.37	88,504
	7	43.6140	3,489.12	7,559.76	90,717
	8	44.7045	3,576.36	7,748.78	92,985
	9	45.8220	3,665.76	7,942.48	95,310
SU098					
	1	39.4892	3,159.13	6,844.79	82,137
	2	40.4764	3,238.11	7,015.91	84,191
	3	41.4882	3,319.06	7,191.29	86,295
	4	42.5255	3,402.04	7,371.08	88,453
	5	43.5887	3,487.09	7,555.37	90,664
	6	44.6785	3,574.28	7,744.27	92,931
	7	45.7955	3,663.64	7,937.88	95,255
	8	46.9403	3,755.23	8,136.32	97,636
	9	48.1139	3,849.11	8,339.75	100,077
SU099					
	1	41.4390	3,315.12	7,182.75	86,193
	2	42.4749	3,398.00	7,362.32	88,348
	3	43.5368	3,482.95	7,546.39	90,557
	4	44.6253	3,570.02	7,735.05	92,821
	5	45.7409	3,659.27	7,928.42	95,141
	6	46.8843	3,750.75	8,126.62	97,519
	7	48.0565	3,844.52	8,329.79	99,957
	8	49.2578	3,940.62	8,538.02	102,456
	9	50.4892	4,039.14	8,751.46	105,018

**SUPERVISORS' UNIT
SALARY MATRIX
Effective July 1, 2016**

Exhibit 1

Range	Step	Hourly	Bi-weekly	Monthly	Annual
SU100					
	1	43.5353	3,482.83	7,546.13	90,554
	2	44.6237	3,569.89	7,734.77	92,817
	3	45.7393	3,659.14	7,928.15	95,138
	4	46.8829	3,750.63	8,126.36	97,516
	5	48.0549	3,844.39	8,329.51	99,954
	6	49.2563	3,940.50	8,537.76	102,453
	7	50.4877	4,039.02	8,751.20	105,014
	8	51.7498	4,139.98	8,969.97	107,640
	9	53.0437	4,243.49	9,194.23	110,331
SU101					
	1	45.7122	3,656.98	7,923.45	95,081
	2	46.8549	3,748.39	8,121.52	97,458
	3	48.0262	3,842.10	8,324.54	99,894
	4	49.2270	3,938.16	8,532.68	102,392
	5	50.4577	4,036.62	8,746.01	104,952
	6	51.7191	4,137.53	8,964.64	107,576
	7	53.0121	4,240.97	9,188.77	110,265
	8	54.3373	4,346.99	9,418.47	113,022
	9	55.6958	4,455.66	9,653.94	115,847
SU102					
	1	47.9976	3,839.81	8,319.59	99,835
	2	49.1978	3,935.82	8,527.62	102,331
	3	50.4276	4,034.21	8,740.78	104,889
	4	51.6883	4,135.06	8,959.30	107,512
	5	52.9806	4,238.44	9,183.30	110,200
	6	54.3051	4,344.41	9,412.89	112,955
	7	55.6626	4,453.01	9,648.19	115,778
	8	57.0542	4,564.34	9,889.40	118,673
	9	58.4806	4,678.45	10,136.64	121,640
SU103					
	1	50.3976	4,031.81	8,735.59	104,827
	2	51.6576	4,132.61	8,953.98	107,448
	3	52.9490	4,235.92	9,177.83	110,134
	4	54.2727	4,341.82	9,407.27	112,887
	5	55.6296	4,450.37	9,642.46	115,710
	6	57.0202	4,561.62	9,883.51	118,602
	7	58.4458	4,675.66	10,130.60	121,567
	8	59.9069	4,792.55	10,383.86	124,606
	9	61.4047	4,912.38	10,643.48	127,722

**SUPERVISORS' UNIT
SALARY MATRIX
Effective July 1, 2016**

Exhibit 1


Range	Step	Hourly	Bi-weekly	Monthly	Annual
SU104	1	52.9175	4,233.40	9,172.38	110,069
	2	54.2405	4,339.24	9,401.69	112,820
	3	55.5964	4,447.71	9,636.71	115,641
	4	56.9864	4,558.92	9,877.65	118,532
	5	58.4110	4,672.88	10,124.58	121,495
	6	59.8713	4,789.70	10,377.69	124,532
	7	61.3680	4,909.44	10,637.12	127,645
	8	62.9022	5,032.17	10,903.04	130,837
	9	64.4749	5,157.99	11,175.65	134,108


**ACTION
ITEM**


4D

Date: June 15, 2016

To: The Honorable Board of Directors

From: P. Joseph Grindstaff
General Manager 

Submitted by:  Christina Valencia
Chief Financial Officer

 Sharmeen Bhojani
Manager of Human Resources

Subject: Adoption of Resolution No. 2016-6-13, Amending the Employer Paid Member Contributions (EPMC)

RECOMMENDATION

It is recommended that the Board of Directors adopt Resolution No. 2016-6-13 amending the EPMC to CalPERS for all classic employees.

BACKGROUND

Resolution No. 2016-6-13 amends the EPMC for all classic CalPERS employees. The pension contribution to CalPERS is made up of two segments. The first segment is an amount established by CalPERS as the actuarially required employer contribution. The other segment is the employee contribution, which is a fixed eight percent (8%) of employee PERSable wages for employees enrolled in the CalPERS retirement plan with a benefit formula of 2.5%@55, and a fixed seven percent (7%) of employee PERSable wages for employees enrolled in the CalPERS retirement plan with a benefit formula of 2%@55. Pursuant to California Government Code Section 20691, the employer may choose to “pick-up” these contributions for the employees, referred to as EPMC.

Pursuant to the five year Memorandums of Understanding (effective September 1, 2013 through June 30, 2018) between the Agency and the five bargaining units, once adopted by the Board of Directors, Resolution No. 2016-6-13 will further reduce the EPMC amount the Agency is currently paying. Effective July 1, 2016 classic employees hired on or before December 31, 2011 will be paying 87.5% of their 8% (or 7%) PERS employee contribution. Effective July 1, 2016 classic employees and new members hired on or after January 1, 2012 will be paying the full 7% PERS employee contribution. The increase in employee paid contribution will be offset by a 3.5% cost of living adjustment effective July 1, 2016.

PRIOR BOARD ACTION

On June 17, 2015, the Board of Directors adopted Resolution No. 2015-6-12 reducing the EPMC for all classic employees to 2.5% for employees hired on or prior to December 31, 2011 and .5% for employees hired on or after January 1, 2012.

On May 16, 2014, the Board of Directors adopted Resolution Nos. 2014-5-6, through 2014-5-12, reducing the EPMC for all classic employees to 4% for employees hired on or prior to December 31, 2011 and 2% for employees hired on or after January 1, 2012.

On September 4, 2013, the Board of Directors adopted Resolution No. 2013-9-6, reducing the EPMC for all classic employees to 5% for employees hired on or prior to December 31, 2011 and 3% for employees hired on or after January 1, 2012.

On November 20, 2013, the Board of Directors adopted Resolution No. 2013-11-6, approving the Memorandum of Understanding (MOU) for the Professional Unit employees.

On September 4, 2013, the Board of Directors adopted Resolution No. 2013-9-7, approving the MOU for the General Unit employees.

On September 4, 2013, the Board of Directors adopted Resolution No. 2013-9-5, approving the Personnel Manual for Executive Management employees.

On September 4, 2013, the Board of Directors adopted Resolution No. 2013-9-4, approving the Personnel Manual for Unrepresented employees.

On September 4, 2013, the Board of Directors adopted Resolution No. 2013-9-3, approving the MOU for the Operators' Unit employees.

On September 4, 2013, the Board of Directors adopted Resolution No. 2013-9-2, approving the MOU for the Supervisors' Unit employees.

On September 4, 2013, the Board of Directors adopted Resolution No. 2013-9-1, approving the MOU for the Laboratory Unit employees.

On January 19, 2000, the Board of Directors adopted Resolution No. 2000-1-3, providing for the Agency to pay the entire normal member contribution on behalf of all employees to CalPERS.

IMPACT ON BUDGET

The additional employee pick up of the EPMC reducing the employer obligation to CalPERS and the cost of living adjustment are budgeted as part of employment expenses in FY 2016/17.

RESOLUTION NO. 2016-6-13

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, PROVIDING FOR EMPLOYER PAID MEMBER CONTRIBUTIONS TO CALPERS FOR ALL CLASSIC EMPLOYEES

WHEREAS, the governing body of the Inland Empire Utilities Agency has the authority to implement Government Code Section 20691;

WHEREAS, the governing body of the Inland Empire Utilities Agency has a written policy or agreement which specifically provides for the normal member contributions to be paid by the employer;

WHEREAS, one of the steps in the procedures to implement Section 20691 is the adoption by the governing body of the Inland Empire Utilities Agency of a Resolution to commence said Employer Paid Member Contributions (EPMC); and

WHEREAS, the governing body of the Inland Empire Utilities Agency has identified the following conditions for the purpose of its election to pay EPMC:

This benefit shall apply to classic employees of the General, Laboratory, Supervisors', Operators', Professional, Unrepresented and Executive Management groups.

This benefit shall consist of paying one percent (1%) of the normal member contributions as EPMC for employees hired on or prior to December 31, 2011.

This benefit shall consist of paying zero percent (0%) of the normal member contributions as EPMC for employees hired on or after January 1, 2012.

The effective date of this Resolution shall be July 1, 2016.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Inland Empire Utilities Agency* elects to pay EPMC, as set forth above.

ADOPTED the 15th day of June, 2016.

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

Resolution No. 2016-6-13

Page 2

ATTEST:

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

*A Municipal Water District

Resolution No. 2016-6-13

Page 3

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. 2016-6-13, was adopted at a regular
Board Meeting on June 15, 2016, of said Agency by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Steven J. Elie
Secretary/Treasurer

(SEAL)

*A Municipal Water District

**ACTION
ITEM**

4E

Date: June 15, 2016

To: The Honorable Board of Directors

Through: Public, Legislative Affairs, and Water Resources Committee (6/8/16)
Finance, Legal & Administration Committee (6/8/16)

From: P. Joseph Grindstaff *CB to JB*
General Manager

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

Sylvie Lee *SL*
Manager of Planning and Environmental Resources

Subject: Santa Ana River Conservation and Conjunctive Use Program (SARCCUP)

RECOMMENDATION

It is recommended that the Board of Directors:

1. Approve the June 2016 SARCCUP Memorandum of Understanding (MOU);
2. Approve Project Agreement 23 (PA23) between SAWPA and the five SAWPA member agencies for SARCCUP governance;
3. Approve the professional services contract award to Tom Dodson & Associates (TDA) to conduct a SARCCUP CEQA evaluation for the not-to-exceed amount of \$340,397;
4. Approve the CEQA Cost Sharing Agreement; and
5. Authorize the General Manager to execute the following documents:
 - a. June 2016 SARCCUP MOU
 - b. PA23
 - c. Professional Services Contract Award to TDA
 - d. CEQA Cost Sharing Agreement

BACKGROUND

SARCCUP is the result of collaboration between the Santa Ana Watershed Project Authority (SAWPA) member agencies (Parties) to identify large-scale water supply reliability and water

SARCCUP June 2016 Authorizations

June 15, 2016

Page 2 of 3

use efficiency projects that could benefit the Santa Ana River Watershed. SARCCUP will initially include development of new infrastructure and incorporation of existing infrastructure to create 60,000 acre-feet per year of wet year put and dry year take capacities for 180,000 acre-feet of groundwater storage in the San Bernardino Area Basins, the San Jacinto Basin, the Chino Basin, and the Elsinore Basin. SARCCUP conservation elements include development of 10,439 acre-feet per year of increased supply by removing *Arundo donax*, an invasive plant species, from the Santa Ana River, restoration of Santa Ana Sucker fish habitat, and implementation of economics based water conservation measures.

The parties began collaboration in 2014 when they created the Santa Ana River Watermaster Action Team through an MOU to explore identification of projects with watershed-wide benefits, which became SARCCUP, a regional conservation and conjunctive use program. In May 2015, the Parties' 2014 MOU was amended to establish foundational principles for SARCCUP. In June 2015, the Parties submitted a grant application to the State Department of Water Resources (DWR) through SAWPA for the SARCCUP project elements. SAWPA was awarded \$55 million in grants for the SARCCUP project by DWR. The estimated costs of SARCCUP Phase 1 projects total \$100 million and will be funded by the \$55 million grant funding and \$45 million shared equally by the five SAWPA member agencies.

The implementation of SARCCUP water banking elements requires unprecedented cooperation by the Parties and other agencies. The level of cooperation requires developing several agreements including those for program financing, governance, operations, storage, exchange, management, and for working with water suppliers such as local retailers and regional water wholesale agencies. The Parties have prepared the 2016 SARCCUP MOU for Program Implementation restating their desired cooperation, describing the phase 1 SARCCUP facilities, and identifying needed agreements. Each party is seeking adoption of the MOU by their Board of Directors in June 2016 prior to SAWPA and DWR finalizing the SARCCUP grant award contract in July 2016.

The governance of SARCCUP will be through project agreements made under the joint powers authority of SAWPA. The SARCCUP water conservation elements are being implemented through the governance of the existing Project Agreement 22 (PA22). The water banking elements are to be implemented through the governance established by a new agreement, Project Agreement 23 (PA23). PA23 covenants establish the covered project facilities, an operations committee, accounting needs, unanimous budget approval, an open term duration, ownership of facilities, financial responsibilities, indemnification of SAWPA, and requirements of withdrawal. PA23 must be signed by all SARCCUP Parties including SAWPA. Each party is seeking adoption of PA23 by their Board of Directors in June 2016 prior to SAWPA and DWR finalizing the SARCCUP grant contract in July 2016.

The Parties identified IEUA as the agency to lead the California Environmental Quality Act review for SARCCUP. IEUA has competitively-bid on-call master contracts with TDA and Environmental Science Associates (ESA) for environmental reviews. The Parties, being pleased with past TDA and ESA work, all agreed that TDA and ESA should be selected to begin CEQA such that the evaluation can begin forthwith and for the Parties to meet the aggressive

SARCCUP June 2016 Authorizations

June 15, 2016

Page 3 of 3

construction schedule. The proposed contract with the TDA/ESA team identifies the appropriate environmental needs for all SARCCUP components under CEQA. IEUA will act as the Lead Agency under CEQA with the remaining Parties to act as Responsible Agencies. TDA/ESA prepared a cost estimate of \$340,397. The 2016 MOU for Program Implementation identifies that the CEQA cost will be shared equally amongst the Parties. A CEQA cost-sharing agreement has been prepared.

The SARCCUP MOU for Program Implementation, PA23, and CEQA work are 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

On May 20, 2015, the IEUA Board of Directors approved an amendment to the May 2014 Santa Ana River Watermaster Action Team MOU. The amendment supported continued collaboration towards the identified projects now known as SARCCUP and the newly stated foundational principles of SARCCUP.

On May 21, 2014, the IEUA Board of Directors approved an MOU for the Santa Ana River Watermaster Action Team in support of IEUA collaboration with the SAWPA member agencies to identify possible large-scale water supply reliability and water use efficiency projects that could benefit the entire Santa Ana River Watershed; and to collaborate to cost share projects and to secure Proposition 84 or other funding for implementation of identified projects.

IMPACT ON BUDGET

The award of the professional services contract for the SARCCUP CEQA, for the not-to-exceed amount of \$340,397 is within the total project budget of Project No. WR16024 in the Water Resources (WW) Fund. The SARCCUP total project budget for FY2015/16 is \$2,000,000. The CEQA evaluation will be equally cost shared by the five SARCCUP member agencies and thus the IEUA share will be \$68,079.

Attachments:

1. SARCCUP Memorandum of Understanding for Program Implementation
2. Project Agreement 23
3. Contract 460002107 with Tom Dodson & Associates for SARCCUP CEQA
4. CEQA Cost Share Agreement

Santa Ana River Conservation and Conjunctive Use (SARCCUP) 2016 Program Authorizations



Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

Andy Campbell

IEUA Board of Directors Meeting

June 2016

SARCCUP* Collaboration

- May 2014 MOU created Santa Ana River Watermaster Action Team
- May 2015 MOU amendment established SARCCUP
- December 2015:
 - \$100 million SARCCUP Prop 84 grant application
 - \$55 million in grant funding is awarded
- Local cost share: \$45 million shared equally by SARCCUP agencies

* SARCCUP: Santa Ana River Conservation and Conjunctive Use Program

MOU for Program Implementation

- SARCCUP requires multiple agreements
- MOU restates Parties' cooperation, describes facilities, & identifies agreements:
 - financing, governance, operations, storage, exchange, & management
- MOU needed prior to SAWPA-DWR grant contract in July 2016

SARCCUP Governance Agreement

- Existing Project Agreement (PA22) governs water conservation
- Project Agreement 23 (PA23) governs:
 - water banking elements
 - operations committee, open term duration, budget approval, and financial responsibilities
- PA23 needed prior to SAWPA-DWR grant contract in July 2016

SARCCUP CEQA

- IEUA identified as lead agency for CEQA review
 - IEUA's master environmental contract: TDA and ESA
 - Parties unanimously agreed to use TDA & ESA
- New CEQA contract with TDA/ESA: \$340,397
- CEQA cost shared equally amongst SARCCUP agencies: \$68,079

Recommendation

It is recommended that the Board of Directors

- Approve the June 2016 SARCCUP Memorandum of Understanding (MOU);
- Approve Project Agreement 23 (PA23) between SAWPA and the five SAWPA member agencies for SARCCUP governance;
- Approve the professional services contract award to Tom Dodson & Associates (TDA) to conduct a SARCCUP CEQA evaluation for the not-to-exceed amount of \$340,397;
- Approve the CEQA Cost Sharing Agreement; and
- Authorize the General Manager to execute the following documents:
 - * June 2016 SARCCUP MOU
 - * PA23
 - * Professional services contract award to TDA
 - * CEQA Cost Sharing Agreement

The plan is consistent with the **Agency's Business Goal of Water Reliability** by promoting water use efficiency and education to enhance water supplies within the region; and meeting the region's need to develop reliable and diverse local water resources in order to reduce dependence on imported water supplies.

ATTACHMENT 1:

SARCCUP Memorandum of Understanding for Program Implementation

**Santa Ana River Conservation and Conjunctive Use Program (SARCCUP)
Memorandum of Understanding for Program Implementation**

This Memorandum of Understanding ("MOU") is executed as of June ____, 2016 ("Effective Date"), by and among, Eastern Municipal Water District (Eastern MWD), Inland Empire Utilities Agency (IEUA), Orange County Water District (OCWD), San Bernardino Valley Municipal Water District (SBVMWD), and Western Municipal Water District (Western MWD), collectively referred to herein as "Parties" and individually as "Party".

I. Recitals / Objectives

1. The purpose of the MOU is to describe the Santa Ana River Conservation and Conjunctive Use Program (SARCCUP) objectives, benefits, facilities descriptions, and to define future agreements that will be required for project implementation and operation, and grant administration.
2. In 2014, the Parties entered into a memorandum of understanding ("2014 MOU") to collaborate in the exploration, analysis and implementation of one or more projects concerning large-scale, regional water supply reliability projects that would provide benefits to the entire watershed. Further, the Parties agreed to work together and take such action to secure grants or other necessary funding, including applying for Santa Ana Watershed Project Authority's (SAWPA) One Water One Watershed (OWOW) Proposition 84 2015 Integrated Regional Water Management (IRWM) funding in October 2015, to help pay for the projects and programs selected by the Parties, known collectively as the SARCCUP program. In May 2015, the Parties executed Amendment 1 to the 2014 MOU. The 2014 MOU, along with Amendment 1, are attached as Exhibit A.
3. Pursuant to the 2014 MOU, the Parties have worked collaboratively to develop a regional conjunctive use program. SARCCUP is a multi-agency, watershed-scale program that will initially create 180,000 acre-feet (AF) of storage capacity that would provide up to 60,000 AF per year (AFY) of water during dry years (dry year yield) for up to 3 years; develop 10,439 AFY of increased supply by removing arundo, an invasive plant species, from the Santa Ana River, restore Santa Ana Sucker fish habitat; and implement additional water conservation measures. SARCCUP will collectively provide up to 70,439 AFY of new local dry-year water supply that would supplement, and perhaps replace, imported water supplies during a drought.
4. The SARCCUP program provides multiple, regional benefits to the Santa Ana River Watershed:
 - a. Develops a large-scale, conjunctive-use project that utilizes unused storage space in the watershed's groundwater basins allowing the banking of wet-year supplies for use in dry years, facilitating the augmentation of

drought and emergency water supplies, and supplementing, or perhaps reducing, the demand for imported water during droughts.

- b. Restores habitat for the Santa Ana Sucker, a threatened species and recovers water being consumed by arundo, an invasive plant species. Creation of 18,250 linear feet of new habitat will significantly improve conditions for the Santa Ana Sucker fish along the Santa Ana River. SARCCUP also includes removal of 640 acres of *Arundo donax* and restoration of 41 acres of habitat with native species.
 - c. Implements water use efficiency measures to lower water demands in the watershed. The Water Use Efficiency (WUE) element includes extending the OWOW Proposition 84 2014 Drought Round WUE program for technical support for conservation programs and public outreach. The Parties will also be contracting with SAWPA to support the implementation of conservation-based rates by water agencies that currently do not have conservation-based rates and providing outreach guidance in drought tolerant landscaping maintenance through the services of Orange County Coastkeeper and other entities.
5. Eastern MWD, IEUA, and Western MWD are Metropolitan Water District of Southern California (MWDSC) member participating agencies.
 6. OCWD is a participating agency that receives imported water from MWDSC through the Municipal Water District of Orange County (MWDOC). MWDOC is a member of the MWDSC.
 7. SBVMWD is a participating agency that, like MWDSC, is a State Water Contractor.
 8. The SARCCUP groundwater storage and recovery facilities are located in the service areas of Eastern MWD, IEUA, SBVMWD and Western MWD.
 9. An "extraordinary supply", as defined by MWDSC, is: "...extraordinary increases in local supplies in times of shortage above the base period, including such efforts as purchasing water transfers or overproducing groundwater yield." In addition, MWDSC adopted five principles for determining extraordinary supply status:
 - a. No negative impacts to other member agencies
 - b. Provides supply in addition to existing regional supplies
 - c. Specifically designed program or supply action
 - d. Intended for consumptive use in a MWDSC water supply allocation
 - e. Fully documented resource management actions

10. The purpose of SARCCUP is to supplement, or perhaps replace, imported water from the Bay-Delta available during dry years by initially creating 180,000 AF of local groundwater storage by banking surplus imported water during wet years in any of the Chino, Elsinore, San Bernardino, and San Jacinto Groundwater Basins ("storage locations") for future recovery to serve operational needs and provide supplies during droughts or emergencies.
11. The Parties will be collaborative, equal partners in the storage capacity created by all of the SARCCUP facilities, including the ability to store and recover water. The SARCCUP bank augments the supply of dry-year yield during droughts or during natural or man-made interruptions of imported water supplies. Water can be conveyed throughout the watershed via hard piping, exchanges and/or in-lieu use. The SARCCUP facilities are described herein. A schematic reflecting all of the regional water facilities, including those defined as SARCCUP, is included as Exhibit B.
12. In early 2016, SAWPA was formally notified that it had been awarded \$64,268,000 by the California Department of Water Resources for its OWOW Proposition 84 2015 IRWM grant proposal, which includes SARCCUP. From this grant award to SAWPA, \$55 million was designated by OWOW governance for SARCCUP implementation. The SARCCUP Prop 84 grant award includes the development of a Watershed-Scale Master Plan that includes the proposed SARCCUP facilities, and identifies additional facilities that could be included in future phases of the program. The goal of the Master Plan is to identify facilities needed to take advantage of approximately 1.0 million acre-feet (MAF) of total available groundwater storage capacity within the watershed for use in capturing available excess supplies during wet years and enhancing available local supplies during droughts and emergencies. Facilities identified for future phases of SARCCUP could be targets for future grant opportunities.
13. In January 2016, SBVMWD entered into a contract, on behalf of the Parties, with the firm CH2M to develop a decision-support model (Exhibit B) as part of the Master Plan process and work is ongoing under that contract as of the date of this MOU. The Parties have agreed to reimburse their one-fifth share of the total cost to SBVMWD. The overarching goals for the model effort is to simulate the anticipated operations of the proposed SARCCUP facilities, quantify the benefits, quantify the costs and identify future phases of SARCCUP.
14. IEUA has entered into a contract with Tom Dodson & Associates, on behalf of the Parties, to identify the appropriate environmental compliance document for all SARCCUP components under the California Environmental Quality Act (CEQA). IEUA will act as the "Lead Agency" under CEQA, with the remaining Parties to act as "Responsible Agencies". The Parties have agreed to reimburse their one-fifth share of the total cost to IEUA. Project-level CEQA

documents can either be completed by the local agency performing the project construction, or if far enough along in design, the project-level analysis can be included in a comprehensive document for agency project approval.

15. Multiple agreements are required between the Parties and other project stakeholders to allow for SARCCUP development, implementation, operation, and grant administration. This MOU defines those agreements, and a graphic demonstrating the relationships between all agreements can be found in Exhibit C. The relationships between the grant administration agreements are shown in Exhibit D.

II. SARCCUP Conjunctive-Use Facilities Descriptions

1. **Sources of water:** Water purchased for storage in the SARCCUP facilities would include water purchased by the Parties collectively and individually, as well as transfers between the Parties. Sources of water for storage under the SARCCUP program include, but are not limited to:
 - a. Imported water purchased from MWDSC;
 - b. Extraordinary supply water purchased on the market and wheeled to the storage locations; and
 - c. State Water Project (SWP) water purchased from SBVMWD and wheeled to the storage locations.
2. **Chino Basin Facilities:** SARCCUP facilities within the Chino Basin will create new storage capacity of 96,000 AF. Recharge and dry year yield will average 32,000 AFY for three years. Facilities include:
 - a. Construction of the Baseline Feeder Extension, which includes about 6.5 miles of 48-inch pipeline and connections along the pipeline to feed water to existing recharge facilities and water agencies;
 - b. Rehabilitation of up to three existing groundwater production wells and adding pumping and distribution appurtenances;
 - c. Improvements for imported water diversion capacity from flood control channels to existing recharge basins and facilities at the Montclair and Jurupa basins;
 - d. Construction of a dual-use turnout on the existing Devil Canyon-Azusa Pipeline to allow for recharge and for takes by the Water Facilities Authority.

3. **Elsinore Basin Facilities:** SARCCUP facilities within the Elsinore Basin will create new storage capacity of 4,500 AF. Recharge and dry year yield will average 1,500 AFY for three years. Facilities include:
 - a. Construction of two new dual-purpose injection wells with pipelines and appurtenances.
4. **San Bernardino Basin Area Facilities:** SARCCUP facilities within the San Bernardino Basin Area will create new storage capacity of 60,000 AF. Recharge and dry year yield will average 20,000 AFY for three years. Facilities include:
 - a. Construction of five new groundwater production wells, transmission pipeline and appurtenances;
 - b. Expansion of the capacity in the Redlands Pump Station by 60 cfs through the addition of three new pumps with a capacity of 20 cfs each.
5. **San Jacinto Basin Facilities:** SARCCUP facilities within the San Jacinto Basin will create new storage capacity of 19,500 AF. Recharge and dry year yield will average 6,500 AFY for three years. Facilities include:
 - a. Development of a new 39-acre recharge site, known as the Mountain Avenue West site:
 - i. Site grading to form the recharge basins;
 - ii. Installation of pipeline laterals, flow control valves, and metering facilities;
 - iii. Monitoring well installations.
 - b. Use of an existing raw water pipeline to deliver imported water for recharge to the Mountain Avenue West site;
 - c. Development of three new groundwater production wells for recovery of the banked water, including vertical turbine pumps and motors, distribution pipelines, and appurtenances.

III. Key Agreements to be Developed for SARCCUP

1. Agreements between the Parties

- a. **Coordinated Operating, Storage, Exchange and Management Agreement**

- i. Defines a management structure, known as the “Operating Committee”, that includes participants from all of the Parties and MWDOC, and will oversee project operations and finance decisions;
- ii. Defines how the Parties will share equitably in the storage accounts, operate and maintain the facilities, recharge imported water, extract/exchange banked water and keep an accounting of the storage accounts;
- iii. Defines operations planning and reporting requirements;
- iv. Sets term for 30 years upon execution, with option for renewal in 10-year increments.

b. Funding Agreement

- i. Defines costs associated with operations and maintenance of the SARCCUP conjunctive use facilities and establishes procedures to develop an operating budget on an annual basis;
- ii. Identifies “postage stamp” rate for recharge within any SARCCUP bank;
- iii. Identifies “postage stamp” rate for extraction from any SARCCUP bank;
- iv. Identifies how and when postage stamp rates are adjusted;
- v. Identifies management, accounting and reporting of funds and process for reconciling accounts each year.
- vi. Identifies the cost for the Parties to utilize SARCCUP facilities when they are not needed by SARCCUP.

2. Agreement between the Parties and Santa Ana Watershed Project Authority (SAWPA)

a. Project Agreement 23, or “PA23”

- i. Responsible for management of the SARCCUP program and will provide necessary documentation to SAWPA ;
- ii. There is no set term for the agreement.

3. Agreement between the Parties, MWDOC, and MWDSC

a. MWDSC Demonstration Project Agreement

- i. Defines how MWDSC’s system would be used to facilitate exchanges between the Parties;
- ii. Defines method of calling Party taking MWDSC supply in-lieu of that Party producing groundwater;
- iii. Terms of this agreement will not conflict with Extraordinary Supply provisions;

- iv. Utilizes the terms of the SBVMWD/MWDSC Agreement to deliver water to the storage facilities of other SARCCUP agencies;
- v. Defines benefits to MWDSC.

4. Additional agreements

- a. **Eastern MWD and Hemet-San Jacinto Watermaster**
 - i. Storage Agreement needed to bank 19,500 AF
- b. **IEUA and Chino Basin Watermaster (or Watermaster pool members)**
 - i. Storage Agreement needed to bank 96,000 AF
- c. **MWDSC and SBVMWD Agreement**

IV. Exhibits

- 1. SARCCUP 2014 MOU and Amendment 1 between the Parties
- 2. Schematic of Regional SARCCUP Facilities
- 3. SARCCUP Agreements Relationship Architecture
- 4. SARCCUP Grant Management Agreements Relationship Architecture

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

EASTERN MUNICIPAL WATER DISTRICT

By _____

Name _____

Its _____

INLAND EMPIRE UTILITIES AGENCY

By _____

Name _____

Its _____

ORANGE COUNTY WATER DISTRICT

By _____

Name _____

Its _____

SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT

By _____

Name _____

Its _____

WESTERN MUNICIPAL WATER DISTRICT

By _____

Name _____

Its _____

Exhibit 1 - 2014 Memorandum of Understanding & Amendment Number 1

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding ("MOU") is executed as of May __, 2014 ("Effective Date"), by and among, Inland Empire Utilities Agency ("IEUA"), Orange County Water District ("OCWD"), San Bernardino Valley Municipal Water District ("Valley District"), Western Municipal Water District ("Western"), and Eastern Municipal Water District ("Eastern"). IEUA, OCWD, Valley District, Western and Eastern are collectively referred to herein as "Parties" and individually as "Party."

RECITALS

A. On April 17, 1969, the Superior Court entered a Stipulated Judgment as a result of the case of Orange County Water District v. City of Chino, et al., (Case No. 117628-County of Orange), concerning rights of the water users and other entities in the lower area of the Santa Ana River basin downstream of Prado Dam as against those in the upper area tributary to Prado Dam. The Judgment designates the Parties, excluding Eastern, as responsible for representing the interests of the upper and lower areas and gives such agencies the responsibility to fulfill the obligations set forth in the Stipulated Judgment.

B. Each Party represents a regional water agency that covers the Santa Ana River watershed, and with the exception of Eastern, collectively makes up the Santa Ana River Watermaster created by the Stipulated Judgment.

C. Although Eastern is not a member of the Santa Ana River Watermaster, the Parties collectively desire to investigate and collaborate to identify possible large-scale water supply reliability and water use efficiency projects that could benefit the entire Santa Ana Watershed, which projects may only be possible through securing grant funding.

D. The Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006, commonly known as Proposition 84, authorized over \$1.5 billion for water supply and water quality projects throughout the state of California. The Proposition 84 funding is allocated to various regions with the Santa Ana region receiving a funding allocation of \$114 million.

E. To date, the state of California has released Proposition 84 funding in two rounds, with \$12 million released in the first round and \$16 million released in the second round.

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

G. The Parties desire to collaborate to secure Proposition 84 funding and any other available funding for the identification, evaluation and implementation of certain large-scale water supply reliability projects, including the projects specifically identified in this MOU and any future projects determined by the Parties, all of which will wholly affect and benefit the Santa Ana River Watershed.

H. This MOU may be amended in the future to include other interested stakeholders.

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

OPERATIVE PROVISIONS

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

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

3. **Projects.** The current proposed watershed-wide projects or programs contemplated by this MOU include the following:

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

b. **Recycled Water Optimization.** Upper watershed continues to deliver treated wastewater to the lower watershed via the Santa Ana River in exchange for the lower watershed delivering imported water to the upper watershed.

c. **Regional Conjunctive Use.** Agencies in the watershed participate in and receive reliability benefit from regional projects that increase the storage of local stormwater and imported water primarily in wet years for later extraction, treatment and delivery both directly and through in-lieu exchange primarily during dry years.

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

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

5. **Contracting Party.** One of Parties will serve as the contracting Party for each of the projects and programs contemplated by this MOU. The Parties hereby agree that whichever agency is designated as the contracting Party for the project or program has the authority and power to bind the Santa Ana River Watermaster Action Team. The Contracting Party will also provide necessary administrative support for the various projects and programs contemplated and/or implemented by the Parties. The Parties agree that the Contracting Party shall have no liability of any kind for acts performed or taken as the contracting party in furtherance of the purpose of this MOU. Selection of the Contracting Party will be done by general consensus and will be ratified by an action of the Contracting Party's Board of Directors.

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

7. General.

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

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

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

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

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

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

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

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

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

[Signature Page Follows]

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

Inland Empire Utilities Agency

By: 
Name: Lee Brindstaff
Its: General Manager

Orange County Water District

By: _____
Name: Shawn Dewane
Its: President, Board of Directors

San Bernardino Valley Municipal Water District

By: _____
Name: Douglas D. Headrick
Its: General Manager

Western Municipal Water District

By: _____
Name: John V. Rossi
Its: General Manager


Eastern Municipal Water District


By: _____
Name: Paul D. Jones II, P.E.
Its: General Manager

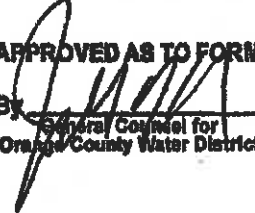
IN WITNESS WHEREOF, the Parties have agreed to execute this MOU as of the Effective Date.

Inland Empire Utilities Agency

By: _____
Name: _____
Its: _____

Orange County Water District
By: 
Name: Shawn Dewane
Its: President

By: 
Name: Michael R. Markus
Its: General Manager

APPROVED AS TO FORM
By: 
General Counsel for
Orange County Water District

San Bernardino Valley Municipal Water District

By: _____
Name: Douglas D. Headrick
Its: General Manager

Western Municipal Water District

By: _____
Name: _____
Its: _____

Eastern Municipal Water District

By: _____
Name: Paul D. Jones II, P.E.
Its: General Manager

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

[Signature Page Follows]

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

Inland Empire Utilities Agency

By: _____
Name: Joe Grindstaff
Its: General Manager

Orange County Water District

By: _____
Name: Shawn Dewane
Its: President, Board of Directors

San Bernardino Valley Municipal Water District

By: Douglas D. Headrick
Name: Douglas D. Headrick
Its: General Manager

Western Municipal Water District

By: _____
Name: John V. Rossi
Its: General Manager

Eastern Municipal Water District

By: _____
Name: Paul D. Jones II, P.E.
Its: General Manager

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

[Signature Page Follows]

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

Inland Empire Utilities Agency

By: _____

Name: Joe Grindstaff

Its: General Manager

Orange County Water District

By: _____

Name: Shawn Dewane

Its: President, Board of Directors

San Bernardino Valley Municipal Water District

By: _____

Name: Douglas D. Headrick

Its: General Manager

Western Municipal Water District

By: _____

Name: John V. Rossi

Its: General Manager

Eastern Municipal Water District

By: _____

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

Its: General Manager

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

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

Inland Empire Utilities Agency

By: _____
Name: _____
Its: _____

Orange County Water District

By: _____
Name: _____
Its: _____

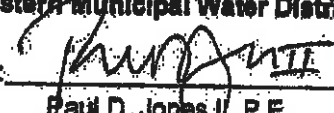
San Bernardino Valley Municipal Water District

By: _____
Douglas D. Headrick
Its: General Manager

Western Municipal Water District

By: _____
Name: _____
Its: _____

Eastern Municipal Water District

By:  _____
Paul D. Jones II, P.E.
Its: General Manager

AMENDMENT NUMBER 1

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

RECITALS

A. On April 17, 1969, the Superior Court entered a Stipulated Judgment as a result of the case of Orange County Water District v. City of Chino, *et al.*, (Case No. 117628-County of Orange), concerning rights of the water users and other entities in the lower area of the Santa Ana River basin downstream of Prado Dam as against those in the upper area tributary to Prado Dam. The Judgment designates the Parties, excluding Eastern, as responsible for representing the interests of the upper and lower areas and gives such agencies the responsibility to fulfill the obligations set forth in the Stipulated Judgment.

B. Each Party represents a regional water agency that covers the Santa Ana River watershed, and with the exception of Eastern, collectively makes up the Santa Ana River Watermaster created by the Stipulated Judgment.

C. Although Eastern is not a member of the Santa Ana River Watermaster, the Parties collectively desire to participate in large-scale water supply reliability and water use efficiency projects/programs that benefit the entire Santa Ana Watershed, which projects may only be possible through securing grant funding. The combination of such projects and water resources management programs comprise a Santa Ana River Conjunctive Use Program (SARCUP).

D. The Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006, commonly known as Proposition 84, authorized over \$1.5 billion for water supply and water quality projects throughout the State of California. The Proposition 84 funding is allocated to various regions with the Santa Ana region receiving a funding allocation of \$114 million.

E. To date, the state of California has released Proposition 84 funding in two rounds, with \$12 million released in the first round and \$16 million released in the second round. A third round is expected in 2015.

F. The Water Quality, Supply, and Infrastructure Improvement Act of 2014 (Proposition 1), approved by California voters in November 2014, authorizes \$7.12 billion in general obligation bonds for state water supply infrastructure projects, such as public water system improvements, surface and groundwater storage, drinking water protection, water recycling and advanced water treatment technology, water supply management and conveyance, wastewater treatment, drought relief, emergency water supplies, and ecosystem and watershed protection and restoration.

Specific spending proposals in Proposition 1 include:

- \$520 million to improve water quality for “beneficial use,” for reducing and preventing drinking water contaminants, disadvantaged communities, and the State Water Pollution Control Revolving Fund Small Community Grant Fund.
- \$1.495 billion for competitive grants for multi-benefit ecosystem and watershed protection and restoration projects.
- \$810 million for expenditures on, and competitive grants and loans to, integrated regional water management plan projects.

\$63 million has been allocated to the Santa Ana Region

- \$2.7 billion for water storage projects, dams and reservoirs.
- \$725 million for water recycling and advanced water treatment technology projects.
- \$900 million for competitive grants and loans for projects to prevent or clean up the contamination of groundwater that serves as a source of drinking water.
- \$395 million for statewide flood management projects and activities.

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

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

H. The Action desires to develop dry-year yield that could meet 10 to 15% of their demands during drought periods.

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

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

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

OPERATIVE PROVISIONS

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

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

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

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

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

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

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

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

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

7. **General.**

a. **Notices.** Any written communication required or permitted to be given hereunder

will be deemed received upon personal delivery or forty-eight (48) hours after deposit in any United States mail depository, first class postage prepaid, and addressed to the Party for whom intended as follows:

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

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

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

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

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

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

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

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

[Signature Page Follows]

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

Inland Empire Utilities Agency

By: _____

Name: Joe Grindstaff

Its: General Manager

Orange County Water District

By: _____

Name: Shawn Dewane

Its: President, Board of Directors

**San Bernardino Valley Municipal
Water
District**

By: _____

Name: Douglas D. Headrick

Its: General Manager

Western Municipal Water District

By: _____

Name: John V. Rossi

Its: General Manager

Eastern Municipal Water District

By: _____

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

Its: General Manager

EXHIBIT "A"

Santa Ana River Conjunctive-Use Program (SARCUP)

Foundational Principles

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

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

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

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

- Work together to develop and implement conjunctive-use projects that improve water supply reliability by increasing drought/emergency water supply. Such projects will include water conservation measures and habitat improvement activities (e.g. *Arundo* removal) that improve watershed water reliability.
- Facilitate cooperative use of the unused storage space in the watershed's groundwater basins by identifying storage blocks that will be sequentially developed to increase wet-year storage and dry-year yield for the watershed.
 -
 - The Parties agree that the first group of projects will be recharge and extraction facilities that will enable storage of wet-year supplies and provide the listed dry-year yield, as follows:

Basin	Total Storage (AF)	Dry-Year Yield (AFY for 3 years)
Chino	100,000	33,300
SBBA	60,000	20,000
San Jacinto	19,500	6,500
Elsinore	4,500	1,500
TOTAL	184,000	61,300

- The first group of projects will primarily rely on exchange agreements and existing regional conveyance facilities to put water into storage and produce water from storage and convey it to Parties when a dry-year call is made.
 - The Parties would conduct planning investigation that result in a watershed-scale conjunctive-use program master plan that would lead to the implementation of conjunctive-use programs with successive storage blocks of unused storage.
4. **The Parties will work collaboratively to secure funding for the projects.** The Parties will work together to secure grant, and other, funding for the projects. The Parties are presently working on a Proposition 84, Round 3 grant application for \$60 million that requires \$45 million of local matching funds.
 5. **The Parties share equitably for the benefits of the SARCUP.** The benefits and costs of the SARCUP will be allocated based on each Party's relative financial

participation. Each of the agencies agree to provide an equal share of the \$45 million of matching funds, or \$9 million, so that each agency shares equally in the benefits.

6. **Non-compete for grant funding.** A Party(s) that opts out of participating in a new local water supply development project, imported water supply project and or conjunctive-use project will not compete for grant funding from the Proposition 84 funding source and other grant funding sources that the participating Parties are pursuing.
7. **The Parties will not compete for the imported water that can be obtained for the purposes of the SARCUP.** Imported water sources include SWP and CRA water acquired from Metropolitan Water District of Southern California (Metropolitan), SWP water acquired by SBVMWD, Sacramento Valley water acquired by a Party or the Parties and conveyed to the watershed through the SWP, and water produced by future ocean desalinization² projects. The Parties will pool their resources, based on their level of participation, to acquire and convey imported water being sought by the SARCUP participants to the watershed for the SARCUP projects.
8. **Recovery of water from storage.** In the initial development of the SARCUP, the Parties that overlie basins with stored SARCUP water would reduce their take of imported water during stored water recovery periods. Imported water deliveries will be reprogramed from Parties that have direct access to water in storage to Parties that do not have direct access to the SARCUP stored water. This will require exchange agreements that involve the Parties and Metropolitan and others.

In the subsequent expansion of the SARCUP, the Parties may seek to add regional conveyance facilities consistent with the SARCUP master plan.

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

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

Exhibit 2 – Schematic of Regional SARCCUP Facilities

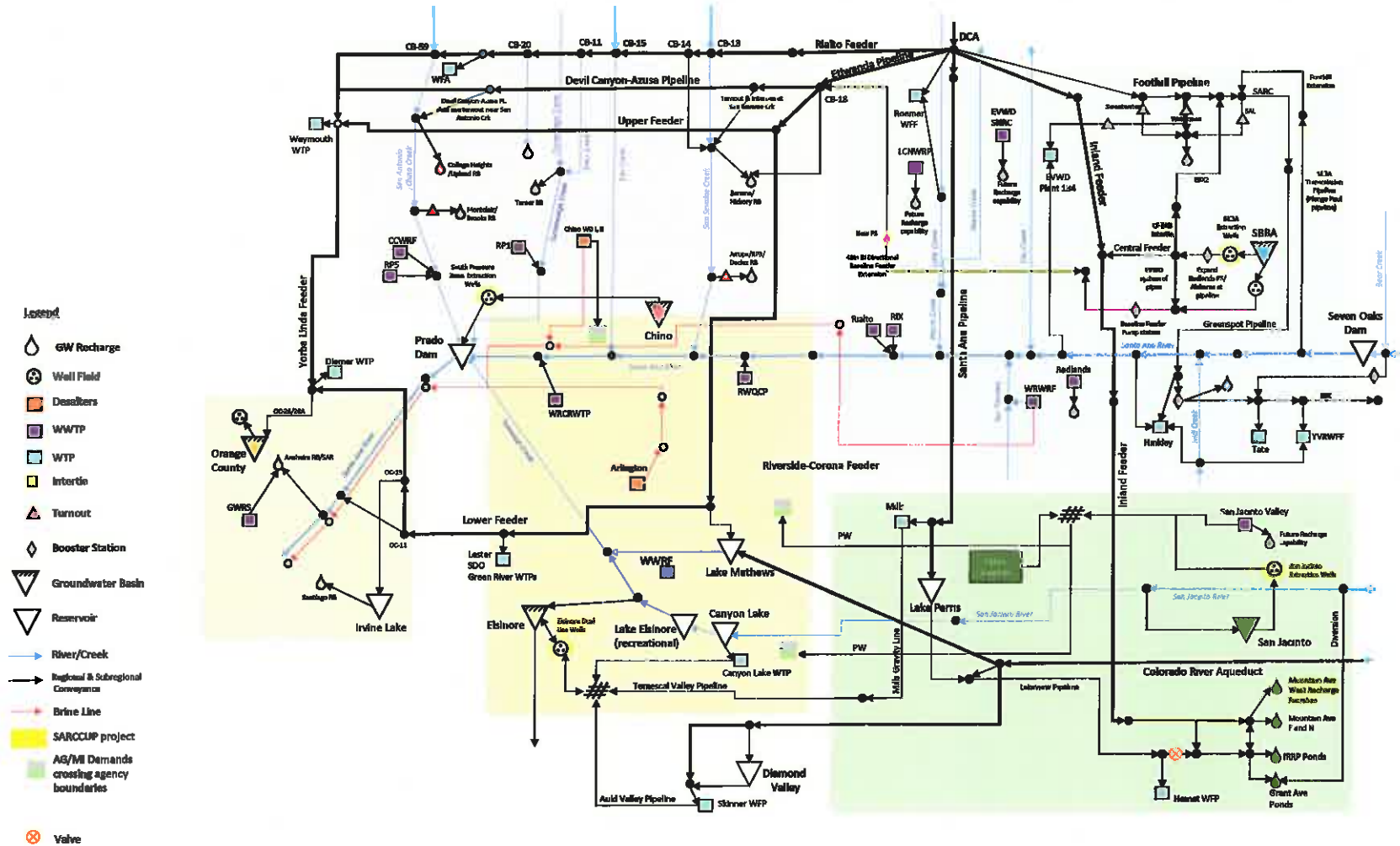


Exhibit 3 – SARCCUP Agreements Relationship Architecture

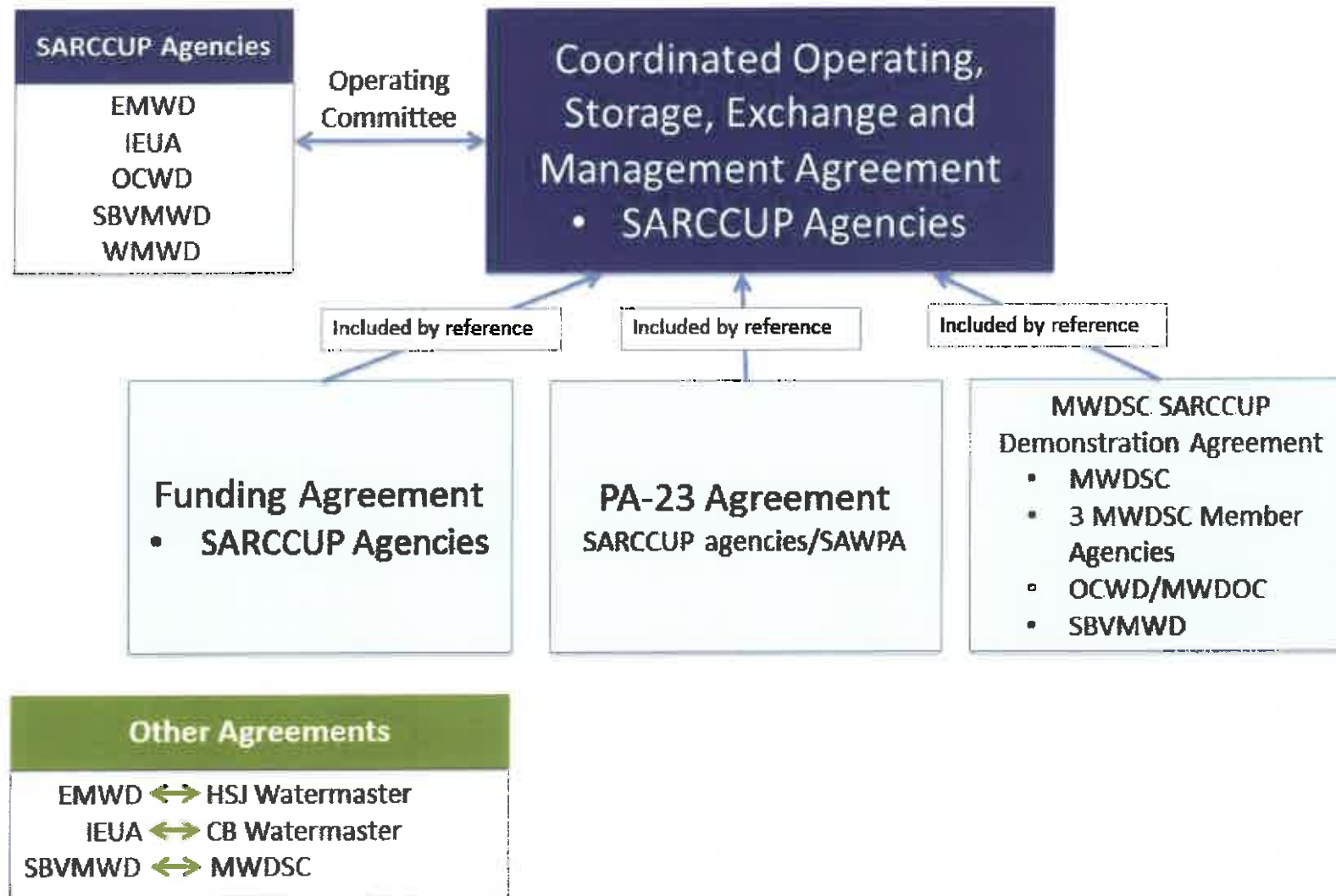


Exhibit 4 – SARCCUP Grant Management Agreements Relationship Architecture



ATTACHMENT 2:

Project Agreement 23

SANTA ANA WATERSHED PROJECT AUTHORITY

PROJECT AGREEMENT 23

SANTA ANA RIVER CONSERVATION & CONJUNCTIVE USE PROGRAM PROJECT COMMITTEE

THIS AGREEMENT is made on _____, 2016, by and between the **SANTA ANA WATERSHED PROJECT AUTHORITY ("SAWPA")**, a joint powers agency created pursuant to Government Code Section 6500 et seq., and the following Member Agencies of SAWPA, referred to hereinafter as Project Agreement 23 ("PA23") Committee Members: **EASTERN MUNICIPAL WATER DISTRICT ("EASTERN"); INLAND EMPIRE UTILITIES AGENCY ("IEUA"); ORANGE COUNTY WATER DISTRICT ("OCWD"); SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT ("VALLEY"); and WESTERN MUNICIPAL WATER DISTRICT ("WESTERN").**

RECITALS

- A. The PA23 Committee Members are all special districts with broad authority over water resources, including powers to develop, protect, and enhance water supply and reliability within the region.
- B. The PA23 Committee Members are all the members that make up SAWPA, a joint powers authority formed by the SAWPA Joint Powers Agreement, in 1975.
- C. The SAWPA Joint Powers Agreement, as amended, provides for SAWPA's exercise of the shared powers of the Member Agencies, including through the formation of Project Committees for specific purposes.
- D. Through the Department of Water Resources (DWR) Regional Acceptance Process, SAWPA was supported by the agencies in the watershed to be the agency given the responsibility to administer the grant funds made available to the watershed for Integrated Regional Water Management and was approved by DWR. SAWPA developed and administers the Integrated Regional Water Resources Management Plan (IRWMP) process for the Santa Ana Region (the One Water One Watershed Plan), including administering grant funds as the State of California makes those grant funds available.
- E. SAWPA and the Member Agencies previously executed Project Agreement 22 (PA22) for the purpose of collaboratively implementing water use efficiency improvements throughout the Santa Ana River watershed. The PA22 Committee is implementing programs for that purpose, including the use of grant funds from the 2014 Proposition 84 Drought Round. PA22 empowers the PA22 Committee Members to implement further water use efficiency improvement activities using other funds as they become available.
- F. The Santa Ana River watershed comprises a number of groundwater basins, which represent a significant resource in terms of potential water storage and subsequent dry year supply. The PA23 Members desire to improve the resiliency of the entire region by implementing a program that operates the groundwater basins conjunctively with other available imported sources of

supply to optimize the use of available basin storage and their dry year yield values across the watershed.

- G. The SAWPA Member Agencies developed the Santa Ana River Conservation and Conjunctive Use Program (SARCCUP) as a regional program of planning, infrastructure, management and operations to improve utilization of groundwater basins conjunctively with imported water to create additional dry year yield benefits. SARCCUP Phase 1 includes the following program elements: master plan, water use efficiency, *Arundo Donax* removal, Santa Ana Sucker habitat creation, and a conjunctive use program (water banking). SARCCUP includes ecosystem improvement measures and water use efficiency measures. The water use efficiency measures are to be administered by the existing PA22.
- H. DWR called for grant applications for the remaining Proposition 84 IRWMP grant funds in 2015. SAWPA applied for and was awarded an IRWMP implementation grant in that round for \$64.3 million, including \$55.0 million for SARCCUP. The estimated total cost of SARCCUP is slightly more than \$100 million. SAWPA will receive \$3.2 million of the total grant funds to administer the 2015 Round of Proposition 84 grants, including SARCCUP and two other projects. Future phases of SARCCUP may be implemented using other funds that may be made available.
- I. The parties hereto desire to enter into an agreement with each other and SAWPA in accordance with Section 18 of the SAWPA Joint Powers Agreement to implement and administer SARCCUP, as described herein (excluding the water use efficiency elements, which are to be administered through PA22), and any related projects implemented by the PA23 Committee Members consistent with its purpose

COVENANTS

Based on the foregoing facts, and in consideration of the mutual covenants of the PA23 Committee Members and SAWPA, it is agreed that:

1. The PA23 Committee is hereby established for the purpose of improving utilization of groundwater basins for the benefit and improved resiliency of the entire Santa Ana River watershed through conjunctive use with available sources of supply. The scope of this Project Agreement includes implementing SARCCUP, as that project is described in the Proposition 84 2015 Round grant application and DWR grant agreement, except the water use efficiency element of SARCCUP which shall be administered through PA22.
2. Implementation of SARCCUP is anticipated to require one or more agreements with Committee Members and with entities who are not parties to this Project Agreement. The PA23 Committee will determine, for each such agreement, whether the PA23 Committee, the individual PA23 Committee Members, SAWPA, or certain individual agencies are the necessary party or parties.
3. Facilities constructed for the purposes of this Project Agreement may be owned by SAWPA, individual PA23 Committee Members or local retail water providers within the service territories of one or more PA23 Committee Members. The PA23 Committee will approve one or more operating agreements that specify how infrastructure funded through this Project Agreement

(including with Proposition 84 grant funds) will be operated to ensure the anticipated regional benefits.

4. This Project Agreement has no set term. PA23 shall remain active as long as at least two PA23 Committee Members remain parties hereto. The PA23 Committee will implement measures funded pursuant to the Proposition 84 grant description above, will ensure compliance with the schedule requirements of the grant, and may implement other measures consistent with the purpose described in Section 1 above.
5. The PA23 Committee will be operated as a distinct account within SAWPA's accounting system for the administration by SAWPA of Proposition 84 grant funds for SARCCUP and for any other funds that may be made available to the PA23 Committee for actions within the Committee's purpose. The parties will use accounting standards that are compliant with State of California grant requirements.
6. In addition to and separate from the PA23 Committee, SAWPA will continue its role of administering the IRWMP program for the region, including executing and implementing grant agreements with the State. Proposition 84 allows for funds to be available from grants for grant administration, which will be used by SAWPA for that purpose. SAWPA services in support of the PA23 Committee shall be accounted for as project costs. Funds available to SAWPA for services in support of the PA23 Committee shall be approved in accordance with the budgeting process described in Section 10 below.
7. PA23 Committee Members will appoint representatives to the Committee per Section 18 of the SAWPA Joint Powers Agreement. It is the intention of the parties hereto that the PA23 Committee will constitute the executive authority through which SAWPA shall act for purposes of this Project Agreement. All budget and operating decisions of the PA23 Committee will be made by unanimous consent of the PA23 Committee Members. All expenditures with the designations and limitations of the approved PA23 budget and all decisions implementing an approved operating plan shall be made on the authorization of a majority of the PA23 Committee.
8. The PA23 Committee will have, without further ratification by the PA23 Committee Members' or SAWPA, such authority as may be necessary to implement the provisions of this Project Agreement so long as expenditures are within the PA23 budget.
9. The PA23 Committee may establish advisory or non-voting Committee Members or advisory sub-committees who represent other agencies or stakeholders in or near the region to assist the Committee in effecting its purpose. The number and designation of such advisory participants will be reported to the SAWPA Commission.
10. In conjunction with each SAWPA budget, SAWPA shall prepare a budget for the PA23 Committee that shall address the sources and uses of funds and the respective financial obligations and functions of the PA23 Committee Members, including the matching funds included in any grant agreements. The budget shall include the planned use of any Proposition 84 grant funds available to SARCCUP after the grant administration cost is allocated to SAWPA, and shall include costs for SAWPA support of the PA23 Committee. If any PA23 Committee Member fails or refuses to approve any PA23 budget, said budget shall be returned to the PA23

Committee for restudy and revision. In the event a budget acceptable to all of the members is not obtained prior to the start of the fiscal year, the PA23 Committee may continue to operate at the level of expenditure authorized by the last approved PA23 budget and the members shall be obligated to fund such operations. The parties hereto acknowledge that SAWPA grant administration costs will be reviewed and periodically approved by the SAWPA Commission. The PA23 budget will be approved by the PA23 Committee and shall be included in the SAWPA budget for approval by the SAWPA member agencies' governing boards per the SAWPA Joint Powers Agreement. SAWPA shall provide a quarterly report to the PA23 Committee of actual expenses relative to the approved budget.

11. A semi-annual report of PA23 Committee implementation of SARCCUP will be provided to the OWOW Steering Committee and the SAWPA Commission.
12. The PA23 Committee Members shall be financially responsible for all liabilities and expenses, including administrative, consultant and legal expenses incurred in connection with PA23 activities, and to the extent necessary shall reimburse SAWPA for any and all such costs and expenses that are incurred on behalf of the PA23 Committee to the extent not otherwise covered by PA23 revenues or funds, or SAWPA's liability insurance. Unless otherwise specified, PA23 Committee Members shall have an equal share in such financial obligation.
13. Individual agency indemnification of the other PA23 Member Agencies for activities related to SARCCUP will be addressed in future agreements. The PA23 Committee Members will indemnify and hold harmless SAWPA and any SAWPA member agency not then participating as a member of the PA23 Committee from any and all financial liability, including claims or disputes, arising from or in connection with project-related contracts or actions, to the extent such liability is not fully covered by PA23 revenues or funds, or SAWPA's liability insurance.
14. PA23 Committee Members may withdraw from this Project Agreement at any time upon not less than 60 days written notice to the other members. Obligations of the withdrawing agency, including any liabilities related to any grant agreement or other financing commitment associated with PA23, will be determined according to the PA23 budget then in effect or by the PA23 Committee.
15. No right, duty, or obligation of whatever kind or nature created herein will be assigned by any party to this Project Agreement without the prior written consent of SAWPA.
16. This Project Agreement shall inure to the benefit of and bind the successors and assigns of the parties hereto.
17. Each signatory hereto warrants that the execution of this Project Agreement represents the approval of that Agency's board of directors of this Agreement.

IN WITNESS WHEREOF, the signatories hereto have executed this Project Agreement to be effective as of the day and year first written above.

SANTA ANA WATERSHED PROJECT AUTHORITY

By _____

Its _____

EASTERN MUNICIPAL WATER DISTRICT

By _____

Its _____

INLAND EMPIRE UTILITIES AGENCY

By _____

Its _____

ORANGE COUNTY WATER DISTRICT

By _____

Its _____

SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT

By _____

Its _____

WESTERN MUNICIPAL WATER DISTRICT

By _____

Its _____

ATTACHMENT 3:

Contract 460002107 with Tom
Dodson & Associates for
SARCCUP CEQA



CONTRACT NUMBER: 4600002107

FOR

**SANTA ANA RIVER CONSERVATION AND CONJUNCTIVE USE PROGRAM (SARCCUP)
PROGRAM ENVIRONMENTAL IMPACT REPORT (PEIR)**

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 interchangeably as "IEUA" and "Agency"), Tom Dodson & Associates, Inc. with offices located in San Bernardino, California (hereinafter referred to as "Consultant") and Environmental Science Associates Corporation (ESA), with offices located in Los Angeles, California (hereinafter referred to as "Subconsultant"), to provide joint consulting environmental services for the preparation of a Program Environmental Impact Report (PEIR).

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: Andy Campbell, PG, CHg, Deputy Manager of Planning & Environmental Resources
Address: 6075 Kimball Avenue, Building "A"
Chino, California 91708-9174
Telephone: (909) 993-1907
Email: acampbell@ieua.org
Facsimile: (909) 993-1983

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

Consultant: Tom Dodson and Associates
Project Manager: Tom Dodson, President
Address: 2150 N. Arrowhead Avenue
San Bernardino, California 92405
Telephone: (909) 882-3612
Email: tda@tdaenv.com
Facsimile: (909) 882-7015

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 4600002107.
 - B. Contract Number 4600002107, General Terms and Conditions.
 - C. Agency's Request for Proposal and all germane correspondence, incorporated herein by this reference.
 - D. Consultant's proposal dated May 10, 2016 which is attached hereto, incorporated herein and made a part hereof by this reference as **Exhibit A**.
4. **SCOPE OF WORK AND SERVICES:** Consultant services and responsibilities shall include and be in accordance with tasks identified in Consultant's Proposal, which is attached hereto, incorporated herein and made a part hereof by this reference as **Exhibit A**.
5. **TERM:** The term of this Contract shall extend from the date of the Notice to Proceed and terminate on June 30, 2017, unless agreed to by both parties, reduced to writing, and amended to this Contract.
6. **COMPENSATION:** The Agency shall pay Consultant's properly-executed invoices, subsequent to approval by the Project Manager, within thirty (30) calendar days following receipt of the invoice. Payment will be withheld for any service which does not meet the requirements of this Contract or has proven unacceptable until such service is revised, resubmitted, and accepted by the Project Manager.

As compensation for work performed under this Contract, Agency shall pay Consultant the **NOT-TO-EXCEED maximum of \$340,397.20** in accordance with the fee schedule contained in Consultant's Proposal, which is attached hereto, incorporated herein and made a part hereof by this reference as **Exhibit A**.

7. **PAYMENT:** Consultant's invoice must be submitted according to the nine (9) tasks outlined in **Exhibit A**, achieved by Consultant, and accepted by the Agency's Project Manager, and shall include a breakdown by items completed, all associated labor categories provided, labor hours supplied and associated hourly rates, dates worked, the current monthly amount due, and the cumulative amount invoiced to-date against this Contract, using the Agency's standard Excel-based invoicing template **Exhibit B**. Invoice shall not be submitted in advance and shall not be dated earlier than the actual date of submittal. All invoices shall be submitted electronically with all required back-up to apgroup@ieua.org. Payment shall be made according to the nine (9) tasks outlined in **Exhibit A**, achieved by Consultant, and accepted by the Agency's Project Manager.
8. **CONTROL OF THE WORK:** Consultant shall perform the Work in compliance with the Work Schedule. If performance of the Work falls behind schedule, the Consultant shall accelerate the performance of the Work to comply with the Work Schedule as directed by the Project Manager. If the nature of the Work is such that Consultant is unable to accelerate the Work, Consultant shall promptly notify the Project Manager of the delay, the causes of the delay, and submit a proposed revised Work Schedule.
9. **KEY PERSONNEL:** Consultant shall enlist the key personnel as depicted in Consultant's Proposal, which is attached hereto, incorporated herein and made a part hereof by this reference as **Exhibit A**. Any material changes in key personnel shall be reported in writing to the Agency's Project

Manager. For purposes of the Work, joint consulting environmental services include substantial participation of Subconsultant Environmental Science Associates Corporation (ESA).

10. FITNESS FOR DUTY:

A. Fitness: Consultant and its Subconsultant personnel on the Jobsite:

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

B. Compliance: Consultant shall advise all Consultant and Subconsultant personnel and associated third parties of the requirements of this Contract ("Fitness for Duty Requirements") before they enter on the Jobsite and shall immediately remove from the Jobsite any employee determined to be in violation of these requirements. Consultant shall impose these requirements on its Subconsultants. Agency may cancel the Contract if Consultant violates these Fitness for Duty Requirements.

C. Grant-Funded Projects: This is a grant-funded (e.g., Proposition 84) project. The Consultant shall be responsible to comply with all grant requirements related to the project as outlined in **Exhibit C**, attached hereto and made a part hereof. These may include, but shall not be limited to: Davis-Bacon Act, Endangered Species Act, Executive Order 11246 (Affirmative Action Requirements), Equal Opportunity, Competitive Solicitation, Record Retention and Public Access to Records, and Compliance Review. Federal funding of any portion of this project will have separate, additional reporting accountability on the use of funds.

1. INSURANCE: During the term of this Contract, the Consultant shall maintain at Consultant's sole expense, the following insurance.

A. Minimum Scope of Insurance:

1. **General Liability:** \$1,000,000 combined single limit per occurrence for bodily injury, personal injury and property damage. Coverage shall be at least as broad as Insurance Services Office form number GL 0001-87 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 single occurrence limit.
2. **Automobile Liability:** \$1,000,000 combined single limit per accident for bodily injury and property damage. Coverage shall be at least as broad as Insurance Services Office form number CA 00 01 87, 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.

4. Professional Liability Insurance in the amount of \$1,000,000 per occurrence.
- B. **Deductibles and Self-Insured Retention**: Any deductibles or self-insured retention must be declared to and approved by the Agency. At the option of the Agency, either: the insurer shall reduce or eliminate such deductibles or self-insured retention as respects the Agency, its officers, officials, employees and volunteers; or the Consultant shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.
- C. **Other Insurance Provisions**: The policies are to contain, or be endorsed to contain, the following provisions:
1. **General Liability and Automobile Liability Coverage**
 - a. The Agency, its officers, officials, employees, volunteers, property owners and any engineers under contract to the Agency are to be covered as insureds, endorsements GL 20 11 07 66, CG2010 1185 and/or CA 20 01 (Ed. 0178), as respects: liability arising out of activities performed by or on behalf of the Consultant, products and completed operations of the Consultant, premises owned, occupied or used by the Consultant, or automobiles owned, leased, hired or borrowed by the Consultant. The coverage shall contain no special limitations on the scope of protection afforded to the Agency, its officers, officials, employees or volunteers.
 - b. The Consultant's insurance coverage shall be primary insurance as respects the Agency, its officer, officials, employees and volunteers. Any insurance or self-insurance maintained by the Agency, its officers, officials, employees, or volunteers shall be excess of the Consultant's insurance and shall not contribute with it.
 - c. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the Agency, its officers, officials, employees or volunteers.
 - d. The Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
 - e. The Consultant may satisfy the limit requirements in a single policy or multiple policies. Any Such additional policies written as excess insurance shall not provide any less coverage than that provided by the first or primary policy.
 2. **Workers' Compensation and Employers Liability Coverage**

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

Each insurance policy required by this contract shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced in

coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the Agency.

- D. **Acceptability of Insurers:** 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.
- E. **Verification of Coverage:** Consultant shall furnish the Agency with certificates of insurance and with original endorsements effecting coverage required by the Agency for themselves and all Subconsultants prior to commencing work or allowing any Subconsultants 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.
- F. **Submittal of Certificates:** Consultant shall submit all required certificates and endorsements to the following:

Attn. Ms. Angela Witte, Risk Specialist
c/o Inland Empire Utilities Agency
P.O. Box 9020
Chino Hills, California 91709

11. **LEGAL RELATIONS AND RESPONSIBILITIES**

- A. **Professional Responsibility:** The Consultant shall be responsible, to the level of competency presently maintained by other practicing professionals performing the same or similar type of work.
- B. **Status of Consultant:** The Consultant is retained as an independent Consultant only, for the sole purpose of rendering the services described herein, and is not an employee of the Agency.
- C. **Observing Laws and Ordinances:** The Consultant shall keep itself fully informed of all existing and future state and federal laws and all county and city ordinances and regulations which in any manner affect the conduct of any services or tasks performed under this Contract, and of all such orders and decrees of bodies or tribunals having any jurisdiction or authority over the same. The Consultant shall at all times observe and comply with all such existing and future laws, ordinances, regulations, orders and decrees, and shall protect and indemnify, as required herein, the Agency, its officers and employees against any claim or liability arising from or based on the violation of any such law, ordinance, regulation, order or decree, whether by the Consultant or its employees.
- D. **Subcontract Services:** Any subcontracts for the performance of any services under this Contract shall be subject to the written approval of the Project Manager.
- E. **Hours of Labor:** The Consultant shall comply with all applicable provisions of California Labor Code Sections 1810 to 1817 relating to working hours. The Consultant shall, as a penalty to the Agency, forfeit \$25.00 for each worker employed in the execution of the Contract by the Consultant or by any Subconsultants for each calendar day during which

such worker is required or permitted to work more than eight (8) hours in any one (1) calendar day and forty (40) hours in any one (1) calendar week in violation of the provisions of the Labor Code.

- F. **Travel and Subsistence Pay:** The Consultant shall make payment to each worker for travel and subsistence payments which are needed to execute the work and/or service, as such travel and subsistence payments are defined in the applicable collective bargaining agreements with the worker.
- G. **Liens:** Consultant shall pay all sums of money that become due from any labor, services, materials or equipment furnished to Consultant on account of said services to be rendered or said materials to be furnished under this Contract and that may be secured by any lien against the Agency. Consultant shall fully discharge each such lien at the time performance of the obligation secured matures and becomes due.
- H. **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.
- I. **Equal Opportunity and Unlawful Discrimination:** During the performance of this Contract, the Consultant shall not unlawfully discriminate against any employee or employment applicant because of race, color, religion, sex, age, marital status, ancestry, physical or mental disability, sexual orientation, veteran status or national origin. The Agency is committed to creating and maintaining an environment free from harassment and discrimination. To accomplish these goals the Agency has established procedures regarding the implementation and enforcement of the Agency's Harassment Prohibition and Equal Employment Opportunity commitments. Please refer to Agency Policies A-29 (Equal Employment Opportunity) and A-30 Harassment Prohibition for detailed information or contact the Agency's Human Resources Administrator. A copy of either of these Policies can be obtained by contacting the Project Manager for your respective Contract. Please advise any of your staff that believes they might have been harassed or discriminated against while on Agency property, to report said possible incident to either the Project Manager, or the Agency's Human Resources Administrator. Please be assured that any possible infraction shall be thoroughly investigated by the Agency.
- J. **Non-Conforming Work and Warranty:** Consultant represents and warrants that the Work and Documentation shall be adequate to serve the purposes described in the Contract. For a period of not less than one (1) year after acceptance of the completed Work, Consultant shall, at no additional cost to Agency, correct any and all errors in and shortcomings of the Work or Documentation, regardless of whether any such errors or shortcoming is brought to the attention of Consultant by Agency, or any other person or entity. Consultant shall within three (3) calendar days, correct any error or shortcoming that renders the Work or Documentation dysfunctional or unusable and shall correct other errors within thirty (30) calendar days after Consultant's receipt of notice of the error. Upon request of Agency, Consultant shall correct any such error deemed important by Agency in its sole discretion to Agency's continued use of the Work or Documentation within seven (7) calendar days after Consultant's receipt of notice of the error. If the Project Manager rejects all or any part of the Work or Documentation as unacceptable and agreement to correct such Work or

Documentation cannot be reached without modification to the Contract, Consultant shall notify the Project Manager, in writing, detailing the dispute and reason for the Consultant's position. Any dispute that cannot be resolved between the Project Manager and Consultant shall be resolved in accordance with the provisions of this Contract.

The total amount of all claims the Agency may have against the Consultant under this Contract or arising from the performance or non-performance of the Work under any theory of law, including but not limited to claims for negligence, negligent misrepresentation and breach of contract, shall be strictly limited to the lesser of the fees or \$500,000. As the Agency's sole and exclusive remedy under this Contract any claim, demand or suit shall be directed and/or asserted only against the Consultant and not against any of the Consultant's employees, officers or directors.

The Consultant's liability with respect to any claims arising out of this Contract shall be absolutely limited to direct damages arising out of the Work and the Consultant shall bear no liability whatsoever for any consequential loss, injury or damage incurred by the Agency, including but not limited to, claims for loss of use, loss of profits and loss of markets.

K. Disputes:

1. All disputes arising out of or in relation to this Contract shall be determined in accordance with this section. The Consultant shall pursue 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 Consultant shall comply, pursuant to the Agency Project Manager instructions. If the Consultant is not satisfied with any such resolution by the Agency Project Manager, they may file a written protest with the Agency Project Manager within seven (7) calendar days after receiving written notice of the Agency's decision. Failure by Consultant to file a written protest within seven (7) calendar days shall constitute waiver of protest, and acceptance of the Agency Project Manager's resolution. The Agency's Project Manager shall submit the Consultant's written protests to the General Manager, together with a copy of the Agency Project Manager's written decision, for his or her consideration within seven (7) calendar days after receipt of said protest(s). The General Manager shall make his or her determination with respect to each protest filed with the Agency Project Manager within ten (10) calendar days after receipt of said protest(s). If Consultant is not satisfied with any such resolution by the General Manager, they may file a written request for arbitration with the Project Manager within seven (7) calendar days after receiving written notice of the General Manager's decision.

3. In the event of arbitration, the parties hereto agree that there shall be a single neutral Arbitrator who shall be selected in the following manner:
 - a. The Demand for Arbitration shall include a list of five names of persons acceptable to the Consultant to be appointed as Arbitrator. The Agency shall determine if any of the names submitted by Consultant are acceptable and, if so, such person shall be designated as Arbitrator.
 - b. In the event that none of the names submitted by Consultant are acceptable to Agency, or if for any reason the Arbitrator selected in Step (a) is unable to serve, the Agency shall submit to Consultant a list of five names of persons acceptable to Agency for appointment as Arbitrator. The Consultant shall, in turn, have seven (7) calendar days in which to determine if one such person is acceptable.
 - c. If after Steps (a) and (b), the parties are unable to mutually agree upon a neutral Arbitrator, the matter of selection of an Arbitrator shall be submitted to the San Bernardino County Superior Court pursuant to Code of Civil Procedure Section 1281.6, or its successor. The costs of arbitration, including but not limited to reasonable attorneys' fees, shall be recoverable by the party prevailing in the arbitration. If this arbitration is appealed to a court pursuant to the procedure under California Code of Civil Procedure Section 1294, et. seq., or their successor, the costs of arbitration shall also include court costs associated with such appeals, including but not limited to reasonable attorneys' fees which shall be recoverable by the prevailing party.
4. Joinder in Mediation/Arbitration: The Agency may join the Consultant in mediation or arbitration commenced by a 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 Consultant.
12. **INDEMNIFICATION:** Consultant shall indemnify the Agency, its directors, employees and assigns, and hold them harmless from all liabilities, demands, actions, claims, losses and expenses, including reasonable attorneys' fees, which arise out of or are related to the negligence, recklessness or willful misconduct of the Consultant, its directors, employees, agents and assigns, in the performance of work under this contract.
13. **OWNERSHIP OF MATERIALS AND DOCUMENTS/CONFIDENTIALITY:** The Agency retains ownership of any and all partial or complete reports, drawings, plans, notes, computations, lists, and/or other materials, documents, information, or data ("Work Product") prepared by the Consultant and/or the Consultant's Subconsultants pertaining to this Contract upon full payment of all monies owed to the Consultant. Said materials and documents are confidential and shall be available to the Agency from the moment of their preparation, and the Consultant shall deliver same to the Agency whenever requested to do so by the Project Manager and/or Agency. The Consultant agrees that same shall not be made available to any individual or organization, private or public, without the prior written consent 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 Consultant for its records and internal use. Consultant shall retain such Documentation in a controlled access file, and shall not reveal, display or disclose the contents of the Documentation to others without the prior written authorization of Agency or for the performance of Work related to the project.

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

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

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 Consultant in the performance of the Work, shall be governed by the following provisions:

Proprietary Rights conceived, developed, or reduced to practice by Consultant in the performance of the Work shall be the property of Agency, and Consultant shall cooperate with all appropriate requests to assign and transfer same to Agency.

If Proprietary Rights conceived, developed, or reduced to practice by Consultant prior to the performance of the Work are used in and become integral with the Work or Documentation, or are necessary for Agency to have complete enjoyment of the Work or Documentation, Consultant shall grant to Agency a non-exclusive, irrevocable, royalty-free license, as may be required by Agency for the complete enjoyment of the Work and Documentation, including the right to reproduce, correct, repair, replace, maintain, translate, publish, use, modify, copy or dispose of any or all of the Work and Documentation and grant sublicenses to others with respect to the Work and Documentation.

If the Work or Documentation includes the Proprietary Rights of others, Consultant shall procure, at no additional cost to Agency, all necessary licenses regarding such Proprietary Rights so as to allow Agency 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 Consultant of any compensation specifically for the assignments and assurances required hereby, other than the payment of expenses as may be actually incurred by Consultant in complying with this Contract.

16. **INFRINGEMENT:** Consultant represents and warrants that the Work and Documentation shall be free of any claim of trade secret, trade mark, trade name, copyright, or patent infringement or other violations of any Proprietary Rights of any person.

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

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

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

Consultant: Mr. Tom Dodson
Principal, Tom Dodson and Associates
2150 N. Arrowhead Avenue
San Bernardino, CA 92405

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 Consultant, and their respective successors and assigns. Notwithstanding the foregoing, no assignment of the duties or benefits of the Consultant under this Contract may be assigned, transferred or otherwise disposed of without the prior written consent of the Agency; and any such purported or attempted assignment, transfer or disposal without the prior written consent of the Agency shall be null, void and of no legal effect whatsoever.
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 Consultant of any requests for disclosure of any documents pertaining to Consultant.

In the event of litigation concerning disclosure of information Consultant considers exempt from disclosure; (e.g., Trade Secret, Confidential, or Proprietary) Agency shall act as a stakeholder only, holding the information until otherwise ordered by a court or other legal process. If Agency

is required to defend an action arising out of a Public Records Act request for any of the information Consultant has marked "Confidential," "Proprietary," or "Trade Secret," Consultant shall defend and indemnify Agency from all liability, damages, costs, and expenses, including attorneys' fees, in any action or proceeding arising under the Public Records Act.

20. **RIGHT TO AUDIT:** The Agency reserves the right to review and/or audit all Consultant's records related to the Work. The option to review and/or audit may be exercised during the term of the Contract, upon termination, upon completion of the Contract, or at any time thereafter up to twelve (12) months after final payment has been made to Consultant. The Consultant shall make all records and related documentation available within three (3) working days after said records are requested by the Agency.
21. **INTEGRATION:** The Contract Documents represent the entire Contract of the Agency and the Consultant as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered by the Contract Documents. This Contract may not be modified, altered or amended except by written mutual agreement by the Agency and the Consultant.
22. **GOVERNING LAW:** This Contract is to be governed by and constructed in accordance with the laws of the State of California.
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 Consultant. In the event of such termination, the Agency shall pay Consultant for all authorized and Consultant-invoiced services up to the date of such termination.
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 Consultant.

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

INLAND EMPIRE UTILITIES AGENCY:

TOM DODSON & ASSOCIATES, INC.:

P. Joseph Grindstaff
General Manager

(Date)



Tom Dodson
Principal

5/19/16
(Date)

ENVIRONMENTAL SCIENCE ASSOCIATES:



Tom Barnes
Director, Southern California Water

5-19-16
(Date)

Exhibit A

TOM DODSON & ASSOCIATES
2150 N. ARROWHEAD AVENUE
SAN BERNARDINO, CA 92405
TEL (909) 882-3612 • FAX (909) 882-7015
E-MAIL tda@tdaenv.com



May 10, 2016

Mr. Andy Campbell
Inland Empire Utilities Agency
6075 Kimball Avenue
Chino, CA 91708

Dear Andy:

Tom Barnes (ESA Water) and I deeply appreciated the opportunity to submit the attached proposal to prepare a program environmental document for the Santa Ana River Conservation and Conjunctive Use Program (SARCCUP). Tom Dodson & Associate (TDA) and ESA Water propose to compile a program environmental impact report (PEIR) to address a number of conservation and conjunctive use projects throughout the Santa Ana River Basin. The purpose of this document will be to identify potential environmental impacts and recommended mitigation measures to reduce potentially significant impacts to a less than significant level. The attached proposal outlines the detailed work plan we intend to implement in order to provide a Final SARCCUP PEIR within approximately 12 months. We look forward to meeting with Inland Empire Utilities Agency (IEUA) and the other regional water agencies with the goal of compiling a comprehensive PEIR that will facilitate ultimate development of each of the program elements. Should you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in cursive script that reads "Tom Dodson".

Tom Dodson
Attachment
cc: Chris Berch
Tom Barnes

I. INTRODUCTION

In 2016 Tom Dodson & Associates (TDA) and ESA Water (ESA) were selected to provide environmental compliance support for Inland Empire Utilities Agency, Eastern Municipal Water District, Orange County Water District, San Bernardino Valley Municipal Water District and Western Municipal Water District (Agencies). The Agencies have requested that we submit a proposal to prepare the Santa Ana River Conservation and Conjunctive Use Program (SARCCUP) Environmental Impact Report (PEIR) This PEIR would serve as the baseline environmental document for the watershed-scale project that consists of three project elements:

- 1) Habitat improvements including the removal of Arundo (giant reed) and restoration of habitat suitable for the Santa Ana Sucker.
- 2) Water-use efficiency programs including turf removal.
- 3) Groundwater banking throughout the Santa Ana River watershed.

The PEIR will provide a baseline environmental document to comply with the California Environmental Quality Act (CEQA) and support future site-specific projects as they are funded and implemented by each Agency.

TDA and ESA jointly propose to compile this documentation for IEUA with ESA providing the majority of environmental support to compile the PEIR. We will jointly prepare and process the new PEIR with IEUA and coordinate the content of the document with the other Responsible Agencies to ensure that it will meet their CEQA requirements. The proposed scope of work follows.

II. SCOPE OF WORK

Our team will provide support to carry out the following steps to comply with CEQA requirements: prepare a project description; oversee research and preparation of technical studies and impact analyses; prepare a screencheck (administrative review draft) program PEIR; prepare and circulate a draft PEIR including developing all transmittal documents and a broad distribution list; prepare responses to comments submitted on the draft PEIR; compile a Final PEIR for certification; prepare a notice of determination; ensure that all CEQA procedural requirements are fulfilled; and attend meetings with the Agency as required.

Task 1: Compile the Project Description

We will prepare a draft project description that compiles all the projects within the program to be implemented by each of the Responsible Agencies. The draft project description will be submitted to IEUA and each of the other Responsible Agencies for review and comment. A final project description will be compiled and used for three purposes: first, to compile and distribute a Notice of Preparation of an EIR to the general public, interested parties and stakeholders; second, the project description will be used to assist in establishing the scope of issues and areas of particular interest for the compilation of the environmental baseline information; and third, to initiate AB 52 consultation with Native American tribes.

Once the Project Description is compiled we will integrate it into a Notice of Preparation (NOP) document that is used to announce a project to the public. A draft NOP will be completed; submitted to IEUA for review and comment; and we will finalize the NOP for public distribution.

The NOP establishes the date of the PEIR environmental baseline and the objective is to have this as early in the process as possible.

We will facilitate up to 3 public scoping meetings to receive comments on the scope of the DPEIR. We will prepare a presentation and conduct the meetings.

Task 2: Conduct Research and Compile Baseline Environmental Setting Data

The team will prepare the existing environmental setting for each of the issues topics included in Appendix G of the CEQA Guidelines.

1. **Aesthetic Resources**: To characterize aesthetic issues, we will utilize the General Plans of the affected cities and the counties to describe the aesthetic resources (scenic vistas, scenic resources, and light and glare) within the project area. No special studies or investigations are proposed for the aesthetic issues. All environmental setting information in this section will be based upon existing data sources, except for those locations where specific near-term capital improvements are proposed. It is recognized that there may not be a few locations where near-term new facilities are proposed, but it is our goal to incorporate sufficient data into the PEIR that such facilities can be comprehensively addressed. For these locations site specific evaluations of aesthetic resource values will be compiled.
2. **Agricultural Resources**: To establish the agricultural baseline information, we will utilize the General Plans of the affected cities and counties; data from the Soil Conservation Service's soil surveys for San Bernardino and Riverside Counties; data from the State Department of Conservation; and data from the other published documents that address agricultural resource issues in the Chino Basin. No special studies or investigations are proposed for agricultural resource issues. All environmental setting information in this section will be based upon existing data sources, except for those locations where specific near-term capital improvements are proposed. For these locations site specific evaluations of agricultural resources will be compiled.
3. **Air Quality**: Air quality data will be compiled from detailed information available through the South Coast Air Quality Management District (SCAQMD) for the existing setting. In the project description we will define anticipated programmatic construction and operational scenarios to be used for emission forecasts. Air emissions calculations will be conducted using the CalEEMod emissions model to assess emissions of typical construction activities such as pipeline installation, tank construction, and treatment plant construction projects. Assumptions for these construction activities will be compiled. The assumptions will be focused on near-term project types. This analysis will include a comparison of annual emissions with a State Implementation Plan (SIP) evaluation. We will incorporate data from the nearest monitoring station as is required by SCAQMD's CEQA Air Quality Handbook. An air quality technical report will be prepared that will provide the baseline emission calculations to be used in the future with specific projects before the State Water Resources Control Board or other agencies.
4. **Biological Resources**: To establish the biological resources baseline information, we will utilize the Department of Fish and Game's Natural Diversity Data Base for San Bernardino and Riverside Counties; and data from the other published documents that address biological resource issues in the Chino Basin. Only targeted special field studies or investigations are proposed for biological resource issues. All environmental setting

information in this section will be based upon existing data sources, except for those locations where specific near-term capital improvements are proposed. For these locations site specific biological resource evaluations will be compiled.

5. **Cultural Resources:** To establish the cultural resources baseline information. We will utilize data from the State Historic Preservation Office and the archaeological information centers for San Bernardino and Riverside Counties; and data from the other published documents that address cultural resource issues in the region. The new cultural resources section in the Initial Study Environmental Checklist Form will be utilized, and we will contact local Native American representative to obtain information regarding Tribal Cultural Resources. All environmental setting information in this section will be based upon existing data sources, except for those locations where specific near-term capital improvements are proposed. For these locations site specific records checks and, if necessary, cultural resource field surveys will be compiled.
6. **Geology and Soils:** To establish the geology and soils baseline information, we will utilize data from the State Geologist's Office and the County geologists for San Bernardino and Riverside Counties; data from the soil surveys for the two counties; and data from the other published documents that address geological resource issues in the region. No special studies or investigations are proposed for geology and soil issues. Paleontological resource issues will be addressed now be addressed in this section of the Initial Study. All environmental setting information in this section will be based upon existing data sources, except for those locations where specific near-term capital improvements are proposed. For these locations site specific geology and soil resource field surveys will be compiled, if necessary.
7. **Greenhouse Gas/Climate Change:** In conjunction with the air quality forecast, we will generate the data to address greenhouse gas (GHG) emissions from future activities and we will also quantify the efforts by Responsible Agencies to generate energy to offset demand from the energy grids. We will evaluate the GHG issues in the context of the Southern California Association of Government's (SCAG) Regional Sustainability plans and the SCAQMD's preliminary thresholds of significance. In the project description we will define anticipated programmatic construction and operational scenarios to be used for emission forecasts.
8. **Hazards and Hazardous Materials:** Information on hazards and hazardous materials will be obtained data bases for known sites within the region. All environmental setting information in this section will be based upon existing data sources.
9. **Hydrology and Water Quality:** The data for hydrology will be obtained from regional documents on surface and groundwater hydrology and water quality. To compile all of the required information for the hydrology and water quality issues, we do not anticipate any special studies or investigations. All environmental setting information in this section will be based upon existing data sources.
10. **Land Use and Planning:** The land use data will be compiled from detailed information available through the General Plans of the affected jurisdictions within the region. No specific field studies or investigations will be required.

11. **Mineral Resources:** To establish the mineral resources baseline information, we will utilize data from the State Division of Mines and Geology. No special studies or investigations are proposed for mineral resource issues.
12. **Noise:** The noise data will be compiled from detailed information available through the General Plans of the affected jurisdictions within the Chino Basin and special noise studies contained in other documents within the project area. No specific field studies or investigations will be required.
13. **Population and Housing:** Regional population and housing data will be compiled from detailed information available through the General Plans of the affected jurisdictions within the affected region and SCAG data sources. Data from the State Department of Finance will also be utilized. Growth inducement will be addressed in this document, so we will utilize the regional planning documents, such as SCAG's growth projections and *Growth Management Plan*, to establish the baseline for discussing this issue. No specific field studies or investigations will be required.
14. **Public Services:** Public service data will be compiled from detailed information available through the General Plans of the affected jurisdictions within the Chino Basin and contacts with respective public service entities (such as school districts) as deemed appropriate. No specific field studies or investigations will be required.
15. **Recreation:** Recreation resource data will be compiled from detailed information available through the General Plans and master recreation plans of the affected jurisdictions within the region and contacts with respective recreation providers (such as County Regional Parks), as deemed appropriate. No specific field studies or investigations will be required.
16. **Transportation/Traffic:** Transportation/traffic data will be compiled from detailed information available local Cities, Counties, and from Caltrans. We will also utilize regional planning documents, such as SCAG's *Regional Mobility Plan*, to establish the baseline for discussing this issue. No specific field studies or investigations will be required.
17. **Utilities and Service Systems:** Utilities and service system data will be compiled from detailed information available through the General Plans of the affected jurisdictions within the region. No specific field studies or investigations will be required.

Tom Dodson and Tom Barnes will oversee preparation of all the sections discussing the existing environment and will final edit all of the final text for this section of the PEIR. The site-specific work will be covered by the cost estimate attached to this proposal. We anticipate taking a lead role in coordinating the Responsible Agency review times for the PEIR sections as they are prepared. This will include establishing a review schedule and coordinating to maintain the schedule.

Task 3: Prepare the Environmental Impact Evaluation

We will utilize the data from the project description to forecast potential environmental impacts from implementing the program, including constructing, installing and operating the proposed programs and facilities. The impact forecast will be as specific as possible for the proposed projects and affected environment. Mitigation measures will be identified, as appropriate, for each environmental issue with potentially significant impacts. The impact analysis format used for this project is as follows: introduction (to the issues); environmental setting, including legal or

regulatory requirements; project impacts; mitigation measures; cumulative impacts; and unavoidable adverse environmental impact (including any impacts caused by implementing mitigation measures). To the extent feasible, potential environmental effects will be quantified; however, we anticipate that some impact forecasts will be qualitative, such as discussions of aesthetic issues.

Tom Dodson and Tom Barnes will oversee and edit all of the final text for this section of the document.

Task 4: Prepare All Remaining EIR Sections

The CEQA mandated sections (Alternatives, Growth Inducement, and a Summary of Irreversible Environmental Impacts) will be provided under this subtask. The series of alternatives that will be evaluated in this document will be defined as part of the project description. We will prepare a comparative alternative evaluation as outlined in the State CEQA Guidelines, Section 15126 (d). A mitigation monitoring plan will be developed under this task and it can be included in the Draft PEIR if IEUA wants it included. The end product of these subtasks is the Screencheck Draft PEIR for review by the IEUA and Responsible Agencies. It will be submitted to IEUA and Responsible Agencies for review, comment, and approval in accordance with the schedule outlined below.

Task 5: Print and Distribute the Draft PEIR

We will meet with IEUA to collect all comments on the Screencheck draft PEIR (DPEIR). These comments will be responded to and a DPEIR for public distribution will be compiled and published for distribution. We anticipate broad distribution of the DPEIR and we anticipate supplying about 100 copies of the DPEIR for distribution and will arrange to have copies delivered to the State Clearinghouse and all parties on distribution. We anticipate publishing a second volume of technical appendices that will be available upon with the electronic copies and only a few hard copies of the DPEIR and technical Studies. At the end of this task, the DPEIR will be distributed for the 45-day public review and comment period.

We will facilitate up to three (3) public meetings to receive comments on the DPEIR. We will prepare a presentation and conduct the meetings.

Task 6: Prepare Responses to Comments and Final Program EIR

Following completion of the 45-day review period (note that we will meet with the IEUA upon request to discuss any comment letter that arrives before the end of the review period), we will meet with the IEUA to review proposed responses to all comments received on the DPEIR. Once general agreement on the content of responses is obtained, they will be prepared and a draft set of responses to comment will be delivered to IEUA for final review and comment. We anticipate the responses to comments will be completed within 30 days of the close of the public comment period, barring the need to develop original data. If major new issues are raised that were previously not addressed in the DPEIR and that IEUA concludes must be addressed in the Final PEIR, we will perform additional analyses based on mutual agreement on the scope of work and a modified fee.

The end product of this effort will be a Final PEIR (FPEIR) available for certification. Sufficient copies will be published to distribute the FPEIR to all parties that comment and to provide copies for IEUA's internal use and hearings. We will assist with the distribution of these

documents. These responses to comments will be prepared in a separate volume, unless IEUA requests that a combined FPEIR document be prepared for distribution.

Task 7: Prepare Notice of Determination

Following the hearing where the Final EIR is considered for certification, we will provide and file a Notice of Determination (NOD) for IEUA. The NOD will be filed with the San Bernardino and Riverside County Clerks, and with the State Clearinghouse. The fee for this task includes the approximate \$3,000 filing fee for the Department of Fish and Wildlife.

Task 8: Public Meetings/Hearings and Participation

We will attend up to three public scoping meetings and three DPEIR public meetings. This assumes two persons at each meeting/hearing and four hours per hearing. All meetings with IEUA are included in the previous tasks.

Task 9: Prepare Findings of Fact and Statement of Overriding Consideration

We will prepare findings and statement documents for IEUA. Other Responsible Agencies may prepare their Findings based on the IEUA Findings. Or they may prepare separate Findings.

TABLE 1: PRICING PROPOSAL
ESA Labor Detail and Expense Summary

290000

Employee Name														Subtotal	Project Technician II	Project Technician I	Subtotal	Hours	Labor Price											
	Dames	Dodson	Almworth			Rocha		Camacho	Spino		Anderson	Castillo																		
Title	Director II	Director II	Director I	Managing Associate III	Managing Associate II	Managing Associate I	Senior Associate II	Senior Associate I	Senior Associate I	Associate III	Associate I	Associate I																		
Task #	Task Name/Description												\$	\$	\$	\$														
Task 1	Project Initiation																													
1.1	Review Project Materials/Kick Off												4	16																
1.2	Develop Project Description												8	40																
1.3	Preparation of NOP and Scoping												12	12																
Task 2	Prepare Administrative Draft EIR Setting												16	16																
	Aesthetics												2																	
	Agriculture												2																	
	Air Quality												2																	
	Biological Resources												4																	
	Cultural Resources												6																	
	Geology, Soils, and Mineral Resources												4																	
	GHGs and Energy Efficiency												2																	
	Hazardous and Hazardous Materials												2																	
	Hydrology and Water Quality												4																	
	Land Use and Planning												2																	
	Noise and Vibration												2																	
	Mineral Resources												2																	
	Population and Housing												2																	
	Public Services												2																	
	Recreation												2																	
	Transportation and Traffic												2																	
	Utilities												2																	
Task 3	Prepare Impact Analysis												16	40	32															
Task 4	Prepare Other Sections																													
4.1	Growth Inducement												4	4																
4.2	Habitat												4	4																
4.3	Prepare Schedule II Draft EIR												24	24																
4.4	Prepare Schedule II Draft EIR												24	24																
Task 5	Prepare Public Draft EIR																													
5.1	Public Public Draft												4	16																
5.2	Coordination of Public Review Draft EIR												8	8																
Task 6	Final EIR																													
6.1	Prepare responses to comments												24	40																
6.2	Prepare Findings and NOD												8	8																
Task 7	Project Management												24	24																
Total Hours													190	276	62															
Subtotals - Labor Costs													\$ 36,700	\$ 69,340	\$ 9,660															
Percent of Effort - Labor Hours Only													6.6%	13.2%	2.5%	0.0%	0.0%	16.1%	0.0%	0.0%	11.1%	0.0%	21.9%	8.4%	5.2%	0.4%	1.6%	100.0%		
Percent of Effort - Total Project Cost													11.4%	17.4%	2.9%	0.0%	0.0%	16.5%	0.0%	0.0%	8.9%	0.0%	21.5%	12.4%		3.5%	0.2%	0.7%		94.2%

268

\$ 39,680 \$ 25,070

\$ 95,800 \$ 62,360

54,220 45,620

422

\$ 68,620 \$ 56,580

186

\$ 26,000 \$ 20,640

268

\$ 40,600 \$ 30,260

25,560 20,400

582,754

14620
3980
8800
12040
5160
10320
5160
\$ 68,340

ESA Labor Costs \$ 338,498
 Commission Fee on Labor Cost 3% \$ 9,818

ESA Non-Labor Expenses
 Reimbursable Expenses (see Attachment A for detail) \$ 10,283
 ESA Equipment usage (see Attachment A for detail) \$ -
 Subtotal ESA Non-Labor Expenses \$ 10,283
 Subcontractor Costs (see Attachment B for detail) \$ -

TOTAL PROJECT PRICE \$ 840,987.20

**Attachment A
Pricing Proposal Template
ESA Non-Labor Expenses**

Reimbursable Costs	
Project Supplies	\$ -
Printing/Reproduction	\$ 1,500
Document and Map Reproductions (CD + Digital photography)	\$ 250
Postage and Deliveries	\$ 750
Mileage	\$ 750
Vehicle Rental	\$ 2,500
Lodging	\$ 3,200
Airfare	\$ -
Other Travel Related	\$ -
Subtotal Reimbursable Costs	\$ 6,950
15% Fee on Reimbursable Expenses	\$ 1,343
Total Reimbursable Costs	\$ 10,293

ESA Equipment Usage	
General Equipments:	
Company Vehicle Usage	\$ -
HP Plotter	\$ -
Computer Time (GB)	\$ -
Trimble GPS	\$ -
Tablet GPS	\$ -
Laser level	\$ -
Garmin GPS or equivalent	\$ -
Laptop Computers	\$ -
LOD Projector	\$ -
Noise Meter	\$ -
Electrofisher	\$ -
Sample Pump	\$ -
Surveying Kit	\$ -
Total Station Set	\$ -
Field Traps	\$ -
Digital Planimeter	\$ -
Camera/Video/Cell Phone	\$ -
Miscellaneous Small Equipment	\$ -
Stilling Well/Coring Pipe (3 inch aluminum)	\$ -
Hydrologic Data Collection, Water Current, Level and Wave Measurement Equipments:	
Culvert Flow Meter	\$ -
Logging Rain Gage	\$ -
Marsh-Mullimay Hand-Held Current Meter	\$ -
Logging Water Level-Logging-Stainless Steel Pressure Transducer	\$ -
Logging Water Level-Titanium Pressure Transducer	\$ -
Logging Barometric Pressure Logger	\$ -
Well Probe	\$ -
Bottom-Mounted Tripod / Mooring	\$ -
Water Quality Equipments:	
Logging Turbidimeter/Water Level Recorder	\$ -
Logging Temperature Probe	\$ -
Hach Hand-Held Turbidimeter Recording Conductivity Meter w/Data logger	\$ -
Refractometer	\$ -
YSI Hand-Held Salinity Meter	\$ -
Hand-Held Conductivity/Dissolved Oxygen Probe	\$ -
Sedimentation / Geotechnical Equipments:	
Peat Corer	\$ -
50lb Helly-Smith Bedload Sampler with Bridge Crane	\$ -
Suspended Sediment Sampler with Bridge Crane	\$ -
Vibro-core	\$ -
Shear Strength Vane	\$ -
Auger (brass core @ \$ 5/each)	\$ -
Boats:	
14 foot Aluminum Boats with 15 HP Outboard Motor	\$ -
Single or Double Person Canoe	\$ -
17' Boston Whaler w/ 80 HP Outboard	\$ -
Total Equipment Usage Costs	\$ -

Exhibit B

**INLAND EMPIRE UTILITIES AGENCY
CONSULTING SERVICES INVOICE**



Company: ABC Company	Pay Est. No.:	Contract Date:	Invoice Date: 10/16/2015
Address:	Contract No.: 46-XXXX	IEUA Project Manager: Jamaal Zugndi	This Period: From: 9/1/2015 To: 9/30/2015
Phone No.:			Invoice No. / Consult Ref: XXXXXX
Proj. Name & No.: KP-1 Improvements Project, EN15XXX			

ORIGINAL CONTRACT:

PO No.	SAP Line Item No.	WBS Element No.	Item Description	Original Contr. Value	Total This Period		Total to Date		Progress to Date	Remaining Contract Value
				Amount (\$)	% Complete	Amount (\$)	% Complete	Amount (\$)		
45-XXXX	1	EN15xxx.00.F.DN50	50% Design Services	\$0.00	#DIV/0!	\$0.00	#DIV/0!	\$0.00	#DIV/0!	\$0.00
	2	EN15xxx.00.F.DN85	85% Design Services	\$0.00	#DIV/0!	\$0.00	#DIV/0!	\$0.00	#DIV/0!	\$0.00
	3	EN15xxx.00.F.DFLP	Final Design	\$0.00	#DIV/0!	\$0.00	#DIV/0!	\$0.00	#DIV/0!	\$0.00
	4	EN15xxx.00.G.CNSW.00.AJ	Constr Support Services		#DIV/0!	\$0.00	#DIV/0!	\$0.00	#DIV/0!	\$0.00
Subtotal Original Contract				\$0.00		\$0.00		\$0.00		\$0.00

CONTRACT AMENDMENTS:

PO No.	SAP Line Item No.	WBS Element No.	Amendment Description	Amended Contract Value	Total This Period		Total to Date		Progress to Date	Remaining Contract Value
				Amount (\$)	% Complete	Amount (\$)	% Complete	Amount (\$)		
						\$0.00		\$0.00	0%	0%
						\$0.00		\$0.00	0%	0%
						\$0.00		\$0.00	0%	0%
Subtotal Contr. Amendme				\$0.00		\$0.00		\$0.00		\$0.00
Total Cont. with Amendme				\$0.00		\$0.00		\$0.00		\$0.00

PAYMENT SUMMARY FOR THIS PERIOD:

	From: 9/1/2015	
	To: 9/30/2015	
Amount Earned Original Contract	\$0.00	
Amount Earned Amendments	\$0.00	
Back Charges	\$0.00	
Amount Due This Period	\$0.00	

PRIOR PAYMENT SUMMARY:

	From:	
	To:	
Amount Earned Orig Contract	\$0.00	
Amount Earned Amendments	\$0.00	
Back Charges	\$0.00	
Prior Payments	\$0.00	

TOTAL PAYMENT SUMMARY:

	Total Contract	
Total Original Contract	\$0.00	
Total Contract Amendments	\$0.00	
Total Payments to Date	\$0.00	
Back Charges	\$0.00	
Payment this period	\$0.00	
Balance of Contract	\$0.00	

CONTRACT SCHEDULE SUMMARY:

Contract Start Date:	10/9/2014
Contract Duration:	365
Contract Completion Date:	10/9/2015
Authorized Time Extension:	0
Revised Completion Date:	10/9/2015

PROJECT COMPLETION SUMMARY:

Contract Time Expired:	102%
Contract Work Complete:	#DIV/0!

Consultant Approval:

Title: _____ Signature: _____ Date: _____

Inland Empire Utilities Agency Approvals:

Proj. Engineer: _____ Date: _____ Exec Mgr. / Assistant GM: _____ Date: _____
 Deputy Manager: _____ Date: _____ General Manager: _____ Date: _____
 Dept. Manager: _____ Date: _____

Exhibit C

Grant Requirements

The SARCCUP (Project) may be funded by a Department of Water Resources/Santa Ana Watershed Project Authority Prop 84 Integrated Regional Water Management Grant. IEUA has not yet received a grant contract for this project.

Such Agreements have regulatory requirements that the Inland Empire Utilities Agency will be required to include in all contracts for work related to the performance of these Agreements. Although IEUA does not yet have a contract, the consultants and contractors must assist IEUA in meeting the federal and state requirements that apply to the scope stated in their contracts. If a grant agreement is received before this agreement is complete that includes additional requirements, the IEUA may need to revise this contract to include the new requirements.

In this document, IEUA is referred to as a Sub-Grantee. If a subcontractor or sub-consultant is hired, the grant requirements language must be included in the subcontractor or sub-consultant's contract in its entirety.

The follow attachments provide more details about the specific requirements and must be included in all contracts for this Project:

- 1. Signage on Construction Site and Written Document Requirements**
- 2. Integrated Regional Water Management Grant Requirements for Contractors and Consultants**

Signage.

The Recipient shall place a sign at least four feet tall by eight feet wide made of 3/4 inch thick exterior grade plywood or other approved material in a prominent location on the Project site. The sign shall include the following color logos (available from the division) and the following disclosure statement:

“Funding for this project has been provided in full or in part under the Disaster Preparedness and Flood Prevention Bond Act of 2006, administered by State of California, Department of Water Resources through an agreement with the Santa Ana Watershed Project Authority and the One Water, One Watershed Plan”

The Project sign may include another agency's required promotional information so long as the logos and disclosure statement are equally prominent on the sign. The sign shall be prepared in a professional manner.



Written Documents, Reports or Brochures

Before printing/submitting reports consultant or contractors must check with the IEUA Grants Officer to verify the following language is required when the report is finalized:

The Recipient shall include the following disclosure statement and logos in any document, written report, or brochure prepared in whole or in part pursuant to this Agreement:

Funding for this project has been provided in full or in part through an agreement with the Department of Water Resources through the Santa Ana Water Project Authority One Water One Watershed Plan. The contents of this document do not necessarily reflect the views and policies of the Department of Water Resources or the Santa Ana Water Project Authority nor does mention of trade names or commercial products constitute endorsement or recommendation for use. (Gov. Code § 7550, 40 CFR § 31.20.)



SARCCUP
SANTA ANA WATER PROJECT AUTHORITY
Integrated Regional Water Management Grant Requirements
For Contractors and Consultants

Contract Template between SAWPA and Sub-Grantee

Section 10: COMPLIANCE WITH LAWS AND REGULATIONS (Pg. 5)

The Sub-grantee agrees that it shall, at all times, comply with and require its contractors and subcontractors to comply with all applicable federal and state laws, regulations and guidelines. The Sub-grantee shall comply with, implement, and fulfill all environmental mitigation measures applicable to the project, and which may otherwise be required by this Contract and the IRWMP Grant Agreement, the California Environmental Quality Act (“CEQA”), and the State CEQA Guidelines.

Section 16 RECORDS AND REPORTS (Pg.7)

(B) The Sub-Grantee shall require all Project contractors and subcontractors to maintain books, records, and other material relative to the Project in accordance with generally accepted accounting standards, and to require that such contractors and subcontractors retain such books, records and other material for a minimum of five (5) years after Project completion. The Sub-Grantee shall require that such books, records, and another material shall be subject, at all reasonable times, to inspection, copying, and audit by SAWPA, DWR or its authorized representatives.

Section 24: ARBITRATION (Pg. 11)

Any dispute which may arise under this Contract by and between the SAWPA and the Sub-Grantee, including the Sub-Grantee’s subcontractors, laborers, and suppliers, shall be submitted to binding arbitration. The arbitrator shall decide each and every dispute in accordance with the laws of the State of California, and all other applicable laws. Unless the Parties stipulate in writing to the contrary, prior to the appointment of the arbitrator, all disputes shall first be submitted to non-binding mediation.

Section 25: COST AN ATTORNEY FEES (Pg. 11)

In the event of arbitration or litigation between the parties here arising from this Contract, it is agreed that the prevailing party shall entitled to recover reasonable costs and attorney fees.

Section 29: INDEMNIFICATION (Pg. 11)

(A) The Sub-Grantee shall defend, indemnify and hold harmless SAWPA and DWR and their directors, commissioners, officers, agents, and assigns and (collectively the Indemnified Parties), against any and all losses, claims and damages or liabilities, joint or several, including attorney’s

fees and expenses incurred with or arising from this Contract, and the transactions, funding and construction activities contemplated by this Contract. Sub-Grantee shall reimburse Indemnified Parties for any legal or other expenses incurred by it in connection with investigating any claims against it and defending any actions, insofar as such losses, claims, damages, liabilities or actions arise out of or related to this Contract, and the transactions, funding and c construction activities contemplated by this Contract. Sub-Grantee shall indemnify and save the Indemnified Parties harmless from and against any claims, losses, damages, attorney's fees and expenses arising from any and all contracts, contractors, subcontractors, suppliers, laborers, and any other person, entity furnishing or supplying such services, materials, or supplies in connection with Sub-Grantee's Project funded, in part, by this Contract. Sub-Grantee shall indemnify and save Indemnified Parties harmless from any and all claims, losses, damages, and attorney's fees, obligations under this Contract, or any act of negligence by the Sub-Grantee or any of its agents, contractors, subcontractors, servants, employees, or licensees concerning the subject matter of this Contract or Project. Sub-Grantee shall indemnify and hold the Indemnified Parties harmless from and all claims, losses, damages, attorney's fees and expenses arising out of the completion of the Project or the authorization of payment of Project Costs to or by the Sub-Grantee. No indemnification is required under this section for claims, losses or damages arising out of the sole and exclusive misconduct or negligence under this Contract by SAWPA.

(B) The Sub-Grantee understands and agrees that is has compiled and will comply with the CEQA and the State CEQA Guidelines for the project which is the subject matter of this Grant Funding Contract. Sub-Grantees understands and agrees that it is ultimately and solely responsible, as the lead agency, for compliance with CEQA and any mitigation measures require for the Project. The Sub-Grantee hereby agrees to indemnify, defend and hold harmless SAWPA and the DWR from any and all claims or actions related to this Project that may be made by any third party or public agency alleging, among other things, violations of CEQA or the State CEQA Guidelines.

(C) In addition to complying with the insurance requirements contained in the IRWMP Grant Agreement, including Section 23 of Exhibit D.23) of that Agreement, the Sub-Grantee shall ensure that adequate insurance coverage is provided by Sub-Grantee and/or its contractors and subcontractors on the Project funded, in part by this Contract. Such insurance shall include adequate coverage for comprehensive commercial general liability, property insurance. Including all builders' risk insurance. Such insurance coverage shall, at a minimum, insure against injuries to third parties, damage to property owned by third parties, physical damage to the Project and all related facilities, theft of building materials and supplies intended for the Project, delays in Project completion, delays in Project Completion due to strikes and governmental actions, liquidated damages, employee injuries and work related illnesses, design errors resulting in increased project costs, environmental damage caused by construction activities related to the Project, and nonperformance by the contractors and subcontractors. Such insurance coverage shall be provided by admitted insurance companies authorized to do business in the State of California, and with a minimum "Best's Insurance Guide" rating of "A: VII".

Section 30: PROJECT AND INFORMATION ACCESS (Pg. 12)

The Sub-Grantee agrees to ensure that SAWPA, DWR, or any authorized representative thereof, shall have reasonable access to the Project site at all reasonable times during Project construction, and thereafter for the useful life of the Project.

18 LABOR COMPLIANCE (Pg. 19)

Grantee agrees to comply with all applicable California Labor Code requirements and Standard Conditions (see D.28).

Grantee must, independently or through a third party, adopt and enforce a Department of Industrial Relations-certified Labor Compliance Program (LCP) meeting the requirements of Labor Code section 1771.5 for projects funded by:

a) Proposition 84 (Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006; PRC sections 75075 et seq. or

b) Any other funding source requiring an LCP.

At the State's request, Grantee must promptly submit written evidence of Grantee's compliance with the LCP requirements.

STANDARD CONDITIONS (Contract Exhibit D Pg. 124)

D.1) ACCOUNTING AND DEPOSIT OF FUNDING DISBURSEMENT:

a) Separate Accounting of Funding Disbursements and Interest Records: Grantee shall account for the money disbursed pursuant to this Grant Agreement separately from all other Grantee funds. Grantee shall maintain audit and accounting procedures that are in accordance with generally accepted accounting principles and practices, consistently applied. Grantee shall keep complete and accurate records of all receipts, disbursements, and interest earned on expenditures of such funds. Grantee shall require its contractors or subcontractors to maintain books, records, and other documents pertinent to their work in accordance with generally accepted accounting principles and practices. Records are subject to inspection by State at any and all reasonable times.

b) Fiscal Management Systems and Accounting Standards: The Grantee agrees that, at a minimum, its fiscal control and accounting procedures will be sufficient to permit tracing of grant funds to a level of expenditure adequate to establish that such funds have not been used in violation of state law or this Grant Agreement.

c) Disposition of Money Disbursed: All money disbursed pursuant to this Grant Agreement shall be deposited, administered, and accounted for pursuant to the provisions of applicable law.

d) **Remittance of Unexpended Funds:** Grantee shall remit to State any unexpended funds that were disbursed to Grantee under this Grant Agreement and were not used to pay Eligible Project Costs within a period of sixty (60) calendar days from the final disbursement from State to Grantee of funds or, within thirty (30) calendar days of the expiration of the Grant Agreement, whichever comes first.

D.2) ACKNOWLEDGEMENT OF CREDIT: Grantee shall include appropriate acknowledgement of credit to the State and to all cost-sharing partners for their support when promoting the Project(s) or using any data and/or information developed under this Grant Agreement. During construction of (each/the) project, Grantee shall install a sign at a prominent location, which shall include a statement that the project is financed under the Disaster Preparedness and Flood Prevention Bond Act of 2006, administered by State of California, Department of Water Resources. Grantee shall notify State that the sign has been erected by providing them with a site map with the sign location noted and a photograph of the sign.

D.3) AIR OR WATER POLLUTION VIOLATION: Under State laws, the Grantee shall not be: (1) in violation of any order or resolution not subject to review promulgated by the State Air Resources Board or an air pollution control district; (2) subject to cease and desist order not subject to review issued pursuant to Section 13301 of the Water Code for violation of waste discharge requirements or discharge prohibitions; or (3) finally determined to be in violation of provisions of federal law relating to air or water pollution.

D.5) AMERICANS WITH DISABILITIES ACT: By signing this Grant Agreement, Grantee assures State that it complies with the Americans with Disabilities Act (ADA) of 1990, (42 U.S.C., 12101 et seq.), which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA.

D.7) AUDITS

Pursuant to Government Code Section 8546.7, the Grantee shall be subject to the examination and audit by the State for a period of three years after final payment under this Grant Agreement with respect to all matters connected with this Grant Agreement, including but not limited to, the cost of administering this Grant Agreement. All records of Grantee or its contractor or subcontractors shall be preserved for this purpose for at least three (3) years after project completion or final billing, whichever comes later.

D.10) CEQA: Activities funded under this Grant Agreement, regardless of funding source, must be in compliance with the California Environmental Quality Act (CEQA) (Public Resources Code §21000 et seq.).

D.11) CHILD SUPPORT COMPLIANCE ACT: For any Grant Agreement in excess of \$100,000, the Grantee acknowledges in accordance with Public Contract Code 7110, that:

a) The Grantee recognizes the importance of child and family support obligations and shall fully comply with all applicable state and federal laws relating to child and family support enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Chapter 8 (commencing with section 5200) of Part 5 of Division 9 of the Family Code; and

b) The Grantee, to the best of its knowledge is fully complying with the earnings assignment orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the California Employment Development Department.

D.13) COMPETITIVE BIDDING AND PROCUREMENTS: Grantee shall comply with all applicable laws and regulations regarding securing competitive bids and undertaking competitive negotiations in Grantee's contracts with other entities for acquisition of goods and services and construction of public works with funds provided by State under this Grant Agreement.

D.15) CONFLICT OF INTEREST: All participants are subject to State and Federal conflict of interest laws. Failure to comply with these laws, including business and financial disclosure provisions, will result in the application being rejected and any subsequent contract being declared void. Other legal action may also be taken. Applicable statutes include, but are not limited to, Government Code, Section 1090 and Public Contract Code, Sections 10410 and 10411, for State conflict of interest requirements.

a) Current State Employees: No State officer or employee shall engage in any employment, activity, or enterprise from which the officer or employee receives compensation or has a financial interest and which is sponsored or funded by any State agency, unless the employment, activity, or enterprise is required as a condition of regular State employment. No State officer or employee shall contract on his or her own behalf as an independent contractor with any State agency to provide goods or services.

d) Employees and Consultants to the Grantee: Individuals working on behalf of a Grantee may be required by the Department to file a Statement of Economic Interests (Fair Political Practices Commission Form 700) if it is determined that an individual is a consultant for Political Reform Act purposes.

D.18) DRUG-FREE WORKPLACE CERTIFICATION: Certification of Compliance: By signing this Grant Agreement, Grantee, its contractors or subcontractors hereby certify, under penalty of perjury under the laws of State of California, compliance with the requirements of the Drug-Free Workplace Act of 1990 (Government Code 8350 *et seq.*) and have or will provide a drug-free workplace by taking the following actions:

a) Publish a statement notifying employees, contractors, and subcontractors that unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited and specifying actions to be taken against employees, contractors, or subcontractors for violations, as required by Government Code Section 8355(a)(1).

- b) Establish a Drug-Free Awareness Program, as required by Government Code Section 8355(a)(2) to inform employees, contractors, or subcontractors about all of the following:
- i) The dangers of drug abuse in the workplace,
 - ii) Grantee's policy of maintaining a drug-free workplace,
 - iii) Any available counseling, rehabilitation, and employee assistance programs, and
 - iv) Penalties that may be imposed upon employees, contractors, and subcontractors for drug abuse violations.
- c) Provide, as required by Government Code Sections 8355(a)(3), that every employee, contractor, and/or subcontractor who works under this Grant Agreement:
- i) Will receive a copy of Grantee's drug-free policy statement, and
 - ii) Will agree to abide by terms of Grantee's condition of employment, contract or subcontract.

D.22) GOVERNING LAW: This Grant Agreement is governed by and shall be interpreted in accordance with the laws of the State of California.

D.23) INDEMNIFICATION: Grantee shall indemnify and hold and save the State, its officers, agents, and employees, free and harmless from any and all liabilities for any claims and damages (including inverse condemnation) that may arise out of the Project(s) and this Agreement, including, but not limited to any claims or damages arising from planning, design, construction, maintenance and/or operation of levee rehabilitation measures for this Project and any breach of this Agreement. Grantee shall require its contractors or subcontractors to name the State, its officers, agents and employees as additional insured on their liability insurance for activities undertaken pursuant to this Agreement.

D.24) INDEPENDENT CAPACITY: Grantee, and the agents and employees of Grantees, in the performance of the Grant Agreement, shall act in an independent capacity and not as officers, employees, or agents of the State.

D.25) INSPECTION OF BOOKS, RECORDS, AND REPORTS: During regular office hours, each of the parties hereto and their duly authorized representatives shall have the right to inspect and to make copies of any books, records, or reports of either party pertaining to this Grant Agreement or matters related hereto. Each of the parties hereto shall maintain and shall make available at all times for such inspection accurate records of all its costs, disbursements, and receipts with respect to its activities under this Grant Agreement. Failure or refusal by Grantee to comply with this provision shall be considered a breach of this Grant Agreement, and State may withhold disbursements to Grantee or take any other action it deems necessary to protect its interests.

D.26) INSPECTIONS OF PROJECT BY STATE: State shall have the right to inspect the work being performed at any and all reasonable times during the term of the Grant Agreement. This right shall extend to any subcontracts, and Grantee shall include provisions ensuring such access in all its contracts or subcontracts entered into pursuant to its Grant Agreement with State.

D.28) LABOR CODE COMPLIANCE: The Grantee will be required to keep informed of and take all measures necessary to ensure compliance with applicable California Labor Code requirements, including, but not limited to, Section 1720 *et seq.* of the California Labor Code regarding public works, limitations on use of volunteer labor (California Labor Code Section 1720.4), labor compliance programs (California Labor Code Section 1771.5) and payment of prevailing wages for work done and funded pursuant to these Guidelines, including any payments to the Department of Industrial Relations under Labor Code Section 1771.3.

D.30) NONDISCRIMINATION: During the performance of this Grant Agreement, Grantee and its contractors or subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex (gender), sexual orientation, race, color, ancestry, religion, creed, national origin (including language use restriction), pregnancy, physical disability (including HIV and AIDS), mental disability, medical condition (cancer/genetic characteristics), age (over 40), marital status, and denial of medial and family care leave or pregnancy disability leave. Grantee and its contractors or subcontractors shall ensure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. Grantee and its contractors or subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Gov. Code §12990 (a-f) *et seq.*) and the applicable regulations promulgated there under (California Code of Regulations, Title 2, Section 7285 *et seq.*). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. Grantee and its contractors or subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.

Grantee shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the Grant Agreement.

D.31) NO DISCRIMINATION AGAINST DOMESTIC PARTNERS: For contracts over \$100,000 executed or amended after January 1, 2007, the Grantee certifies by signing this Grant Agreement, under penalty of perjury under the laws of State of California that Grantee is in compliance with Public Contract Code section 10295.3.

D.38) RIGHTS IN DATA: Grantee agrees that all data, plans, drawings, specifications, reports, computer programs, operating manuals, notes and other written or graphic work produced in the performance of this Grant Agreement shall be made available to the State and shall be in the public domain to the extent to which release of such materials is required under the California Public Records Act., Cal. Gov't Code §6250 *et seq.* Grantee may disclose, disseminate and use in whole or in part, any final form data and information received, collected and developed under this Grant Agreement, subject to appropriate acknowledgement of credit to State for financial support. Grantee shall not utilize the materials for any profit-making venture or sell or grant rights to a third party who intends to do so. The State shall have the right to use any data described in this paragraph for any public purpose.

D.41) SUSPENSION OF PAYMENTS: This Grant Agreement may be subject to suspension of payments or termination, or both, and Grantee may be subject to debarment if the State determines that:

a) Grantee, its contractors, or subcontractors have made a false certification, or

b) Grantee, its contractors, or subcontractors violates the certification by failing to carry out the requirements noted in this Grant Agreement.

D.46) THIRD PARTY BENEFICIARIES: The parties to this Agreement do not intend to create rights in, or grant remedies to, any third party as a beneficiary of this Agreement, or any duty, covenant, obligation or understanding established herein.

D.47) TIMELINESS: Time is of the essence in this Grant Agreement.

D.50) WORKERS' COMPENSATION: Grantee affirms that it is aware of the provisions of Section 3700 of the California Labor Code, which requires every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and Grantee affirms that it will comply with such provisions before commencing the performance of the work under this Grant Agreement and will make its contractors and subcontractors aware of this provision.

ATTACHMENT 4:

CEQA Cost Share Agreement

June _____, 2016

Paul Jones
Eastern Municipal Water District
P.O. Box 8300
Perris, CA 92572-8300

John Rossi
Western Municipal Water District
16400 El Prado Road
Chino, CA 91708

Mike Markus
Orange County Water District
P.O. Box 8300
Fountain Valley, CA 92728-8300

Doug Headrick
San Bernardino Valley Municipal Water District
380 East Vanderbilt Way
San Bernardino, CA 92408

Re: Cost Sharing Letter Agreement
Santa Ana River Conservation & Conjunctive Use Program (SARCCUP)
Program Environmental Impact Report

This Cost Sharing Letter Agreement (Agreement) sets forth the understanding among the undersigned parties regarding the sharing of costs for consultant support services for SARCCUP. Inland Empire Utilities Agency (IEUA) has engaged Tom Dodson & Associate (TDA) for development of a Program Environmental Impact Report (PEIR) for SARCCUP implementation. The Scope of Services which is the subject of this Agreement is set forth in Exhibit A (Scope).

IEUA and the undersigned parties (collectively referred to as Parties and individually as Party) hereby agree to equally share the cost of the consultant support services pursuant to the provisions set forth below.

1. Scope of Services

TDA (Consultant) and its consultant Environmental Science Associates (ESA) will prepare a PEIR for SARCCUP as required to identify potential significant impacts and recommend mitigation measures to reduce potentially significant impacts to a less than significant level. The Scope is further described in **Exhibit A** attached hereto and incorporated herein by reference.

2. Cost Sharing

(a) Cost of Services

IEUA has entered into, or intends to enter into, an agreement with TDA (Consultant Agreement) for performance of the Scope with a **not-to-exceed cost of \$340,397** (Compensation).

(b) Cost Sharing Among the Undersigned Parties

The Parties hereto each agree to be responsible for reimbursement of the payments made under the Contract with TDA (Consultant) not to exceed one fifth of the total cost or \$68,079.40 per party as follows:

(i) Upon receipt by IEUA of each written statement from Consultant regarding the amount due and owing for the applicable time period (Progress Payment), IEUA shall be responsible for payment to Consultant for the amount due and owing.

(ii) The Parties shall be responsible for payment of an equal share of the amount due and owing under each Progress Payment to be billed by IEUA to each Party, quarterly. None of the Parties shall be responsible for payment of any amounts in excess of its share as set forth herein, without the prior written consent of the Party being requested to pay such additional amount.

(iii) IEUA shall provide a copy of the Progress Payment to each Party along with a cover letter setting forth the calculation of the share due and owing by each Party. Within thirty (30) days of the date of said cover letter (Invoice), each Party shall submit payment to IEUA for its share as set forth in this Agreement.

3. Effective Date and Term

This Agreement shall be effective on the date of full execution of this Agreement by all of the Parties (Effective Date). The term of this Agreement shall be from the Effective Date to the date of completion of performance of the Scope under the Consultant Contract pursuant to the schedule and deadlines set forth in Exhibit A and other schedules and deadlines as may be determined by the Parties and Consultant. The Parties may elect to extend the term with prior written consent of the Parties.

4. General Provisions

(a) Indemnification

Each Party (Indemnitors) hereby agrees to defend, indemnify and hold free and harmless the other Parties (Indemnitees) from and against any and all liability, expense, including defense costs and legal fees, and claims for damages of any nature whatsoever, arising from or connected with Indemnitors' activities under this Agreement.

(b) Notices

Correspondence to be given to any Party may be sent by first-class mail, addressed and delivered as set forth below in the signature blocks for each Party.

(c) Representation of Authority

Each Party represents to the other that it has the authority to enter into this Agreement and that the individual signing this Agreement on behalf of their respective Party has the authority to execute this Agreement and to bind their respective Party to the terms and conditions of this Agreement.

(d) Counterparts

This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

(e) Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the State of California.

(f) Cooperation. The Parties acknowledge that they are entering into an arrangement in which the cooperation of all of the Parties will be required, including the execution of necessary further documents. The Parties agree to cooperate in good faith with each other and review and submit timely documents for the benefit of SARCCUP.

BY SIGNING BELOW, THE PARTIES AGREE TO BE BOUND BY THE PROVISIONS OF THIS AGREEMENT

INLAND EMPIRE UTILITY AGENCY

By: _____
Joe Grindstaff, General Manager

Dated: _____

P.O Box 9020
Chino Hills, CA 91709

WESTERN MUNICIPAL WATER DISTRICT

By: _____
John V. Rossi, General Manager

Dated: _____

14205 Meridian Parkway
Riverside, CA 92518

EASTERN MUNICIPAL WATER DISTRICT

By: _____
Paul Jones, General Manager

Dated: _____

P.O. Box 8300
Perris, CA 92572-8300

ORANGE COUNTY WATER DISTRICT

By: _____
Mike Markus, General Manager

Dated: _____

P.O. Box 8300
Fountain Valley, CA 92728-8300

SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT

By: _____
Doug Headrick, General Manager

Dated: _____

**380 East Vanderbilt Way
San Bernardino, CA 92408**


**ACTION
ITEM**


4F


Date: June 15, 2016

To: The Honorable Board of Directors

Through: Public, Legislative Affairs, and Water Resources Committee (6/8/16)
Finance, Legal & Administration Committee (6/8/16)

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: Professional Services Contract Award for Sewer Fee Evaluation

RECOMMENDATION

It is recommended that the Board of Directors:

1. Approve the professional services contract award for the Sewer Fee Evaluation to Carollo Engineers, Inc. for the not-to-exceed amount of \$376,586; and
2. Authorize the General Manager to execute the contract.

BACKGROUND

The Inland Empire Utilities Agency (IEUA) and the Regional Contracting Agencies (Contracting Agencies) are currently governed by the Regional Sewage Service Contract (the Contract). As part of the Contract, the calculation for the determination of Equivalent Dwelling Unit (EDU) connection fees is defined in the section referred to as "Exhibit J". Exhibit J was first adopted with the Contract amendment in 1984 with subsequent amendments occurring in 1994, 2005 and 2013.

During the initial adoption of Exhibit J, the flows for one EDU were set at 270 gallons per day and Biochemical Oxygen Demand (BOD) and Suspended Solids (SS) concentrations at 230 mg/L and 220 mg/L, respectively. Over time, with the advent of water conservation efforts and water efficient fixtures, it has been generally accepted that wastewater flows have declined since the EDU was initially defined in Exhibit J and is no longer representative. Additionally, the Contracting Agencies and IEUA have found the fixture counting process and the classification of the business categories established by Exhibit J to be a labor intensive and subjective process.

Although Exhibit J was updated in 2013, the recent IEUA Internal Audit review of the Contracting Agencies EDU fee collection process found there are still inconsistencies and varying interpretation and application particularly for the commercial category types. This has resulted in varying degrees of discrepancies in connection fee assessment.

The Contracting Agencies also assess and collect recurring monthly sewer fees from the residential, commercial and industrial users. The only information provided to IEUA from the Contracting Agencies is total EDUs. The Contracting Agencies currently determine total non-residential EDUs through two different methods. The first method bases the monthly non-residential EDUs on the number of EDUs calculated via Exhibit J. The second method calculates the non-residential EDUs from actual water meter readings. These two methods create inconsistencies in how the monthly sewer fees are assessed.

A request for proposal (RFP) was issued on March 16, 2016 seeking the professional services of a consultant to complete a sewer fee evaluation for the Agency's service area. The evaluation will include an analysis of the following:

- EDU calculation
- Other agency business models
- Public service facilities
- Leasing of capacity
- Fee collection process
- Revenue impacts
- Transition plan

On April 21, 2016, IEUA received two responses to the RFP from Carollo Engineers, Inc. (Carollo) and Raftelis Financial Consultants, Inc. A selection panel consisting of representatives from the Cucamonga Valley Water District, the City of Fontana and IEUA reviewed the two proposals. Carollo was selected as the preferred consultant based on their understanding of the scope of work, the project team qualifications, previous similar project experience, and their ability to meet the project schedule. The projected cost of the sewer fee evaluation is \$376,586. The sewer fee evaluation is scheduled to be completed by January 2017. It is expected that the data collected through this evaluation will be critical to the updates currently being considered for the Regional Contract.

The sewer fee evaluation aligns with the Agency's business goals of *Fiscal Responsibility and Business Practices* by maintaining service rates and fees that fully support the costs of service for key Agency programs and providing regional benefit in an equitable manner within the Agency's service area.

PRIOR BOARD ACTION

None.

Sewer Fee Evaluation
June 15, 2016
Page 3 of 3

IMPACT ON BUDGET

The award of the professional services contract for the Sewer Fee Evaluation for the IEUA service area, for the not-to-exceed amount of \$376,586 is within the total project budget of Project No. PL16016 in the Regional Wastewater Capital Improvement (RC) Fund. The current total project budget for FY 2015/16 is \$50,000 and \$350,000 for FY 2016/17.

Attachment: Contract No. 4600002109, Carollo Engineers, Inc.

Sewer Fee Evaluation



Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

Craig Proctor

IEUA Board of Directors Meeting
June 2016

Project Background

- “Exhibit J” of Regional Contract
- Inconsistencies in “Exhibit J” interpretation (2015 Audit)
 - Fixture units
 - Sewage factors
 - Commercial category types
 - Industrial users
- Need to reevaluate process

Project Goals

- New Method to Calculate Equivalent Dwelling Unit (EDU)
- Revenue collection methodologies
 - Sewer use factor survey
 - Functional cost allocation
 - Fee collection process
 - Revenue impacts and transition plan
- Public service facilities
- Sewer capacity lease
- Ease of data collection

Consultant Proposals/Selection

- Request for Proposal (RFP) posted on March 16, 2016
- Two responses to the RFP received on April 21, 2016
 - Carollo Engineering (Carollo)
 - Raftelis Financial Consultants, Inc.
- Selection Panel with members from CVWD, City of Fontana & IEUA unanimously selected Carollo's proposal

Project Cost and Schedule

- Projected cost of sewer fee evaluation is \$376,586.

Project Milestone	Date
Receipt of Professional Services Proposals	April 2016
Proposal Selection	May 2016
Feasibility Contract Award	June 2016
Feasibility Study Completion	January 2017

Recommendation

Staff recommends the Board of Directors approve the professional services contract award for the Sewer Fee Evaluation to Carollo Engineers for the not-to-exceed amount of \$376,586 and authorize the General Manager to execute the contract.

The sewer fee evaluation aligns with the **Agency's Business Goals of Fiscal Responsibility and Business Practices** by maintaining service rates and fees that fully support the costs of service for key Agency programs and providing regional benefit in an equitable manner within the Agency's service area.



CONTRACT NUMBER: 4600002109
FOR
CONSULTING ENGINEERING SERVICES FOR
EVALUATION OF CALCULATION AND COLLECTION OF
SEWER FEES METHODOLOGY FOR THE IEUA SERVICE AREA

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 Carollo Engineers, Inc. with offices located in Walnut Creek, California (hereinafter referred to as "Consultant") for Consulting Engineering Services required for an evaluation of the calculation and collection of sewer fees methodology for the IEUA service area.

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: Craig Proctor, Pretreatment and Source Control Supervisor
Address: 6075 Kimball Avenue, Building "A"
Chino, California 91708-9174
Telephone: (909) 993-1645
Email: cproctor@ieua.org
Facsimile: (909) 993-1983

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

Consultant: Toby Weissert, Project Manager
Address: 3150 Bristol Street, Suite 500
Costa Mesa, CA 92626
Telephone: (714) 593-5128
Email: TWeissert@carollo.com
Facsimile: (714) 593-5101

2. **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 4600002109.
 - B. Contract Number 4600002109, General Terms and Conditions.
 - C. Consultant's revised proposal, which is attached hereto, incorporated herein and made a part hereof as **Exhibit A**.
 - D. Agency's Request for Proposals RFP-RW-16-007 and all germane Addenda and correspondence, incorporated herein by this reference.
3. **SCOPE OF WORK AND SERVICES:** Consultant services and responsibilities shall include and be in accordance with tasks identified in Consultant's revised Scope of Work, which is attached hereto, incorporated herein and made a part hereof as **Exhibit A**.
4. **TERM:** The term of this Contract shall extend from the date of the Notice to Proceed and terminate on June 30, 2017 unless agreed to by both parties, reduced to writing, and amended to this Contract.
5. **COMPENSATION:** The Agency shall pay Consultant's properly-executed invoices, subsequent to approval by the Project Manager, within thirty (30) calendar days following receipt of the invoice. Consultant's invoice must be submitted according to milestones achieved by Consultant and accepted by the Agency's Project Manager, and shall include a breakdown by tasks completed, the current monthly amount due, and the cumulative amount invoiced to date against this contract. Payment will be withheld for any service which does not meet the requirements of this Contract or has proven unacceptable until such service is revised, resubmitted, and accepted by the Project Manager. Consultant shall not be paid more than eighty (80) percent of the contract price for less than 80 percent of the milestones achieved during the course of this contract.

All invoices shall be submitted electronically with all required back-up to aggroup@ieua.org. Consultant shall be provided with and utilize the Agency's standard Excel-based Consulting Services Invoice Template (**Exhibit B**), attached hereto and made a part thereof, for the submittal of each invoice. Invoicing shall not be submitted in advance of, or shall not be dated earlier than, the actual date of submittal.

As compensation for work performed under this Contract, Agency shall pay Consultant a **NOT-TO-EXCEED maximum of \$376,586.00** in accordance with Consultant's fee schedule, attached hereto, referenced herein, and made a part hereof as **Exhibit C**.

Payment shall be made according to the milestones achieved by Consultant and accepted by the Agency's Project Manager.

6. **CONTROL OF THE WORK:** Consultant shall perform the Work in compliance with the Work Schedule. If performance of the Work falls behind schedule, the Consultant shall accelerate the performance of the Work to comply with the Work Schedule as directed by the Project Manager. If the nature of the Work is such that Consultant is unable to accelerate the Work, Consultant

shall promptly notify the Project Manager of the delay, the causes of the delay, and submit a proposed revised Work Schedule.

7. **GRANT FUNDED PROJECTS:** This is not a grant-funded project.

8. **FITNESS FOR DUTY:**

A. **Fitness:** Consultant and its Subcontractor personnel on the Jobsite:

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

B. **Compliance:** Consultant shall advise all Consultant and subcontractor personnel and associated third parties of the requirements of this Contract ("Fitness for Duty Requirements") before they enter on the Jobsite and shall immediately remove from the Jobsite any employee determined to be in violation of these requirements. Consultant shall impose these requirements on its Subcontractors. Agency may cancel the Contract if Consultant violates these Fitness for Duty Requirements.

9. **INSURANCE:** During the term of this Contract, the Consultant shall maintain at Consultant's sole expense, the following insurance.

A. **Minimum Scope of Insurance:**

1. **General Liability:** \$1,000,000 combined single limit per occurrence for bodily injury, personal injury and property damage. Coverage shall be at least as broad as Insurance Services Office form number GL 0001-87 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 single occurrence limit.
2. **Automobile Liability:** \$1,000,000 combined single limit per accident for bodily injury and property damage. Coverage shall be at least as broad as Insurance Services Office form number CA 00 01 87, 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.

4. Professional Liability Insurance in the amount of \$1,000,000 per occurrence.
-
- B. Deductibles and Self-Insured Retention: Any deductibles or self-insured retention must be declared to and approved by the Agency. At the option of the Agency, either: the insurer shall reduce or eliminate such deductibles or self-insured retention as respects the Agency, its officers, officials, employees and volunteers; or the Consultant shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.
 - C. Other Insurance Provisions: The policies are to contain, or be endorsed to contain, the following provisions:
 1. General Liability and Automobile Liability Coverage
 - a. The Agency, its officers, officials, employees, volunteers, property owners and any engineers under contract to the Agency are to be covered as insureds, endorsements GL 20 11 07 66, CG2010 1185 and/or CA 20 01 (Ed. 0178), as respects: liability arising out of activities performed by or on behalf of the Consultant, products and completed operations of the Consultant, premises owned, occupied or used by the Consultant, or automobiles owned, leased, hired or borrowed by the Consultant. The coverage shall contain no special limitations on the scope of protection afforded to the Agency, its officers, officials, employees or volunteers.
 - b. The Consultant's insurance coverage shall be primary insurance as respects the Agency, its officer, officials, employees and volunteers. Any insurance or self-insurance maintained by the Agency, its officers, officials, employees, or volunteers shall be excess of the Consultant's insurance and shall not contribute with it.
 - c. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the Agency, its officers, officials, employees or volunteers.
 - d. The Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
 - e. The Consultant may satisfy the limit requirements in a single policy or multiple policies. Any Such additional policies written as excess insurance

shall not provide any less coverage than that provided by the first or primary policy.

2. Workers' Compensation and Employers Liability Coverage

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

3. All Coverages

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

D. Acceptability of Insurers: 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.

E. Verification of Coverage: Consultant shall furnish the Agency with certificates of insurance and with original endorsements effecting coverage required by the Agency for themselves and all 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.

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

Attn. Ms. Angela Witte, Risk Specialist
c/o Inland Empire Utilities Agency
P.O. Box 9020
Chino Hills, California 91709-0902

10. LEGAL RELATIONS AND RESPONSIBILITIES

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

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

- C. **Observing Laws and Ordinances:** The Consultant shall keep itself fully informed of all existing and future state and federal laws and all county and city ordinances and regulations which in any manner affect the conduct of any services or tasks performed under this Contract, and of all such orders and decrees of bodies or tribunals having any jurisdiction or authority over the same. The Consultant shall at all times observe and comply with all such existing and future laws, ordinances, regulations, orders and decrees, and shall protect and indemnify, as required herein, the Agency, its officers and employees against any claim or liability arising from or based on the violation of any such law, ordinance, regulation, order or decree, whether by the Consultant or its employees.
- D. **Subcontract Services:** Any subcontracts for the performance of any services under this Contract shall be subject to the written approval of the Project Manager.
- E. **Hours of Labor:** The Consultant shall comply with all applicable provisions of California Labor Code Sections 1810 to 1817 relating to working hours. The Consultant shall, as a penalty to the Agency, forfeit \$25.00 for each worker employed in the execution of the Contract by the Consultant or by any subcontractor for each calendar day during which such worker is required or permitted to work more than eight (8) hours in any one (1) calendar day and forty (40) hours in any one (1) calendar week in violation of the provisions of the Labor Code.
- F. **Travel and Subsistence Pay:** The Consultant shall make payment to each worker for travel and subsistence payments which are needed to execute the work and/or service, as such travel and subsistence payments are defined in the applicable collective bargaining agreements with the worker.
- G. **Liens:** Consultant shall pay all sums of money that become due from any labor, services, materials or equipment furnished to Consultant on account of said services to be rendered or said materials to be furnished under this Contract and that may be secured by any lien against the Agency. Consultant shall fully discharge each such lien at the time performance of the obligation secured matures and becomes due.
- H. **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.
- I. **Equal Opportunity and Unlawful Discrimination:** During the performance of this Contract, the Consultant shall not unlawfully discriminate against any employee or employment applicant because of race, color, religion, sex, age, marital status, ancestry, physical or mental disability, sexual orientation, veteran status or national origin. The Agency is committed to creating and maintaining an environment free from harassment and discrimination. To accomplish these goals the Agency has established procedures regarding the implementation and enforcement of the Agency's Harassment Prohibition and Equal Employment Opportunity commitments. Please refer to Agency Policies A-29 (Equal Employment Opportunity) and A-30 Harassment Prohibition for detailed information or contact the Agency's Human Resources Administrator. A copy of either of these Policies can be obtained by contacting the Project Manager for your respective Contract. Please advise any of your staff that believes they might have been harassed

or discriminated against while on Agency property, to report said possible incident to either the Project Manager, or the Agency's Human Resources Administrator. Please be assured that any possible infraction shall be thoroughly investigated by the Agency.

- J. **Non-Conforming Work and Warranty:** Consultant represents and warrants that the Work and Documentation shall be adequate to serve the purposes described in the Contract. For a period of not less than one (1) year after acceptance of the completed Work, Consultant shall, at no additional cost to Agency, correct any and all errors in and shortcomings of the Work or Documentation, regardless of whether any such errors or shortcoming is brought to the attention of Consultant by Agency, or any other person or entity. Consultant shall within three (3) calendar days, correct any error or shortcoming that renders the Work or Documentation dysfunctional or unusable and shall correct other errors within thirty (30) calendar days after Consultant's receipt of notice of the error. Upon request of Agency, Consultant shall correct any such error deemed important by Agency in its sole discretion to Agency's continued use of the Work or Documentation within seven (7) calendar days after Consultant's receipt of notice of the error. If the Project Manager rejects all or any part of the Work or Documentation as unacceptable and agreement to correct such Work or Documentation cannot be reached without modification to the Contract, Consultant shall notify the Project Manager, in writing, detailing the dispute and reason for the Consultant's position. Any dispute that cannot be resolved between the Project Manager and Consultant shall be resolved in accordance with the provisions of this Contract.

The total amount of all claims the Agency may have against the Consultant under this Contract or arising from the performance or non-performance of the Work under any theory of law, including but not limited to claims for negligence, negligent misrepresentation and breach of contract, shall be strictly limited to the lesser of the fees or \$500,000. As the Agency's sole and exclusive remedy under this Contract any claim, demand or suit shall be directed and/or asserted only against the Consultant and not against any of the Consultant's employees, officers or directors.

The Consultant's liability with respect to any claims arising out of this Contract shall be absolutely limited to direct damages arising out of the Work and the Consultant shall bear no liability whatsoever for any consequential loss, injury or damage incurred by the Agency, including but not limited to, claims for loss of use, loss of profits and loss of markets.

- K. **Disputes:**

1. All disputes arising out of or in relation to this Contract shall be determined in accordance with this section. The Consultant shall pursue 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 Consultant shall comply, pursuant to the Agency Project Manager instructions. If the Consultant is not satisfied with any such resolution by the Agency Project Manager, they may file a written protest with the Agency Project Manager within seven (7) calendar days after receiving written notice of the Agency's decision. Failure by Consultant to file a written protest within seven (7) calendar days shall constitute waiver of protest, and acceptance of the Agency Project Manager's resolution. The Agency's Project Manager shall submit the Consultant's written protests to the General Manager, together with a copy of the Agency Project Manager's written decision, for his or her consideration within seven (7) calendar days after receipt of said protest(s). The General Manager shall make his or her determination with respect to each protest filed with the Agency Project Manager within ten (10) calendar days after receipt of said protest(s). If Consultant is not satisfied with any such resolution by the General Manager, they may file a written request for arbitration with the Project Manager within seven (7) calendar days after receiving written notice of the General Manager's decision.

3. In the event of arbitration, the parties hereto agree that there shall be a single neutral Arbitrator who shall be selected in the following manner:
 - a. The Demand for Arbitration shall include a list of five names of persons acceptable to the Consultant to be appointed as Arbitrator. The Agency shall determine if any of the names submitted by Consultant are acceptable and, if so, such person shall be designated as Arbitrator.

 - b. In the event that none of the names submitted by Consultant are acceptable to Agency, or if for any reason the Arbitrator selected in Step (a) is unable to serve, the Agency shall submit to Consultant a list of five names of persons acceptable to Agency for appointment as Arbitrator. The Consultant shall, in turn, have seven (7) calendar days in which to determine if one such person is acceptable.

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

4. **Joinder in Mediation/Arbitration:** The Agency may join the Consultant in mediation or arbitration commenced by a 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 Consultant.
11. **INDEMNIFICATION:** Consultant shall indemnify the Agency, its directors, employees and assigns, and hold them harmless from all liabilities, demands, actions, claims, losses and expenses, including reasonable attorneys' fees, which arise out of or are related to the negligence, recklessness or willful misconduct of the Consultant, its directors, employees, agents and assigns, in the performance of work under this contract. Notwithstanding the foregoing, to the extent that this Contract includes design professional services under Civil Code Section 2782.8, as may be amended from time to time, such duties of Consultant to defend and to indemnify Agency shall only be to the full extent permitted by Civil Code Section 2782.8. Notwithstanding the foregoing, for any claim alleging Consultant's negligent performance of professional services, Consultant's obligations regarding the Agency's defense under this paragraph include only the reimbursement of the Agency's reasonable defense costs incurred to the extent of Consultant's negligence as expressly determined by a final judgment, arbitration, award, order, settlement, or other final resolution. Consultant shall not be responsible for warranties, guarantees, fitness for a particular purpose, breach of fiduciary duty, or loss of anticipated profits. Additionally, Consultant shall not be responsible for acts and decisions of third parties, including governmental agencies, other than Consultant's subconsultants, that impact project completion and/or success.
12. **OWNERSHIP OF MATERIALS AND DOCUMENTS/CONFIDENTIALITY:** The Agency retains ownership of any and all partial or complete reports, drawings, plans, notes, computations, lists, and/or other materials, documents, information, or data ("Work Product") prepared by the Consultant and/or the Consultant's subcontractor(s) pertaining to this Contract upon full payment of all monies owed to the Consultant. Said materials and documents are confidential and shall be available to the Agency from the moment of their preparation, and the Consultant shall deliver same to the Agency whenever requested to do so by the Project Manager and/or Agency. The Consultant agrees that same shall not be made available to any individual or organization, private or public, without the prior written consent of the Agency.
13. **TITLE AND RISK OF LOSS:**
- A. **Documentation:** Title to the Documentation shall pass to Agency when prepared; however, a copy may be retained by Consultant for its records and internal use. Consultant shall retain such Documentation in a controlled access file, and shall not reveal, display or disclose the contents of the Documentation to others without the prior written authorization of Agency or for the performance of Work related to the project.
- B. **Material:** Title to all Material, field or research equipment, and laboratory models, procured or fabricated under the Contract shall pass to Agency when procured or

fabricated, and such title shall be free and clear of any and all encumbrances. Consultant shall have risk of loss of any Material or Agency-owned equipment of which it has custody.

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

14. **PROPRIETARY RIGHTS:**

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

Proprietary Rights conceived, developed, or reduced to practice by Consultant in the performance of the Work shall be the property of Agency, and Consultant shall cooperate with all appropriate requests to assign and transfer same to Agency.

If Proprietary Rights conceived, developed, or reduced to practice by Consultant prior to the performance of the Work are used in and become integral with the Work or Documentation, or are necessary for Agency to have complete enjoyment of the Work or Documentation, Consultant shall grant to Agency a non-exclusive, irrevocable, royalty-free license, as may be required by Agency for the complete enjoyment of the Work and Documentation, including the right to reproduce, correct, repair, replace, maintain, translate, publish, use, modify, copy or dispose of any or all of the Work and Documentation and grant sublicenses to others with respect to the Work and Documentation.

If the Work or Documentation includes the Proprietary Rights of others, Consultant shall procure, at no additional cost to Agency, all necessary licenses regarding such Proprietary Rights so as to allow Agency 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 Consultant of any compensation specifically for the assignments and assurances required hereby, other than the payment of expenses as may be actually incurred by Consultant in complying with this Contract.

15. **INFRINGEMENT:** Consultant represents and warrants that the Work and Documentation shall be free of any claim of trade secret, trade mark, trade name, copyright, or patent infringement or other violations of any Proprietary Rights of any person.

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

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

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

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

Consultant: Mr. Robert S. Grantham
Vice President
Carollo Engineers, Inc.
3150 Bristol Street, Suite 500
Costa Mesa, CA 92626

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

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

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

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

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


26. **ESTIMATES AND PROJECTIONS:** Consultant has no control over the cost of labor, materials, equipment or services furnished by others, over the incoming water quality and/or quantity, or over the way the Agency's plant and/or associated processes are operated and/or maintained. Data and cost projections are based on Consultant's opinion based on experience and judgment. Consultant cannot and does not guarantee that actual base unit quantities realized and/or costs will not vary from the data and cost projections prepared by Consultant and Consultant does not and will be not liable to and/or indemnify the Agency and/or any third party related to any inconsistencies between Consultant's data and/or cost projections and actual base unit quantities and/or associated energy cost savings realized by the Agency and/or any third party in the future. However, nothing herein shall relieve Consultant from liability for its failure to perform the work to the standard of skill and care expected of a consultant under the same or similar circumstances.
27. **THIRD PARTIES:** The services to be performed by Consultant are intended solely for the benefit of the Agency. No person or entity not a signatory to this Agreement shall be entitled to rely on Consultant's performance of its services hereunder, and no right to assert a claim against Consultant by assignment of indemnity rights or otherwise shall accrue to a third party as a result of this Agreement or the performance of Consultant's services hereunder.

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

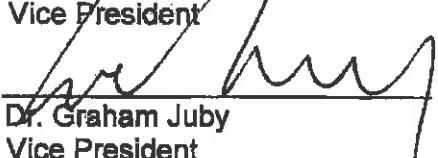
INLAND EMPIRE UTILITIES AGENCY:
(A Municipal Water District)

CAROLLO ENGINEERS, INC.:

P. Joseph Grindstaff (Date)
General Manager



Robert S. Grantham (Date)
Vice President 5/23/16



Dr. Graham Juby (Date)
Vice President 5/24/16

[Balance Of This Page Intentionally Left Blank]

Exhibit A

SCOPE OF WORK

BACKGROUND

IEUA is seeking the services of a consultant to evaluate the Agency's methodology for calculation and collection of sewer connection fees. This evaluation will include a review of the current Exhibit J and monthly sewer billing procedures by the Contracting Agencies. As part of this study, Carollo will conduct a review of other wastewater agencies business models for calculating and collecting sewer connection fees and monthly sewer billing. Based on this review and by accounting for IEUA's unique attributes, Carollo will provide several alternatives including the advantages and disadvantages of each alternative and recommendations for a new business model that will streamline and improve the work process that will work for both IEUA and the Contracting Agencies.

SCOPE OF WORK

The scope of work outlines our approach for undertaking the Sewer Use Fee evaluation. As IEUA recently adopted a five-year rate plan, this scope of work doesn't not include the recalculation of said charges, rather the feasibility and operational impacts of redefining an EDU. The scope consists of the following tasks:

Task 0. Data Collection and Review

Carollo will work with IEUA to gather data required to perform the study. In order to streamline the data collection and review process, Carollo will provide IEUA with a detailed data request prior to the project kick-off meeting, and provide an amended data request as needed following the meeting.

Task 1. Method to Calculate Sewer Connection Fees

Carollo will evaluate the formula and the sewage factors currently used to determine the equivalent dwelling units (EDU) as defined in Exhibit J of the Regional Contract. The current methodology assumes an EDU is equal to the discharge from a single-family residential connection and uses fixture count and sewage factors for commercial business categories. An EDU is assumed to total 270 gallons per day of sewer discharges.

Carollo will review the existing methodology and propose a less subjective and labor intensive method of calculation of sewer EDUs and associated fees. For each feasible alternative, Carollo will discuss the advantages, disadvantages, potential costs shifts between customer classes, and any associated revenue risk. Carollo will also evaluate the feasibility of using and future availability of data necessary to update the EDUs over time. Data could likely be used from San Bernardino County records, such as land use codes, building square footage, business category type, water usage, or other data. Carollo will also consider the compatibility of the proposed approach with IEUA's GIS so that data that is utilized for the development of the EDU can be integrated into IEUA's current GIS to allow for validation and audit.

Task 2. Revenue Collection Methodologies

Carollo will evaluate the current method being used to collect connection fees and monthly sewer charges, evaluate how other wastewater agencies collect these fees and their business models, and provide alternatives and considerations for IEUA. It is critical that any recommended program provides both transparency and auditability of the billing process.

2.1. Sewer Use Factor Survey

Carollo will perform a survey of other wastewater utilities to review the basis of their EDU calculations. We will use a combination of available online data and personal communication to gather current information for a representative sample of California agencies similar to IEUA. Up to eight (8) agencies will be incorporated into the survey.

2.2. Functional Cost Allocation

Changing the underlying EDU basis will not only impact connection fee collections, but could potentially impact rate revenues as the number of EDU changes due to modifications to the flow and loading assumptions. Consequently, Carollo will update the sewer rate functional allocations.

As part of the recently completed sewer connection fee study, Carollo developed a functional cost allocation, which assigned capital costs to three functional categories - flow; biochemical oxygen demand (BOD), and suspended solids (SS). Because customers discharge differing levels of flow and loadings into the wastewater system, this is a critical step to equitably recovering costs from system users.

The current monthly wastewater rates have an assumed allocation of 37% to flow, 31% to BOD, and 32% to SS. Because IEUA's costs have changed over time and in order to continue to comply with Proposition 218, it is important to review and update this allocation. Carollo will develop a line-item allocation of IEUA's five year financial forecast, building on the recent capital allocation performed as part of the connection fee study. Because of our intimate knowledge of the Agency's system and operations, this allocation will be grounded in sound engineering principles rather than relying on industry standards that may or may not apply to IEUA.

2.3. EDU Update

Based on a review of potential EDU calculation methodologies and the update to the functional allocation, Carollo will calculate new EDUs for the top two (2) alternative methods chosen in concert with IEUA staff. Because this update is highly dependent upon available data, Carollo will work with IEUA staff to help assist collecting information from Contracting Agencies and supporting agencies as necessary.

Carollo will review the water demand patterns for commercial discharges within up to three (3) of the Contracting Agencies. By evaluating water demands, Carollo can provide a more accurate understanding of the IEUA's commercial customer profiles, which will help to develop sewer discharge assumptions that better align with sewer discharge demands. This review will be for a sampled set of customers chosen in collaboration with IEUA staff and will represent low, medium, and high flow discharges.

2.4. Revenue Risk and Impacts

Whenever changing the underlying EDU basis or calculations, there could be a potential change in monthly sewer charge revenues and shifts of costs between customer classes. Specifically related to IEUA, the Agency might experience shifts between Contract Agencies. For each proposed methodology, Carollo will evaluate the potential revenue impacts to the extent that IEUA can provide the necessary data.

The sewer connection fee was updated in 2015. The charge is based on flow, BOD, and TSS and accounts for buildout needs based on the current EDU calculations. Carollo will evaluate how the change in the EDU might alter the total number of EDUs into the system and how it could impact the total revenues to be collected from the sewer connection fees.

DELIVERABLE:

Report chapter that delineates the basis of the new functional allocation, the survey of similar wastewater agencies, the potential approaches to calculating EDUs, and the recommended EDU calculation methodology and revenue impacts.

2.5. Connection Fee Collection Process

Sewer connection fees are currently collected by each Contracting Agency and remitted to IEUA. This process has resulted in some inconsistencies in EDU calculations between agencies and uncertainty of the revenues that will be collected. As a result, IEUA is considering taking over this process on behalf of the Contracting Agencies.

Carollo will review the current process for collecting connection fees and evaluate alternative approach that might be feasible, including having IEUA serve as the collection agency. As part of this review, Carollo will meet with each of the Contracting Agencies to review their collection policies and procedures, as well as how the information is shared between internal divisions and external agencies. While IEUA will be aware of a new development that must tap into a collection main, IEUA might not be aware of a change in use for an existing property that would otherwise change the EDU count and could trigger an incremental connection fee. By better understanding each agency's process and internal information systems, such as the use of Track-It development services software, Carollo will be able to recommend a process that more efficiently and effectively tracks developments.

Finally, Carollo will examine the process that governmental buildings are approved in order to develop a process that allows IEUA to appropriately collect fees from public service facilities as allowed under Government Code §54999, as described in the scope below.

DELIVERABLE:

Report chapter that defines the current connection fee collection procedures and challenges, defines feasible collection alternatives, including the advantages and disadvantages of each alternative, a planning-level cost estimate to implement these programs, and implementation considerations and next steps.

2.6. Monthly Sewer Fees Collection Process

Carollo will evaluate collection alternatives for monthly sewer fees through the County Property Tax Roll. Several regional agencies, such as the Orange County Sanitation District and the Los Angeles County Sanitation District, recover user fees on the annual tax assessment. This approach has two main advantages - provides a secure revenue source, as non-payments become a lien against the property; and it can reduce administrative costs and burdens. However, this approach can create a financial burden on some ratepayers that have difficulty paying large semi-annual payments.

Carollo will create a billing methodology survey, defining the advantages and disadvantage of different billing approaches, including direct monthly billing and collection through the annual tax assessment. The advantages and disadvantages will consider internal and external costs, customer acceptance, and administrative requirements.

DELIVERABLE:

Report chapter that outlines available billing alternatives, including the advantages and disadvantages of each alternative, a planning-level cost estimate to implement these programs, and implementation considerations and next steps.

2.7 Implementation Impact & Transition

While this study will produce a redefined EDU based on updated metrics for consistency, transparency, and auditability, the true revenue impact and cost shifts will not be fully known until all customers are transitioned. Where the above tasks provide IEUA with the necessary foundation to evaluate and assess the potential EDU changes (based on sample data), customer shifts and revenue impacts may necessitate further evaluation when applied in full to all customers and Contract Agencies.

For budgeting purposes, this task is optional as the selected methodologies may not necessitate the effort or as this could be performed by IEUA. However, if requested, Carollo would analyze customer data from across the IEUA service area and link the data with the new metrics. By doing so, the analysis would provide IEUA with a full understanding of the potential shifts. Additionally, Carollo will work with IEUA to develop a Transition Plan for implementing the proposed changes to the EDU methodology.

DELIVERABLE:

Report chapter that outlines revenue shifts throughout the IEUA service area, implementation considerations, and transition options to mitigate administrative or Contract Agency impacts.

Task 3. Public Service Facilities

Currently not all public service facilities are charged sewer rates and connection fees. This practice is not applied uniformly by all member agencies. This results in lost revenues and potentially creates a conflict under Proposition 218. Under California Government Code §54999, agencies may impose or increase an existing impact fee on public entities "after [an] agreement has been reached between the two agencies through negotiations entered into by" the District

and the public entity on whom the fee is being imposed. In compliance with this statutory requirement and IEUA's own equity requirements, fees imposed on public entities are "determined on the basis of the same objective criteria and methodology applicable to comparable nonpublic users, based on customer classes established in consideration of service characteristics, demand patterns, and other relevant factors."

Carollo will evaluate the exclusion of Public Service Facilities from the charge for connection fees and monthly sewer charges, the financial impact if these charges are apportioned to other customers of the Regional System, and compliance to regulatory or statutes, such as Propositions 26 and 218. Carollo will meet with IEUA staff and legal counsel to discuss the implications and considerations of CGC §54999. Carollo will also discuss the approaches developed and applied for other peer agencies, such as the Sacramento Regional County Sanitation District. Finally, Carollo will also discuss a transition plan, assuming IEUA wishes to modify the current program. This transition plan will determine the cost impact on this customer class as IEUA can provide the necessary customer data to support this analysis.

DELIVERABLE:

Report chapter that outlines considerations for imposing connection fees and sewer charges on public service facilities in order to recover a proportional share of system costs. The chapter will reference statutory guidelines, such as CGC §54999. Finally, if IEUA wishes to modify its current practice, the chapter will outline a preliminary transition plan and the cost impacts to these customers as a class.

Task 4. Leasing of Capacity

IEUA and its regional partners would like to encourage continued growth to the region's industrial base. This expansion supports the economic prosperity of the region, as well as directly and indirectly helps to spread wastewater system costs, thus providing a positive impact to IEUA's customers. As it has always been IEUA's policy to equitably distribute and recover costs to its customers, any industrial program must align with legal standards (Prop 218 and 26; Government Codes §66013 and §54999).

Due to the magnitude of the upfront cost for large dischargers, connection fees could ostensibly be cost prohibitive and/or deter the relocation or expansion of industrial customers. However, in accordance with Government Code §66013, IEUA must proportionally recover costs from all users, and therefore must impose a connection fee. Because these industrial customers are a unique class of wastewater user, IEUA has some latitude in how it imposes the fee. More specifically, IEUA could lease capacity to industrial customers, rather than charge them an upfront connection fee. A similar approach could be used for large commercial customers, such as restaurants.

Carollo will explore leasing options that could be made available to industrial and commercial customers and the potential revenue risk. This leasing option will consider approaches used by other agencies such as the Orange County and Napa Sanitation District. As these agencies have done, it is critical to evaluate commercial and industrial customers independently, as they

each place a unique burden on the IEUA system that does differ from each other, as well as residential customers.

DELIVERABLE:

Report chapter that defines how industrial customers are a unique class and could therefore be provided a capacity lease, the calculation of a proposed capacity lease rate, and considerations for implementing such a program.

Task 5. Draft and Final Report

Carollo will provide to IEUA a draft and final report that summarizes the findings and the proposed sewer use fees. IEUA comments on the draft report will be incorporated and a final report will be prepared. The report will provide IEUA with the necessary information to support the recommended changes and create a sound administrative record.

DELIVERABLE:

Carollo will provide IEUA with an electronic copy and ten (10) hard copies of the draft report for review. We will provide IEUA with both electronic and ten (10) hard copies of the final report and an electronic copy of any developed Microsoft® Excel model will be provided.

Task 6. Meetings and Presentations

Carollo believes that regular communications are essential for delivery of a successful project that meets IEUA's objectives. We will meet with IEUA to discuss the project, verify data, and discuss the draft report. Key anticipated meetings include the following:

- **Kick-off Meeting.** Prior to the design of the project, Carollo will review necessary documents and shall attend an informal meeting to receive the Agency's input. It is anticipated that the Carollo's core project team will be in attendance. The Agency's project manager will provide a presentation of the scope and a schedule for the project.
- **Bi-weekly Meetings.** A bi-weekly meeting will be conducted between the Agency project manager and Carollo's project manager to review the status of action items and deliverables. The meeting will be conducted by telephone conference.
- **Monthly Meetings.** Once a month, a bi-weekly meeting will be replaced by a monthly meeting. Carollo's project manager will lead the meeting and provide updates on the progress of the feasibility study, milestones achieved, any decisions required to maintain the progress of the project, and any potential issues that may affect the project schedule. Carollo's core project team and Agency's core project team may be in attendance, as needed. The meeting shall be conducted onsite at the Agency's Headquarters Building. In addition, to facilitate acceptance of the study results, stakeholders can be invited to these meetings to help with the development process.
- **Board Presentation.** Preparation for and attendance at one Board presentation is included in the scope of work.

Each of these meetings will result in a critical project milestone in that key decisions will be made and results finalized based on the outcome of these meetings.

Exhibit B



**INLAND EMPIRE UTILITIES AGENCY
CONSULTING SERVICES INVOICE**

Company: ABC Company	Pay Est. No.:	Contract Date:	Invoice Date: 10/16/2015
Address:	Contract No.: 45-XXXX	IEUA Project Manager: Jamaal Lujnol	Invoice Period: From: 9/1/2015 To: 9/30/2015
Phone No.:			Invoice No. / Consult Ref: XXXXXX
Proj. Name & No.: RF-1 Improvements Project, EN1500X			

ORIGINAL CONTRACT:

PO No.	SAP Line Item No.	WBS Element No.	Item Description	Original Contr. Value	Total This Period		Total to Date		Progress to Date	Remaining Contract Value
				Amount (\$)	% Complete	Amount (\$)	% Complete	Amount (\$)	% Complete	Amount (\$)
45-XXXX	1	EN1500X.00.F.DN50	50% Design Services	\$0.00	#DIV/0!	\$0.00	#DIV/0!	\$0.00	#DIV/0!	\$0.00
	2	EN1500X.00.F.DN85	85% Design Services	\$0.00	#DIV/0!	\$0.00	#DIV/0!	\$0.00	#DIV/0!	\$0.00
	3	EN1500X.00.F.DFLP	Final Design	\$0.00	#DIV/0!	\$0.00	#DIV/0!	\$0.00	#DIV/0!	\$0.00
	4	EN1500X.00.G.CNSW.00.AU	Constr Support Services	\$0.00	#DIV/0!	\$0.00	#DIV/0!	\$0.00	#DIV/0!	\$0.00
Subtotal Original Contract				\$0.00		\$0.00		\$0.00		\$0.00

CONTRACT AMENDMENTS:

PO No.	SAP Line Item No.	WBS Element No.	Amendment Description	Amended Contract Value	Total This Period		Total to Date		Progress to Date	Remaining Contract Value
				Amount (\$)	% Complete	Amount (\$)	% Complete	Amount (\$)	% Complete	Amount (\$)
				\$0.00		\$0.00		\$0.00	0%	\$0.00
				\$0.00		\$0.00		\$0.00	0%	\$0.00
				\$0.00		\$0.00		\$0.00	0%	\$0.00
Subtotal Contr. Amendments				\$0.00		\$0.00		\$0.00		\$0.00
Total Cont. with Amendments				\$0.00		\$0.00		\$0.00		\$0.00

PAYMENT SUMMARY FOR THIS PERIOD:

PRIOR PAYMENT SUMMARY:

	From: 9/1/2015		From:
	To: 9/30/2015		To:
Amount Earned Original Contract	\$0.00	Amount Earned Orig Contract	\$0.00
Amount Earned Amendments	\$0.00	Amount Earned Amendments	\$0.00
Back Charges	\$0.00	Back Charges	\$0.00
Amount Due This Period	\$0.00	Prior Payments	\$0.00

TOTAL PAYMENT SUMMARY:

CONTRACT SCHEDULE SUMMARY:

Total Contract		Contract Start Date:	10/9/2014
Total Original Contract	\$0.00	Contract Duration:	365
Total Contract Amendments	\$0.00	Contract Completion Date:	10/9/2015
Total Payments to Date	\$0.00	Authorized Time Extension:	0
Back Charges	\$0.00	Revised Completion Date:	10/9/2015
Payment this period	\$0.00	PROJECT COMPLETION SUMMARY:	
Balance of Contract	\$0.00	Contract Time Expired:	102%
		Contract Work Complete:	#DIV/0!

Consultant Approval:

Title: _____ Signature: _____ Date: _____

Inland Empire Utilities Agency Approvals:

Proj. Engineer: _____ Date: _____ Exec Mgr. / Assistant GM: _____ Date: _____
 Deputy Manager: _____ Date: _____ General Manager: _____ Date: _____
 Dept. Manager: _____ Date: _____

Exhibit C

Inland Empire Utilities Agency - Sewer Fee Study

Tasks	Carollo Engineers					Labor Cost	PECE	Expenses	Total
	Robert Graham	Toby Weisert	Lead Analyst	Analyst	Support & Clerical Staff				
Task 0: Data Collection <i>Rate structure review, rate survey, and evaluation of alternatives</i>	1	2	8	0		\$2,387	\$128	\$0	\$2,515
Task 1: EDU Calculation <i>Evaluate and recommend updated EDU calculations and impacts on IEUA revenues</i>	16	24	120	80		\$47,640	\$2,808	\$0	\$50,448
Task 2: Collection Methodology <i>Present multiple collection methodologies and associated transition plans</i>	117	121	296	176		\$152,030	\$8,307	\$1,900	\$162,237
- Sewer Factor Survey	1	1	0	32					
- Functional Allaction	4	24	20	0					
- EDU Update	12	12	40	0					
- Revenue Risk and Impacts	4	4	32						
- Connection Fee Collection Process	24	24	40	24				\$1,200	
- Monthly Sewer Fees Collection Process	40	40	64	40					
- Implementation Impact & Transition	32	16	100	80				\$700	
Task 3: Public Service Facilities <i>Review authority to impose rates and fees on public facilities</i>	20	16	48	16	8	\$22,724	\$1,263	\$0	\$23,987
Task 4: Leasing of Capacity <i>Develop industrial and commercial lease options</i>	20	16	48	16	8	\$22,724	\$1,263	\$0	\$23,987
Task 5: Draft and Final Report <i>Develop draft and final study report</i>	24	40	100	32	24	\$44,896	\$2,574		\$47,470
Task 6: Meetings & Presentations <i>Prep and meeting time associated with the identified tasks</i>	64	64	90	34		\$58,194	\$2,948	\$4,800	\$65,942
- Kick-Off Meeting	6	6	10	10				\$600	
- BI-Weekly Conference Calls	12	12	16	8					
- Monthly Meetings	36	36	48	12				\$3,600	
- Board Presentation	10	10	16	4				\$600	
Total	379	404	1,006	530	40	\$350,595	\$19,291	\$8,600	\$376,586

Estimated Schedule

Task	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Task 0: Data Collection								
Task 1: EDU Calculation								
Task 2: Collection Methodology								
Task 3: Public Service Facilities								
Task 4: Leasing of Capacity								
Task 5: Draft and Final Report								
Task 6: Meetings & Presentations								

◇ Draft Report	● Kick-off Meeting
◆ Final Report	○ Meetings/Presentations


**ACTION
ITEM**


4G


Date: June 15, 2016

To: The Honorable Board of Directors

Through: Public, Legislative Affairs, and Water Resources Committee (06/08/16)

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: 2015 Integrated Water Resources Plan

RECOMMENDATION

It is recommended that the Board of Directors authorize development of a Programmatic Environmental Impact Report (PEIR) based on the core recommendations in the 2015 Integrated Water Resources Plan (IRP).

BACKGROUND

With the adoption of the Chino Basin Optimum Basin Management Plan in 2000, the region embarked on a new era of water management. Over the past fifteen years, more than \$500 million was invested by IEUA and our retail agencies to drought-proof the region by expanding groundwater, stormwater, recycled water and conservation programs and facilities. These investments also leveraged the region's ability to secure hundreds of millions of dollars in state and federal grants and loans. As a result, when the record-breaking drought of 2012 began, the region was prepared. Throughout this unprecedented time, sufficient water supply was available to meet the water needs of the region without constraining new development or economic growth. These local water resources provided the flexibility and resiliency needed to adapt, and became the foundation for identifying future water resources for the region. Climate change is now creating uncertain conditions and new water management challenges for the region's future.

IEUA in partnership with member agencies initiated its first Integrated Water Resources Plan (IRP) to anticipate future water supply challenges and to ensure that continued investments in water resources and water use efficiency meet the future water needs of the region. The key findings of the IRP include:

- The region's past investments in local water supplies and the diversification of the available water resources have positioned the region well to deal with the future impacts of climate change. If no further actions were taken beyond the currently planned investments in regional supplies and water use efficiency, the region would be able to meet 80-90% of its projected water needs by 2040.
- Established a regional water demand forecast that identified 45,400 acre-feet per year (AFY) of additional water supply will be needed by 2040 to accommodate regional growth and other environmental and/or contractual stream flow obligation.
- Identified over 70 potential regional and local water supply projects and opportunities.
- Portfolios that combined water supply and water efficiency actions yielded the most adaptive strategies for the region.
- Climate scenarios reveal that the addition of very modest levels of water use efficiency (such as 10% reduction in water use) improved the performance of all portfolios and yielded significant benefits the region.
- Recycled water is the region's most climate resilient water supply because the amount of available water to the region is not impacted by dry years.
- Highlighted the importance of securing supplemental water – surface, imported, and external recycled water supplies – when it is available to build a stronger supply buffer for dry years or when State Water Project availability is limited.
- Groundwater reserves help address future climate uncertainties or catastrophic events, such as a major facility or pipeline break or a loss in supplies. A broader regional benefit is the role that these reserves can play when managed as a regional water bank to enhance water supply reliability within the Santa Ana Watershed and across Southern California.

The IRP will ensure that the region is prepared for the next round of funding opportunities. The Agency is anticipating approximately \$675 million to be available to the region over the next 25 years. To meet the schedule for upcoming grant funding opportunities and establish planning priorities, the IRP process was divided into two phases:

Phase 1 – Analysis and Recommendations: Phase 1 focused on an extensive analysis of future projected water needs and water supply strategies under conditions of climate change and growth. Results from Phase 1 include summaries of the recommended regional water resource strategies; corresponding ranges of costs for the various supply categories; and a regionally developed, all-inclusive list of potential supply projects (local and regional). This information will be used to complete a PEIR, which is needed to ensure that projects are grant eligible. At the conclusion of the PEIR, the IRP will then be brought back in fall 2016 for adoption by the IEUA Board of Directors. The 2015 IRP report is the culmination of Phase 1.

Phase 2 - Implementation and Capital Improvement Program (CIP): Phase 2 will address additional detailed project level analysis including project scopes, costs, prioritization, and implementation scheduling. Phase 2 will also include the disaggregation of the regional demand and supplies to the local retail level. Continued discussions will be facilitated through a Regional Water Forum. Phase 2 is anticipated to begin in summer 2016.

Projects that align with the IRP findings will be evaluated through a PEIR in mid-2016. In addition, as funding opportunities become available, specific project cost and environmental assessments will be conducted as needed, particularly in relation to the regional benefit of the proposed actions. Phase 2 of the IRP will include detailed project level analysis including project scopes, costs, prioritization, and implementation process. IEUA staff greatly appreciated the engagement and assistance of member agency staff through the development of the 2015 IRP.

The development of the 2015 IRP 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

None.

Attachment: Integrated Water Resources Plan available at:

<https://ieua.hostedftp.com/JAQQ0uObxqTZ2KDZY0oLIZa6E>

2015 Integrated Water Resources Plan



Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

Elizabeth Hurst

IEUA Board of Directors Meeting
June 2016

Goals Established for the 2015 IRP

Resilience • Water Efficiency • Sustainability • Cost Effectiveness

■ Resilience:

- Regional water management flexibility to adapt to climate change and economic growth, and any changes that limit, reduce or make water supplies unavailable.

■ Water Efficiency:

- Meet or exceed rules and regulations for reasonable water use.

■ Sustainability:

- Provide environmental benefits, including energy efficiency, reduced green house gas emissions, and water quality improvements to meet the needs of the present without compromising the ability of future generations meeting their own needs.

■ Cost-Effectiveness:

- Supply regional water in a cost effective manner and maximize outside funding.

Integrated Water Resources Plan

- **Phase 1 – Identification and Vision of IRP:**
 - 2040 demand forecast
 - Climate change modeling of water supplies
 - Resiliency testing of resource strategies
 - Regional resources strategies development

- **Phase 2 – Implementation/Capital Investment Program:**
 - Disaggregation of regional demand and supplies
 - Capital project scope, costs, funding, and prioritization
 - Implementation schedule development

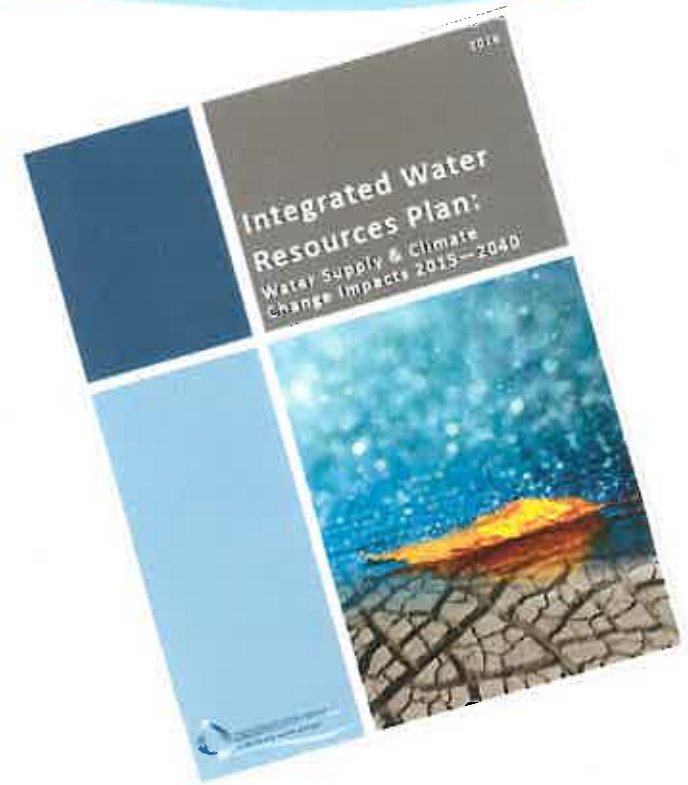
Phase 1 Key Findings

- Past investments help minimize climate change impacts
- 45,400 AFY of additional water supply needed by 2040
- Identified +70 potential regional and local water projects
- Strategies including WUE yielded most resilient strategies for the region
- Recycled Water is the region's most climate resilient supply
- Importance of maintaining and increasing groundwater storage for future use

Structure of IRP Report

FIVE SECTIONS

- Section 1 – Overview and Purpose
- Section 2 – Water Demands
- Section 3 – Water Resources Inventory
- Section 4 – Supply Portfolio Themes
- Section 5 – Conclusions & Next Steps



Core Recommendations from Phase 1

Resilience • Water Efficiency • Sustainability • Cost Effectiveness

- Continue to invest in recycled water projects
- Acquire supplemental water to enhance groundwater quality
- Reduce demand by 10% to enhance water supply resiliency
- Strategically purchase supplemental water for recharge
- Pursue external supplies to augment recharge, RW and build storage.
- Maximize stormwater recharge projects.



Recommendation

Authorize development of a Programmatic Environmental Impact Report based on the core recommendations in the 2015 Integrated Water Resources Plan

The development of the 2015 IRP 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

**INFORMATION
ITEM**

5A

Engineering and Construction Management Project Updates

June 2016



Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

John Scherck
Acting Deputy Manager of Engineering

EN15055 – 1630 E. and W. Recycled Water Pump Station Surge Protection

- Contractor: J. R. Filane
- Current Contract (Construction): \$729 K
- Total Project Budget: \$1.59 M
- Scope of Work: Replace existing air compressor, surge tank, and associated piping and electrical system
- Anticipated Completion: October 2016
- Percent Complete: 5%
- Current Activities:
 - Relocate existing sewer piping and electrical conduit
 - Installation of temporary sound wall
- Focus Points:
 - Surge tank fabrication and delivery
 - Complete demolition and subgrade preparation for surge tank foundation



Relocating Existing Utilities



Sound Wall Supports

EN16055 – Headquarters Building Backup Generator

- Engineering Consultant: IDS Group, Inc.
- Current Contract (Design): \$36 K
- Total Project Budget: \$200 K
- Scope of Work: Modify existing portable backup generator and install a stationary unit. Install automatic transfer switch and control to secure emergency power for HQ A/B and new Laboratory
- Current Activities: Bid & Award
 - Request for Bid document is in progress
 - Advertise to bid by end of May 2016
- Project Completion: March 2017
- Percent Complete: 100%
- Focus Point:
 - Acquire AQMD permit
 - Advertise to bid



Project Location Behind HQB



Existing Portable Genset

RP-5 Energy Storage

- Engineering Consultant: Black and Veatch
- Current Contract (Construction): (Power Purchase Agreement)
- Total Project Budget: \$0
- Scope of Work: Installation of 500kW battery storage and integration of load shaping software
- Current Activities:
 - Installing NGO meters for solar and REEP generation
 - Completing SCE interconnection agreement
- Anticipated Completion: June 2016
- Percent Complete: 85%
- Focus Point:
 - SCE Interconnection Coordination
 - Construction completion



Tesla Powerpack Units



PME and Solar NGOM Installation

EN13045 – Wineville Extension, Segment B

- RP-3 facilities have been in operation since December 2015
- Groundwater Recharge at RP-3: 3,000 Acre Feet Per Year
- Direct recycled water user connections in Ontario and Fontana were constructed
- Project is in close-out phase



Valve Station at RP-3

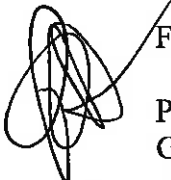
**INFORMATION
ITEM**

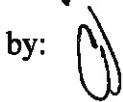
5C





Date: June 15, 2016

To: The Honorable Board of Directors

Through:  Finance, Legal, and Administration Committee (06/08/16)

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

RECOMMENDATION

The Treasurer's Report of Financial Affairs for the month ended April 30, 2016, is an informational item for the Board of Director's review.

BACKGROUND

The Treasurer's Report of Financial Affairs for the month ended April 30, 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 \$175,303,346 reflects an increase of \$8,429,681 compared to the total reported for March 2016. The increase was primarily due to property tax receipts.

The average days of cash on hand for the month ended April 30, 2016, increased from 235 days to 258 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 April 2016 was 0.803%, a slight decrease of 0.014% compared to the average yield of 0.817% reported in March 2016. The decrease can be attributed to called securities with high yield earnings rate.

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

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

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

Attachment: April 2016 Treasurer's Report of Financial Affairs

TREASURER'S REPORT OF FINANCIAL AFFAIRS

For the Month Ended April 30, 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

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
April 30, 2016

	April	March
<u>Cash, Bank Deposits, and Bank Investment Accounts</u>	<u>\$1,785,384</u>	<u>\$2,234,594</u>
<u>Investments</u>		
Citizens Business Bank (CBB) Repurchase (Sweep)	\$15,848,315	\$12,227,621
Local Agency Investment Fund (LAIF)	30,508,647	36,397,078
CalTrust	15,987,062	10,057,625
California Asset Management Program (CAMP)	5,001,674	2,000,719
Certificates of Deposit	3,874,000	3,874,000
Medium Term Notes	8,099,730	6,101,325
U.S. Treasury Notes	999,887	999,873
U.S. Government Sponsored Entities	26,974,634	27,974,066
Total Investments	<u>\$107,293,949</u>	<u>\$99,632,307</u>
 Total Cash and Investments Available to the Agency	 <u>\$109,079,333</u>	 <u>\$101,866,901</u>
 <u>Restricted Deposits</u>		
Debt Service Accounts	\$2,544,729	\$2,544,729
CCRA Deposits Held by Member Agencies	56,502,181	55,361,666
OPEB (CERBT) Account	7,147,027	7,070,337
Escrow Deposits	30,076	30,032
Total Restricted Deposits	<u>\$66,224,013</u>	<u>\$65,006,764</u>
 Total Cash, Investments, and Restricted Deposits	 <u>\$175,303,346</u>	 <u>\$166,873,665</u>

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
April 30, 2016

Cash, Bank Deposits, and Bank Investment Accounts

CBB Demand Account (Offset by CBB Sweep Balance)	\$169,738
CBB Workers' Compensation Account	80,605
Bank of America (BofA) Payroll Account	54,376
BofA Payroll Taxes Account	<u>378,273</u>
Subtotal Demand Deposits	\$682,992
Other Cash and Bank Accounts	
Petty Cash	<u>\$2,250</u>
Subtotal Other Cash	\$2,250
Bank of the West Money Market Account	\$51,816
US Bank Pre-Investment Money Market Account	\$1,048,326
Total Cash and Bank Accounts	<u>\$1,785,384</u>

Investments

CBB Repurchase (Sweep) Investments	
Federal Home Loan	<u>\$15,848,315</u>
Subtotal CBB Repurchase (Sweep)	\$15,848,315
Local Agency Investment Fund (LAIF)	
LAIF Non-Restricted Fund	\$30,498,772
LAIF Insurance Sinking Fund	<u>9,875</u>
Subtotal Local Agency Investment Fund	\$30,508,647
CalTrust	
Short Term	\$10,057,625
Medium Term	<u>5,929,437</u>
Subtotal CalTrust	\$15,987,062
California Asset Management Program (CAMP)	
Pool	<u>\$5,001,674</u>
Subtotal CAMP	\$5,001,674

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
April 30, 2016

Investments Continued

Certificates of Deposit

Brokered Certificates of Deposit	\$3,874,000
Subtotal Certificates of Deposit	\$3,874,000

Medium Term Notes

John Deere Capital Corp.	\$1,001,204
Toyota Motor Credit Corp.	2,000,000
JP Morgan Chase & Co.	999,282
Johnson & Johnson	2,024,979
Microsoft	2,074,265
Subtotal Medium Term Notes	\$8,099,730

U.S. Treasury Notes

Treasury Note	\$999,887
Subtotal U.S. Treasury Notes	\$999,887

U.S. Government Sponsored Entities

Fannie Mae Bank	\$7,999,539
Freddie Mac Bank	2,000,856
Federal Farm Credit Bank	6,000,000
Federal Home Loan Bank	10,974,239
Subtotal U.S. Government Sponsored Entities	\$26,974,634

Total Investments

\$107,293,949

Restricted Deposits

Debt Service Reserves

08B Debt Service Accounts	\$2,544,719
10A Debt Service Accounts	10
Subtotal Debt Service Reserves	\$2,544,729

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
April 30, 2016

CCRA Deposits Held by Member Agencies		
City of Chino		\$12,999,389
Cucamonga Valley Water District		12,557,959
City of Fontana		9,432,247
City of Montclair		2,557,181
City of Ontario		10,017,905
City of Chino Hills		5,379,456
City of Upland		<u>3,558,044</u>
Subtotal CCRA Deposits Held by Member Agencies		<u>\$56,502,181</u>
CalPERS		
OPEB (CERBT) Account		<u>\$7,147,027</u>
Subtotal CalPERS Accounts		\$7,147,027
Escrow Deposits		
Genesis Construction		<u>\$30,076</u>
Subtotal Escrow Deposits		\$30,076
Total Restricted Deposits		<u>\$66,224,013</u>
Total Cash, Investments, and Restricted Deposits as of April 30, 2016		<u><u>\$175,303,346</u></u>
Total Cash, Investments, and Restricted Deposits as of 4/30/16		\$175,303,346
Less: Total Cash, Investments, and Restricted Deposits as of 3/31/16		<u>166,873,665</u>
Total Monthly Increase (Decrease)		<u><u>\$8,429,681</u></u>

INLAND EMPIRE UTILITIES AGENCY

Cash and Investment Summary

Month Ended
April 30, 2016

	Credit Rating @ Purchase		CHANGES IN Credit Rating		Par Amount	Cost Basis Amount	Term (Days)	April Amortization	April Value	% Coupon	% Yield to Maturity	Maturity Date	Market Value
	S&P	Moody's	S&P	Moody's									
<u>Cash, Bank Deposits, and Bank Investment Accounts</u>													
Citizens Business Bank (CBB)													
Demand Account*					\$169,738	\$169,738	N/A	N/A	\$169,738		N/A	N/A	\$169,738
Workers' Compensation Account					80,605	80,605	N/A	N/A	80,605		N/A	N/A	80,605
Subtotal CBB Accounts					<u>\$250,343</u>	<u>\$250,343</u>			<u>\$250,343</u>				<u>\$250,343</u>
Bank of America (BoFA)													
Payroll Checking					\$54,376	\$54,376	N/A	N/A	\$54,376		N/A	N/A	\$54,376
Payroll Tax Checking					378,273	378,273	N/A	N/A	378,273		N/A	N/A	378,273
Subtotal B of A Accounts					<u>\$432,649</u>	<u>\$432,649</u>			<u>\$432,649</u>		N/A		<u>\$432,649</u>
Bank of the West													
Money Market Plus - Business Account					\$51,816	\$51,816	N/A	N/A	\$51,816	0.18%		N/A	\$51,816
Subtotal Bank of the West Account					<u>\$51,816</u>	<u>\$51,816</u>			<u>\$51,816</u>	0.18%			<u>\$51,816</u>
US Bank (USB)													
Federated Automated MMA					\$1,048,326	\$1,048,326	N/A	N/A	\$1,048,326	0.01%		N/A	\$1,048,326
Subtotal USB Account					<u>\$1,048,326</u>	<u>\$1,048,326</u>			<u>\$1,048,326</u>	0.01%			<u>\$1,048,326</u>
Petty Cash													
					\$2,250	\$2,250	N/A	N/A	\$2,250		N/A	N/A	\$2,250
Total Cash, Bank Deposits and Bank Investment Accounts					<u>\$1,785,384</u>	<u>\$1,785,384</u>			<u>\$1,785,384</u>				<u>\$1,785,384</u>
<i>*Negative demand checking balance is offset by the Daily Repurchase (Sweep) Account balance</i>													
<u>Investments</u>													
CBB Daily Repurchase (Sweep) Accounts													
Federal Home Loan					\$15,848,315	\$15,848,315	N/A	N/A	\$15,848,315	0.30%		N/A	\$15,848,315
Subtotal CBB Repurchase Accounts					<u>\$15,848,315</u>	<u>\$15,848,315</u>			<u>\$15,848,315</u>	0.30%			<u>\$15,848,315</u>
LAIF Accounts													
Non-Restricted Funds					\$30,498,772	\$30,498,772	N/A	N/A	\$30,498,772	0.506%		N/A	\$30,498,772
LAIF Sinking Fund					9,875	9,875	N/A	N/A	9,875	0.506%		N/A	9,875
Subtotal LAIF Accounts					<u>\$30,508,647</u>	<u>\$30,508,647</u>			<u>\$30,508,647</u>	0.506%			<u>\$30,508,647</u>
CALTRUST Accounts													
Short-Term					\$10,057,625	\$10,057,625	N/A	N/A	\$10,057,625	0.71%		N/A	\$10,057,625
Medium-Term					5,929,437	5,929,437	N/A	N/A	5,929,437	0.99%		N/A	5,929,437
Subtotal CalTrust Accounts					<u>\$15,987,062</u>	<u>\$15,987,062</u>			<u>\$15,987,062</u>	0.814%			<u>\$15,987,062</u>
CAMP Accounts													
Short-Term					\$5,001,674	\$5,001,674	N/A	N/A	\$5,001,674	0.48%		N/A	\$5,001,674
Subtotal CAMP Accounts					<u>\$5,001,674</u>	<u>\$5,001,674</u>			<u>\$5,001,674</u>	0.48%			<u>\$5,001,674</u>

INLAND EMPIRE UTILITIES AGENCY

Cash and Investment Summary

Month Ended
April 30, 2016

	Credit Rating @ Purchase		CHANGES IN Credit Rating		Par	Cost Basis	Term	April	April	%	%	Maturity	Market
	S&P	Moody's	S&P	Moody's	Amount	Amount	(Days)	Amortization	Value	Coupon	Yield to Maturity	Date	Value
Investments (continued)													
Brokered Certificates of Deposit (CDs)													
Ally Bank	N/A				\$245,000	\$245,000	551		\$245,000	0.80%	0.80%	01/17/17	\$245,132
Capital One National Association	N/A				240,000	240,000	552		240,000	0.80%	0.80%	01/17/17	240,130
Compass Bank	N/A				245,000	245,000	552		245,000	0.85%	0.85%	01/17/17	245,132
Comenity Capital Bank	N/A				240,000	240,000	731		240,000	1.15%	1.15%	07/13/17	240,478
Discover Bank	N/A				240,000	240,000	552		240,000	1.15%	1.15%	07/17/17	240,439
Medallion Bank	N/A				240,000	240,000	733		240,000	1.20%	1.20%	07/17/17	240,439
Sallie Mae Bank	N/A				248,000	248,000	743		248,000	1.15%	1.15%	11/06/17	248,858
Key Bank National Association	N/A				248,000	248,000	732		248,000	1.10%	1.10%	11/13/17	248,875
Capital One Bank	N/A				240,000	240,000	916		240,000	1.35%	1.35%	01/16/18	241,262
Goldman Sachs Bank USA	N/A				240,000	240,000	916		240,000	1.40%	1.40%	01/16/18	241,464
BMW Bank of North America	N/A				240,000	240,000	915		240,000	1.40%	1.40%	01/17/18	241,462
American Express Bank	N/A				240,000	240,000	1097		240,000	1.70%	1.70%	07/16/18	241,541
American Express Centurion	N/A				240,000	240,000	1097		240,000	1.70%	1.70%	07/16/18	241,541
HSBC Bank USA, NA Step	N/A				244,000	244,000	1827		244,000	1.25%	2.51%	07/29/20	244,886
JPM Chase NA Step	N/A				244,000	244,000	1827		244,000	1.25%	2.32%	07/31/20	244,456
Synchrony Bank	N/A				240,000	240,000	1827		240,000	2.25%	2.25%	10/02/20	245,856
Subtotal Brokered CDs					\$3,874,000	\$3,874,000		\$0	\$3,874,000		1.426%		\$3,891,951
US Treasury Note													
US Treasury Note	N/A	AAA			\$1,000,000	\$999,463	1092	15	\$999,887	0.63%	0.64%	12/15/16	\$1,000,630
Subtotal US Treasuries					\$1,000,000	\$999,463		15	\$999,887		0.64%		\$1,000,630
U.S. Government Sponsored Entities													
Federal Home Loan Bank	N/A	AAA			\$2,000,000	\$2,000,000	355		\$2,000,000	0.38%	0.38%	06/20/16	\$2,000,200
Freddie Mac Bond	AA+	AAA			2,000,000	2,001,500	722	(64)	2,000,856	0.85%	0.81%	06/16/17	2,000,700
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	2,003,200
Fannie Mae Bond	AA+	AAA			2,000,000	2,000,000	1,459		2,000,000	1.63%	1.63%	12/28/18	2,011,640
Federal Farm Credit Bank	AA+	AAA			3,000,000	3,000,000	1,079		3,000,000	1.15%	1.15%	02/22/19	2,997,630
Federal Home Loan Bank	AA+	AAA			3,000,000	3,000,000	1,186		3,000,000	1.50%	1.50%	04/26/19	3,008,520
Fannie Mae Bond	AA+	AAA			4,000,000	3,999,400	1,456	12	3,999,539	1.50%	1.50%	05/24/19	4,002,120
Federal Farm Credit Bank	AA+	AAA			2,000,000	2,000,000	1,460		2,000,000	1.52%	1.52%	06/24/19	2,030,540
Freddie Mac Bond	AA+	AAA			3,000,000	2,972,928	1,359	598	2,975,099	1.25%	1.50%	10/02/19	3,014,940
Federal Home Loan Bank	AA+	AAA			1,000,000	999,000	1,461	21	999,140	1.40%	1.43%	10/08/19	1,000,000
Federal Farm Credit Bank	AA+	AAA			1,000,000	1,000,000	1,461		1,000,000	1.42%	1.42%	10/21/19	1,000,570
Subtotal U.S. Gov't Sponsored Entities					\$27,000,000	\$26,972,828		\$567	\$26,974,634		1.288%		\$27,070,220

(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
April 30, 2016

	Credit Rating @ Purchase		CHANGES IN Credit Rating		Par Amount	Cost Basis Amount	Term (Days)	April Amortization	April Value	% Coupon	% Yield to Maturity	Maturity Date	Market Value
	S&P	Moody's	S&P	Moody's									
Medium Term Notes													
John Deere Capital Corp	A	A2			\$1,000,000	\$1,004,000	1,754	(68)	\$1,001,204	1.20%	1.11%	10/10/17	\$1,002,960
Toyota Motor Credit Corp	AA-	AA3			2,000,000	2,000,000	1,045		2,000,000	1.10%	1.10%	04/25/18	2,000,820
JP Morgan Chase & Co	A-	A3			1,000,000	999,000	1,037	29	999,282	1.63%	1.66%	05/15/18	1,002,080
Johnson & Johnson	AAA	AAA			2,000,000	2,027,480	1,044	(790)	2,024,979	1.65%	1.16%	12/05/18	2,034,380
Microsoft	AAA	AAA			2,050,000	2,076,691	1,045	(766)	2,074,265	1.63%	1.16%	12/06/18	2,090,057
Subtotal Medium Term Notes					\$8,050,000	\$8,107,171		(\$1,595)	\$8,099,730		1.20%		\$8,130,297
Total Investments					\$107,269,698	\$107,299,160			\$107,293,949				\$97,381,171
<i>(Source of Investment Market Value: US Bank)</i>													
Restricted Deposits													
Debt Service and Arbitrage Accounts													
08B Debt Service Accounts					\$2,544,719	\$2,544,719	N/A	N/A	\$2,544,719		0.00%		\$2,544,719
10A Debt Service Accounts					10	10	N/A	N/A	10		0.00%		10
Total Debt Service Accounts					\$2,544,729	\$2,544,729			\$2,544,729				\$2,544,729
CCRA Deposits Held by Member Agencies													
City of Chino					\$12,999,389	\$12,999,389	N/A	N/A	\$12,999,389		N/A	N/A	\$12,999,389
Cucamonga Valley Water District					12,557,959	12,557,959	N/A	N/A	12,557,959		N/A	N/A	12,557,959
City of Fontana					9,432,247	9,432,247	N/A	N/A	9,432,247		N/A	N/A	9,432,247
City of Montclair					2,557,181	2,557,181	N/A	N/A	2,557,181		N/A	N/A	2,557,181
City of Ontario					10,017,905	10,017,905	N/A	N/A	10,017,905		N/A	N/A	10,017,905
City of Chino Hills					5,379,456	5,379,456	N/A	N/A	5,379,456		N/A	N/A	5,379,456
City of Upland					3,558,044	3,558,044	N/A	N/A	3,558,044		N/A	N/A	3,558,044
Subtotal CCRA Deposits Held by Member Agencies					\$56,502,181	\$56,502,181			\$56,502,181				\$56,502,181
<i>(Reported total as of March 31, 2016)</i>													
CalPERS Deposits													
OPEB (GERBT) Account					\$7,000,000	\$7,000,000	N/A	N/A	\$7,147,027		N/A	N/A	\$7,147,027
Subtotal CalPERS Deposits					\$7,000,000	\$7,000,000			\$7,147,027				\$7,147,027
Escrow Deposits													
Genesis Construction Escrow					\$30,076	\$30,076	N/A	N/A	\$30,076		N/A	N/A	\$30,076
Subtotal Escrow Deposits					\$30,076	\$30,076			\$30,076				\$30,076
Total Restricted Deposits					\$66,076,986	\$66,076,986			\$66,224,013				\$66,224,013
Total Cash, Investments, and Restricted Deposits as of April 30, 2016					\$175,132,068	\$175,161,530			\$175,303,346				\$165,390,568

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
 April 30, 2016

April Purchases

No.	Date	Transaction	Investment Security	Par Amount Purchased	Investment Yield
1	4/25/2016	Purchase	Toyota Motor Credit Corp.	\$ 2,000,000	1.10%

Total Purchases

\$ 2,000,000

April Investment Maturities, Calls & Sales

No.	Date	Transaction	Investment Security	Par Amount Matured/Sold	Investment Yield to Maturity
1	4/29/2016	Full Call	Federal Home Loan Mortgage	\$ 1,000,000	1.000%

Total Maturities, Calls & Sales

\$ 1,000,000

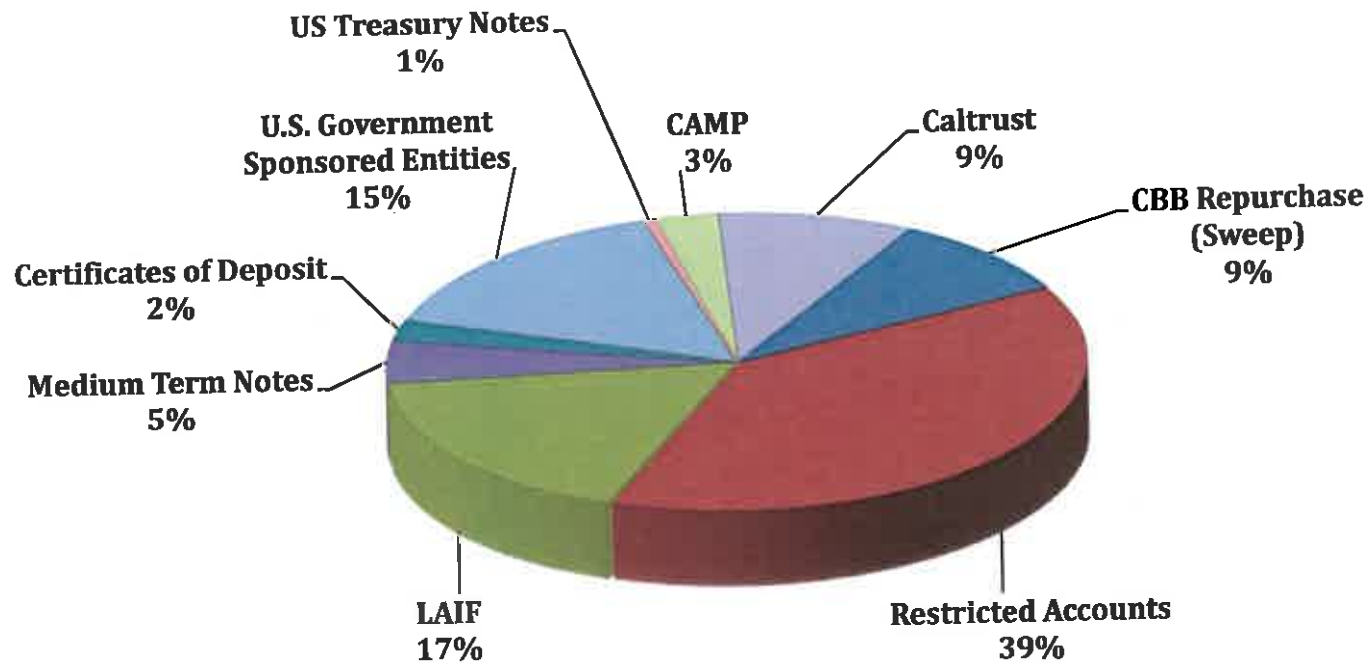
INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
April 30, 2016

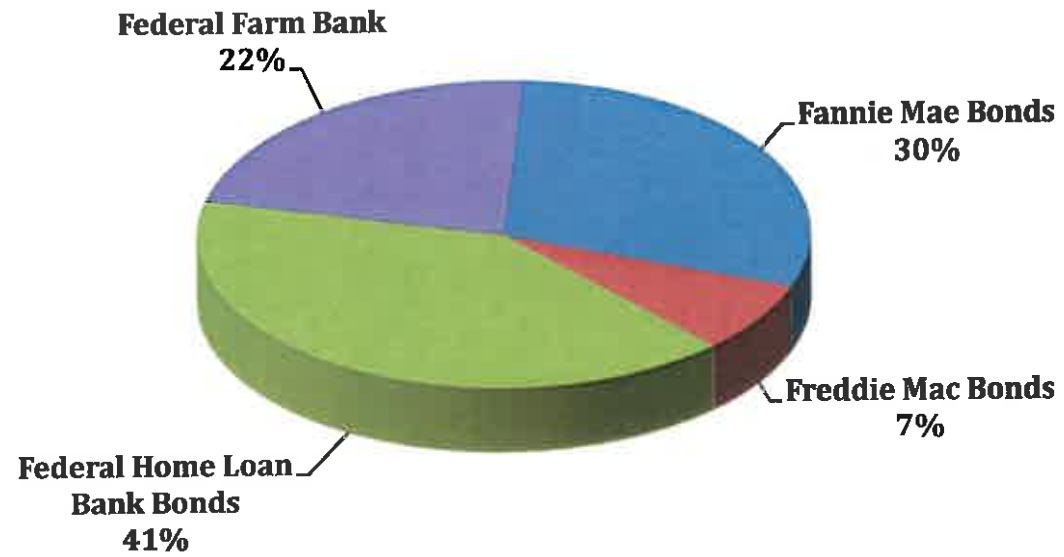
<u>Directed Investment Category</u>	<u>Amount Invested</u>	<u>Yield</u>
CBB Repurchase (Sweep)	\$15,848,315	0.300%
LAIF	30,508,647	0.506%
CalTrust	15,987,062	0.814%
CAMP	5,001,674	0.480%
Medium Term Notes	8,099,730	1.201%
US Treasury Notes	999,887	0.640%
U.S. Government Sponsored Entities	26,974,634	1.288%
	\$103,419,949	0.780%
 Bank Deposit and Investment Accounts		
Various Banks - Brokered Certificates of Deposit	\$3,874,000	1.426%
Bank of the West Money Market Account	51,816	0.180%
	\$3,925,816	1.410%
 Total Investment Portfolio		
	\$107,345,765	0.803%
Investment Portfolio Rate of Return		0.803%
 Restricted/Transitory/Other Demand Accounts		
	<u>Amount Invested</u>	<u>Yield</u>
CCRA Deposits Held by Member Agencies	\$56,502,181	N/A
CalPERS OPEB (CERBT) Account	7,147,027	N/A
US Bank - 2008B Debt Service Accounts	2,544,719	0.000%
Citizens Business Bank - Demand Account	169,738	N/A
US Bank - 2010A Debt Service Accounts	10	0.000%
US Bank - Pre-Investment Money Market Account	1,048,326	0.010%
Citizens Business Bank - Workers' Compensation Account	80,605	N/A
Other Accounts ¹⁾	434,899	N/A
	\$67,927,505	0.003%
Total Other Accounts		0.003%
Average Yield of Other Accounts		0.003%
 Total Agency Directed Deposits		
	\$175,273,270	

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

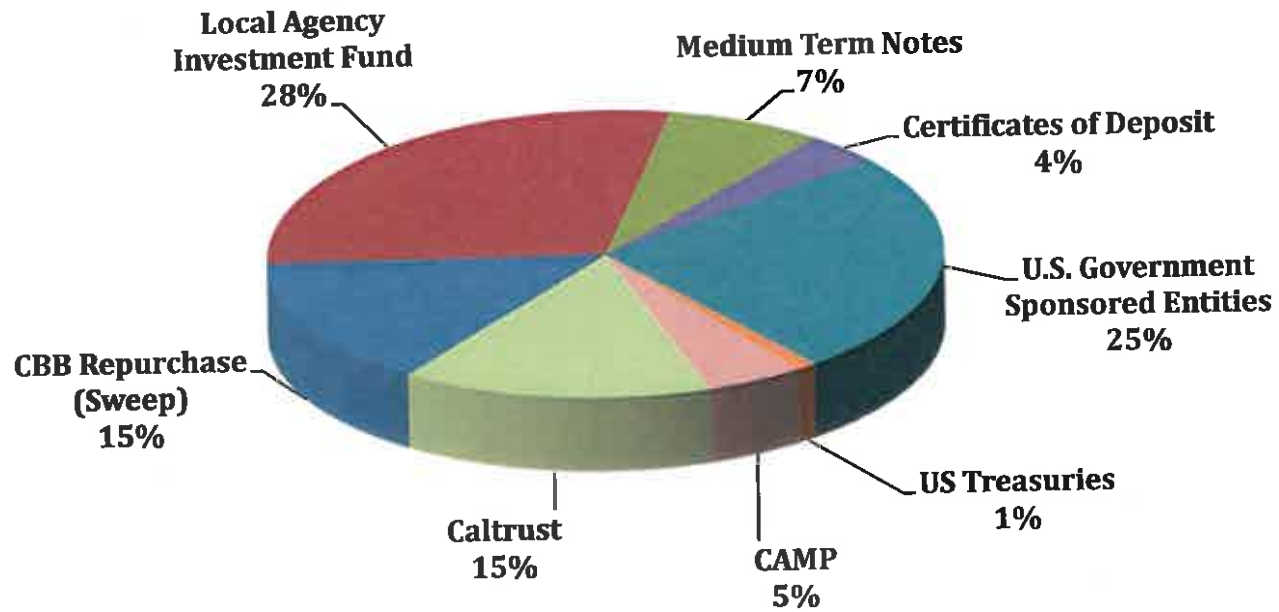
Inland Empire Utilities Agency
Treasurer's Report of Financial Affairs
For the Month Ended April 30, 2016
Agency Investment Portfolio (net of escrow deposits)
\$175,273,270



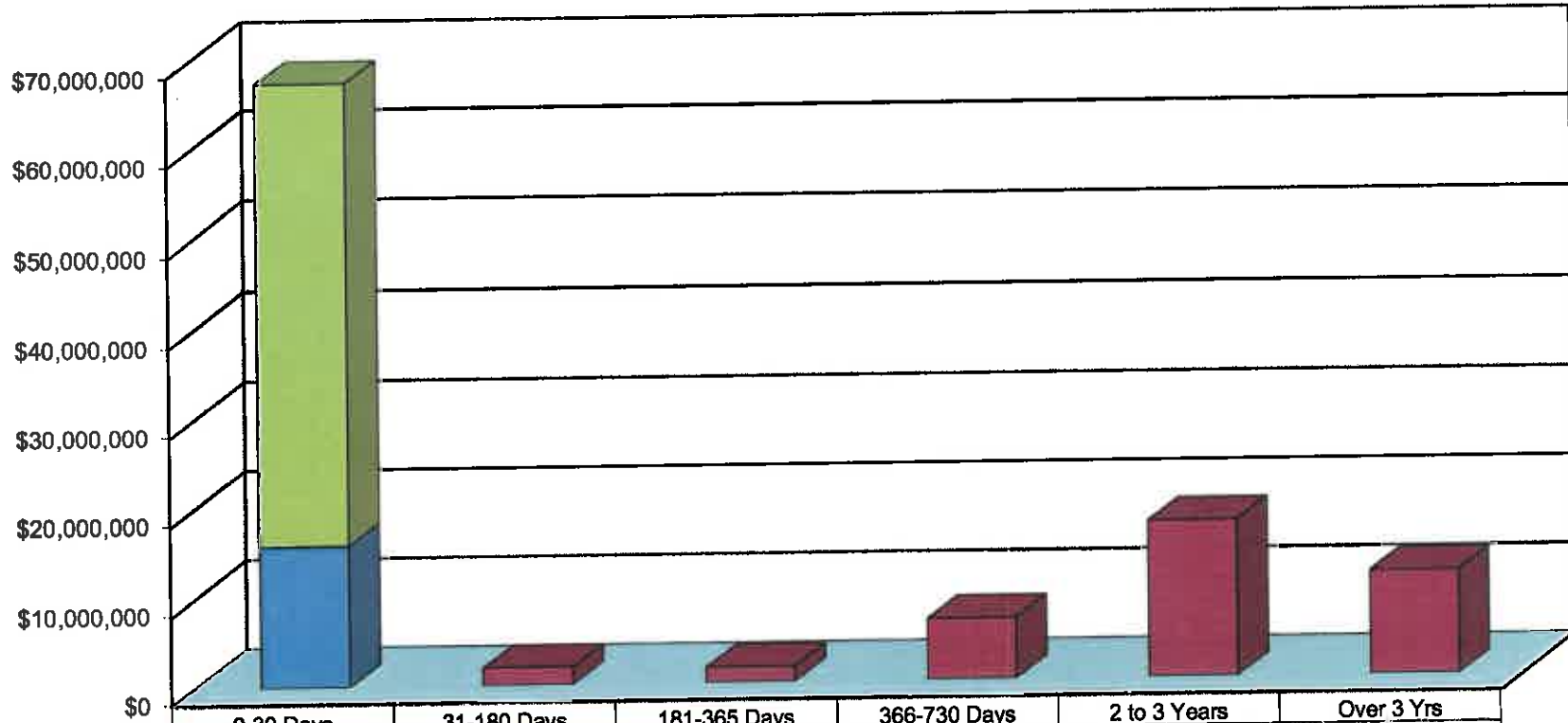
Inland Empire Utilities Agency
Treasurer's Report of Financial Affairs
For the Month Ended April 30, 2016
U.S. Government Sponsored Entities Portfolio
\$26,974,634



Inland Empire Utilities Agency
Treasurer's Report of Financial Affairs
For the Month Ended April 30, 2016
Unrestricted Agency Investment Portfolio
\$107,293,949

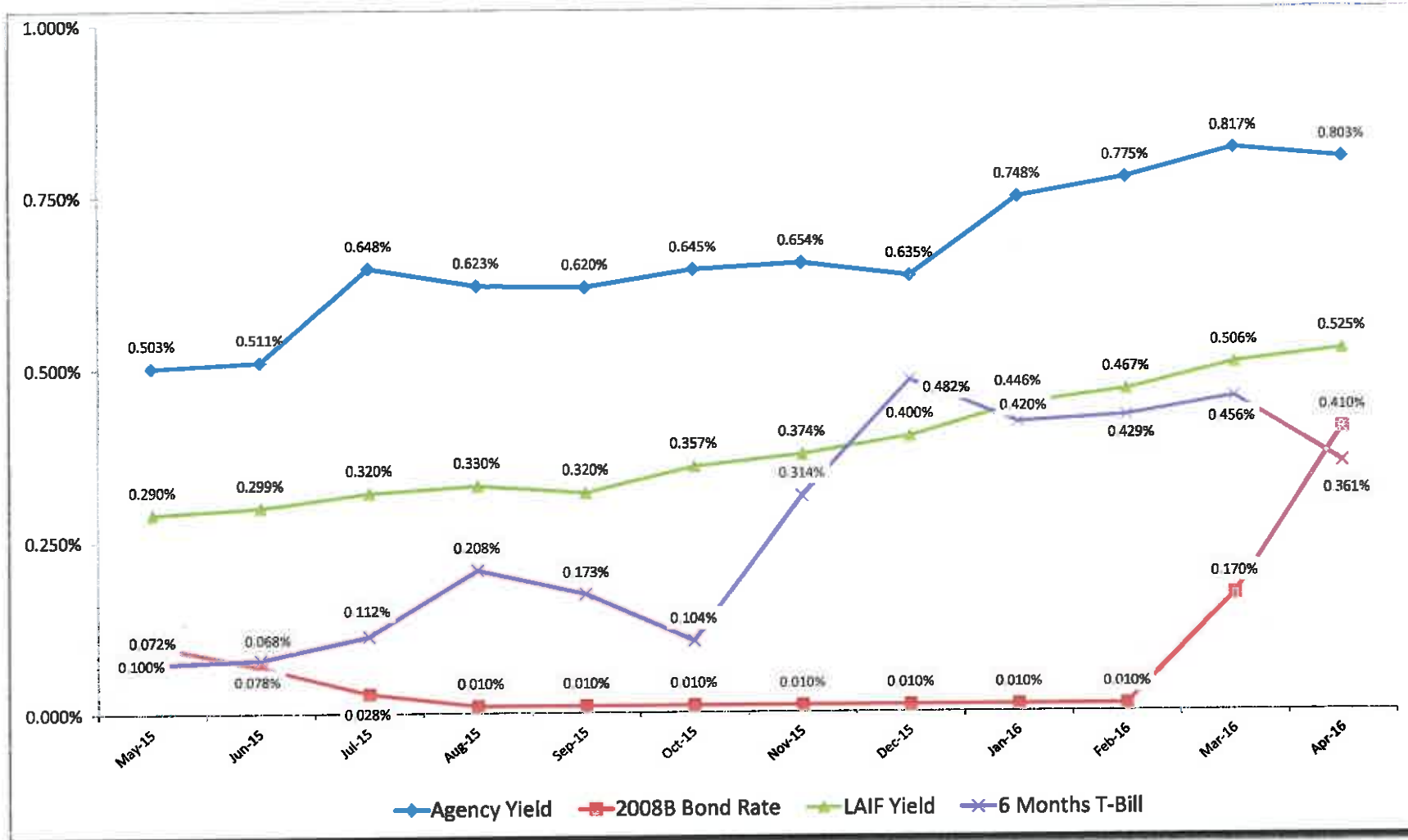


Inland Empire Utilities Agency
Treasurer's Report of Financial Affairs
For the Month Ended April 30, 2016
Agency Investment Portfolio Maturity Distribution
\$107,345,765



	0-30 Days	31-180 Days	181-365 Days	366-730 Days	2 to 3 Years	Over 3 Yrs
LAIF + CalTrust+CAMP+BofW	\$51,549,199					
Checking+Sweep	\$15,848,315					
GSE+CD+MTN+MUNI	\$0	\$2,000,000	\$1,729,887	6,938,060	17,578,526	11,701,778
Percent	62.79%	1.86%	1.61%	6.46%	16.38%	10.90%

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



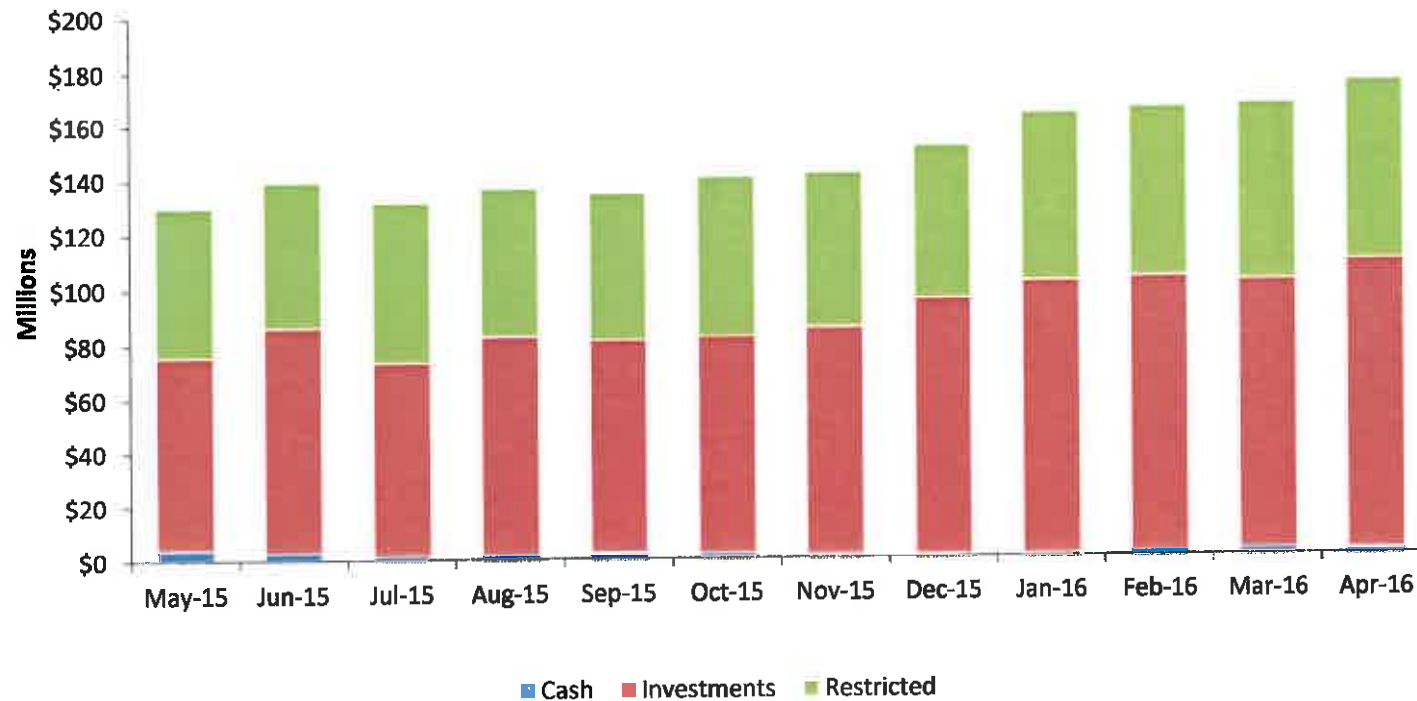
Treasurer's Report of Financial Affairs for April 30, 2016

**June 2016
Board Meeting**

Report of Financial Affairs

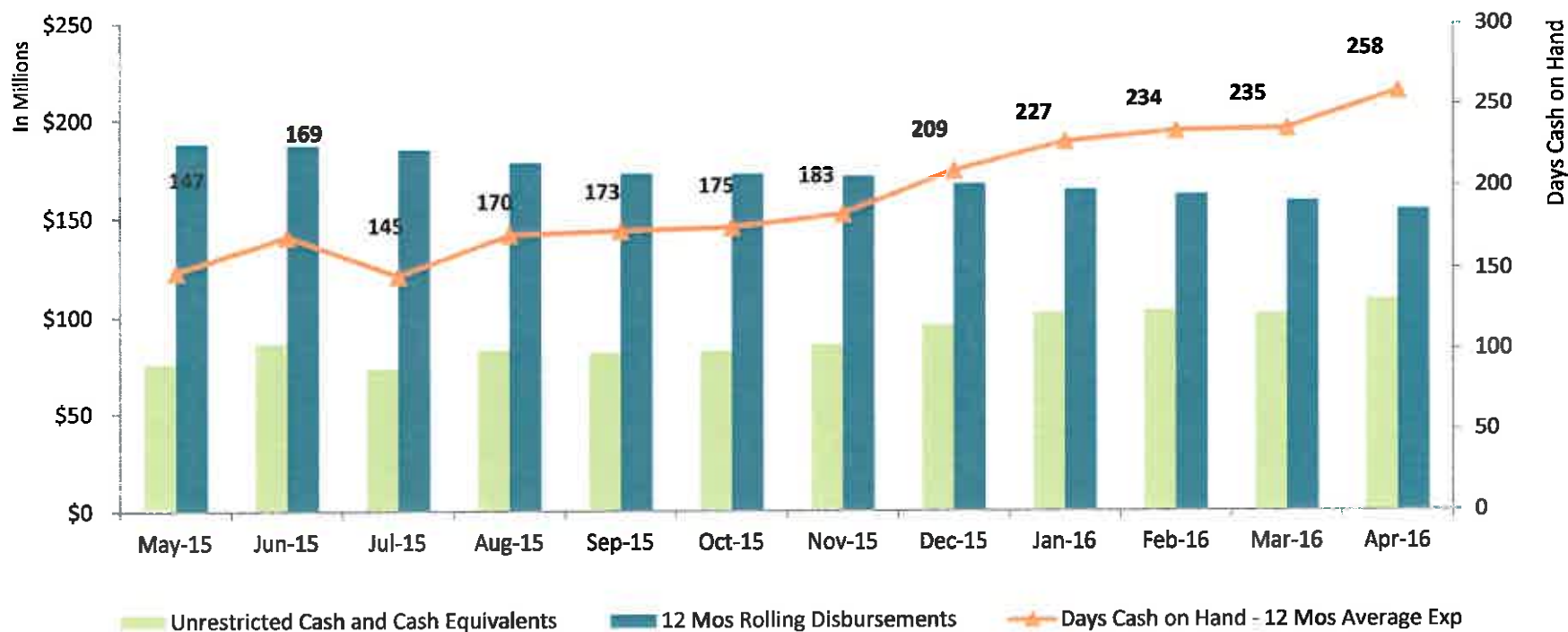
Liquidity					
Description		April 2016 (\$ million)	March 2016 (\$ million)	Increase (Decrease) (\$ million)	
Total Cash, Investments, and Restricted Deposits		\$175.3	\$166.9	\$8.4	
Total Investment Portfolio		\$107.3	\$99.6	\$7.7	
Investment Portfolio Yield		0.803%	0.817%	(0.014%)	
Weighted Average Duration (years)		0.94	1.03	(0.09)	
Average Cash on Hand (days)		258	235	23	
Portfolio					
Term	Description	Allowable Threshold (\$ million)	Investment Value (\$ million)	Yield	Current Portfolio %
Short Term, Under 1 Year:	LAIF	\$65	\$30.5	0.51%	28%
	CalTrust	\$20	\$16.0	0.69%	15%
	Citizens Business – Sweep	40%	\$15.8	0.30%	15%
	CAMP	\$20	\$5.0	0.50%	5%
	Brokered CDs	30%	\$0.7	0.82%	0.5%
	US Treasury Note	n/a	\$1.0	0.64%	1%
	US Government Securities	n/a	\$2.0	0.38%	2%
1 to 3 Years:	Brokered CDs	30%	\$2.4	1.33%	2%
	US Government Securities	n/a	\$14.0	1.20%	13%
	Medium Term Notes	10%	\$8.1	1.24%	8%
Over 3 Years:	Brokered CDs	30%	\$0.8	2.36%	0.5%
	US Government Securities	n/a	\$11.0	1.48%	10%

Cash, Investments and Restricted Deposits

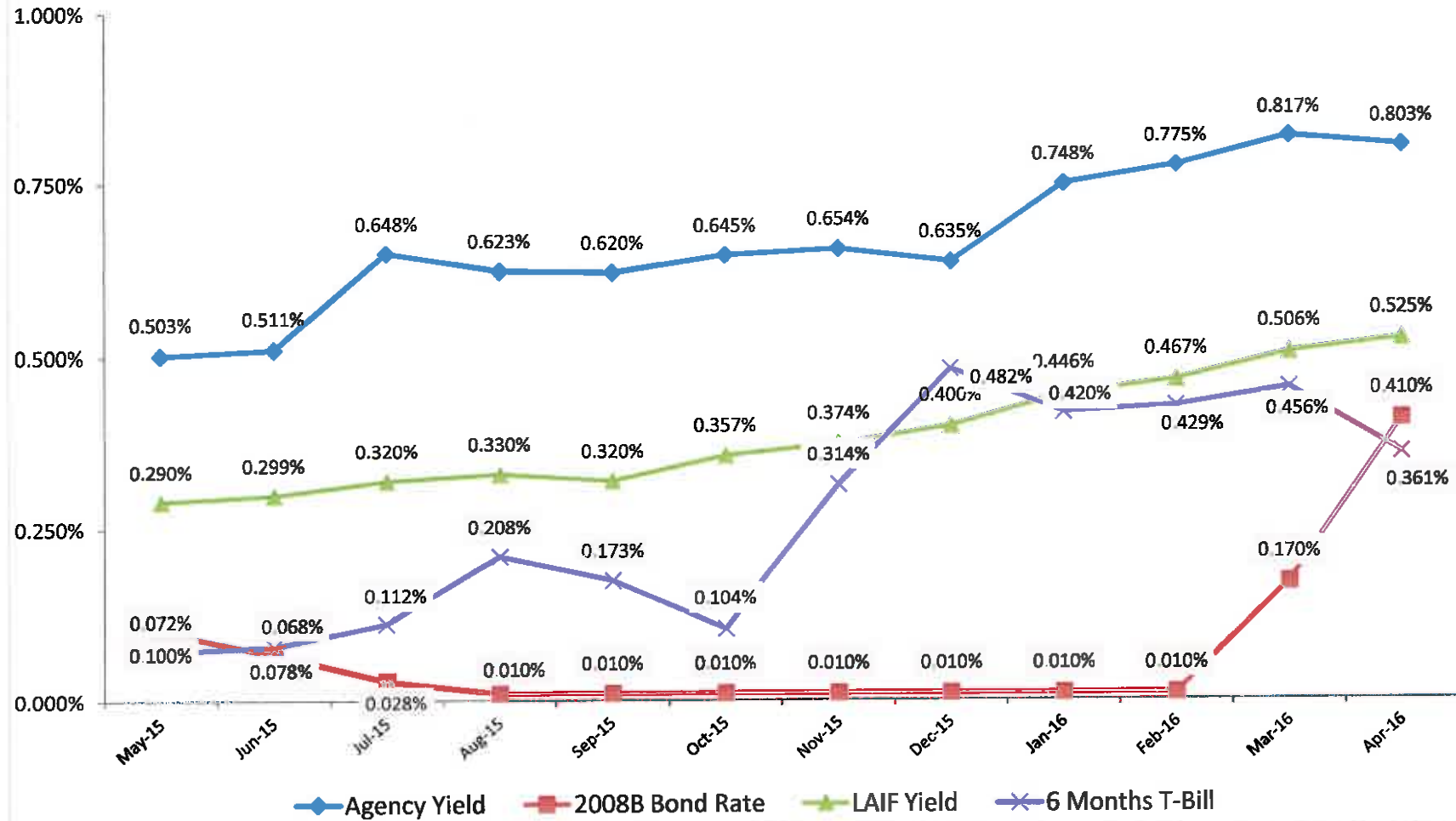


Day Cash On Hand 12 Months Rolling Average

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


**INFORMATION
ITEM**


5D


Date: June 15, 2016

To: The Honorable Board of Directors

Through: Finance, Legal, and Administration Committee (06/08/16)

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 Third Quarter Budget Variance, Performance Goals Updates,
and Budget Transfers

RECOMMENDATION

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

BACKGROUND

The Budget Variance report presents the Agency's financial performance through the third quarter ending March 31, 2016, 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 third 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.
- Exhibit E 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 through the end of the third quarter of FY 2015/16 of \$125.5 million, or 58.7% of the amended budget (Exhibit A detail). The following section highlights key variances:

- **Recycled Water Sales** – Recycled water sales at the end of third quarter were \$8.0 million. Direct sales were \$4.2 million at 14,286 acre feet (AF) and groundwater recharge sales were \$3.8 million at 9,249 AF. Total year-to-date deliveries of 23,535 AF compared to the 35,150 AF projected for the fiscal year account for the variance. A wetter winter season caused a slight slowdown resulting in sales of 67.3% of budget through the end of the third quarter compared to 51.4% at the end of the second quarter. Wet seasons impact 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 sales were \$12.2 million for 20,790 AF or 41.3% of 50,000 AF budgeted for the fiscal year. Based on the volume year-to-date, the amended budget was reduced from \$41.4 million to \$29.5 million.
- **Property Taxes** – Tax receipts at the end of the third quarter were \$27.7 million or 67.3% of the amended budget. General ad-valorem property tax receipts from the San Bernardino County Tax Assessor (County) were \$17.9 million and “pass-through” incremental RDA taxes received were \$9.8 million. Taxes received from the county are estimated to be 12% higher than taxes received through March of last year.
- **Grants & Loans** – Total receipts of \$2.6 million or 10.7% of the amended budget were received through the end of third quarter. The amended budget is comprised of \$8.9 million of grants and \$15.2 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.
- **Other Revenues** – Total other revenues were \$1.5 million, or 17.5% of the amended budget, and include cost reimbursable projects that are still in the early design phase, lease revenue, and energy rebates.

TOTAL EXPENSES AND USES OF FUNDS

The Agency’s total expenses and uses of funds through the third quarter were \$111.1 million, or 49.6% 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. 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, in accordance

with Agency Policy A-81. The increase in the amended budget due to encumbrances was offset by a \$12 million decrease in the amended budget of MWD Water Purchases, which was also reflected in the revenue category of MWD Water Sales.

Key expense variance highlights are:

- **Professional Fees & Services** – Total expenses were \$4.2 million, or 39.2% 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 fourth quarter for treatment process improvements, asset management, research and studies for Planning & Environmental Compliance Department, financial services related to the 2008B Bond Variable Bond letter of credit renewal, and software maintenance.
- **Chemicals** – Chemicals through the third quarter were \$2.9 million, or 62.4% of the amended budget. Favorable variance was due in large part to price decreases for chemicals including sodium hypochlorite, ferric chloride, and sodium bisulfite that were achieved during the re-bidding process this year. Sodium hypochlorite's actual price per unit is \$0.55 per gallon compared to the budgeted cost of \$0.587 per gallon. Ferric chloride's lower actual cost is \$0.18 per pound compared to budget cost of \$0.276 per pound. Chemical usage is generally under budget in the Operations Division due to bypassed sewer flows causing a reduction in the amount of raw waste water in need of treatment due to the rehabilitation of critical aeration equipment.
- **Utilities** – Expenses in this category were \$6.7 million or 62.5% of the amended budget.
 - Electricity shows a slightly unfavorable variance due to the peak rate of \$0.137/kWh incurred between July and September. The peak was slightly offset by the current average rate of imported electricity of \$0.113/kWh, which is lower than the budgeted rate of \$0.125/kWh. Mid-year usage was measured at 50,227,911 kWh, or 72% of annual agency average of 70,000,000 kWh.
 - Natural gas spending was favorable due to a lower gas rate averaging \$0.42/therm compared to the budgeted rate of \$0.80/therm. Average usage was measured at 590,000 therms, or 49% of annual agency average of 1,200,000 therms.
 - Fuel cell is producing electricity lower than the expected output, offsetting the unfavorable variance in electricity.
 - Solar energy is slightly lower than the budgeted amount for the third 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 \$12.2 million for 20,790 AF or 41.3% of 50,000 AF budgeted for the fiscal year. Based on the volume year-to-date, the amended budget was reduced from \$41.4 million to \$29.5 million. The MWD imported water pass-through sales revenue were reduced respectively.

Budget Variance and Performance Goals Updates for the
 Third Quarter Ending March 31, 2016
 June 15, 2016
 Page 4 of 6

- **O&M and Reimbursable Projects** – O&M and reimbursable project costs were \$4.9 million, or 17% of the amended budget. The TCE Plume Cleanup project budgeted for this fiscal year at \$9.0 million, or 31% of the category’s amended budget, has been delayed due to ongoing settlement negotiations. Project management with Michael Baker International has been initiated, but design and construction will not begin until ongoing discussions and terms are completed, per IEUA’s agreement with CDA.
- **Capital Projects**–Total capital project expenditures were \$18.7 million or 36.5% of the amended budget of \$51.4 million. The amended budget includes a net of \$8.0 million carry forward from prior fiscal year. Regional Wastewater projects account for approximately 59% of total capital project costs through the third quarter, and 32% were related to Recycled Water projects. As of March 31, 2016, there have been twenty-seven (27) projects identified as eligible for closure since the start of the fiscal year.

Table 1 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 \$18.3 million, or 36% 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 1: Project Budget Not Planned to be Expended in FY 2015/16

Project #	Description	FY 15/16 Forecast	FY 15/16 Budget	Variance (B) Budget - FY Forecast	Reason for Variance
EN15044	SBCFCD NRW Easement	267	514,930	514,662	San Bernardino County has not completed the appraisal report reviews.
EN28025	Wineville Ext RW Pipeline Seg A	1,124,173	2,135,354	1,011,181	The project finished under budget.
EN13301	San Sevaine Basin Improvements	443,057	3,500,000	3,056,943	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.
EN13045	Wineville RW Extension Segment B	1,648,724	2,506,258	856,531	The project is nearly complete and will finish under budget.
EN13048	RP-1 Power System Upgrades	284,375	1,000,000	735,625	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.
EN16043	SBCFCD Recycled Water Easement	316	567,298	566,982	San Bernardino County has not completed the appraisal report reviews.
EN13016	SCADA Enterprise System	3,359,327	4,287,500	938,173	Job is progressing with less than anticipated internal costs.
EN16021	Chino Basin Groundwater Supply Wells and Raw Water Pipelines	812,988	9,000,000	8,187,014	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.
EN14031	RP-5 Flow Equalization and Effluent Monitoring	165,265	1,255,264	1,089,998	The project scope was modified to meet Agency operating requirements causing a schedule delay. Contract modifications are complete and the project has restarted.
EN14018	RP-4 Disinfection Facility Improvements	231,162	758,518	526,354	Additional scope to rehab the south side of the existing building to allow utilize of a new office area, add new toilets, and break rooms impacted the completion of the design schedule.
EN16025	RP-1 Expansion PDR	211,597	1,000,000	788,403	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.
		8,262,201	26,536,118	18,273,917	

Source: ECM Project Status – GM Report, April 2016

- **Debt Service** – Total principal, interest, financial, and inter-fund loan expenses for the third quarter were \$15.6 million or 66.5% 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 0.030% year to date, resulting in \$0.4 million in savings.

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

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 third quarter indicated an increase of \$14.4 million in total fund balance, resulting in an ending fund balance of \$160.5 million. Change in the level of revenues, 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 in fund balance. Table 2 provides an overview of the third quarter budget variance in revenue, expense, and fund balance.

Table 2: Third Quarter Revenues, Expenses, and Fund Balance (\$Millions)

Operating	FY 2015/16 Amended Budget	Third Quarter Ended 3/31/16	Actual % of Amended Budget
Operating Revenue	\$118.8	\$76.7	64.6%
Operating Expense	\$148.6	\$76.5	51.5%
Operating Net Increase/(Decrease)	(\$29.8)	\$0.2	
Non-Operating			
Non-Operating Revenue	\$95.1	\$48.8	51.3%
Non-Operating Expense	\$75.2	\$34.6	46.0%
Non-Operating Net Increase/(Decrease)	\$19.9	\$14.2	
Consolidated	FY 2015/16 Amended Budget	Third Quarter Ended 3/31/16	Actual % of Amended Budget
Total Sources of Funds	\$213.9	\$125.5	58.7%
Total Uses of Funds	\$223.8	\$111.1	49.6%
Total Net Increase/(Decrease)	(\$9.9)	\$14.4	
Beginning Fund Balance	\$146.1	\$146.1	
Ending Fund Balance	\$136.2	\$160.5	

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 allocation, re-allocation and requests for additional staff.

BUDGET TRANSFERS AND AMENDMENTS

O&M budget transfers for this quarter totaled \$35,000 as detailed in Exhibit C-1.

General Manager (GM) Contingency Account budget of \$500,000 included \$400,000 in the Regional Wastewater Operations & Maintenance (RO) Fund and \$100,000 in the Administrative Services (GG) Fund. Through the end of the third quarter, \$238,000 from the RO Fund and \$75,200 from the GG Fund was utilized to support the unexpected and necessary expenses as listed in Exhibit C-2.

Capital and O&M projects budget transfers totaled approximately \$1.8 million, including net changes in total project budget of approximately \$0.2 million approved by management during the third 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 \$14.4 million resulted in a total estimated fund balance of \$160.5 million, for the third quarter ended March 31, 2016.

FY 2015/16
Budget Variance Report
3rd Quarter ended March 31, 2016

Board of Directors

June 15, 2016

Sources of Funds Highlights

Actuals compared to Amended Budget

Good News:

- ❖ **Wastewater Connection Fees: \$18.2M, 78.2%**
 - 3,457 new EDU connections vs. 4,330 budgeted new EDU
- ❖ **Recycled Water Sales: \$8.0M, 67.3%**
 - 23,535 AF actual year to date vs. 35,150 AFY budgeted
- ❖ **Property Taxes: \$27.7M, 67.3%**
 - 12% growth year-to-date vs. 4% budgeted growth

Not so Good News:

- ❖ **Water Sales: \$12.2M, 41.3%**
 - 20,790 AF vs. 50,000 AF budgeted
- ❖ **Grants & Loans: \$2.6M, 10.7%**
 - Due to delayed execution of related projects



Uses of Funds Highlights

Actuals compared to Amended Budget

Good News:

- ❖ **Utilities:** \$6.7M, 62.5%
 - Natural gas rate \$0.42/therm vs. \$0.80/therm budgeted
- ❖ **Debt Service:** \$15.6M, 66.5%
 - 2008B Variable Bond rate 0.03% average vs. 1.0% budgeted

Not so Good News:

- ❖ **Capital Projects:** \$18.7M, 36.5%
 - Delayed spending due to changes in project scope and schedule



Updates

❖ Project Closure

- 27 capital projects, or 20% of active capital projects, identified as eligible for closure since July 2015

❖ Total Project Budget Change

- \$1.8M of Total Project Budget transferred between projects in the third quarter
- 25 projects with average of \$72,000 Total Project Budget change this quarter
- Net increase in Total Project Budget is \$208,800



FY 2015/16 Q3 Consolidated Fund Balance

	FY 2015/16 Amended Budget	Third Quarter Ended 3/31/16	Actual % of Amended Budget
Operating			
Operating Revenue	\$118.8	\$76.7	64.6 %
Operating Expense	148.6	76.5	51.5%
Operating Net Increase/(Decrease)	(\$29.8)	\$0.2	
Non- Operating			
Non-Operating Revenue	\$95.1	\$48.8	51.3%
Non-Operating Expense	75.2	34.6	46.0%
Non-Operating Net Increase/(Decrease)	\$19.9	\$14.2	
Consolidated			
Total Sources of Funds	\$213.9	\$125.5	58.7%
Total Uses of Funds	223.8	111.1	49.6%
Total Net Increase/(Decrease)	(9.9)	14.4	
Beginning Fund Balance	146.1	146.1	
Ending Fund Balance	\$136.2	\$160.5	

Questions?



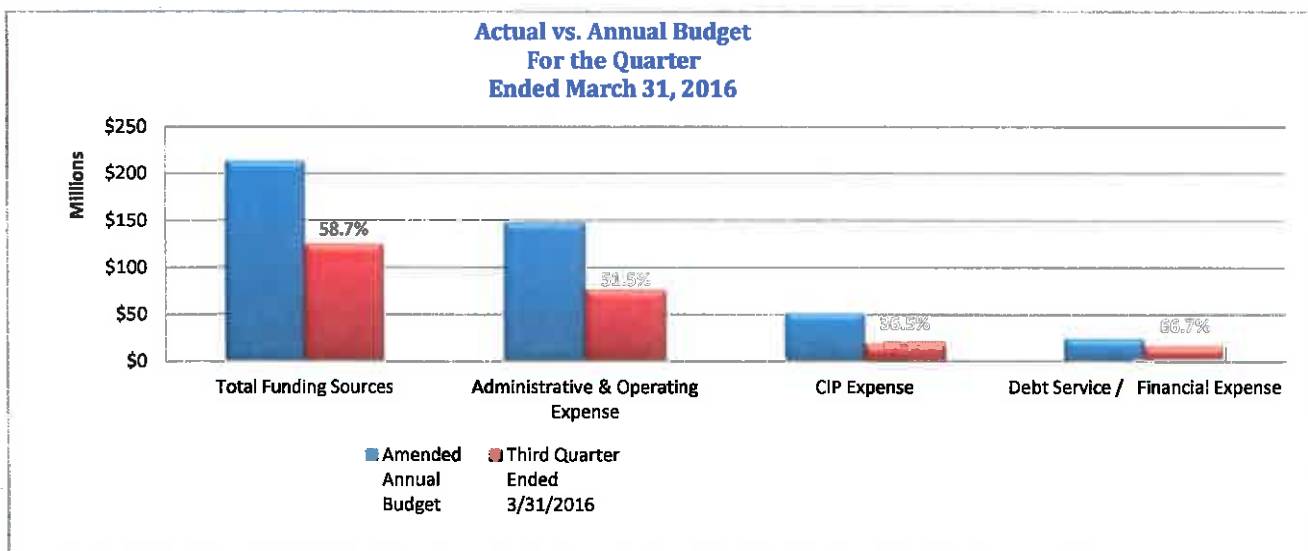
The budget variance analysis report is consistent with the Agency's business goal of fiscal responsibility

I. Actual vs. Budget Summary:

% of the Year
Elapsed: 75%

Third Quarter Ended March 31, 2016

	Adopted Annual Budget	Amended Annual Budget	Third Quarter Ended 3/31/2016	Amended vs. Actual	% of Amended Budget
Operating Revenues	\$130,814,725	\$118,833,896	\$76,747,781	(\$42,086,115)	64.6%
Non-Operating (Other Sources of Fund)	91,839,772	95,117,115	48,766,504	(46,350,611)	51.3%
TOTAL FUNDING SOURCES	222,654,497	213,951,011	125,514,285	(88,436,726)	58.7%
Administrative & Operating Expense	(152,929,623)	(148,590,833)	(76,463,996)	72,126,837	51.5%
CIP Expense	(43,886,402)	(51,413,676)	(18,740,796)	32,672,880	36.5%
Debt Service / Financial Expense	(23,802,656)	(23,802,657)	(15,880,952)	7,921,705	66.7%
TOTAL USES OF FUNDS	(220,618,681)	(223,807,166)	(111,085,744)	112,721,422	49.6%
Surplus/(Deficit)	\$2,035,816	(\$9,856,155)	\$14,428,541	\$24,284,696	-146.4%



2. Actual Revenue vs. Budget:

% of the Year
Elapsed: 75%

	Adopted Annual Budget	Amended Annual Budget	Third Quarter Ended 3/31/2016	Amended vs. Actual	% of Amended Budget
Operating Revenues:					
User Charges	\$67,040,941	\$67,040,941	\$49,391,791	\$17,649,150	73.7%
Recycled Water Sales	11,942,682	11,942,682	8,033,698	3,908,984	67.3%
MWD Water Sales	41,440,829	29,460,000	12,165,175	17,294,825	41.3%
MWD LPP Rebate	2,079,000	2,079,000	1,657,394	421,606	79.7%
Property Tax - O&M	1,792,530	1,792,530	1,206,616	585,914	67.3%
Cost Reimbursement	5,482,843	5,482,843	4,037,855	1,444,988	73.6%
Interest	1,035,900	1,035,900	255,252	780,648	24.6%
OPERATING REVENUES	130,814,725	118,833,896	76,747,781	42,086,115	64.6%
Non-Operating Revenues:					
Property Tax - Debt, Capital, Reserves	\$39,364,099	\$39,364,099	\$26,497,386	\$12,866,713	67.3%
Connection Fees	23,329,423	23,329,423	18,238,238	5,091,185	78.2%
Grants & Loans	21,257,262	24,144,762	2,578,374	21,566,388	10.7%
Other Revenue	7,888,988	8,278,831	1,452,506	6,826,325	17.5%
NON-OPERATING REVENUES	91,839,772	95,117,115	48,766,504	46,350,611	51.3%
Total Revenues	\$222,654,497	\$213,951,011	\$125,514,285	\$88,436,726	58.7%

User Charges, 73.7% User charges were \$49.4 million, or 73.7% of the Amended Budget. The category includes equivalent dwelling unit (EDU) volumetric charges of \$37.4 million, \$7.8 million Non-Reclaimable wastewater fees paid by industrial and commercial users connected to the brine line system; \$3.6 million for water meter service charge to meet our Readiness-to-Serve obligation from MWD and water use efficiency programs; and \$0.6 million for imported potable water surcharge, and other service charges.

Property Tax/ AdValorem, 67.3% The \$27.7 million in property tax receipts included \$17.9 million of general ad-valorem property tax from the San Bernardino County and \$9.8 million in "pass-through" incremental taxes (RDA). Taxes received from the county are estimated to be 12% higher compared to taxes received through March of last year.

Recycled Water Sales, 67.3% Recycled water actual direct and groundwater recharge sales were \$4.2 million (14,286 AF) and \$3.8 million (9,249 AF) respectively, for a combined total \$8.0 million. Total year to date deliveries are 23,535 AF compared to the 35,150 AF projected for the fiscal year. A wetter winter season caused a slight slowdown resulting in sales of 67.3% of budget through the end of the third quarter compared to 51.4% at the end of the second quarter. Wet seasons impact deliveries due to reduced demand for recycled water, and limit the recharge deliveries to groundwater basins.

Interest Income, 24.6% Interest Income is \$0.3 million or 24.6% of the annual budget. The current low interest rate environment accounts for low interest earnings with average sweep and LAIF pooled investments yielding 0.345% compared to the budgeted interest rate of 0.50%.

MWD Water Sales, 41.3% Total MWD pass-through imported water revenue was \$12.2 million or 41.3% of amended budget. The variance is due to the continuous response to drought condition and public outreach efforts aimed at reducing water. A total of 20,790 AF of pass through water was delivered at the end of the third quarter compared to 50,000 AF budgeted for FY 2015/16. The current projection indicates the imported water sales will fall below 50,000 AF. The initial sales projection of \$41.4 million was decreased to approximately \$29.5 million.

MWD LPP Rebates, 79.7%	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 \$1.7 million or 79.7% of budget, a total of 10,762 AF was applied for at the end of the third quarter.
Connection Fees, 78.2%	Member agencies reported \$18.2 million or 78.2% of the budget. A total of 3,457 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, 10.7%	Current grant and loan receipts total \$2.6 million for the third quarter or just 10.7% 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 \$15.2 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 project spending trends and the multi-year funding for large projects.
Cost Reimbursements JPA, 73.6%	Total cost reimbursements were \$4.0 million, or 73.6% of the amended budget. Category actuals include reimbursements of \$2.5 million from the Inland Empire Regional Composting Authority (IERCA), \$1.0 million from Chino Basin Desalter Authority (CDA), and \$0.5 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, 17.5%	Total other revenues were \$1.5 million, or 17.5% of the amended budget. Other revenues actuals include \$1.1 million from lease revenue and energy rebates, and \$0.4 million in project reimbursements. The large variance in this category is because the majority of reimbursable projects are still in the early design phase.

3. Actual Operating and Capital Expense vs. Budget:

% of the Year Elapsed: 75%

	Adopted Annual Budget	Amended Annual Budget	Third Quarter Ended 3/31/2016	Amended vs. Actual	% of Amended Budget
Operating Expenses:					
Employment	\$40,609,906	\$40,609,906	\$30,169,373	\$10,440,533	74.3%
Admin & Operating	112,319,717	107,980,927	46,294,623	\$61,686,304	42.9%
OPERATING EXPENSES	\$152,929,623	\$148,590,833	\$76,463,996	\$72,126,837	51.5%
Non-Operating Expenses:					
Capital	43,886,402	51,413,676	18,740,796	\$32,672,880	36.5%
Debt Service and All Other Expenses	23,802,656	23,802,657	15,880,952	\$7,921,705	66.7%
NON-OPERATING EXPENSES	\$67,689,058	\$75,216,333	\$34,621,748	\$40,594,585	46.0%
Total Expenses	\$220,618,681	\$223,807,166	\$111,085,744	\$112,721,422	49.6%

Employment Expense *Employment, 74.3%*
 This category includes both wages and benefits. Employment expenses were \$30.2 million or approximately 74.3% of the Amended Budget. Higher than anticipated vacancy factor of 10% (29 positions) compared to budgeted vacancy rate of 4% (12 positions) provides savings in wages and benefits. These savings were partially offset by the payment of \$4.6 million of pension costs associated with unfunded liabilities and other post-employment benefits.

Administrative & Operating Expense *Office and Administrative, 44.3%*
 The favorable variance was due in part to the inclusion of \$186,800 for the GM contingency under this category. In addition, expenses related to conferences and training represent a savings of \$202,000 against the budget but are expected to increase in the fourth quarter when training related courses are available. Office and Administrative expenses related to Earth Day will also be charged in the fourth quarter.

Professional Fees & Services , 39.2%

Variance is attributed to the timing of contracts and services that are anticipated to be executed in the fourth quarter for treatment process improvements, asset management, research and studies for Planning & Environmental Compliance Department, financial services related to the 2008B Bond renewal, and software maintenance. In addition, the Professional Fees & Services category includes \$1 million of favorable variance for legal litigation that may be expended in the coming months.

Materials & Supplies/Leases/Contribution , 65.1%

The favorable variance was primarily due to staff's ongoing effort to monitor operational equipment usage to ensure maximum use from supplies and replacement parts. Due to this effort by staff, operations-related repairs required fewer corrective tasks than were budgeted.

Biosolids Recycling , 64.5%

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. 44,500 tons at \$54 per ton accounted for 69% of the annual projected tonnage of 64,600. Total tonnage hauled was approx. 38,700 tons at \$5.60- \$6.00 per ton which is lower than the budgeted transportation cost of \$7.67 per ton.

Chemicals , 62.4%

Chemicals through the third quarter were \$2.9 million or 62.4% of budget. Favorable variance was due in large part to price decreases for chemicals including sodium hypochlorite, ferric chloride, and sodium bisulfite that were achieved during the re-bidding process this year. Sodium hypochlorite's actual price per unit is \$0.55 per gallon compared to the budgeted cost of \$0.587 per gallon. Ferric chloride's lower actual cost is \$0.18 per pound compared to budget cost of \$0.276 per pound. Chemical usage is generally under budget in the Operations Division due to bypassed sewer flows causing a reduction in the amount of raw waste water in need of treatment due to the rehabilitation of critical aeration equipment. Additionally, favorable variance appeared in the NRW and wastewater systems due to the optimization of the ferric chloride closing system.

MWD Water Purchases , 41.3%

Total MWD pass-through water purchases were \$12.2 million or 20,790 AF compared to 50,000 AF budgeted. Based on the volume year-to-date, the amended budget was reduced from \$41.4 million to \$29.5 million. The MWD imported water pass-through sales revenue was reduced respectively.

Utilities , 62.5%

Electricity usage resulted in a slightly unfavorable variance due to the peak rate of \$0.137/kWh incurred between July and September. The peak was offset by the current average rate for imported electricity of \$0.113 versus \$0.125/kWh budgeted rate. Usage through the end of the third quarter was measured at 50,227,911 kWh against annual agency average of 70,000,000 kWh.

Natural gas expense is low due to the lower gas rate averaging \$0.42/therm compared to the budgeted rate of \$0.80/therm and lower usage measured at 590,000 therms, or 49% of the annual agency average of 1,200,000 therms.

Fuel Cell is producing electricity lower than the expected output, offsetting the unfavorable variance in electricity.

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

Special and Reimbursable Projects , 14.9% and 52.2%

The combined special and reimbursable project expenditures were \$4.9 million or 17.0% 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 31% of the category's amended budget, of which only \$450,000 has been spent. The project 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 , 66.5%

Total financial expenses were \$15.6 million or 66.5% through the third quarter. Actual costs included \$9.0 million in principal payments and \$6.6 million in interest, interfund loan, and other financial administration fee expense.

Capital Expense

Capital Costs , 36.5%

Capital actual expenditures through the third quarter were \$18.7 million or 36.5% 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 \$18.3 million of Engineering project budgets, or 36% of the amended capital project budget has been identified to not be spent in this fiscal year (see details at the board letter). Variances in spending are largely driven by changes in project scope and schedule, construction bid results, regulatory issues, and external resources associated with such undertakings. Actual costs related to Regional Wastewater projects were \$11.1 million or 59% of actual costs, and \$5.9 million or 32% 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 March 31, 2016

Capital Project		Amended FY 2015/16	YTD Expenditure	Budgeted Amount Remaining
EN13016	SCADA Enterprise System 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 project is currently in construction, progressing with lower than anticipated internal costs.	4,297,500	3,149,534	1,147,966
EN13001	San Sevaine Basin Improvements This project is to increase the recycled water recharge at the San Sevaine Basin locations by providing pipeline interconnections between the basins. The predesign phase of this project was longer than anticipated, so it is projected that budget will not be expended this fiscal year as the construction phase is likely delayed to next fiscal year.	3,500,000	187,076	3,312,924
EN13045	Wineville Extension Recycled Water Pipeline Segment B This project involved the construction of pipeline in the City of Fontana to connect the Wineville Recycled Water Segment A pipeline to the RP-3 and Decler recharge basins. The project has been completed and the remaining budget will not be expended.	2,506,256	1,634,440	871,816
EN15008	Water Quality Laboratory The project covers the construction of a state-of-the-art laboratory to be located behind Headquarters Building B, as well as the expansion of the existing central chiller plant for the laboratory air conditioning system. The design cost for the project has been billed and is included in the year-to-date expenses. The remaining budget will be expended during the construction phase. It is projected that budget consumption will be around 75% of budget by the end of the fourth quarter, with construction picking up in FY 2016/17.	1,700,000	1,177,400	522,600

O&M & Reimbursable Projects		Amended FY 2015/16	YTD Expenditure	Budgeted Amount Remaining
EN16021	TCE Plume Cleanup 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 has not yet presented the proposed settlement to their Board of Directors, so the delay has been extended beyond the originally anticipated January 2016 timeframe.	9,000,000	458,066	8,541,934
WR15009	CII Rebate Incentives The project provides funding for any Commercial, Industrial, and Institutional (CII) rebates available for customers. The Agency is currently awaiting invoices from MWD upon completion of the turf removal rebate projects for both residential and CII customers.	2,420,483	957,179	1,463,304
WR16024	SAWPA Action SARCCUP The Santa Ana River Watershed Action Team Conjunctive Use Project is known as SARCCUP. It was created with various other water agencies to utilize funds from SAWPA Prop 84 grants to develop a watershed-scale conjunctive use program. IEUA cost sharing for the SARCCUP project has yet to be initiated. The contracting with DWR is expected to begin in June 2016.	2,000,000	-	2,000,000

INLAND EMPIRE UTILITIES AGENCY
Fiscal Year 2015/16
CONSOLIDATED BUDGET VARIANCE ANALYSIS REPORT
Third Quarter Ended March 31, 2016

	Adopted FY 2015/16 Annual Budget	Amended FY 2015/16 Annual Budget	YTD Actual	YTD Variance	YTD % Budget Used
<u>OPERATING REVENUES</u>					
User Charges	\$67,040,941	\$67,040,941	\$49,391,791	(\$17,649,150)	73.7%
Recycled Water	11,942,682	11,942,682	8,033,698	(3,908,984)	67.3%
MWD Water Sales	41,440,829	29,460,000	12,165,175	(17,294,825)	41.3%
MWD LPP Rebates	2,079,000	2,079,000	1,657,394	(421,606)	79.7%
Property Tax - O&M	1,792,530	1,792,530	1,206,616	(585,914)	67.3%
Cost Reimbursement from JPA	5,482,843	5,482,843	4,037,855	(1,444,988)	73.6%
Interest Revenue	1,035,900	1,035,900	255,252	(780,648)	24.6%
TOTAL OPERATING REVENUES	\$130,814,725	\$118,833,896	\$76,747,781	(\$42,086,115)	64.6%
<u>NON-OPERATING REVENUES</u>					
Property Tax - Debt, Capital, Reserves	\$39,364,099	\$39,364,099	\$26,497,386	(\$12,866,713)	67.3%
Connection Fees	23,329,423	23,329,423	18,238,238	(5,091,185)	78.2%
Grants	8,942,419	8,942,419	1,733,220	(7,209,199)	19.4%
SRF Loan Receipts	12,314,843	15,202,343	845,154	(14,357,189)	5.6%
Project Reimbursements	4,994,447	5,384,290	384,059	(5,000,231)	7.1%
Other Revenue	2,894,541	2,894,541	1,068,447	(1,826,094)	36.9%
TOTAL NON OPERATING REVENUES	\$91,839,772	\$95,117,115	\$48,766,504	(\$46,350,611)	51.3%
TOTAL REVENUES	\$222,654,497	\$213,951,011	\$125,514,285	(\$88,436,726)	58.7%
<u>ADMINISTRATIVE and OPERATING EXPENSES</u>					
EMPLOYMENT EXPENSES					
Wages	\$22,448,006	\$22,448,006	\$17,451,347	\$4,996,659	77.7%
Benefits	18,161,900	18,161,900	12,718,026	5,443,874	70.0%
TOTAL EMPLOYMENT EXPENSES	\$40,609,906	\$40,609,906	\$30,169,373	\$10,440,533	74.3%
ADMINISTRATIVE EXPENSES					
Office & Administrative	\$1,281,624	\$1,903,910	\$843,427	\$1,060,483	44.3%
Insurance Expenses	775,500	747,425	518,962	228,463	69.4%
Professional Fees & Services	9,249,989	10,655,732	4,173,878	6,481,854	39.2%
O&M Projects	22,106,625	27,295,163	4,070,185	23,224,978	14.9%
Reimbursable Projects	100,000	1,639,889	856,205	783,684	52.2%
TOTAL ADMINISTRATIVE EXPENSES	\$33,513,738	\$42,242,119	\$10,462,657	\$31,779,462	24.8%

INLAND EMPIRE UTILITIES AGENCY
Fiscal Year 2015/16
CONSOLIDATED BUDGET VARIANCE ANALYSIS REPORT
Third Quarter Ended March 31, 2016

	Adopted FY 2015/16 Annual Budget	Amended FY 2015/16 Annual Budget	YTD Actual	YTD Variance	YTD % Budget Used
OPERATING EXPENSES					
Material & Supplies/Leases	\$2,798,809	\$3,391,704	\$2,209,042	\$1,182,662	65.1%
Biosolids Recycling	4,358,631	4,282,844	2,760,770	1,522,074	64.5%
Chemicals	4,394,574	4,640,551	2,894,364	1,746,187	62.4%
MWD Water Purchases	41,440,829	29,460,000	12,165,175	17,294,825	41.3%
Operating Fees/RTS Fees/Exp. Alloc.	14,663,144	13,206,572	9,084,288	4,122,284	68.8%
Utilities	11,149,992	10,757,137	6,718,327	4,038,810	62.5%
TOTAL OPERATING EXPENSES	\$78,805,979	\$65,738,808	\$35,831,966	\$29,906,842	54.5%
TOTAL ADMINISTRATIVE and OPERATING EXPENSES	\$152,929,623	\$148,590,833	\$76,463,996	\$72,126,837	51.5%
<u>NON-OPERATING EXPENSES</u>					
CAPITAL OUTLAY	\$43,886,402	\$51,413,676	\$18,740,796	\$32,672,880	36.5%
FINANCIAL EXPENSES					
Principal, Interest and Financial Expenditure	23,462,656	23,462,657	15,596,469	7,866,188	66.5%
OTHER NON OPERATING EXPENSES	340,000	340,000	284,483	55,517	83.7%
TOTAL NON-OPERATING EXPENSES	\$67,689,058	\$75,216,333	\$34,621,748	\$40,594,585	46.0%
TOTAL EXPENSES	\$220,618,681	\$223,807,166	\$111,085,744	\$112,721,422	49.6%
REVENUES IN EXCESS/ (UNDER) EXPENSES	\$2,035,816	(\$9,856,155)	\$14,428,541	(\$24,284,696)	
FUND BALANCE SUMMARY					
Unaudited Beginning Balance, July 01	\$125,635,403	146,104,580	\$146,104,580	\$0	
Surplus/ (Deficit)	2,035,816	(9,856,155)	14,428,541	(24,284,696)	
ENDING BALANCE, June 30	\$127,671,219	\$136,248,425	\$160,533,121	\$24,284,696	

5/23/2016

Business Goals & Objectives Status Updates

Department: ALL

Report Months: January, February, and March : Year:2016

3rd Quarter Reporting

Goal ID	FY Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
Agency Management														
219	FY 2015/16	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 letter	Completed by June 30, 2017	Implement two procedures per quarter until completed	April Woodruff	May	2016	On Schedule		Staff is currently working on the plan and implementation of updating the Board letter processes. This includes a training video for staffs reference.
220	FY 2015/16	Quarterly	Agency Management	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Develop a standard operating procedure handbook for the Executive Management Department area	Completed by June 30, 2017	Implement two procedures per quarter until completed	April Woodruff	May	2016	On Schedule		Front desk SOP's have been developed, staff is currently working on the development of Executive Assistant procedures.
221	FY 2015/16	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 or Responsibilities" manual for the Board Secretary position	Completed by June 30, 2017	Update 25% per quarter	April Woodruff	May	2016	On Schedule		This project was put on hold due to the lack of full staff in the department.
222	FY 2015/16	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	Ongoing	Review and improve two processes per quarter	April Woodruff	May	2016	On Schedule		Agency Management staff works to continually improve procedures within the department to further streamline processes.
217	FY 2015/16	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 letter	Completed by June 30, 2017	Implement two procedures per quarter until completed	April Woodruff	May	2016	On Schedule		Staff is currently working on the plan and implementation of updating the Board letter processes. This includes a training video for staffs reference.
Business Information Services														
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 improves cost tracking for projects that qualify for multiple grants – Timeline 15/16 reads: Establish baseline data; develop requirements; implement prototype	Ongoing	< 3 systems in use	Kanes Pantayatiwong	April	2016	On Schedule	No	SAP vendor presented demos on 2/29/2016 showcasing latest tools that can help to improve the Agency's current budgeting process as well as grants management. The team will need review and reassess the needs.
178	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	Evaluate potential improvements to budgeting process, if appropriate, through enhancing SAP functionality	Ongoing	< 3 systems in use	Kanes Pantayatiwong	April	2016	On Schedule	No	SAP vendor presented demos on 2/29/2016 showcasing latest tools that can help to improve the Agency's current budgeting process as well as grants management. The team will need review and reassess the needs.
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 Pantayatiwong	April	2016	Behind Schedule	No	SAP Finance Roadmap RFP will not be completed in FY2016 due to challenges with implementing the MOU changes for GU and related retros.

Goal ID	FY Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
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 Pantayatiwong	April	2016	Behind Schedule	No	The priority was adjusted to address the immediate need for the Water Connection Fees database and application for tracking new meter connection fees, which went live on 1/1/2016. There have been a number of changes to improve the process and database quality. The NRW project will resume in late FY2016.
248	FY 2015/16	Quarterly	Finance and Administration	A	Continue commitment to cost containment for operating and capital costs.	Maintain cost of external SAP support to be within contracted amounts for all vendors	Meet the set KPI	Actuals <= quarterly average of the contracted amounts	Kanes Pantayatiwong	April	2016	On Schedule		Support cost for this quarter was \$7,674. Note that \$3,000 was for last quarter due to vendor forgetting to submit the bills for November and December.
249	FY 2015/16	Quarterly	Finance and Administration	B	Ensure staff understands and upholds their role in achieving the Agency's Mission, Vision, and Values	Release new enhancements to Agency's various software applications at fixed intervals (every 4 months).	Ongoing by June 2016	100% of enhancements released plus or minus two calendar weeks from scheduled release date	Kanes Pantayatiwong	April	2016	On Schedule		Completed part 1 of 2 for automating the IERCF invoice preparation; completed the enhancement to reduce the intercompany bill processing time from days to hours; completed the mandatory payroll upgrade; completed the optimization for P-card reconciliation process; completed the Water Connection Fee database and application and post go-live enhancements.
251	FY 2015/16	Monthly	Finance and Administration	B	Prepare and implement a Disaster Preparedness Plan and conduct periodic emergency response drills by July 2017	Implement recommended disaster plan per TMP.	Ongoing	BIS to lead the Business Continuity / Disaster Recover Subcommittee	Kanes Pantayatiwong	April	2016	On Schedule		Working with ISS managing SAP offsite backup (RFP, testing). Coordinated server security updates and cyber security testing/evaluation.
262	FY 2015/16	Quarterly	Finance and Administration	C	Replace the legacy Document Management system to ensure it meets Agency-wide and regulatory public records requirements and eliminates redundant archiving systems by December 2015	Determine business requirements incorporating an updated taxonomy	Final report by July 2015	Issue final report to be used for software solution requirements	Kanes Pantayatiwong	April	2016	On Schedule		The final report by consultant (ThirdWave) was provided in late 2015. During Q3, the team completed the ECMS vendor evaluation and contract negotiation. The implementation has now begun.
253	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 improves cost tracking for projects that qualify for multiple grants	Establish baseline data; develop requirements; implement prototype.	>= 10% reduction in process time for grants analyst after implementation	Kanes Pantayatiwong	April	2016	On Schedule		Please see item #177.
254	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	Evaluate potential improvements to budgeting process, if appropriate, through enhancing SAP functionality.	Assess potential solutions; determine change impact; obtain go/no-go decision to implement.	>= 10% reduction in budgeting cycle days for O&M and capital budgets.	Kanes Pantayatiwong	April	2016	On Schedule		Please see item #178.
255	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.	Assess processes; develop requirements; develop change impact and proposal.	35% reduction in spreadsheets used by finance staff; 25% increase in report performance	Kanes Pantayatiwong	April	2016	Behind Schedule		Due to priority with GU MOU changes and related challenges with retros, the team was not able to allocate time for this task.
Contracts and Facilities Services														
172	FY 2015/16	Quarterly	Finance and Administration	A	Continue commitment to cost containment for operating and capital costs	Implement new solicitation tool for expanded competition cost savings	Complete by Jan. 2016	Increase of 5% in cost savings	Warren Green	May	2016	On Schedule	No	PlantBids has been implemented and staff trained.
172	FY 2015/16	Quarterly	Finance and Administration	A	Continue commitment to cost containment for operating and capital costs	Implement new solicitation tool for expanded competition cost savings	Complete by Jan. 2016	Increase of 5% in cost savings	Warren Green	May	2016	On Schedule	No	Planet Bids fully-implemented. Cost savings realized through competitive solicitations. This is an ongoing process.
173	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	May	2016	On Schedule	No	Staff conducted Active Shooter training with a number of departments and discussed the Agency's security program.

Goal ID	FY Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
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	May	2016	On Schedule	No	Staff continues to process purchase requisitions into either PO's or contracts in support of meeting outstanding customer service goals and the customer's timeline. We will continue to review the processes in support of having effective and efficient procurement services.
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	May	2016	On Schedule	No	Approximately 95 percent of purchase orders issued during the first nine months of FY 2015/2016 were processed within CAP's service level objectives lead-time.
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	May	2016	On Schedule	No	Staff prepares the necessary Board letters and presentations as necessary. We continue to prepare the Business Goals project for October 2016.
176	FY 2015/16	Quarterly	Finance and Administration	F	Ensure Agency programs promote environmental stewardship, sustainability, and preservation of heritage measures, utilizing green procurement and reuse of surplus materials, equipment, and parts when possible.	Ensure all current and future landscaping, as well as new facilities, are in cooperation with current LEED and water-efficiency programs and advancements	complete by June 2016	Increase educational signage for Agency facilities where accessible by the public by 15%.	Warren Green	May	2016	On Schedule	No	Signage for landscape conversion projects have been posted at all Agency regional plant locations to provide the public with awareness that sites at the facilities are irrigated with non-potable recycled water and converting to drought tolerant landscapes.
113	FY 2015/16	Quarterly	Finance and Administration	F	Complete a performance assessment of the Platinum LEED rated headquarters and develop a plan to ensure performance, as appropriate, to the platinum standard	Evaluate the current standards for LEED qualifications and develop a plan for the Agency's HQ to maintain the ranking.	June-2016	Cross reference existing qualifications against new standards.	Warren Green	May	2016	On Schedule	No	
242	FY 2015/16	Quarterly	Finance and Administration	C	Replace the legacy Document Management System to ensure it meets Agency-wide and regulatory public records requirement and eliminates redundant archiving systems	Implement the new ECM System, Agency taxonomy project, and legal holds process	Ongoing	Will conduct inventory of both paper and electronic records by October 15, 2016	Linda Johnson	May	2016	On Schedule		The records management group is currently understaffed, but moving forward to complete the inventory by October 2016.
246	FY 2015/16	Monthly	Finance and Administration	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Provide exceptional and responsive customer service.	Continuous	Increase facilities services response time for support services by 15%.	Warren Green	May	2016	On Schedule		Facilities Services staff has been working diligently to complete all requests received from Internal customers and has received appreciation from those customers for the timeliness and appreciation for staff efforts. To date a total of 299 support tickets have been completed.
247	FY 2015/16	Quarterly	Finance and Administration	F	Ensure Agency programs promote environmental stewardship, sustainability, and preservation of heritage measures, utilizing green procurement and reuse of surplus materials, equipment, and parts when possible	Identify educational opportunities for environmentally friendly facilities and landscapes	Ongoing	Increase educational signage by 10% for Agency facilities that are accessible by the public.	Lucia Diaz	May	2016	On Schedule		Educational Signage for the Agency Headquarter Campus and Regional Plant No. 5 will be installed by the end of the fiscal year.
Engineering														
214	FY 2015/16	Quarterly	Engineering, Planning and Science	F	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	May	2016	On Schedule		15,69%, 8 of 51 Projects are in house design

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
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	May	2016	On Schedule	FY Budget = \$53m; Projected spending = \$23M Overall projection = 43%
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 > 90%	Shaun Stone	May	2016	On Schedule	Conducted 4 Lessons Learned; IERCF Conveyor; Value Engineering, Wineville Segment B; CCWRF SCADA; Chino Creek Invert - Outside Agency Coordination & Planning
External Affairs													
223	FY 2015/16	Quarterly	Agency Management	B	Ensure staff understands and upholds their role in achieving the Agency's Mission, Vision, and Values	Incorporate the Agency's Mission, Vision, and Values into all staff activities including: creating collateral materials, employee newsletter, and posting to the IEUA website. Increase public recognition of Agency brand	By June 2016 and ongoing	Continue to update printed materials, newsletters, and website with current content	Kathryn Besser	March	2016	On Schedule	Website content is kept current, newsletters are sent out quarterly and brochures are updated on a rotating schedule.
224	FY 2015/16	Monthly	Agency Management	C	Update and maintain the Agency's website to clearly communicate key activities, issues, policies, and key documents, and continue to optimize use of social network media	Serve as the Agency Webmaster and provide current and timely information	By June 2016 and ongoing	Review the website for accuracy on a continual basis	Kathryn Besser	March	2016	On Schedule	Staff continues to make updates to the website and works closely with web consultant to ensure site's usability.
225	FY 2015/16	Quarterly	Agency Management	C	Meet annually with affiliated agencies and elected representatives	Maintain strong relationships with local stakeholders and city and county elected representatives in our region.	By June 2016	Meet with all member agencies in FY 2015/16; host facility tours and presentations for elected officials. Host quarterly Leadership Breakfasts. Meet with 60% of service area's school principals and superintendents	Kathryn Besser	March	2016	On Schedule	This continues to be done by all agency management and staff, ensuring open lines of communication. Q3 Leadership Breakfast was held in March.
226	FY 2015/16	Quarterly	Agency Management	C	Meet annually with the region's congressional and state delegations to advance key legislation	Maintain strong relationships with elected officials here and in DC/Sacramento	Travel to Sacramento and Washington D.C. in FY2015/16	Attend Lobby Days in Sacramento and Washington D.C., Host facility tours and presentations for officials and/or staff Host quarterly Leadership Breakfasts.	Kathryn Besser	March	2016	On Schedule	Attended DC and Sacramento legislative conferences, meeting with every member of delegation. Working closely with State Sen. Leyva, who is carrying legislation on behalf of IEUA.
227	FY 2015/16	Monthly	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.	By June 2016	Attend one association/organization meeting a month	Kathryn Besser	March	2016	On Schedule	This continues to be done and is on schedule.

Goal ID	FY Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
228	FY 2015/16	Quarterly	Agency Management	C	Promote regional projects and initiatives through presentations to community based organizations, service groups, and stakeholders	Communicate the importance of regional/local water independence and conservation	By June 2016 and ongoing	Form a Drought Task Force with member agencies. Continue marketing campaigns and social media outreach. Present to associations or community organizations quarterly	Kathryn Besser	March	2016	On Schedule		Drought Task Force continues to meet bi-monthly; social media awareness campaign has increased with usage of IEUA's YouTube channel and new video content; ad buys continue to focus on changing water wasting habits.
229	FY 2015/16	Quarterly	Agency Management	D	Complete water softener ordinance by December 2014 and continue to reduce salinity and nutrients in recycled water	Work with the cities of Chino, Chino Hills, and Ontario to pass the water softener ordinance	By June 2016 and ongoing	Remaining cities to pass ordinance by end of FY 2015/16	Kathryn Besser	March	2016	On Schedule		The three remaining cities have not passed the ordinance; quarterly visits to "big box" stores in service area have shown that the major retailers continue to adhere to IEUA's ordinance and no longer sell water softeners that use salt.
230	FY 2015/16	Monthly	Agency Management	F	Develop a communication plan to promote being a good neighbor	Communicate the Agency-wide goals, services, and functions to our entire service area, including all community members, businesses, and stakeholders.	By June 2016 and ongoing	FY2015/16 will continue to increase number of events attended in order to reach the entire service area	Kathryn Besser	March	2016	On Schedule		IEUA 65th anniversary history book was sent to all business, community and government stakeholders, as well as schools and libraries, to help get the word out about IEUA's important role and major accomplishments in the region.
166	FY 2015/16	Quarterly	Agency Management	C	Promote regional projects and initiatives through presentations to community based organizations, service groups, and stakeholders	Cultivate positive relationships with local and regional media	Ongoing	Present to 6 associations /groups	Kathy Besser	March	2016	On Schedule	No	Working with cities, member agencies and other stakeholders on drought media strategies and on legislation.
167	FY 2015/16	Quarterly	Agency Management	D	13. Advocate strategies that help anticipate and mitigate the impacts of droughts and climate change on the region	Develop, support, promote, and participate in water education programs	Ongoing		Kathy Besser	March	2016	On Schedule	No	Lead tours and in-person demonstrations to school children on the importance of water conservation; increased drought campaign via social media and movie theater ads to increase reach.
168	FY 2015/16	Quarterly	Agency Management	F	Support legislation to reduce drugs in waterways through take back programs	Support legislation to reduce drugs in waterways through take back programs	Completed by FY 16/17		Kathy Besser	March	2016	On Schedule	No	No activity in Q3, but Q4 is "Drug Take Back Week" and we are working with local agencies to support initiative and spread the word.
Finance and Accounting														
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 -	May	2016	On Schedule	No	Updating financial policies for debt management and reserve. In reference to GFOA best practice on policies. Included comments and recommendations from Internal Audit. On track for final presentation and Board adoption in May 2016.
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	May	2016	On Schedule	No	Continue to monitor the Agency's rating
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	May	2016	On Schedule	No	Continue to be consistent with the Agency business goals of utilizing the low interest rate SRF loans and grants to support major capital projects
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	May	2016	On Schedule	No	Attended all scheduled safety training sessions.

Goal ID	FY Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
257	FY 2015/16	Quarterly	Finance and Administration	A	Adopt rates that fully meet cost of service for key Agency programs; Non-Reclaimable Wastewater (NRW) System by July 2019, Water Resources by July 2020.	Adopt rates that fully meet cost of service for key Agency programs; Non-Reclaimable Wastewater (NRW) System by July 2019, Water Resources by July 2020.	Complete by June 2016	Adopt rates that meet cost of service.	Javier Chagoyen-Laz	May	2016	On Schedule		Collaborating with Planning in the development and restructuring of water rates that would help the Agency achieve cost recovery as well as be able to maintain financial feasibility for both the Agency and the member agencies
258	FY 2015/16	Quarterly	Finance and Administration	A	Advocate for continued receipt of property taxes and optimize grants and other funding sources to support Agency and regional investments.	Advocate for continued receipt of property taxes and optimize grants and other funding sources to support Agency and regional investments.	Ongoing	Review program fund allocations and adjust if necessary to meet program needs.	Tina Cheng	May	2016	On Schedule		Continue to monitor property tax receipts which indicates favorable growth in FY 15/16 and projected to continue in FY 16/17. Included discussion on use of property tax receipts in the draft water rates
259	FY 2015/16	Annual	Finance and Administration	A	Fully fund the Other Post Employment Benefit (OPEB) unfunded accrued liability by July 2019	Fully fund the Other Post Employment Benefit (OPEB) unfunded accrued liability by July 2019	Annual funding by June 2016	Annual contributions until reaching fully funded status.	Javier Chagoyen-Laz	May	2016	On Schedule		Contribution towards retirement unfunded accrued liabilities (UAL) and other post employment benefits (OPEB) are projected in FY 2015/16.
260	FY 2015/16	Annual	Finance and Administration	A	Fully fund the pension unfunded accrued liability by July 2024	Fully fund the pension unfunded accrued liability by July 2024	Annual funding by June 2016	Annual contributions until reaching fully funded status.	Javier Chagoyen-Laz	May	2016	On Schedule		Projected to contribute in June 2016.
261	FY 2015/16	Semi-Annual	Finance and Administration	A	Integrate projects identified in the long range financial planning documents, such as the Urban Water Management Plan, and Integrated Resources Plan	Work with pertinent departments in identifying projects from various master plan and integrated into the respective program budget	Complete by June 2016	Additional projects identified are to be included in the FY 2016/17 updated budget document.	Tina Cheng	May	2016	On Schedule		Updating TYCIP and related funding sources in various fund budget.
Grants														
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	May	2016	On Schedule	No	Recommended multiple State and Federal Grant and SRF loan opportunities that align with the Agency mission and financial goal. Several applications and pre-applications were submitted.
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	May	2016	On Schedule	No	Major new grant applications and pre-applications were submitted to the State Water Resources Control Board, USBR, and WaterReuse. Opportunities through the CEC's Electric Program Investment Charge (EPIC) Program and through the DOE (Department of Energy) are being reviewed for potential grants.
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	May	2016	On Schedule	No	Collaborated with IEUA's Engineering/Construction Management Department and Planning Department, member agencies, and other local cities and districts to match projects and pursue funding through identified opportunities.
Human Resources														
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	Shameen Bhojani	May	2016	Behind Schedule	No	Meet with the new Executive Manager of Operations in June 2016 to determine the priorities and timeline for this project

Exhibit B

Goal ID	FY 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	Shameen Bhojani	March	2016	On Schedule	No	Average number of weeks is 8 weeks.
262	FY 2015/16	Semi-Annual	Finance and Administration	B	Ensure staff understands and upholds their role in achieving the Agency's Mission, Vision, and Values	Promote a positive work environment that holds managers, supervisors and employees accountable for creating and maintaining positive work relationships.	Ongoing	Survey and employee feedback	Shameen Bhojani	March	2016	Behind Schedule		Options for training are currently being reviewed. Training is anticipated to be scheduled in the Fall.
263	FY 2015/16	Quarterly	Finance and Administration	B	Ensure staff understands and upholds their role in achieving the Agency's Mission, Vision, and Values	Develop creative communication methods and continue education of employees to increase knowledge of benefit programs and services including visiting and scheduling appointments with employees at other facilities, holding continuous lunch and learn sessions and other educational workshops/presentations.	Ongoing	Number of onsite visits, lunch and learns, and other educational sessions held	Shameen Bhojani	March	2016	On Schedule		ICMA 457 on site visit (1/16), New Hire Tour 3/1. HR staff traveled to Agency locations Nacho Traveling Bar, RP1 2/17, HQ 2/24, IERCF 3/2 and RP2 3/16
264	FY 2015/16	Quarterly	Finance and Administration	B	Develop and implement plan to mentor and prepare the next generation of Agency leaders by July 2017	Develop a process to identify potential leaders within the Agency; utilize the Leadership Academy and other training opportunities to enhance existing talent.	Leadership Academy January -- June 2016	Number of employee participants in the Academy and other training programs. Percentage of internal promotions	Shameen Bhojani	March	2016	On Schedule		There are currently 5 managers enrolled in the Leadership Academy.
265	FY 2015/16	Semi-Annual	Finance and Administration	B	Develop a plan to conduct a feedback study to measure employee satisfaction.	Creates and distribute an employee satisfaction survey	Employee Climate Survey by June 2016	Conduct an Employee Climate Survey after Class and Comp Study implementation	Shameen Bhojani	March	2016	Behind Schedule		Climate survey was postponed due to class and comp study.
268	FY 2015/16	Quarterly	Finance and Administration	B	Develop a plan to conduct a feedback study to measure employee satisfaction.	Identify strategies to increase employee morale and promote employee retention.	Ongoing	Surveys and employee feedback/Retention of employees	Shameen Bhojani	March	2016	On Schedule		Successfully met with the Supervisors' Unit on 3/24/16 to discuss the Engineering reorganization which resulted in the creation of a new Project Manager series which will give promotional opportunities to staff in the Engineering Department. Also exploring low cost employee reward options through external vendors such as wishlist, a company that focuses on "experiences" as gifts/rewards.
267	FY 2015/16	Semi-Annual	Finance and Administration	B	Implement the Agency-wide Classification and Compensation Study.	Finalize the Agency-wide Classification and Compensation Study to develop a fair, consistent and competitive compensation program	Complete by June 2016	Successfully ratify and implement the new structure for remaining represented units.	Shameen Bhojani	March	2016	On Schedule		General Unit class and comp has been completed.
268	FY 2015/16	Annual	Finance and Administration	B	Review and update the STAR Award program to more effectively recognize outstanding performance	Change the format of the STAR Award Program to ensure more employees have an opportunity to receive the award	Review and recommendation by June 2016	Updated Agency Policy A-79.	Shameen Bhojani	March	2016	On Schedule		Policy is currently under review.

Exhibit B

Goal ID	FY Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
269	FY 2015/16	Quarterly	Finance and Administration	B	Achieve a Cal Star Award certification from OSHA by June 2019	Research requirements needed to obtain the award/certification by OSHA; work with Maintenance and Operations to develop a plan that ensures commendable safety and risk management practices.	Schedule meetings with Operations and Maintenance to review requirements and develop an action plan by June 2016	Prepare applications submittal(s) by November 2016.	Sharmeen Bhojani	March	2016	On Schedule		Additional information is needed to determine whether our facilities will be able to meet OSHA's Cal-Star Award expectations individually or if it must be an Agency-wide collective effort. With the majority of our locations in the process of expansion/upgrades and contractor companies on-site, in addition to our own staff, oversight and implementation will be much more difficult. OSHA has been contacted and a response is pending.
33	FY 2015/16	Quarterly	Finance and Administration	B	Draft a new consolidated Personnel Rules and Regulations for the Agency across all bargaining units, thereby streamlining individual Unit MOUs by July 2016	Draft a new consolidated Personnel Rules and Regulations	July-2016	Prepare a first draft for review by April 2016	Sharmeen Bhojani	March	2016	Behind Schedule	No	This was put on hold due to the class and comp study implementation. An outline of proposed changes for the Consolidated Personnel Rules can be completed by September 2016.

Internal Audit

Goal ID	FY Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
218	FY 2015/16	Annual	Agency Management	B	Ensure staff understands and upholds their role in achieving the Agency's Mission, Vision, and Values	<p>Promote a strong control environment by conducting independent objective audits of Agency operations where the focus and audit scope includes identifying areas and providing recommendations for strong internal controls, effectiveness and efficiency in operations</p> <p>Broaden, improve and expand knowledge, reliance and utilization of financial and information systems to gather, research, analyze, and examine different types, more detailed and larger scopes of data to evaluate and test during audit procedures for any type of audit or reviewed</p> <p>Promote a strong control environment that preserve the public perception of the Agency and safeguard Agency assets where the focus is identifying areas and providing recommendations to improve customer service that is effective and responsive</p> <p>Per direction or approval by the Audit Committee and Board, and through coordination with senior management, Internal Audit would identify areas for audit where the goal and scope are to measure the performance of a program, a process, or a service or compare results to goals and identify areas for improvement, make recommendations to improve efficiencies. Conduct independent objective audits of Agency operations</p>	"Ongoing and through approved audits as approved through the Annual Audit Plan	"Completed audits. Comments and discussions from stakeholders and during Executive Management Meetings, Audit Committee Meetings and exit meetings	Teresa Velarde	May	2016	On Schedule		On Schedule and On-going. Promoting a strong control environment is embedded in the mission and the purpose of internal auditing. As a service to management and the Board, Internal Audit completes audits to promote strong controls, and make recommendations to comply with required policies and procedures, to make processes more efficient and effective and to ensure controls exist. The audits are planned through the proposed Annual Audit Plan that is approved by the Board. To-date, IA has completed the Regional Contract Review, including the reviews of each of the 7-member agencies and the comparable agencies audit. IA has also completed follow-up reviews and other operational audits to improve operations.

Exhibit B

Goal ID	FY Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
231	FY 2015/16	Monthly	Agency Management	A	Continue commitment to cost containment for operating and capital costs.	Promote a strong control environment by conducting independent and objective audits of Agency operations where the focus and audit scope includes identifying areas and providing recommendations for cost containment, effectiveness and efficiency in operations and opportunities to improve and areas of cost containment	On-going and through the audits approved by the Audit Committee and the Board during the Annual Audit Plan presentation	Completed planned and scheduled audits approved through the Annual Audit Plan. Comments and discussions during Audit Committee Meetings and exit meeting	Teresa Velarde	May	2016	On Schedule		This objective is achieved with the performance and completion of each operational audit that Internal Audit completes where recommendations are provided and communicated to those that can implement the recommendations. Each audit project provides opportunities to improve processes, contain costs, consider methods to complete work in a more effective and efficient manner. By completing operational audits, this objective is realized each and every time. The items revealed through the audit are discussed in detailed during the regularly scheduled Audit Committee meetings as well as prior to the AC meeting with management and line supervisors. Recommendations are provided to promote a strong control environment by conducting independent and objective audits of Agency operations where the focus and audit scope includes identifying areas and providing recommendations for cost containment.
232	FY 2015/16	Monthly	Agency Management	A	Initiate discussions to revise and renew the Regional Sewerage Service Contract set to expire in 2023 by January 2018	Close out and finalize the Regional Contract Review with recommendations to improve the consistent and fair application of the Regional Contract requirements among all Regional Contract Agencies. Additionally, provide recommendations to Agency management to improve and clarify clauses and requirements of the contract to negotiate a new contract going forward. Complete the evaluation of the connection and monthly sewer rate calculations, as well as Exhibit J application, as well as RCA's internal processes and procedures, supporting documentation to determine if these meet the intent and requirements of the contract. And provide workshops for the Board of Directors and the Regional Policy and Technical Committees, and provide workshops for the Board of Directors and the Regional Policy and Technical Committees	On-going follow-up review or additional evaluation as needed or requested by Management or the Board	Completion. Comments and discussions during Executive Management Meetings, Audit Committee Meetings and exit meetings	Teresa Velarde	May	2016	On Schedule		Completed the audits of the 7 member agencies, discussed the results with the contracting agencies and the Audit Committee and the Board as well as with Tech Committee. The Final Report for the Regional Contract Audit was completed in October of 2015. Over 20 recommendations were provided to evaluate, change and improve: the monthly sewer billing, the connection fee billing, the business model of the Regional Contract. Various meetings, discussions and presentations were provided by IAD. IAD continues to stay involved with some discussions of moving forward with the recommendations provided. IA stands ready to assist in any way possible and requested.

Exhibit B

Goal ID	FY Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
233	FY 2015/16	Annual	Agency Management	B	Develop and implement a plan to monitor and prepare the next generation of Agency leaders by July 2017	Maintain knowledgeable, skilled and experienced audit staff and promote continuous professional development and professional certifications and higher education, as recommended and required under the auditing standards and the IAD Charter to ensure continuous IAD improvement and to stay abreast of developing trend	Annually and on-going complete training and professional development training and participation	A minimum of sixteen hours of continuous professional development, annually. Participation in a professional association	Teresa Velarde	May	2016	On Schedule		Training and professional development is mandatory for professional internal auditors and required by the IIA guidelines which the IAD Charter is created based upon. All auditors attend at minimum of 8 continuing professional hours of training and development in the specialty of internal auditing, along with additional in-house, Agency-specific training. Additionally, to enhance the quality of the audits and demonstrate our commitment to the profession of internal auditing, 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. All three auditors have passed parts 1 and 2 of the examination and only part 3 is pending and scheduled for completion by December 2016.
234	FY 2015/16	Monthly	Agency Management	B	Develop a plan to conduct a feedback study to measure employee satisfaction	Perform a survey of auditee/customer satisfaction at the conclusion of each audit project to gather information about auditor involvement, professionalism, knowledge and ability to communicate to gain information on continuous improvement	After each completed audit/project	Feedback from customers. Discussions during regularly scheduled Audit Committee Meetings	Teresa Velarde	May	2016	On Schedule		Completed during and after each audit. Either via email, paper or discussion. It is more frequent that an evaluation is done through discussions with the auditee, management, and the Audit Committee.

Exhibit B

Goal ID	FY Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
235	FY 2015/16	Monthly	Agency Management	B	Uphold a strong internal control environment by conducting independent objective internal and external audits of Agency finances and operations	Promote a strong control environment by conducting independent objective audits of Agency operations where the focus and audit scope includes identifying areas and providing recommendations for strong internal controls, effectiveness and efficiency in operations. Broaden, improve and expand knowledge, reliance and utilization of financial and information systems to gather, research, analyze, and examine different types, more detailed and larger scopes of data to evaluate and test during audit procedures for any type of audit or reviewed. Promote a strong control environment that preserve the public perception of the Agency and safeguard Agency assets where the focus is identifying areas and providing recommendations to improve customer service that is effective and responsive Per direction or approval by the Audit Committee and Board, and through coordination with senior management, Internal Audit would identify areas for audit where the goal and scope are to measure the performance of a program, a process, or a service or compare results to goals and identify areas for improvement, make recommendations to improve efficiencies. Conduct independent objective audits of Agency operations	Ongoing and through approved audits as approved through the Annual Audit Plan	Completed audits. Comments and discussions from stakeholders and during Executive Management Meetings, Audit Committee Meetings and exit meetings	Teresa Velarde	May	2018	On Schedule		The Internal Audit Department must complete projects proposed through the Board-approved Annual Audit Plan and any amendments if any. IAD completes any projects proposed and assigned and provides recommendations for the improvement of Agency processes and procedures. Any changes to the plans are communicated to the Audit Committee and the Board.

Goal ID	FY Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
236	FY 2015/16	Monthly	Agency Management	B	Prepare and implement a Disaster Preparedness Plan and conduct periodic emergency response drills by July 2017	Update and maintain the IAD's Disaster Preparedness Plan and submit to the Audit Committee for review and submittal to the Board	Annually as part of the review of all IAD procedures and Charter	Review with the Audit Committee Advisor and Audit Committee members as well as Executive Management	Teresa Velarde	May	2016	On Schedule		The Internal Audit Department documented IA SOP -006 Business Continuity and Disaster Recovery in 2013 and is reviewed for any needed updates, annually, as required by the Charter. This SOP requires that IA assist any critical mission of the Agency first, before continuing with audit assignments, when and in the event of an emergency/disaster. Additionally, the Manager has recently attended FEMA training and is assigned the Communications Liaison. Other members of the IAD are on the Safety Committee and also are responsible for ensuring the department completes are required Safety Tailgate topics. The IAD is proactive when it comes to disaster/emergency preparedness and response ready.
237	FY 2015/16	Annual	Agency Management	B	Promote a safe work environment by administering and monitoring required safety and regulatory trainings	Comply with all required IEUA safety and regulatory trainings for required department personnel	Annually as assigned by Safety personnel	Safety Tailgate Tracker	Teresa Velarde	May	2016	On Schedule		Completed and ongoing. Each year IA completes all required safety trainings as required by the Agency.
238	FY 2015/16	Semi-Annual	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 December 2015	Certification	Teresa Velarde	May	2016	On Schedule		All three auditors in the department are preparing for the certification. The only globally accepted certification for the profession of Internal Auditing. 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. All three auditors have passed parts 1 and 2 of the examination and only part 3 is pending and scheduled for completion by December 2016.
239	FY 2015/16	Semi-Annual	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 Department	On-going	Certification	Teresa Velarde	May	2016	On Schedule		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. Once all three auditors have attained the certification of Certified Internal Auditor, a peer review of the IAD will be planned and completed for the purpose of evaluating the internal auditing activity and make the necessary adjustments/changes based on any recommendations provided.
240	FY 2015/16	Semi-Annual	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 Department functions	Work on Preparation	Peer-review certification or approval	Teresa Velarde	May	2016	On Schedule		Once all three auditors have attained the certification of Certified Internal Auditor, a peer review of the IAD will be planned and completed for the purpose of evaluating the internal auditing activity and make the necessary adjustments/changes based on any recommendations provided.

Exhibit B

Goal ID	FY Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
241	FY 2015/16	Monthly	Agency Management	C	Leverage private/public partnership opportunities	Establish, maintain and strengthen audit-related private/public partnership opportunities to have network ties and associates where audit-related topics can be shared, discussed, and evaluated with the goal of continuous internal audit processes improvement	On-going	Feedback from auditees, senior/Executive Management, the Audit Committee Advisor, the Audit Committee and Board	Teresa Velarde	May	2016	On Schedule		This is achieved through every audit project as it becomes an opportunity to promote friendly, helpful customer service, build the business networks and provide any assistance or information necessary.
241	FY 2015/16	Monthly	Agency Management	C	Leverage private/public partnership opportunities	Establish, maintain and strengthen audit-related private/public partnership opportunities to have network ties and associates where audit-related topics can be shared, discussed, and evaluated with the goal of continuous internal audit processes improvement	On-going	Feedback from auditees, senior/Executive Management, the Audit Committee Advisor, the Audit Committee and Board	Teresa Velarde	May	2016	On Schedule		This is achieved through every audit project as it becomes an opportunity to promote friendly, helpful customer service, build the business networks and provide any assistance or information necessary. This is achieved both internally with internal Agency staff, externally, with employees in outlying locations and non-Agency employees that are business professional peers and contacts.
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	May	2016	On Schedule	No	All three auditors in the department are working to achieve the certification of Certified Internal Auditors. The certification requires passing a rigorous 3-part examination, among other professional requirements. All three Department auditors have completed and passed two of the three parts and two auditors plan to complete full designation by December 2016. All three auditors comply with attending to the required hours for continuing professional education.
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	May	2016	On Schedule	No	As required by the IAD Charter, each year, auditors review the two 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 its performance and services through end-of-audit evaluations/surveys, discussions with management, auditees and the Audit Committee. 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	May	2016	On Schedule	No	A peer-review will be scheduled once at least one auditor is certified as a Certified Internal Auditor. This will be performed by a separate organization and a report will be provided with recommendations. This process will serve to evaluate the function and provide any feedback to ensure continuous improvement. This peer review activity is common and recommended among the industry of Internal Auditing and serves as a continuous improvement tool as well as a checks and balance on IA.

Laboratory

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
197	FY 2015/16	Quarterly	Engineering, Planning and Science	B	Promote a safer work environment by administering and monitoring required safety and regulatory trainings.	Complete a Review/Update of the Laboratory Chemical Hygiene Plan annually. (CHP)	Complete by December 2015	Nel Groenveld	May	2016	On Schedule	No	CHP has been reviewed
300	FY 2015/16	Quarterly	Engineering, Planning and Science	A	Continue commitment to cost containment for operating and capital costs	Evaluate advances in laboratory design for inclusion in the construction of the new Water Quality Laboratory	December 2015	Nel Groenveld	May	2016	On Schedule		Process continues through construction of new lab
301	FY 2015/16	Annual	Engineering, Planning and Science	A	Continue commitment to cost containment for operating and capital costs	Maintain Laboratory certification for all current analysis performed, add certification if justified to reduce cost of contracting out some analysis	December 2015	Nel Groenveld	May	2016	On Schedule		Currently analyzing PE samples, ELAP site visit should occur by Sept. 2016
302	FY 2015/16	Monthly	Engineering, Planning and Science	B	Promote a safer work environment by administering and monitoring required safety and regulatory trainings	Meet the bi-weekly safety tailgate meeting requirement	December 2015	Nel Groenveld	May	2016	On Schedule		Ongoing
303	FY 2015/16	Annual	Engineering, Planning and Science	F	Annually review and update Key Performance Indicators (KPIs) to monitor and comply with all regulatory requirements	Annually review and update monitoring and analysis protocols to reflect any new regulatory requirements	December 2015	Nel Groenveld	May	2016	On Schedule		Review is complete for 2015 and ongoing in 2016
Maintenance													
308	FY 2015/16	Quarterly	Operations	B	Establish a cross training program across departments and divisions to enhance understanding of Agency programs	Develop and implement a division-wide training program to enhance understanding by Agency staff of wastewater treatment process and compliance; modern maintenance practices; and recycled water maintenance.	By June 30, 2016	Randy Lee	May	2016	On Schedule		Individual training requirements have been identified and employee review meetings have been scheduled for 5/19/16 and 5/23/16. CBM training contracts are in place. Arc flash training is being attended by Maintenance, IERCF, and Operations staff. Remaining training will occur next fiscal year
Operations													
304	FY 2015/16	Quarterly	Operations	B	Review and revise the Emergency Preparedness Plan by July 2017	Support Human Resources in the development of an Emergency Preparedness Plan for the Operations Department.	As needed	Chander Letulle/Matt	May	2016	On Schedule		Operations staff have attended required meetings. An RP-1 specific plan has been developed.
306	FY 2015/16	Quarterly	Operations	F	Strive for 100% use of Agency bi-products by 2021	Support the development and implementation of the Energy Management Plan to ensure 100% use of digester gas	By June 2016 Ongoing	Chander Letulle, Matt	May	2016	On Schedule		Operations has met all implementation goals.
307	FY 2015/16	Monthly	Operations	F	Strive for 100% use of Agency bi-products by 2021	Maximize use of biosolids by sending 90% of organics to IERCF	By June 2016 Ongoing	Randy Lee	May	2016	On Schedule		All Agency biosolids have been sent to the IERCF, processed into compost and sold into landscape and agricultural markets.
198	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	Measure baseline usage of potable and recycled water usage.	Ongoing through June 2016	Matt Melendrez and	May	2016	On Schedule	No	Potable water usage data is collected and monitored for all sites. Recycled water usage data is collected and monitored at RP-5, CCWRF, and RP-2. Projects are identified and scheduled to add meters at RP-1 and RP-4.
199	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 peak demand management readiness	Ongoing through June 2016	Bill Leever	April	2016	On Schedule	No	This goal will be combined into the Peak Demand Management Strategy. It will include pump station readiness, weekly peak demand management meetings.

Goal ID	FY Start	Reporting Required	Division	Sus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
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 Leever	April	2016	On Schedule	No	This goal will be combined into the Peak Demand Management Strategy. It will include pump station readiness, and weekly peak demand management meetings.
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 Leever	April	2016	On Schedule	No	RW demand is beginning to increase as weather warms and summer growing season ramps up. Meetings have been held with staff and the cities of Ontario and Chino to discuss demand management strategies. Currently the cities will integrate with the largest ag RW users to mitigate RW demand issues.
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 Leever	April	2016	On Schedule	No	There are currently no additional basins that are scheduled for RW use and no plans for new SUP's.
203	FY 2015/16	Quarterly	Operations	D	Identify and protect the best recharge land sites in the service region by June 2016	Ensure all treatment standards are met to maximize availability of recycled water.	Completed by June 2016 and Ongoing		Matt Melendrez and	May	2016	On Schedule	No	According to Compliance's Incident Report Summary all facilities are meeting or exceeding standards.
204	FY 2015/16	Quarterly	Operations	D	Identify and protect the best recharge land sites in the service region by June 2016	Identify projects necessary to reduce potable and promote recycled water usage	Completed by June 2016 and Ongoing		Matt Melendrez and	May	2016	On Schedule	No	Project has been identified to switch the San Bernardino Lift Station packing water system from potable to recycled water. Working with Engineering and Planning Departments to schedule this project once recycled water service is established in the area.
205	FY 2015/16	Quarterly	Operations	D	Identify and protect the best recharge land sites 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 Leever	April	2016	On Schedule	No	The RW/GWR department has several improvement related work orders in to DCS to more efficiently manage RW/GWR activities, including 1) developing code to auto-report monthly RW deliveries, 2) improving SCADA screens to more accurately reflect critical basin structure elevations, and 3) refining code to increase RW deliveries and decrease discharge to creeks.
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 Leever	April	2016	On Schedule	No	Victoria Basin and RP3 Basin are scheduled for infiltration restoration during 3Q16.
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	Written strategies and forecasts to be developed by RW and GWR staff	Bill Leever	April	2016	On Schedule	No	Continuing to work with both Ops and Planning staff to develop written RW storage and delivery strategies.
79	FY 2015/16	Quarterly	Operations	D	Optimize IEUA's use of potable and recycled water by July 2016	Measure baseline usage of potable and recycle water at all Agency facilities.	FY 2015/16	One facility per quarter	Matt Melendrez	May	2016	On Schedule	No	Potable water usage data is collected and monitored for all sites. Recycled water usage data is collected and monitored at RP-5, CCWRF, and RP-2. Projects are identified and scheduled to add meters at RP-1 and RP-4.
Planning and Environmental Compliance														
89	FY 2015/16	Quarterly	Engineering, Planning and Science	D	Identify and protect the best recharge land sites in the service region by June 2016	Implement the schedule consistent with the IRP	continuous	Meet the schedule as defined by the IRP	Sylvie Lee	May	2016	On Schedule	No	IRP Phase 1 to be adopted at June Board Meeting

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	
89	FY 2015/16	Quarterly	Engineering, Planning and Science	D	Identify and protect the best recharge land sites in the service region by June 2016	Implement the schedule consistent with the IRP	continuous	Meet the schedule as defined by the IRP	Sylvie Lee	May	2016	On Schedule	No	The East Declez property was actively pursued by IEUA on behalf of CBWM. CBWM parties did not want the project to move forward, and as a result project was cancelled. Will work on other opportunities as they arise
189	FY 2015/16	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	Develop consensus on the language for revision of the Regional Sewerage Contract. Update to meet current practices and needs.	To be Completed by January 2018		Sylvie Lee	May	2016	Behind Schedule	No	Regional Contract discussions on the recycled water amendment is the first priority, with anticipated scheduled completion of June 2016. The remainder of the contract amendment schedule has been delayed to Spring 2017.
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		Sylvie Lee	May	2016	On Schedule	No	Submitted permit application to the US Army Corps of Engineers on 3/28/2016.
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		Sylvie Lee	May	2016	On Schedule	No	Consultant preparing the draft Programmatic Environmental Impact Report for the Agency's planning initiatives. Adoption expected fall 2016.
192	FY 2015/16	Annual	Engineering, Planning and Science	D	Identify and protect the best recharge land sites in the service region by June 2016	Strategically pursue projects to maximize funding/grant opportunities	To be Completed by June 2016	Meet the schedule as defined by the IRP	Sylvie Lee	May	2016	On Schedule	No	The department is taking initiative to prepare the strategic grant plan to maximize and actively seek funding opportunities. Plan is expected to be completed by July 2016.
193	FY 2015/16	Quarterly	Engineering, Planning and Science	D	Identify and protect the best recharge land sites in the service region by June 2016	Evaluate new projects and programs to support regional water reliability	Continuous	Meet the schedule as defined by the IRP	Sylvie Lee	May	2016	On Schedule	No	IRP completed and going to Board for adoption in June 2016
194	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	Develop and implement the RWPDM to optimize efficient use of recycled water. Work with member agencies to encourage new developments to connect to recycled water.	To be completed by June 2016	Develop the plans	Sylvie Lee	May	2016	On Schedule	No	Agency has been working with member agencies on an ongoing basis to seek, educate and help convert customers to recycled water
194	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	Develop and implement the RWPDM to optimize efficient use of recycled water. Work with member agencies to encourage new developments to connect to recycled water.	To be completed by June 2016	Develop the plans	Sylvie Lee	May	2016	On Schedule	No	RW Injection Pilot demonstration project - convening an expert panel, and issued an RFP to hire a hydrogeologist to start an initial investigation.
195	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	Sylvie Lee	May	2016	On Schedule	No	RFP for RW Injection Demonstration Project hydrogeologic design services issued and proposals were received in April.
196	FY 2015/16	Quarterly	Engineering, Planning and Science	D	Accelerate implementation of capital projects where appropriate to "drought proof" regional water supplies and optimize use of available federal and state grants and low interest rate financing	Accelerate implementation of "Drought Proof" projects to optimize use of federal and state grants and loans; develop the project list based on priority.	Continuous	Keep updated project list and be coordinated with member agencies	Sylvie Lee	May	2016	Behind Schedule	No	The drought projects will be discussed in the IRP Phase 2. IRP Phase 2 discussions are expected to begin in Summer 2016

Goal ID	FY Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
270	FY 2015/16	Monthly	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	Grants Opportunities announcements to Agency departments and member agencies.	Sylvie Lee	May	2016	On Schedule		Department is working a strategic grant plan expected to be completed by July 2016. The Agency has actively pursued grant opportunities for Ag water use efficiency and drought planning.
271	FY 2015/16	Monthly	Engineering, Planning and Science	A	Initiate discussions to revise and renew the Regional Sewerage Service Contract set to expire in 2023 by January 2018	Collaborate with the Member agencies, JPAs, and the regional leaders on projects that can be partially funded by grant or SRF loan programs	Ongoing	Collaborating with IEUA and member agencies on preparing, submitting and monitoring grant and SRF loan applications for eligible projects.	Sylvie Lee	May	2016	On Schedule		Agency has been working with Ontario on RW Projects that were submitted to the SWRCB for Prop 1 funding. Agency also collaborated with JCSD, MVWD and Pomona on RW Projects.
272	FY 2015/16	Monthly	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	Grants Opportunities announcements to Agency departments and member agencies.	Sylvie Lee	May	2016	On Schedule		Agency applied for Ag water use efficiency, drought planning, and septic sewer analysis. Agency received funding for septic sewer analysis.
277	FY 2015/16	Quarterly	Engineering, Planning and Science	A	Integrate projects identified in the long range financial planning documents, such as the Urban Water Management Plan, and the Integrated Resources Plan	Integrate projects identified in the various planning documents into the TYCIP (Biennial).	42430	Adopt the Biennial TYCIP by March 2016.	Sylvie Lee	May	2016	On Schedule		TYCIP was adopted at May 2016 Board Meeting
279	FY 2015/16	Quarterly	Engineering, Planning and Science	C	Promote regional projects and initiatives to boost business and industry relocations and promote economic development in the region	Promote local initiatives; consider and recognize the business impacts when developing regulations, policies, and planning documents	Continuous	Maintain the schedules as established in the regulations, policies and planning documents	Sylvie Lee	May	2016	On Schedule		On going. Its considered in each of the planning initiatives for the department.
280	FY 2015/16	Monthly	Engineering, Planning and Science	C	Provide timely updates to the Regional Committees and the IEUA Board on long term planning needs	Provide regular updates to the Regional Committees and IEUA Board on long term planning needs.	Continuous	Provide monthly/ quarterly/annual updates as needed.	Sylvie Lee	May	2016	On Schedule		Updated have been provided on planning issues through the quarter
281	FY 2015/16	Quarterly	Engineering, Planning and Science	D	Complete update of the Water Efficiency Business Plan, the Integrated Resources Plan, and the Urban Water Management Plan	Complete update of the WUE, and UWMP	WUE: Nov 2015	Completion and adoption of WUE and UWMP	Sylvie Lee	May	2016	On Schedule		The WEUBP and UWMP will be presented to the Board for adoption in June 2016.
281	FY 2015/16	Quarterly	Engineering, Planning and Science	D	Complete update of the Water Efficiency Business Plan, the Integrated Resources Plan, and the Urban Water Management Plan	Complete update of the WUE, and UWMP	WUE: Nov 2015	Completion and adoption of WUE and UWMP	Sylvie Lee	April	2016	On Schedule		WUE Business Plan was completed in March 2016. Plan adoption is scheduled for June 15, 2016.
281	FY 2015/16	Quarterly	Engineering, Planning and Science	D	Complete update of the Water Efficiency Business Plan, the Integrated Resources Plan, and the Urban Water Management Plan	Complete update of the WUE, and UWMP	WUE: Nov 2015	Completion and adoption of WUE and UWMP	Sylvie Lee	April	2016	On Schedule		Urban Water Management Plan Draft was completed in April. Board Adoption is scheduled for June 15, 2016.
283	FY 2015/16	Quarterly	Engineering, Planning and Science	D	Advocate for ordinances requiring use of permeable pavement in new parking lots	Work with member agencies to develop ordinances, programs, and initiatives to promote storm water capture.	June 2016 Ongoing	Ongoing development of programs, plans, and policies to support storm water capture	Sylvie Lee	May	2016	On Schedule		A Storm Water Resources Plan was prepared and submitted to SAWPA OWOW in March, but due to a lack of quorum could not be adopted. The plan was updated and will be submitted for OWOW adoption in May, 2016
283	FY 2015/16	Quarterly	Engineering, Planning and Science	D	Advocate for ordinances requiring use of permeable pavement in new parking lots	Work with member agencies to develop ordinances, programs, and initiatives to promote storm water capture.	June 2016 Ongoing	Ongoing development of programs, plans, and policies to support storm water capture	Sylvie Lee	May	2016	On Schedule		Developed an outline for Low Impact Development planning document. Will further the document in FY16/17.

Goal ID	FY Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
283	FY 2015/16	Quarterly	Engineering, Planning and Science	D	Advocate for ordinances requiring use of permeable pavement in new parking lots	Work with member agencies to develop ordinances, programs, and initiatives to promote storm water capture.	June 2016 Ongoing	Ongoing development of programs, plans, and policies to support storm water capture	Sylvie Lee	May	2016	On Schedule		Prepared a Storm Water Resources Plan and submitted to SAWPA OWOW for adoption.
284	FY 2015/16	Semi-Annual	Engineering, Planning and Science	D	Optimize IEUA's use of potable and recycled water by July 2016	Optimize IEUA's use of potable and recycled water by completion of the recommended updates of the Recycled Water Program Strategy (RWPS).	June 2016 Ongoing	Adopt the RWPS	Sylvie Lee	May	2016	On Schedule		Projects are being implemented on schedule with the RWPS
285	FY 2015/16	Quarterly	Engineering, Planning and Science	D	Identify and evaluate supplemental water supplies for the region	Identify and evaluate supplemental water supplies for the region through completion of the Integrated Resource Plan (IRP).	January 2016	Adopt the IRP by January 2016	Sylvie Lee	May	2016	On Schedule		IRP completed and going to Board for adoption in June 2016
286	FY 2015/16	Annual	Engineering, Planning and Science	D	Achieve 20,000 acre feet of recycled water recharge in Dry Years by June 2019	Implement the planning and permitting schedule of the Recharge Master Plan Update.	June 2020	Meet the schedules as defined by the RMPU	Sylvie Lee	May	2016	On Schedule		Agency staff met month at RIPComm meeting at CBWM to present status of budget, preliminary design, and other issues such as alternative projects.
287	FY 2015/16	Quarterly	Engineering, Planning and Science	D	Identify and protect the best recharge land sites in the service region by June 2016	Strategically pursue projects to maximize funding/grant opportunities	Annual	Participate with SAWPA and other Regional Agencies in developing potential project lists.	Sylvie Lee	May	2016	On Schedule		East Declez site was evaluated by IEUA for inclusion in RMPU projects, but was not selected by the Appropriate Pool.
288	FY 2015/16	Quarterly	Engineering, Planning and Science	D	Identify and protect the best recharge land sites in the service region by June 2016	Evaluate new projects and programs to support regional water reliability	Continuous	Identify and evaluate new opportunities for water reliability	Sylvie Lee	May	2016	On Schedule		East Declez site was evaluated by IEUA for inclusion in RMPU projects, but was not selected by the Appropriate Pool.
288	FY 2015/16	Quarterly	Engineering, Planning and Science	D	Identify and protect the best recharge land sites in the service region by June 2016	Evaluate new projects and programs to support regional water reliability	Continuous	Identify and evaluate new opportunities for water reliability	Sylvie Lee	May	2016	On Schedule		The Agency has been actively working on SARCCUP with SAWPA and four other SAWPA member agencies for long term water resource planning.
289	FY 2015/16	Annual	Engineering, Planning and Science	D	Conduct research to find new methods to safely recharge more water into Chino Basin by June 2016	Develop and implement the Recycled Water Peak Demand Management Plan to optimize efficient use of recycled water. Work with member agencies to encourage new developments to connect to recycled water.	Continuous	Continuous dialogue with member agencies and through customers as needed to connect new customers and support demand management initiatives.	Sylvie Lee	May	2016	On Schedule		member agency demand management meeting was held in April 2016 to discuss the need for coordinated demand management for recycled water on large users
291	FY 2015/16	Monthly	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 regional contracting agencies to review and maintain accurate building activity reports		Provide monthly updates on the status of the connections in the region	Sylvie Lee	May	2016	On Schedule		Continue to work with RCAs to review and maintain accurate building activity reports.
295	FY 2015/16	Quarterly	Engineering, Planning and Science	F	Develop a communication plan to promote being a good neighbor	Develop a communication plan to neighboring businesses of odor performance monitoring.	Continuous	Periodic/as needed monitoring performed	Sylvie Lee	May	2016	On Schedule		Perform quarterly odor survey at all facilities.
288	FY 2015/16	Quarterly	Engineering, Planning and Science	F	Develop a communication plan to promote being a good neighbor	Assist Operations and External Affairs with odor complaint investigations and assist with mitigation.	Continuous	Provide support as needed	Sylvie Lee	May	2016	On Schedule		Perform odor monitoring, as needed to assist Operations, External Affairs during complaints investigation and mitigation.
297	FY 2015/16	Quarterly	Engineering, Planning and Science	F	Lead efforts to advocate for emerging trends and proposed changes to rules and regulations	Actively participate in the legislative process through advice letters and comments	Continuous	Actively participate and submit comments/letters as issues arise through ACWA, WaterReuse, SCAP.	Sylvie Lee	May	2016	On Schedule		This has been ongoing, and several initiatives were completed during the third quarter including RW general order, emergency regulations for drinking water, and organics initiative.

Exhibit B

Goal ID	FY Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
298	FY 2015/16	Quarterly	Engineering, Planning and Science	F	Ensure Agency programs promote environmental stewardship, sustainability, and preservation of heritage measures, utilizing green procurement and reuse of surplus materials, equipment, and parts when possible	Update IEBL Ordinance and Enforcement Response Plan.	March 2016	Adopt the IEBL Ordinance by March 2016	Sylvie Lee	May	2016	Behind Schedule		IEBL Ordinance will be completed following SAWPA Ordinance adoption in September.
299	FY 2015/16	Annual	Engineering, Planning and Science	F	Develop a regionally focused Comprehensive Mitigation Plan for construction projects by July 2016	Complete a Santa Ana River Multi Species Habitat Conservation Plan (SAR-MSHCP) and develop a long-term strategy for mitigation for other regional projects.	June 2017	Adopt the SAR-MSHCP by June 2017	Sylvie Lee	May	2016	On Schedule		Agency submitted its project details to the MSHCP, which included selected recharge master plan projects and GWR O&M activities.
Technical Services														
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 Noelte	April	2016	On Schedule	No	A long-term procedure for cleaning continues to be developed. The feasibility of strainer gates at RP-5 CCB is under investigation.
310	FY 2015/16	Annual	Operations	C	Review and update the Asset Management Plan	Update the AMP	February 2017	Complete and distribute AMP	Jeff Noelte	April	2016	On Schedule		The FY 16/17 AMP will be complete by June 2016. The project list from the TYCIP update is now available to be integrated into the AMP.

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	3/31/16	511120	Emp. Training	\$5,000	512110	Supplies General	\$5,000	Transfer needed to make funds available to pay for Hach invoices.	3
10200	3/31/16	521080	Other Cont. Services	\$10,000	512110	Supplies General	\$10,000	Transfer needed to make funds available to pay for Hach invoices.	3
10800	3/29/16	521080	Other Cont. Services	\$20,000	521080	Other Contract Services	\$20,000	Transfer to cover the costs of the Magnolia Channel O&M permit application filing.	3
			Total O&M Transfers Out	\$35,000		Total O&M Transfers In	\$35,000		

**Inland Empire Utilities Agency
FY 2015/16 GM Contingency Account Activity (10200-112100-100000-519010)**

Exhibit C-2

Date	Description	Account/Project No.	Requestor	GM Contingency		Balance
				Budget	Transfers	
				\$400,000		\$400,000
7/1/2015	FY 2015/16 Adopted budget	RO Fund 10800-112100-501000-519010				\$295,000
3/3/2016	Budget transfer to cover legal litigation projection in Water Resources fund	RO Fund 10700-112100-110000-520230	J. Chagoyen-Lazaro		\$105,000	\$279,000
3/3/2016	Budget transfer to cover general legal projection in Water Resources fund	RO Fund 10700-112100-110000-520210	J. Chagoyen-Lazaro		\$16,000	\$212,000
3/3/2016	Budget transfer to cover general legal projection in Recycled Water fund	RO Fund 10600-112100-130000-520210	J. Chagoyen-Lazaro		\$67,000	\$162,000
3/3/2016	Budget transfer to cover general legal projection in Regional Capital fund	RO Fund 10900-112100-500000-520210	J. Chagoyen-Lazaro		\$50,000	
				\$400,000	\$238,000	\$162,000
RO Fund GM Contingency						
				\$100,000		\$100,000
7/1/2015	FY 2015/16 Adopted budget	GG Fund 10200-112100-100000-519010				\$70,000
7/6/2015	Budget transfer to cover fees for hiring temporary help within Agency Mgmt Dept	GG Fund 10200-112100-100000-521080	A. Woodruff		\$30,000	\$30,000
1/11/2016	Budget transfer to hire consultant for proposed consolidation of CBWCD	GG Fund 10200-113100-100000-520980	K. Besser		\$40,000	\$28,500
3/24/2016	Budget transfer to purchase computer hardware for CAFS department	GG Fund IS16015	K. Baxter		\$1,500	\$26,300
3/23/2016	Budget transfer to purchase a laptop for new hire in Engineering department	GG Fund IS16015	S. Stone		\$2,200	\$24,800
3/31/16	Budget transfer to purchase a computer for new hire in Records Management	GG Fund IS16015	W. Green		\$1,500	
				\$100,000	\$75,200	\$24,800
GG Fund GM Contingency						
GM CONTINGENCY GRAND TOTAL				\$500,000	\$313,200	\$186,800

cc: Joe Grindstaff, Christina Valencia

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

Exhibit D

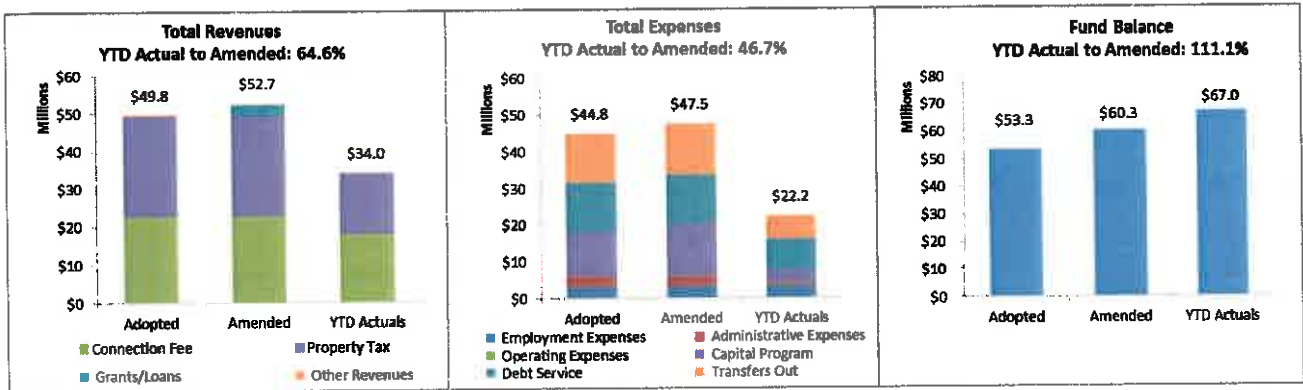
Fund	Capital or Oper. Proj?	Request Date	Total Proj Budget Change (Y/N)?	Annual Proj Budget Change (Y/N)?	New Proj? Y/N?	Project Number	Project Title	Adopted Total Project Budget	Prior FY 2015/16 TP Changes	Current Total Project Budget	Amt. of Transfer In / (Out)	New TP Budget	FY 2015/16 Annual Project Budget	Annual Proj Budget Change	New Annual Project Budget	Project Transferred To/(from)	Justification		
10200	O&M Proj	1/1/16	Yes	Yes	No	PA15008	Major Asset Repair/Replace	\$592,109	\$0	\$592,109	(\$36,200)	\$495,909	\$60,002	(\$36,200)	\$43,802	O&M: 519120	Transfer from PA15008 to O&M, 519120, Inventory - Obsolete/Scrap to support obsolete inventory that is no longer required to stock.		
Subtotal Administration (96)								\$592,109				\$495,909	\$60,002		\$43,802				
10700	O&M Proj	2/24/16	Yes	Yes	Yes	WR16019	Water Use Efficiency Tools	\$600,000	(\$150,000)	\$450,000	(\$300,000)	\$150,000	\$450,000	(\$300,000)	\$150,000	WR16027	Transfer from WR16019 to create new project, WR16027, to expand the "Residential Landscape Retrofit Program" to offer educational training, landscape surveys, and controller upgrades to weather-based systems to homeowners.		
						WR16027	Residential Controller Upgrade Program	\$0	\$0	\$0	\$300,000	\$300,000	\$0	\$300,000	\$300,000	(WR16019)			
Subtotal Water Resources (WW)								\$600,000				\$450,000	\$450,000		\$450,000				
10800	O&M Proj	2/10/16	Yes	Yes	No	PA15006	Aeration System Rehabilitation	\$2,200,000	\$0	\$2,200,000	\$365,000	\$2,565,000	\$235,829	\$365,000	\$600,829	(O&M: 545230)	Transfer from O&M category, Fuel Cell Power, to PA15006 to support the repair of aeration panels at RP-4.		
	O&M Proj	2/17/16	Yes	Yes	Yes	CP16008	CCWRF Lawn Conversion Improvement	\$0	\$0	\$0	\$200,000	\$200,000	\$0	\$200,000	\$200,000	(RO Reserves)	Board approved amendment to fund the landscape services contract with EcoTech Services, Inc. for the CCWRF lawn conversion.		
Subtotal Regional Operations (RO)								\$2,200,000				\$2,765,000	\$235,829		\$800,829				
10900	O&M Proj	3/21/16	Yes	Yes	Yes	EN16018	RC Emergency O&M Projects Fund	\$600,000	\$0	\$600,000	(\$50,000)	\$550,000	\$600,000	(\$50,000)	\$550,000	PL16015	Transfer from EN16018 to create new project, PL16015, to address a feasibility study to develop a plan of implementation for the conversion of septic users in the area to the local/agency sewer system.		
						PL16015	Sewer Service Feasibility Study	\$0	\$0	\$0	\$50,000	\$50,000	\$0	\$50,000	\$50,000	(EN16018)			
	O&M Proj	3/21/16	Yes	Yes	Yes	EN16018	RC Emergency O&M Projects Fund	\$600,000	(\$50,000)	\$550,000	(\$50,000)	\$500,000	\$550,000	(\$50,000)	\$500,000	PL16016	Transfer from EN16018 to create new project, PL16016, to evaluate the methodology for calculation of sewer connection fees as part of the regional contract revision.		
						PL16016	Sewer Use Fee Evaluation	\$0	\$0	\$0	\$50,000	\$50,000	\$0	\$50,000	\$50,000	(EN16018)			
Subtotal Regional Capital (RC)								\$1,200,000				\$1,150,000	\$1,150,000		\$1,150,000				
O&M Total Project Budget																			
Adopted								\$4,532,109											
Amended												\$4,860,909							
Total Annual O&M Project Budget																			
Adopted																			
Amended																			
Total Capital and O&M Project Transfers																			
TPB Change - Capital																			
TPB Change - O&M Project																			
Net Change - TPB																			

Total Capital and O&M Project Transfers	\$1,813,200
TPB Change - Capital	(\$120,000)
TPB Change - O&M Project	\$328,800
Net Change - TPB	\$208,800

**Financial Overview of Agency's Programs
FY 2015/16 Third Quarter ended March 31, 2016
Total Revenues, Expenses, and Fund Balance**

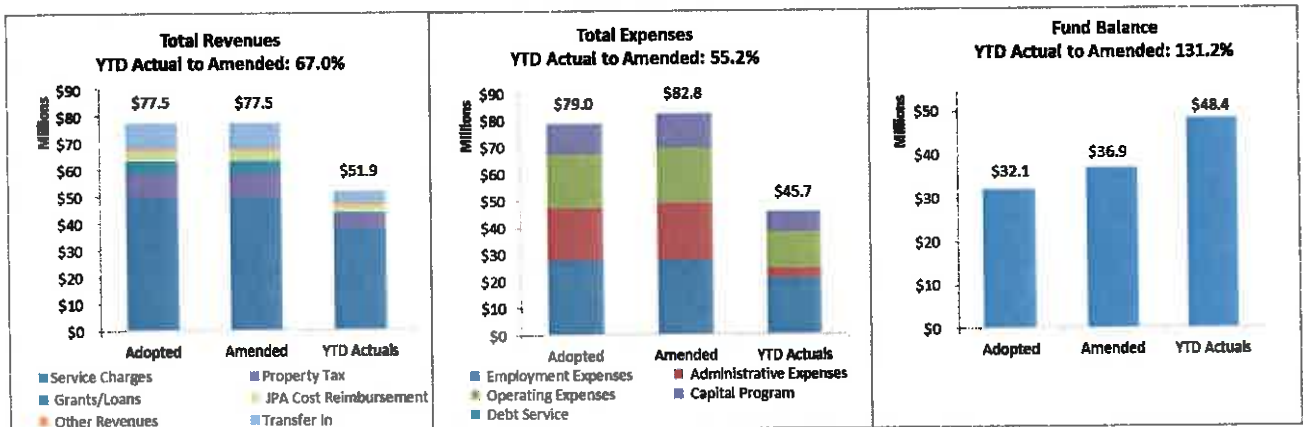
Regional Wastewater Capital Improvement (RC) Fund

The fund balance indicated an increase of \$6.7 million compared to the amended budget due to lower than anticipated capital spending and debt service payments.



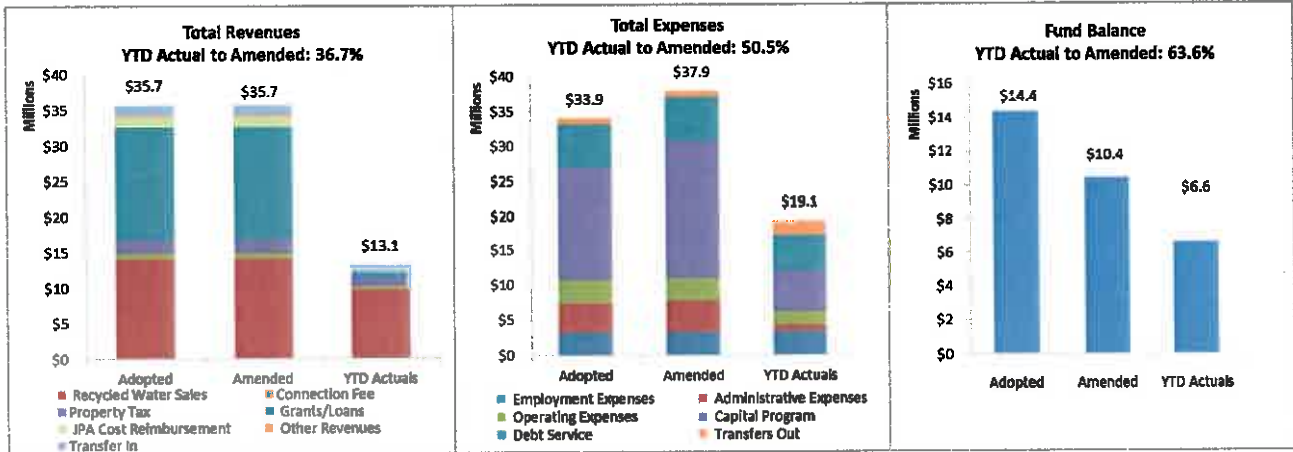
Regional Wastewater Operations and Maintenance (RO) Fund

The fund balance increase of \$11.5 million compared to the amended budget due to the delayed execution of O&M and capital replacement and rehabilitation projects.



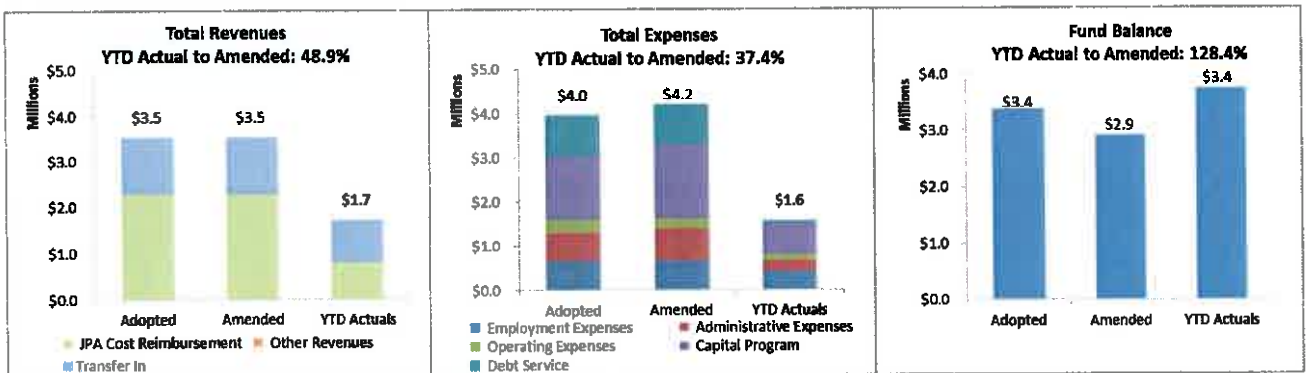
Recycled Water (WC) Fund

The fund balance indicated a decrease of \$3.8 million compared to the amended budget due to low grants and loan receipts linked to the timing and level of capital spending.



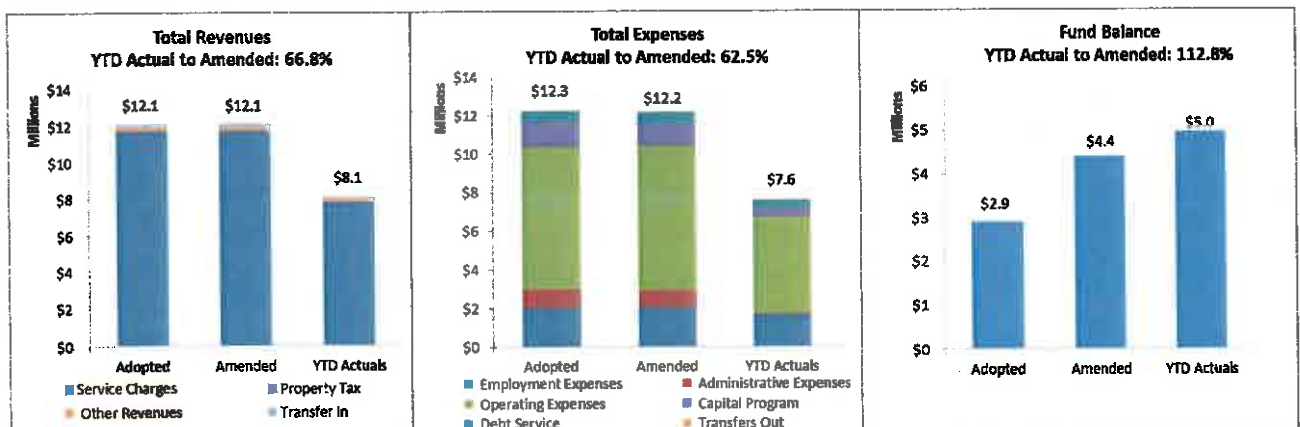
Recharge Water (RW) Fund

The fund balance shows a slight increase of \$0.8 million compared to the amended budget due to delays in capital project execution.



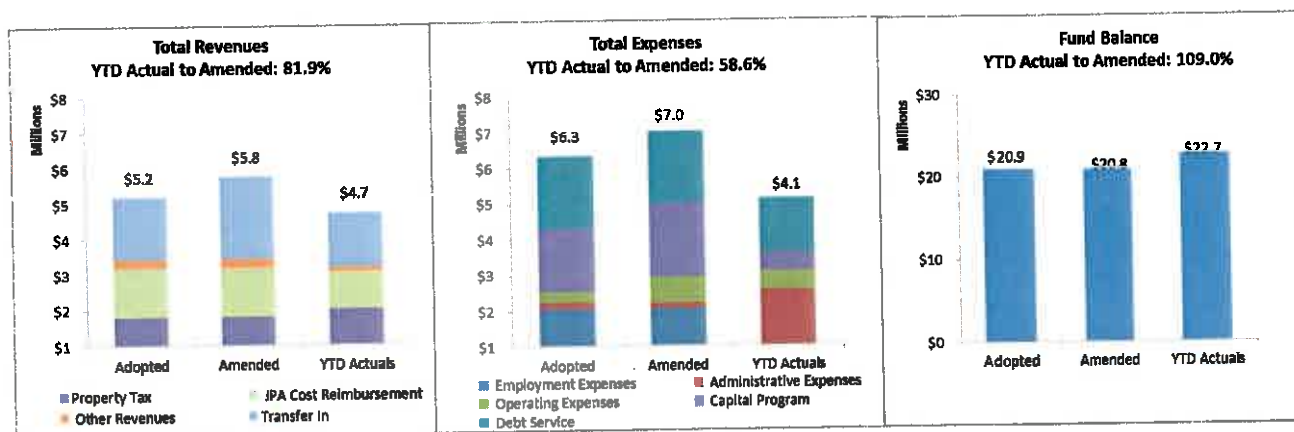
Non-Reclaimable Wastewater (NRW) Fund

The fund balance indicated a slight increase of \$0.5 million compared to the amended budget due to delay of capital expenses.



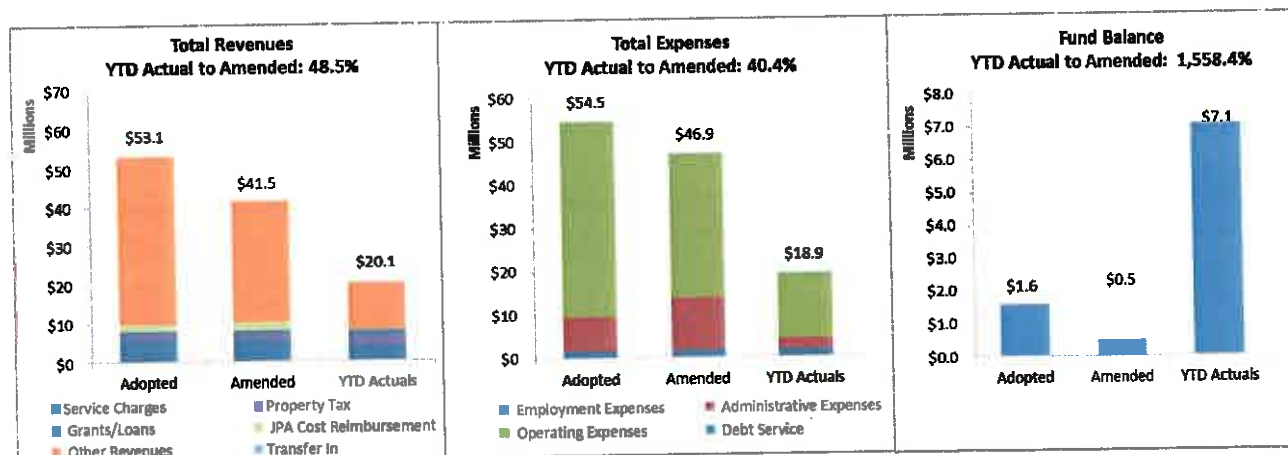
Administrative Services (GG) Fund

The fund balance indicated an increase of \$1.9 million compared to the amended budget due to lower than budgeted spending in professional fees & services and capital projects, and higher than anticipated property tax receipts.



Water Resources (WW) Fund

The fund balance indicates an increase of \$6.6 million compared to the amended budget due to higher than anticipated property tax receipts, coupled with lower spending on special projects.



**INFORMATION
ITEM**

5E



Date: June 15, 2016
To: The Honorable Board of Directors
Through: Public, Legislative Affairs and Water Resources Committee (6/8/16)
From: P. Joseph Grindstaff
General Manager
Submitted by: Kathy Besser
Manager of External Affairs
Subject: Public Outreach and Communication

RECOMMENDATION

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

BACKGROUND

July

- July is Smart Irrigation Month
- July 16 – Chino Community Garden Grand Opening, 9:00 a.m. to 12:00 p.m., 5976 Riverside Drive, Chino
- July 20 (Tentative) – Employee Appreciation Picnic, 11:30 a.m., Location TBD

August

- August 12 – San Bernardino County Water Conference, Ontario Convention Center, 3400 Shelby Street, Ontario

Outreach/Education - Civic Publications Newspaper Campaign

- IEUA sent an email blast on May 26 with the subject line reading *May is Water Awareness Month: Are you AWARE of your WATER USE?* The email blast led viewers to the KickWaterWaste.com website.
- IEUA ran a Water Awareness Month advertisement in the Daily Bulletin on May 15.

Media and Outreach

- Staff is developing summer messaging tips and re-vamping the *Kick the Habit* logo to include a summer brand for messaging during the summer months. The tips will focus on the State Water Resources Control Board's permanent restrictions following the Governor's Executive Order.

Public Outreach and Communication

June 15, 2016

Page 2

- Staff is updating the *Kick the Habit* movie trailer and will outreach through local theaters for 14 weeks beginning June 17.
- Staff is developing advertisements to promote “No Drugs Down the Drain” and IEUA’s Automatic Water Softener Rebate program. These advertisements will run in June in the *Daily Bulletin*, *Fontana Herald News* and *La Opinión* newspapers.
- A *Kick the Habit* advertisement will run in the *Champion Newspaper*’s Healthy Living section on June 18.
- IEUA staff placed a ¼ page *Kick the Habit* advertisement in the *Fontana Herald News* for the month of June.
- *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.
- In May, 27 items were posted to Facebook and 24 tweets were sent under the @IEUAwater Twitter handle.
- Staff began implementing Friday Foliage as a weekly spot on IEUA’s social media channels to 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, the location of where to locate them in the Chino Creek Park, etc.)
- For Water Awareness Month (May), staff implemented social media posts including *Where’s Wally?* and *Advice from Owlie*. Staff developed water tip videos to display on social media sites and the Agency website. The post categories and water tip videos will continue to be an Agency staple for outreach moving forward into the summer months.

Education and Outreach Updates

- The Water Discovery Program is booked through the 2015/2016 school year. 1,597 Girl Scout troop members, elementary, middle and high school students have taken part in the park field trip from July 1, 2015 through May 30, 2016. The Busing Mini-Grant program was extended through December 2020.
- Solar Cup 2016 was a huge success for IEUA teams. Henry J. Kaiser High School in the city of Fontana, took 1st place overall in the rookie division at the three-day competition at Metropolitan’s Lake Skinner. In the competitions leading to their 1st place finish, they received the most points in the endurance race, the 200-meter sprint and the Inland Empire Region Public Service Announcement categories. Chino High School in the city of Chino, placed 2nd overall against 38 teams in the veterans division, an incredible jump from their 13th place finish last year. They received the most points for their Inland Empire Region Public Service Announcement and was awarded the 2nd most points for the 200-meter sprint in the Inland Empire Region.
- The Garden in Every School® team conducted site visits in May to evaluate the proposed garden sites at schools that submitted grants for program year 2016/17. After evaluation, Montclair High School in the city of Montclair, Arroyo Elementary in the city of Ontario, Townsend Junior High School in the city of Chino, and Rolling Ridge Elementary in the city of Chino Hills have been selected and awarded the grant.
- Staff will begin working with member agencies in June to plan the 2016 Water Conservation Fair.

Public Outreach and Communication
June 15, 2016
Page 3

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**

5F

Innovative Federal Strategies LLC

Comprehensive Government Relations

MEMORANDUM

To: Joe Grindstaff and Kathy Besser, IEUA

From: Letitia White, Jean Denton, and Drew Tatum

Date: May 26, 2016

Re: May Monthly Legislative Update

As House Starts Appropriations Process, Amendments Stall Progress

While House Republican lawmakers hoped to advance a budget at the beginning of the month, they were unsuccessful in bringing a budget to the floor during the month of May. Republicans in the House have yet to resolve a dispute regarding the increased budget caps agreed to in the Bipartisan Budget Act of 2015. That agreement raised the discretionary spending accounts by roughly \$30 billion in FY15 and FY16 by extending budget sequestration for an additional two fiscal years. Conservatives have insisted on marking a budget resolution at the original spending levels agreed to in the 2011 budget law that put sequestration in place.

In an effort to satisfy conservatives, Republican leaders offered \$30 billion in cuts to entitlement programs during the next two fiscal years. Since the entitlement cuts have been introduced as standalone legislation, many fear the legislation would not advance in the Senate, where Republicans do not have enough votes to overcome a filibuster.

Due to the impasse on the budget resolution, the House was unable to bring any appropriations bills to the floor before May 15. The House Appropriations Committee readied bills for the floor throughout April and the beginning of May in anticipation of floor action in the later part of May. The first bill that went to the floor was the Military Construction-VA bill, which is traditionally a non-controversial bill that traditionally receives bipartisan support. Chaos erupted on the floor when an amendment barring LGBT discrimination by federal contractors was narrowly defeated. The presiding officer held the vote open when it appeared that the amendment would pass, allowing time for Members to change their vote to defeat the amendment.

In addition to funding level disputes, appropriators expected that a number of controversial amendments could surface this year to threaten progress on the annual spending bills. Last year, an amendment barring the display of the Confederate flag at national cemeteries ended work on individual appropriations bills in the House.

After considering the Military Construction-VA Appropriations bill, the House moved to the Energy and Water Appropriations bill. That legislation contains controversial provisions from a House-passed bill by Representative David Valadao (R-CA) that would loosen environmental

Innovative Federal Strategies LLC

protections to allow additional water to be pumped from the delta to the Central Valley and municipalities in southern California. Democrats attempted to remove the language at the Committee level, and they attempted again via a floor amendment. The vote to strip the language on the floor went down along party lines in a 169-247 vote. Lawmakers took on a number of controversial subjects during amendment votes on wide-ranging topics like the Iran nuclear agreement, sanctuary cities, the North Carolina transgender bathroom law and protections for LGBT individuals in federal contracting.

The House ultimately voted overwhelmingly to reject the Energy and Water spending bill on a 112-305 vote, with 130 Republicans voting against the measure with nearly all Democrats. The House's overwhelming rejection Thursday of the legislation casts some doubt on the future of the fiscal 2017 appropriations process. House members left for a one-week recess following the vote, which will give members time to discuss how to move ahead and allow temperatures to cool.

House Appropriations bills are generally brought to the floor with an open rule for amendments, allowing the minority party to make the majority party take politically sensitive votes. Republicans were already considering changing rules for appropriations floor work so that amendments had to be pre-filed in the Congressional Record, so that leadership wouldn't be caught off guard. The turmoil that ensued after the Energy and Water bill failed will likely amplify the need for some form of a closed rule in order to continue the appropriations process.

Republicans have made returning to regular order a theme this year. While there is no clear path for the appropriations process in June, Republicans will likely take the recess to chart a path forward for the FY17 cycle.

Senate Moves Forward with First Three Appropriations Measures

The Senate relied on a provision in the Bipartisan Budget Act of 2015 to deem spending levels rather than passing a budget resolution to begin the process of bringing appropriations bills to the floor. Additionally, since all appropriations bills were packaged together in the Consolidated Appropriations Act, 2016, the Senate had six legislative vehicles to move appropriations bills before they received any new spending bills from the House this year without the threat of their legislation being blue-slipped in the House.

The first appropriations bill to move in the Senate was the Energy and Water Appropriations bill. The Senate originally began consideration of the legislation before the end of April, but an amendment offered by Senator Tom Cotton (R-AZ) that would have prohibited the administration from purchasing heavy water—a byproduct of the creation of nuclear energy—from Iran stalled consideration. After two failed attempts to cut off debate on the Energy and Water Bill, the Senate successfully passed its first appropriations measure once it dispensed with the Cotton amendment. After the amendment failed on a procedural vote, Senator Cotton agreed to withdraw it. Lawmakers then agreed to yield back the remaining debate time on the legislation, quickly passing its first appropriations bill of the year.

Using another FY16 legislative vehicle, the Senate then moved to consideration of two appropriations measures, the Military Construction-VA bill and the Transportation-HUD bill.

Innovative Federal Strategies LLC

Additionally, the Senate attached a \$1.1 billion supplemental appropriations bill to combat the Zika virus to the legislative vehicle. With little controversy, the Senate voted 89-8 to pass the second and third regular appropriations bills along with the Zika package.

While the House traditionally uses an open rule for amendments on appropriations measures, Senate leaders are able to use complex procedural maneuvers to block controversial amendments. The Senate did not bring up an appropriations bill during the final week of the month, instead opting to begin consideration of the National Defense Authorization Act.

House, Senate to Conference on Supplemental Zika Legislation

The House agreed to go to conference with the Senate to work out major differences in each chamber's proposal to combat the Zika virus, a step toward talks as Democrats in Congress and the president push hard for fast action on the mosquito-borne virus that has been linked to birth defects in newborns. House members voted 233-180 for a rule that would allow the chamber to go to conference with the Senate over differences in the two chambers' versions of their fiscal 2017 Military Construction-VA appropriations measures and legislation to address the Zika virus. The House then agreed by voice vote to go to conference.

The Senate will also need to agree to go to conference, and that agreement could come before lawmakers leave town for the Memorial Day recess. Democrats urged Republican leaders to cancel the Memorial Day recess to stay in town and quickly send a final Zika bill to the president. The Obama administration in February requested \$1.9 billion in emergency spending to develop vaccines, combat mosquito populations and more. The House opted for a much smaller package, advancing a \$622 million package that was fully offset and that expires at the end of the current fiscal year. The Senate passed a \$1.1 billion package that was neither offset nor expires.

House Republicans have argued that additional funding can be provided through the fiscal year 2017 appropriations process. They contend that a supplemental package should only run through the end of the fiscal year so that spending can be controlled. The Senate considered several measures before settling on the \$1.1 billion package that provided the funding without offsets. Once both chambers agree to a conference, Republican leaders and appropriators will have to bridge a wide spending disparity between each chamber's proposal.

House Votes to Conference Energy Legislation with Drought Provisions

After completion of the Energy Policy Modernization Act in the Senate during the month of April, the House took up the legislation and substituted in its own package. The amendment contains a number of bills that have passed the House but have not advanced in the Senate, including H.R.8—the energy bill that passed the House in 2015 along party lines. The House substitute amendment also includes a slew of land, water, wildlife and conservation bills as well as a section on energy research and development.

Among the controversial provisions included in the substitute amendment passed by the House on May 25 is the drought legislation introduced by Representative David Valadao (R-CA) that passed the House last year. California Republicans—who are eager to pass a drought bill after

Innovative Federal Strategies LLC

negotiations broke down with Senator Dianne Feinstein (D-CA)—have been attaching the legislation to bills moving to the House in order to bring the Senate to the negotiating table.

"We'll just keep trying, we're not giving it up," said Representative Jim Costa (D-CA). Costa is one of the few Democrats aligned with Republicans in favor of the drought legislation. He indicated it was too early to know which legislative vehicle would successfully carry drought legislation to final passage, but indicated renewed hope that California Democrats and Republicans would negotiate a final package this year. Republicans have been attempting to create as many opportunities to conference the drought legislation as possible, attaching the legislation to high-profile or must pass bills.

Senate Holds Western Drought Hearing

The Senate Energy and Natural Resources Water and Power Subcommittee held a hearing on several drought bills at the end of May, including Senator Feinstein's California Long-Term Provisions for Water Supply and Short-Term Provisions for Emergency Drought Relief Act. The hearing was the first on Senator Feinstein's latest drought package. In testifying in support of her legislation, Senator Feinstein noted that this is the second iteration of her legislation this Congress. She noted that her offices have continued to solicit feedback from federal, state, and local stakeholders. She also mentioned the support from ACWA and 104 local water agencies and individuals who have written letters of support for the legislation.

Four other Western water bills were also reviewed, foreshadowing the strategy proposed by Senate Energy and Natural Resources Committee Chairwoman Lisa Murkowski (R-AK) of advancing a west-wide drought bill later this year. Also making an appearance before the subcommittee was new legislation introduced by Senator Jeff Flake (R-AZ) and several Western-state Republicans that contains many Republican priorities to deal with drought conditions in their home states. While the Bureau of Reclamation was generally supportive of Feinstein's legislation, they indicated they had some concerns with the Flake bill.

Subcommittee Chairman Mike Lee (R-UT) indicated that details for a west-wide package are still being negotiated, but that this hearing was part of the first steps for the Committee to move forward. In addition to the requirement that the bill support west-wide drought mitigation, Chairman Lee also mentioned that the bill would need to be fully paid for through offsets or new revenue provisions.

FAA Deadline Looms

With the FAA reauthorization deadline looming in mid-July, the House has been slow to consider a long-term reauthorization. In April, the Senate Commerce Committee advanced legislation to reauthorize the agency through the end of fiscal year 2017. With broad bipartisan support, the Senate cleared the legislation on a vote of 95-3. The Senate legislation does not include the controversial provisions to privatize air traffic control operations championed by House Transportation and Infrastructure Chairman Bill Shuster (R-PA).

With no action in the House on its own legislation or the Senate-passed bill, Senate Commerce Committee leaders have sent a letter to Representatives Bill Shuster (R-PA) and Peter DeFazio (D-OR) urging the House Transportation and Infrastructure Committee to take up the Senate's

Innovative Federal Strategies LLC

FAA reauthorization bill and pass it before the July 15 expiration date of current FAA authority. Highlighting the 95-3 approval the Senate bill got on the floor, Sens. John Thune (R-SD) and Bill Nelson (D-FL) took a diplomatic approach, nodding to the merits in Shuster's embattled privatization bill, but argued that the only realistic path to avoiding another short-term extension would be to take up the Senate's more middle-of-the-road bill.

Although there are some six weeks remaining before the FAA's current authorization expires, there are only 23 legislative days remaining.

Outlook for June

Both the House and Senate will be in recess for the final week of May/first week of June for the Memorial Day recess.

The House schedule for June is very unclear after the Energy and Water Appropriations bill failed on the floor. Lawmakers will likely use the recess to chart a path forward on the fiscal year 2017 bills, including looking at changing the way bills are brought to the floor. With the FAA deadline pending, lawmakers may opt to spend time on competing FAA proposals to either dispense with the legislation or conference with the Senate.

The Senate will continue consideration of the National Defense Authorization Act upon returning from recess. Additionally, the Senate still has legislative vehicles to pass additional appropriations bills.

If a compromise can be reached on supplemental Zika appropriations legislation, both chambers could pass a compromise conference report during the month of June.

**INFORMATION
ITEM**

5G



May 26, 2016

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

Overview:

The Legislature spent most of May working in Budget subcommittees and in Appropriations Committees. With the state budget required to be adopted by June 15, subcommittees were busy working on their changes to the Governor's proposed Fiscal Year 2016-17 state budget. Notably, the remainder of the recycled water funding from Proposition 1 was added into the budget by both houses. Additionally, the plan to allocate \$3 billion from the Greenhouse Gas Reduction Fund has become a contentious battle for funds with changes being made without legislative consultation. Specifically, the Senate Budget Committee recently reduced the funding for CalRecycle's Organics Diversion program from \$100 million to just \$50 million. It is unclear if the Legislature will pass the GGRF plan with the budget, as it might get held until the end of session as leverage for votes on other important climate related measures.

A recent Proposed Decision (PD) from the California Public Utilities Commission (CPUC) on the future of the Self Generation Incentive Program (SGIP) includes some significant changes to the program. The PD allocates 75 percent of the SGIP funds for energy storage projects with the remaining 25 percent to energy generation projects.

The saga over the closure of the San Onofre Nuclear Generating Station (SONGS) continues with the CPUC re-opening the decision that allocated the costs of shuttering the plant. After the original decision was rendered, documents were uncovered showing that then CPUC President Michael Peevey had improper communications with a Southern California Edison official where they discussed and agreed on how the costs would be allocated between ratepayers and shareholders. The process, scope and timelines for the new proceeding have not been determined.

Southern California Edison has warned lawmakers of the likelihood of rolling blackouts this summer because of the loss of Aliso Canyon. The natural gas storage facility remains unable to store gas until all the wells are checked and certified as safe.

In late April, the Department of Water Resources increased its State Water Project water delivery estimate from 45 percent to 60 percent. DWR originally set a 10 percent allocation, but moderate winter and spring rains have allowed DWR staff to increase the allocation as Northern California Reservoirs are now sitting above historic average.

On May 18, the State Water Resources Control Board adopted amended emergency conservation regulations that significantly relax water conservation standards. The new regulations rely on individual agencies to use their water supply forecasts for the next three years to self-certify their

estimates and water-use needs. The final regulation adopted is very similar to the proposal submitted by Eastern Municipal Water District, Western Municipal Water District, Irvine Ranch Water District and the Metropolitan Water District of Southern California.

SB 970 (Leyva), IEUA's sponsored bill to promote the use of existing digester capacity at wastewater treatment plants for food waste diversion, is awaiting action on the Senate Floor. Assuming the bill is passed to the Assembly, IEUA and WCA will work with the author, stakeholders, the Senate Environmental Quality Committee and the Assembly on amendments to the bill ahead of a June policy committee hearing.

The State Water Resources Control Board recently ruled on a number of petitions regarding the California WaterFix. The petitions included one from MWD requesting increased involvement, flow criteria requirement petitions from the San Joaquin Tributary Authority, and a number of others.

Inland Empire Utilities Agency Status Report – May 2016

SGIP

A Proposed Decision was recently released by the California Public Utilities Commission that proposed several changes to the Self Generation Incentive Program (SGIP). The major change requires incentive budgets to be separated into two categories- energy storage and generation. Seventy-five percent of the funding would be allocated to energy storage projects. The remaining twenty-five percent would go to generation projects, with 10 percent of the generation budget allocated to renewable energy projects.

The Proposed Decision sets levels starting between 60 and 90 cents per kWh with a \$1.20 per kWh adder for biogas. The incentives would step down on three levels, depending on the technology.

SCE/SONGS

The CPUC has re-opened the proceeding involving allocating the costs related to the premature shut-down of the San Onofre Nuclear Generation Station (SONGS). After the CPUC approved the settlement in November 2014, it was revealed that Southern California Edison (SCE) had improper communications with then CPUC President Michael Peevey. SCE and Peevey had conversations to agree that ratepayers should be responsible for more than \$3 Billion in costs to shutter the plant.

It is unclear at this point whether the ruling will allow for a total renegotiation of the settlement. There is also a court case pending that could have implications in the settlement. Procedural next steps will not be determined until July 21.

Aliso Canyon

Southern California Edison recently warned lawmakers that Southern California faces the risk of rolling blackouts this summer because of the loss of Aliso Canyon natural gas storage facilities. Governor Brown also recently signed a bill that continues the ban on using Aliso Canyon until comprehensive testing has been completed and all the wells are certified as safe.

During normal years, Aliso Canyon supports 9,800 MW of electric generation, 60 percent for the California Independent System Operator (CAISO) and 40 percent for Los Angeles Department of Water and Power.

SWP Allocation Increased to 60 Percent

In late April, the Department of Water Resources increased its State Water Project water delivery estimate from 45 percent to 60 percent. DWR originally set a 10 percent allocation, but moderate winter and spring rains have allowed DWR staff to increase the allocation.

SWP contractors requested 4,172,786 acre-feet for 2016. If the 60 percent allocation holds, contractors will receive 2,503,671 acre-feet. This year's allocation is the highest since 2011, when SWP contractors received 80 percent of contracted amounts. The last full allocation was in 2006. Last year contractors received just 20 percent.

The main SWP reservoirs are Lake Oroville and San Luis Reservoir. Lake Oroville is at 94 percent of capacity, but San Luis stands at just 37 percent capacity and 46 percent of historic averages.

SWRCB Emergency Water Conservation Measures

On May 18, the State Water Resources Control Board adopted amended emergency conservation regulations that significantly relax water conservation standards. The new regulations rely on individual agencies to use their water supply forecasts for the next three years to self-certify their estimates and water-use needs. The final regulation adopted is very similar to the proposal submitted by Eastern Municipal Water District, Western Municipal Water District, Irvine Ranch Water District and the Metropolitan Water District of Southern California.

Environmentalists were unsuccessful in adding a "conservation floor" into the regulations that would require a minimum level of conservation. However, they were successful in adding a requirement that water districts base their supply projections on an assumption that there will be no temporary urgency change petitions or waivers of otherwise applicable water-quality standards. Such waivers were authorized by Executive Order and are set to expire.

SB 970 (Leyva) Organic Food Waste Diversion

SB 970 (Leyva), the IEUA sponsored bill aimed at helping the state meet its organics diversion goals by demonstrating regional programs using digester capacity at existing wastewater treatment facilities to co-digest biosolids and diverted food waste, is awaiting action on the Senate Floor. As a reminder, while the bill had broad support from many members of the Senate Environmental Quality Committee, the committee chair and committee staff were more comfortable with language that directs CalRecycle to consider some specific criteria when awarding grants in their existing program. The committee has committed to work with IEUA and the author's office as the bill moves over to the Assembly to insert some more operative

language that will create an opportunity for these types of regional food waste diversion projects to receive appropriate funding from CalRecycle.

SWRCB Rules on WaterFix Hearing Petitions

Over the last several weeks, multiple parties have filed petitions and motions to the State Water Resources Control Board regarding the ongoing WaterFix hearing to approve or deny the project's water right and change of diversion point. The board made a comprehensive ruling on the following petitions:

- Department of Water Resources and U.S. Department of the Interior: Request for 60-day continuance of all dates and deadlines associated with hearings – GRANTED
 - Part 1A to begin July 26, 2016 at 9 am. Part 1B to begin October 20, 2016 at 9 am.
- San Luis Delta Mendota Water Authority (SJTA submitted a supporting letter): Motion for Disqualification of Hearing Officers Felicia Marcus and Tam Doduc – DENIED
- Friends of the River and Sierra Club of California: Opposing SLDMWA's motion and renewing request to cancel proceedings until the Water Quality Control Plan for the Bay-Delta (Bay-Delta Plan) has been updated – DENIED
- Metropolitan Water District of Southern California: Request to amend notice of intent to appear, seeking for the first time to participate as a party in the hearing (in Parts 1 and 2 with 6 witnesses during Part 1B). MWD's original NOI indicated that MWD intended only to present policy statements in Parts 1 and 2. – DENIED
- Several parties submitted revised NOIs, by the deadline, in which they propose to call witnesses in Part 1B – Board staff will contact those parties to confirm that new witness testimony proposed to be presented in Part 1B is testimony that could have been presented in Part 2.
- Planning and Conservation League, California Sportsfishing Protection Alliance, Restore the Delta, California Water Impact Network, Environmental Justice Coalition for Water, Environmental Water Caucus, Sierra Club California, Friends of the River, and Local Agencies of the North Delta: Petition to dismiss the WaterFix petition until a complete petition is submitted, on the grounds that a recent agreement between DWR and Contra Costa Water District resulted in changes to the WaterFix that need to be described in a complete petition, according to the California Environmental Quality Act (CEQA) – DENIED
- South Delta Water Agency: Request to suspend hearing for 60 days to hold a second pre-hearing conference to address issues including various pending motions, requests, and petitions, and DWR's and Interior's use of different modeling assumptions for the EIR/EIS and Biological Assessment – DENIED
- San Joaquin Tributaries Authority and members: Application to dismiss the petition on grounds that it does not include a legally sufficient proposal for the "appropriate Delta flow criteria" as required by the Sacramento-San Joaquin Delta Reform Act of 2009 – DENIED

State Budget

As the June 15 deadline to pass the FY 2016-17 state budget nears, Senate and Assembly Budget committees and sub committees are taking final action on many items.

Greenhouse Gas Reduction Fund

Notably, the Senate Budget Committee recently passed a Greenhouse Gas Reduction Fund (GGRF) spending plan that was drastically altered from the plan heard in subcommittee and was not released until hours before the committee took final action. Committee members, and even the chair, were also surprised at the new plan in front of them, having not been consulted prior to its release.

The new plan drastically cuts funding for short-lived climate pollutant (SLCP) reduction, specifically reducing the \$100 million proposed in the Governor's original plan to CalRecycle for organics diversion, down to \$50 million. There was significant public comment in the budget committee hearing.

The Assembly adopted the Governor's proposal, therefore the entire GGRF plan will move into Conference Committee where the matter will be discussed before final action.

There is talk that the final budget package will not include the GGRF funding. Many believe that the administration and legislative leadership will hold the funding back until they are able to get a two-thirds vote on Senator Pavley's (D- Agoura Hills) SB 32, which would specifically authorize and extend the cap and trade program. They could also be holding the funding until Senator Lara's (D- Bell Gardens) SB 1383, which would set specific short-lived climate pollutant reduction mandates, is passed as well.

The GGRF plan can be passed by Budget Trailer Bill any time before the end of session on August 31.

Recycled Water

Senate and Assembly Sub Committees have passed identical language allocating the remaining Proposition 1 recycled water funds. Both subcommittees took the same action, so the measure will not have to go to conference committee.

Consolidation Trailer Bill

24 hours before a scheduled hearing, a budget trailer bill on water district consolidation emerged. As a reminder, a budget trailer bill passed last year allowing the SWRCB to require consolidation in unincorporated areas. There was significant opposition because the language did not adequately outline who would pay for such consolidations.

The measure was taken up quickly, and without proper policy committee hearings, there were allowing for some unintended holes in the final bill. Now, a "cleanup" trailer bill has emerged and at the same time, Senator Wolk has resurrected a bill, SB 552, she already has over in the Assembly to address similar consolidation issues. While the specific language of the trailer bill has yet to be released, Senator Wolk's SB 552 has been amended to allow for mandatory consolidation of mobile home parks anywhere in the state. Additionally, and most concerning to

many parties, is that the bill allows for an “administrator” to be appointed who would have powers to set rates.

While parties are not thrilled with the current content of SB 552, an actual bill that has hearings is preferable to a trailer bill that bypasses legislative policy hearings and could be taken up on the floor at any point.

SB 552 will likely be referred to committee and set for hearing at the beginning of June. The trailer bill does not need to pass with the budget and has until August 31 to pass.

Public Goods Charge

Many were worried that the administration would try to move a public goods charge on water as a budget trailer bill. The administration has indicated that they are not going to try to do so. Additionally, Senator Pavley has indicated that she is not planning to move SB 20, her public goods charge bill that is already in the Assembly.

Legislative Update

Policy Committees have not met since the May 6 deadline for all bills to be out of policy committees. Most of the month was spent in budget sub committees and in appropriations committees. Appropriations committees will take up their respective “suspense files” on May 27. Bills that have a cost of over \$100,000 automatically go to the suspense file and are considered in one hearing. Both houses will spend the first week of June in floor sessions to move bills out of their original house before the June 3 deadline. The rest of June will be full of policy committee hearings for bills in their second house. July 1 marks the deadline for bills to be out of their second house policy committees, as well as the start of the month-long summer recess for the legislature.

**INFORMATION
ITEM**

5H

Agricultural Resources

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

May 30, 2016

Legislative Report

TO: Joe Grindstaff
General Manager, Inland Empire Utility Agency

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

SU: Legislative Report, May 2016

Little was accomplished (or even considered) in the first part of 2016. In April, the House and Senate went into what I reported as “high activity.” May continued that “high activity” but also revealed the legislative limitations, especially in the House.

Snapshots

Budget

- House did not adopt a budget by May 15 as required by the Budget Act, but the House leadership instructed their Appropriators to proceed anyway.
- Last month, I reported that
 - *“...this (finalizing the Budget and turning to funding bills) remains a huge problem, especially for the Speaker.” That proved to accurate.*
 - *“Speaker Ryan, when it comes to establishing an overall budget, is being blocked by his own Caucus (a repeat of Boehner’s problems in 2013, 14 and 2015...).”*
 - *“House Appropriators want to proceed – and are declaring that they will bring their bills to the floor beginning May 15 no matter what.”*

House Appropriations

Energy and Water Appropriations

- Last month, House Energy and Water Appropriations Subcommittee marked up its bill and readied it for floor consideration (first of twelve funding bills). It couldn't be brought to the floor until after May 15 and/or if/when a budget was approved.
- And, at the time, I reported that the bill contains language overturning/setting aside CVPIA, ESA and other laws (applicable to CVP operations) – taken directly from the Valadao bill. These changes, if approved, have significant implications for State water rights. These provisions are highly controversial and divisive.
- A Budget Resolution was not approved, but the House leadership and Appropriators brought the bill to the House floor anyway.
- The Freedom Caucus objected for multiple reasons (primary being that Speaker Ryan refused to overturn the Boehner-Obama budget – *spending level* – deal), and voted the bill down (typically, if the leadership lacks votes, the bill is simply pulled – this time, they allowed the vote and the bill was rejected). Voting down this bill is causing an upheaval with the House GOP.
- House Leadership and House Appropriators are trying to revise the bill and bring it back to the floor sometime in early June.
- If the House is unable to move annual funding bills (most are ready to go), then this all but guarantees a CR of some kind in later September/early October.

Senate Appropriations

Energy and Water Appropriations

- Again, as reported, the Senate Energy and Water Appropriations also began moving through the legislative process. At Senator Feinstein's request, the bill included language to "maximize" water deliveries to the San Joaquin Valley – but stopped short of repealing or waiving the Endangered Species Act and other environmental laws. Her amendment also included water recycling language as well.
- The Senate has not moved the Energy and Water bill yet.

Drought bill(s) – House and Senate

Controversial Valadao Language

- The House is "all-in" on the Valadao drought bill. Led by House Majority Leader, McCarthy, the House is amending any and every possible bill that moves with language from Valadao's bill.
 - A stand-alone bill was introduced, reported and passed the House (and then sent to the US Senate, where it is pending).
 - Valadao's bill (or at least major portions of it) were included (by amendment) in

- the Energy and Water Appropriations bill (see above)
 - At the end of May, the House amended the House Energy Bill with the full Valadao bill and appointed conferees.
 - Portions of the Valadao bill were included in the Senate drought bill introduced by Senator Flake (which also includes language on Colorado River operations – itself controversial).
- Valadao’s drought/regulatory relief bill, in one form or another, is now pending in three House bills and one Senate bill.

Energy Bill – House and Senate

Conference Pending

- The Murkowski-Cantwell bi-partisan energy bill overwhelmingly passed the Senate. First time in a decade that the Senate’s been able to fashion and move a bill – one that garnered votes from all but twelve (12) senators.
- A house version of the bill was passed some time previously.
- The bills are dramatically different.
- The House took their version of the Energy Bill, amended it by including some 20 different House bills (many highly controversial) – brought it to the House floor, passed it and now asked for a conference. The new House bill is now more than 800-pages.
- House conferees were named right before the Memorial Day break. The Senate has yet to name conferees.
- As noted above, the Valadao drought/regulatory relief bill was included as an amendment to the Energy bill and will be a factor in the conference (once convened).

Water Resources Development Act (WRDA) 2016, Senate

WaterSense/Water Softener Language

- Last month, I reported that “*Chairman Inhofe (R-OK) and Ranking Member Barbara Boxer (D-CA) introduced a new WRDA bill the last week of April and marked it up three days later. The massive bill was moved through the Environment and Public Works Committee in less than an hour (no amendments). The bill authorizes (for the first time), EPA’s WaterSense Program, as highlighted by the WaterReuse Association, to identify and promote water efficient products, buildings...including reuse and recycling technologies.*” This WRDA bill contains provisions pertaining to water softener devices that are unacceptable to Southern California and national water organizations. These machines undermine water recycling and drought initiatives (in Southern California and any other salt-sensitive regions/areas).
- IEUA, LA Sanitation District, WaterReuse Association and ACWA submitted draft report language to Senators Inhoff and Boxer. A “white paper” on the subject was drafted at the

end of May and circulated to key members of the Committee and California delegation. In addition, it was provided to key Brown Administration officials and the State's Office in DC (Hall of States).

- The objective is to change or qualify this language to eliminate incentives or programmatic direction for water softener technology to be use in salt-sensitive areas.
- This was an issue in 2011. IEUA and others successfully got the WaterSense program to suspend a review of different salt-removal machines (any and all were detrimental for Southern California. It required the intervention of the EPA Administrator's Office.

Senate Drought bill

Still Pending – Awaiting Energy Committee Markup

- Senators Murkowski and Cantwell – their legislative priority – is the Energy bill – soon to be conferenced.
- A drought bill is the next priority.
- Senator Michael Lee (R-UT), Chair, Subcommittee on Water and Power (Senate Committee on Energy and Natural Resources), recently stated that the Committee will only consider a “westwide” bill (and by implication stated that it will not consider a California-only bill).
- There are a series of water bills (Montana, Washington, Wyoming, New Mexico) and other states that have individual bills which could readily be fashioned into westwide bill (though that has not happened yet). Provisions of the Flake and Feinstein's drought bills also have westwide implications.
- Unknowns....when the Senate will take up the drought bill is not known at this time. Whether or not a westwide drought bill must wait for the Energy Bill to be finalized (and a conferenced bill approved and signed into law) is another unknown.

Drought Monitor

Drought in California and the West

- According to the most recent Drought Monitor, drought conditions in California are improving in Northern California, but about half the state remains in Extreme (D-3) and Exceptional (D-4) status – all located in the San Joaquin Valley and portions of Southern California.

Tax Reform Agenda

- Municipal Bonds for America (MBFA) is holding House/Senate briefings on June 2 on the value and importance of municipal bond funding. Similar briefings a year ago generated stand-room-only attendance.

Drought Relief Funding – IEUA Grant Application Pending

- BuRec is expected to announce Title XVI/WaterSense grant funding awards – sometime in early June resulting from the \$100 million for drought relief appropriated last December at Senator Feinstein’s request.
- IEUA submitted applications and your congressional delegation supported the request.

Unanticipated Drought-Related Federal Tax (Turf Rebate) Issue

- Still pending – still unresolved. It’s a significant issue for MWD in particular.

Lake Mead/Lake Powell

- Lake Mead and Lake Powell. During May, BuRec announced that Lake Mead dropped to 37% of capacity – it’s lowest level since filling. Lake Powell is slightly better at 48%. Mandatory allocation triggers are being watched very carefully (which, if they were to occur, would do so at the end of the calendar year)..

Shift in Attitude

Water Recycling

- Recycled water has always been considered an “urban” issue (unfairly in my opinion). Nevertheless, the program was – for a quarter century – labeled, perceived and considered an “urban” program.
- In the past few months, media reports have told of ag interest.
- In mid-May, the California Farm Bureau Federation published an article about the value of recycled water and the transfer of recycled water from an urban water agency to an ag district.
- This is a positive development – one that I hope can be turned into greater financial support for Title XVI.

**INFORMATION
ITEM**

51



CALIFORNIA STRATEGIES, LLC

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

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

- Met with Kathy Besser to review priority issues and to discuss activities for May 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.
- Provided a progress update on the recent request for documents from the CVWRD.
- Continue to monitor statewide water issues including The Water Fix, water bond, and drought relief act activities. Made recommendation regarding the request for money from various state special funds.
- Monitor Santa Ana Regional Board agenda and issues of interest to IEUA.
- Attend ACWA Conference May 2-5 and interact with IEUA staff and Directors

**INFORMATION
ITEM**

5J

Federal Legislation of Significance

Bill Number	Sponsor	Title and/or Summary	Summary/Status
H.R.5055 / S.2804	Rep. Mike Simpson / Sen. Lamar Alexander	FY 17 Energy and Water Development and Related Agencies Appropriations bill	<p>The President's budget request to Congress was released on February 9, 2016.</p> <p>President' Budget Request for priority programs: Title XVI: \$21.5 million WaterSMART: \$23.4 million</p> <p>House Energy and Water Appropriations Committee Report: Title XVI: \$24 million WaterSMART: \$24 million</p> <p>Senate Energy and Water Appropriations Committee Report: Title XVI: \$21.5 million WaterSMART: \$23.4 million Western Drought: \$100 million</p> <p>The Senate Energy and Water Appropriations bill has passed the Senate. The Senate's legislation included additional funding, but no authorization for western drought.</p> <p>The House Energy and Water Appropriations bill failed to passed the House on a vote of 112-305, with 130 Republicans voting against the measure with nearly all Democrats. While the House legislation did not include additional funding for western drought, language has been included to provide additional pumping flexibility in the delta (the Valadao bill). A number of contentious amendments were added to the legislation, alienating both Republicans and Democrats. Amendments included wide-ranging topics like the Iran nuclear agreement, sanctuary cities, the North Carolina transgender bathroom law and protections for LGBT individuals in federal contracting.</p>
S.2533	Sen. Dianne Feinstein (D-CA)	California Long-Term Provisions for Water Supply and Short-Term Provisions for Emergency Drought Relief Act	<p>Senator Feinstein's latest drought bill received its first hearing in the Water Subcommittee of the Energy and Natural Resources Committee along several other bills, including a western package introduced by Senator Jeff Flake (R-AZ).</p> <p>In testifying in support of her legislation, Senator Feinstein noted that this is the second iteration of her legislation this Congress. She noted that her offices have continued to solicit feedback from federal, state, and local stakeholders. She also mentioned the support from ACWA and 104 local water agencies and individuals who have written letters of support for the legislation.</p>

S.2902	Sen. Jeff Flake (R-AZ)	Western Water Supply and Planning Enhancement Act of 2016	<p>Senator Flake introduced his legislation less than a week before the Water Subcommittee of the Senate Energy and Natural Resources Committee held a hearing along other drought bills, including Senator Feinstein's drought package.</p> <p>Senator Flake's bill is cosponsored by several western state Republicans and contains many Republican priorities to deal with drought conditions in their home states. Included in the legislation are reforms at the Bureau of Reclamation along with provisions relating to the Colorado River.</p>
H.R.2898	Rep. David Valadao	Western Water and American Food Security Act of 2015	<p>Passed the House.</p> <p>House Republicans have inserted the Valado bill into several pieces of legislation currently moving through the House. Several provisions from his bill have been included in the Energy and Water Appropriations bill that failed in the House during the last week of May. The legislation was also included in the House Amendment to the Energy Policy Modernization Act. Republicans hope to place the language in several bills in order to conference with the Senate on a drought package before the end of 2016.</p>
S.2012	Sen. Lisa Murkowski	Energy Policy Modernization Act of 2015	<p>The Energy Policy Modernization Act has passed both the House and Senate in different forms, setting up a possible conference committee between the two chambers.</p> <p>The original Senate bill was the first broad energy reform policy bill in eight years considered by the Senate. 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. The legislation was brought back to the floor in April after an agreement was reached on amendments. While originally a target for energy tax breaks, those amendments were not added to the legislation.</p> <p>The House took up the legislation during the final week of the month. The House inserted its own substitute amendment that included a number of bills that have passed the House but have not advanced in the Senate, including H.R.8—the energy bill that passed the House in 2015 along party lines. The substitute amendment also contains the Valadao drought bill passed by the House in 2015. After passing the substitute amendment, the House voted to go to conference with the Senate. The Senate is expected to vote to go to conference either before the recess or upon returning.</p>

			IFS is working with ACWA on language included in the legislation establishing a WaterSense program. We are seeking to add report language that would require the EPA to consider impacts to wastewater when considering equipment for the WaterSense label. The WaterSense language is included in the Senate bill, but not the House substitute amendment.
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>
H.R.3143 / S.886	Rep. Jerry McNerney (D-CA) / Sen. Tom Udall (D-MN)	Smart Energy and Water Efficiency Act of 2015	<p>Directs the Department of Energy (DOE) to establish and carry out a smart energy and water efficiency management pilot program to award grants to three to five eligible entities (authorities that provide water, wastewater, or water reuse services) to demonstrate advanced and innovative technology-based solutions that will: (1) increase and improve the energy efficiency of water, wastewater, and water reuse systems to help communities make significant progress in conserving water, saving energy, and reducing costs; (2) support the implementation of innovative processes and the installation of advanced automated systems that provide real-time data on energy and water; and (3) improve energy and water conservation, water quality, and predictive maintenance of energy and water systems, through the use of Internet-connected technologies, including sensors, intelligent gateways, and security embedded in hardware.</p> <p>The legislation was referred to the Senate Committee on Energy and Natural Resources. Hearings have also been held.</p>
H.R.5303 / S.2848	Rep. Bill Shuster (R-PA) / Sens. Jim Inhofe (R-OK) and Barbara Boxer (D-CA)	Water Resources Development Act of 2016	The Senate Environment and Public Works Committee has advanced its Water Resources Development legislation for consideration by the Senate. IFS is working with ACWA on language included in the legislation establishing a WaterSense program. We are seeking to add report language that would require the EPA to consider impacts to wastewater when considering equipment for the WaterSense label.

The House Transportation and Infrastructure Committee marked up their version of the Water Resources Development Act and ordered it to be reported by voice vote.

Both the House and Senate hope to complete consideration of the WRDA bill this year, putting the legislation back on to an every other year reauthorization.

**INFORMATION
ITEM**

5K

State Legislation to Watch

Bill Number	Sponsor	Title and/or Summary	Summary/Status	IEUA Position
AB 1704	Dodd	Water Rights	Current law requires applicants for appropriation of water for small domestic, small irrigation, or livestock stockpond use to register with the State Water Resources Control Board, as specified. Current law requires the registration to include a certification that the registrant has contacted a representative of the Department of Fish and Wildlife and has agreed to comply with conditions set forth by the Department of Fish and Wildlife. This bill would, instead, require the registrant to provide a copy of the registrant's registration form to the Department of Fish and Wildlife and agree to general conditions, as specified.	Assm. Appropriations Suspense File
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.	OPPOSE Assm. Appropriations Suspense File
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.	Assm. Appropriations Suspense File
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	Assembly Floor

			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 1755	Dodd	The Open and Transparent Water Data Act	Would enact the Open and Transparent Water Data Act. The act would require the Department of Water Resources to establish a public benefit corporation that would create and manage (1) a statewide water information system to improve the ability of the state to meet the growing demand for water supply reliability and healthy ecosystems, that, among things, would integrate existing water data information from multiple databases and (2) an online water transfer information clearinghouse for water transfer information that would include a database of historic water transfers and transfers pending responsible agency approval and a public forum to exchange information on water market issues.	SUPPORT Assm. Appropriations Suspense File
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.	Assm. Floor
AB 1925	Chang	Desalination: Statewide Goal	The Cobey-Porter Saline Water Conversion Law, states the policy of this state that desalination projects developed by or for public water entities be given the same opportunities for state assistance and funding as other water supply and reliability projects, and that desalination be consistent with all applicable environmental protection policies in the state. This bill would establish a goal to desalinate 300,000 acre-feet of drinking water per year by the year 2025 and 500,000 acre-feet of drinking water per year by the year 2030.	Assm. Appropriations
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	Assm. Appropriations Suspense

			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 2304	Levine	California Market Water Exchange	Would establish the California Water Market Exchange, governed by a 5-member board, in the Natural Resources Agency. This bill would require the market exchange, on or before December 31, 2017, to create a centralized water market platform on its Internet Web site that provides ready access to information about water available for transfer or exchange.	Assembly Appropriations Committee
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 instate production and use of renewable natural gas, as defined, to further specified goals.	Senate Rules Committee
AB 2488	Dababneh	Protected species: unarmored threespine stickleback: taking or possession.	Would permit the Department of Fish and Wildlife to authorize, under the California Endangered Species Act, the take of the unarmored threespine stickleback (<i>Gasterosteus aculeatus williamsoni</i>) attributable to the periodic dewatering, inspection, maintenance, or repair of the Metropolitan Water District of Southern California's Foothill Feeder water supply facility from Castaic Dam to the Joseph Jensen Treatment Plant in the County of Los Angeles, as specified, if certain conditions are satisfied.	Senate Natural Resources and Water 6/14
AB 2583	Frazier	Sacramento-San Joaquin Delta Reform Act of 2009	Would add a definition of the California Water Fix to the Sacramento-San Joaquin Delta Reform Act of 2009. This bill would eliminate certain provisions applicable to the BDCP and would revise other provisions to instead refer to a new Delta water conveyance project for the purpose of exporting water. This bill would require new Delta water conveyance infrastructure to be considered as interdependent parts of a system and to be operated in a way that maximizes benefits for each of the coequal goals. This bill contains other related provisions and other existing laws.	OPPOSE DEAD- Did not pass Water, Parks and Wildlife Committee
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.	Assembly Appropriations Suspense
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.	Assembly Rules Committee
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.	Oppose Unless Amended Assembly Rules Committee
SB 885	Wolk	Construction Contracts: Indemnity	Would specify, with certain exceptions, for construction contracts entered into on or after January 1, 2017, that a design professional, as defined, only has the duty to defend himself or herself from claims or lawsuits that arise out of, or pertain or relate to, negligence, recklessness, or willful misconduct of the design professional. Under the bill, a design professional would not have a duty to defend claims or lawsuits against any other person or entity arising from a construction project, except that person's or entity's reasonable defense costs arising out of the design professional's degree of fault, as specified.	OPPOSE Senate Floor

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.	Senate Appropriations Suspense
SB 1318	Wolk	Local government: drinking water infrastructure or services: wastewater infrastructure or services	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 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.	Senate Floor

**INFORMATION
ITEM**

5L



Date: June 15, 2016
To: The Honorable Board of Directors
Through: Audit Committee (06/08/16)
From: 
Teresa V. Verarde
Manager of Internal Audit
Subject: Report of Open Audit Recommendations

RECOMMENDATION

This is an informational item for the Board of Directors.

BACKGROUND

The Internal Audit Department Charter and professional standards require the Internal Audit Department (IA) staff to follow-up on the status of open audit recommendations to determine if corrective action efforts have been made. The Charter also requires IA to annually provide, to the Audit Committee and the Board, a report listing all outstanding recommendations with action plans and expected resolution dates. Additionally, incorporated in the Board-approved Annual Audit Plan for FY 2016/17, IA staff is to follow-up on the status of 13 open recommendations.

Of the 73 open recommendations reported in FY 2015/16 Annual Audit Plan, 60 do not require a follow-up review at this time because they relate to audits completed recently. Audit guidelines state that an adequate amount of time be granted in order to provide the auditees with sufficient time to fully implement corrective action plans. IA will continue to evaluate the status of the open recommendations until full implementation has been achieved. Follow-up reviews will be scheduled according to the proposed Annual Audit Plan. Below is a list summarizing the outstanding recommendations, noting the audited area and the date the original audit report was completed. Attached is a detailed report showing what the recommendations are and the current status of each recommendation.

Report of Open Audit Recommendations

June 15, 2016

Page 2

Area Audited	Report Issued Date	Follow-up review in progress by IA	No. of Recs. Remaining to be Verified by IA	Planned Follow-Up
Payroll Audit	August 24, 2010		1	FY2017
Intercompany Receivables - Watermaster	August 30, 2011		1	FY2017
Human Resources Follow-Up	June 20, 2012		1	FY2017
IT Equipment	August 21, 2012	6	1	FY 2018
Contracts and Procurement Follow-Up	August 29, 2012		2	FY2017
IT Equipment Follow-Up	November 14, 2012	1	1	FY 2018
2013 Petty Cash	May 31, 2013		5	FY2017
SCE Utility Payments	August 28, 2013		3	FY2017
Accounts Payable Follow-Up	August 29, 2013		9	FY2018
Automobile Insurance Requirements	March 3, 2014		2	FY2018
Vehicle Security Procedures	March 3, 2014		3	FY2018
Vehicle Inventory Procedures	March 12, 2014		13	FY2018
Regional Contract Review – Final Audit Report	December 16, 2015		31	Pending – Renegotiation of the Regional Contract
Total		7	73	

Required follow-up audit work will include a desk review of supporting documentation, follow-up discussions with the auditee, and/or the application of testing procedures to verify implementation.

As documented in the FY 2016/17 Annual Audit Plan, which is provided under separate cover, IA plans to begin follow-up procedures in June 2016. When IA follows-up on the open recommendations a separate report with the status will be issued and reported through the Quarterly Status Reports. If IA staff determines that a recommendation has not been implemented, IA will request a time-phased corrective action plan from the auditee. If the auditee believes the recommendation is no longer applicable, IA will work with the department manager to reach consensus, and, if necessary, coordinate with Executive Management and/or the Audit Committee.

Final audit reports request a corrective action plan be submitted to IA by the department manager of the audited business unit. Additionally, upon completion of the audits and during exit meetings, follow-up audit action is discussed with the respective auditees. The IA website on AIM, available to all Agency employees, also provides information on the audit approach and describes the purpose and process of an internal audit and the follow-up action requirements. During audits, including follow-up audits, IA coordinate and work in collaboration with the auditees to make the follow-up process efficient.

PRIOR BOARD ACTION

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

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

IMPACT ON BUDGET

None.

**Outstanding Audit Recommendations
June 2016**

Audit Performed	Reco #	Internal Audit Recommendation	Target Date for Implementation & Comment
Payroll Audit August 24, 2010	4	HR and FMD should work together to revise and update the Agency's Resolution No. 2005-2-9 and clarify which employees are required to sign a Confidentiality Agreement, based on their job duties and responsibilities, specifically those whose roles involve handling sensitive and confidential information. Having employees sign a Confidentiality Agreement reinforces that confidential and sensitive information is being handled, the Confidentiality Agreement also provides the expectations and consequences for sharing or misusing confidential information.	No edits to Resolution as of June 2016.
Intercompany Receivables - Watermaster August 30, 2011	1	Fiscal Management Department should establish procedures to prepare and submit invoices to Watermaster prior to the beginning of the quarter to allow payment by Watermaster before the quarter begins.	Additional time is required for full implementation. IA will re-verify during follow-up evaluation.
Human Resources Follow-Up June 20, 2012	1	Document standard operating procedures to address the many administrative practices of the department.	IA will verify during follow-up evaluation.
IT Equipment August 21, 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.	Additional time is required for full implementation. IA will re-verify during follow-up evaluation.
Contracts and Procurement Follow-Up August 29, 2012	1	The Contracts and Procurement Department should ensure adequate separation of duties exist in procurement transactions. Specifically the functions of creating and approving the Purchase Request, creating the Purchase Order and having the ability to receive should involve a second knowledgeable individual.	IA will verify during follow-up evaluation.
Contracts and Procurement Follow-Up August 29, 2012	2	For all grant-related procurements, the Contracts and Procurement Department should print the confirmations from the debarment website at the time the vendor debarment is verified. The confirmation should be filed as evidence of verification, to show whether a vendor was debarred or not at the time of the procurement.	IA will verify during follow-up evaluation.
IT Equipment Follow-Up Audit November 14, 2012	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.	Additional time is required for full implementation. IA will re-verify during follow-up evaluation.
2013 Petty Cash May 31, 2013	1	IA recommends that Accounting and Fiscal Management Department personnel should take the lead in working with the responsible Agency personnel in making revisions and updates to the following Agency policies: A-02, A-75, A-68 and A-34.	IA to verify during follow-up evaluation.
2013 Petty Cash May 31, 2013	3	IA recommends that monthly fund reconciliations be performed by personnel independent of the petty cash reimbursement processes and that the fund reconciliation subsequently be reviewed and signed by the Petty Cash Custodian's supervisor or manager as required by SOP CM PR-13, "Cash Management Procedures-Petty Cash", further ensure all Petty Cash Custodians understand the requirements of the SOP.	IA to verify during follow-up evaluation.

Audit Performed	Reco #	Internal Audit Recommendation	Target Date for Implementation & Comment
2013 Petty Cash May 31, 2013	4	IA recommends that either a new SOP be developed or the current SOP CM PR-13, "Cash Management Procedures-Petty Cash" be updated to include detailed procedures over the entire petty cash reimbursement processes.	IA to verify during follow-up evaluation.
2013 Petty Cash May 31, 2013	5	IA recommends that Accounting and Fiscal Management review current petty cash reimbursable budget codes within SAP and develop a "Master Listing" of budget codes or "roles" within SAP for all Petty Cash Custodians to have access to and utilize them when coding expenditures.	IA to verify during follow-up evaluation.
2013 Petty Cash May 31, 2013	6	IA recommends that Accounting and Fiscal Management evaluate the petty cash needs of each location throughout the Agency and make any necessary adjustments to the petty cash assignments.	IA to verify during follow-up evaluation.
SCE Utility Payments August 28, 2013	1	P&EC and Maintenance Management should work with the City of Chino and SCE to adequately transfer the electricity expense related to City of Chino property. The street lights in front of IEUA's HQ-A building have been identified by the Agency and SCE as the financial responsibility of the City of Chino. It was noted that over \$900.00 a year is paid for the street lights expense. P&EC and Maintenance previously identified this issue and had initiated discussions to transfer the account and related expense to the City of Chino. It is anticipated that by the end of calendar year 2013 this will be resolved.	IA to verify during follow-up evaluation.
SCE Utility Payments August 28, 2013	2	CAP management should evaluate the entire CAP Department staff's responsibilities and leverage all department resources to achieve all tasks and at the same time avoid internal control conflicts. In addition, IA recommends that SAP authorized access be modified for employees as noted in the report section "SAP Segregation of Duties – CAP Personnel" to address existing internal control conflicts identified. The report details the specific conflicts. This has previously been recommended in prior CAP Follow-Up Audit Reports dated May 24, 2010 and August 29, 2012.	IA to verify during follow-up evaluation.
SCE Utility Payments August 28, 2013	3	CAP personnel should take the lead in working with the responsible Agency personnel to make the necessary updates to Agency policies A-32 and A-33, and department specific SOP's.	IA to verify during follow-up evaluation.
Accounts Payable Follow-Up Audit August 29, 2013	1	AFM and BIS need to work together to ensure users have appropriate access within SAP based on job responsibilities and remove/modify access privileges that are not necessary to reduce the risk of unauthorized transactions and SOD conflicts. All user access should be immediately removed when an employee resigns his/her position with the Agency.	IA to verify during follow-up evaluation.
Accounts Payable Follow-Up Audit August 29, 2013	2	Access to the Vendor Master File (VMF) should only be granted to one Manager/Supervisor for AFM and CAP department with only one back up employee, if necessary, due to Segregation of Duties conflict. This is a standard best practice across many industries. Furthermore, we recommend access be removed from all other current and past employees.	IA to verify during follow-up evaluation.
Accounts Payable Follow-Up Audit August 29, 2013	3	AFM department should institute controls to ensure payment of invoices by the due date.	IA to verify during follow-up evaluation.
Accounts Payable Follow-Up Audit August 29, 2013	4	AFM should work with the appropriate Agency personnel to update Agency policies and remind employees of the requirements of Agency Policy A-12, Employee Personal Computer Purchase Program; Policy A-37, Reimbursement for Attendance at a Conference, Seminar or Meeting; Policy A-50, Non-Purchase-Order Invoice Approval Procedures; Policy A-55, Agency Credit Cards; and Agency Policy A-14 Vehicle Use.	IA to verify during follow-up evaluation.
Accounts Payable Follow-Up Audit August 29, 2013	5	Human Resources department, in conjunction with Information Support Systems, should ensure that loans for personal computers are not approved for items not covered by the loan program as described in Agency Policy A-12. Additionally, consider revising Agency Policy A-12 to clarify the applicability of the computer loan program to tablet computers and operating systems other than Microsoft Windows.	IA to verify during follow-up evaluation.
Accounts Payable Follow-Up Audit August 29, 2013	6	AFM department should strengthen Vendor Master File procedures to establish uniformity in entering, altering and deleting vendors, and to provide guidelines for the maintenance of vendors, to ensure vendors are authorized, including the requirement that a supervisor or manager in FMD CAP approve additions, deletions, or changes to vendors.	IA to verify during follow-up evaluation.

Audit Performed	Reco #	Internal Audit Recommendation	Target Date for Implementation & Comment
Accounts Payable Follow-Up Audit August 29, 2013	7	AFM department should ensure all new vendors provide a current, physical business address for the Vendor Master File. Additionally, AFM should establish a plan to update the master file for all active vendors that do not currently have a physical address on file.	IA to verify during follow-up evaluation.
Accounts Payable Follow-Up Audit August 29, 2013	8	AFM department should work with BIS to test the features of SAP related to purging inactive vendors. Upon successful completion of the testing, AFM should identify vendors with no activity in the previous three to five years and deactivate or delete from the Vendor Master File as appropriate.	IA to verify during follow-up evaluation.
Accounts Payable Follow-Up Audit August 29, 2013	9	AFM department should update all SOPs to reflect business process changes resulting from the implementation of the Agency's ERP SAP system.	IA to verify during follow-up evaluation.
Automobile Insurance Requirements March 3, 2014	1	IA recommends that the Contracts and Facilities Department: Take the lead to review and update and/or consolidate the existing Agency Policy A-14 "Vehicle Use Policies and Procedures" and A-36 "Automobile Insurability and Driver's License Requirements for Current and Prospective Employees." The policies should define and specify the requirements for employees to maintain personal automobile insurance, clarify the coverage limits and any other responsibilities and provisions. Ensure policy updates and requirements are communicated to all employees.	IA to verify during follow-up evaluation.
Automobile Insurance Requirements March 3, 2014	2	IA recommends that the Contracts and Facilities Department: Consider developing an appropriate "Acknowledgment Statement" form or other verification/certification document or process that outlines and verifies the requirements of the Agency's policies related to personal automobile insurance coverage and driver's license. Determine the need to require all employees sign the acknowledgement/verification document each year as a certification that the employee understands and accepts responsibilities when driving a personal or Agency vehicle.	IA to verify during follow-up evaluation.
Vehicle Security Procedures March 3, 2014	1	CAP should take the lead to properly inventory and account for all assigned and unassigned gate transmitters. CAP should continuously work with department managers who request gate transmitters to monitor and revise access based on staff duties and responsibilities. CAP should promptly deactivate any improperly assigned/unassigned gate transmitters or for those employees and contractors that separate employment from the Agency.	IA to verify during follow-up evaluation.
Vehicle Security Procedures March 3, 2014	2	CAP should ensure the appropriate signed gate transmitter form is maintained on file for all issued gate transmitters. Additionally, CAP should ensure the employee/contractor who is issued a gate transmitter understands the requirements of Agency Policy A-24 "Issuance and Inventorying of Gate Transmitters and Keys to Agency Facilities, Vehicles and/or Equipment." This can be done at the time the employee/contractor is issued the gate transmitter via the signed form and is provided a copy of the Agency policy.	IA to verify during follow-up evaluation.
Vehicle Security Procedures March 3, 2014	3	IA recommends CAP staff inventory all Certificates of Title and work to locate or replace the missing titles for Agency vehicles. Additionally, CAP should implement and communicate the proper procedure to ensure that all Certificates of Title are promptly submitted to Records Management for filing and retention.	IA to verify during follow-up evaluation.

Audit Performed	Reco #	Internal Audit Recommendation	Target Date for Implementation & Comment
Vehicle Inventory Procedures March 12, 2014	1	Maintenance Department and HR Department should work together to develop and/or consolidate into one updated policy, the proper procedures for refueling Agency vehicles in order to streamline processes and clearly define the procedures for refueling Agency vehicles. Specifically, the policy should include: payment method, when to fuel, and specify if the requirement applies to assigned, pool or all vehicles. Take the lead to review and update and/or consolidate the existing Agency Policy A-14 "Vehicle Use Policies and Procedures" and A-36 "Automobile Insurability and Driver's License Requirements for Current and Prospective Employees." The policies should define and specify the requirements for employees to maintain personal automobile insurance, clarify the coverage limits and any other responsibilities and provisions. Ensure policy updates and requirements are communicated to all employees.	IA to verify during follow-up evaluation.
Vehicle Inventory Procedures March 12, 2014	2	Maintenance Department should take the lead to update Agency Policy A-86, "Refueling Agency Vehicles" to include a clear definition of a "pool" versus an "assigned" vehicle and these definitions should be carried across all Agency policies that relate to Agency vehicle procedures.	IA to verify during follow-up evaluation.
Vehicle Inventory Procedures March 12, 2014	3	Maintenance Department should revise Agency Policy A-86 to specifically address how Voyager fuel cards for Agency "pool" vehicles will be issued and used by employees in order to establish separate guidelines for Agency "pool" vehicles.	IA to verify during follow-up evaluation.
Vehicle Inventory Procedures March 12, 2014	4	Maintenance Department should work with Business Information Systems (BIS) to develop an online/electronic "vehicle reservation and approval process." Approval should be obtained through the online/electronic process by either the employee's supervisor or manager. If the travel in an Agency "pool" vehicle will be for the calendar day only, online/electronic approval obtained from the employee's direct supervisor is sufficient. If travel utilizing an Agency "pool" vehicle will be overnight or several nights, or outside the service area, the employee should obtain online approval from the responsible manager and/or a member of Executive Management.	IA to verify during follow-up evaluation.
Vehicle Inventory Procedures March 12, 2014	5	Maintenance Department should work with the HR Department to incorporate mileage limitations and/or geographic boundaries (i.e. out-of-state) for Agency vehicles in updated Agency policies.	IA to verify during follow-up evaluation.
Vehicle Inventory Procedures March 12, 2014	6	Maintenance Department should evaluate the overall purpose of the VIF, to determine what elements are necessary to be reported by employees after use of an Agency vehicle, as well as determine what elements to hold the employee accountable for. Additionally, fewer incomplete forms may be returned if wording is revised to require only exceptions (an example might be: "Indicate damage to vehicle, if any").	IA to verify during follow-up evaluation.
Vehicle Inventory Procedures March 12, 2014	7	Maintenance Department should determine the need to require that the VIF include an area for the employee's direct supervisor/manager to approve and sign, specifically acknowledging where the vehicle will be used and permitting the use of the Agency vehicle, prior to checking out the vehicle as an added control and accountability measure for the vehicle and the employee.	IA to verify during follow-up evaluation.
Vehicle Inventory Procedures March 12, 2014	8	Maintenance Department should ensure the recipients of the VIF (currently, the receptionists) no longer accept incomplete VIF forms from an employee upon the return of the vehicle to Headquarters. The receptionist should return the form to the employee and request they fill out the VIF completely before checking-in the vehicle.	IA to verify during follow-up evaluation.
Vehicle Inventory Procedures March 12, 2014	9	Maintenance Department should continue to work with "Voyager Fleet Systems" and U.S. Bank to review the card issuer's reporting capabilities, in order to develop the reports needed with the appropriate inputs (e.g. odometer readings, date of purchase, amount, credit card number, cardholder name, number of gallons purchased at point-of-sale) so that the Agency can perform a thorough analysis of fuel consumption monthly.	IA to verify during follow-up evaluation.
Vehicle Inventory Procedures March 12, 2014	10	Maintenance Department should develop one policy or update the existing policy (ies) to outline the proper procedures for washing Agency vehicles.	IA to verify during follow-up evaluation.

Audit Performed	Recd #	Internal Audit Recommendation	Target Date for Implementation & Comment
Vehicle Inventory Procedures March 12, 2014	11	Maintenance Department should perform a routine inventory as well as regular safety/maintenance inspections for all Agency vehicles at least annually and ensure necessary safety and emergency equipment is available and operational. Issues identified should be addressed and corrected timely. Specifically, items required for safety reasons such as fire extinguishers, insurance information and accident instructions, etc. should be current and readily available in the vehicle. Documented maintenance and safety inspection results should be retained and placed in the vehicle's file as evidence of examination.	IA to verify during follow-up evaluation.
Vehicle Inventory Procedures March 12, 2014	12	Maintenance Department should consider including a vehicle bumper sticker on all Agency vehicles that display the Agency's logo and a hotline or contact phone number where issues may be reported by any member of the public.	IA to verify during follow-up evaluation.
Vehicle Inventory Procedures March 12, 2014	13	Periodic reconciliations for fleet (vehicles and equipment) should be performed by the Maintenance Department between any report(s) or system databases that are utilized by management to ensure accuracy when reporting fleet information and making decisions regarding fleet.	IA to verify during follow-up evaluation.

Regional Contract Review - Final Report December 16, 2015	Overall	Consider legal, political and financial impacts of governing by ordinance vs. contract	IA to follow-up after Renegotiation of the Regional Contract
Regional Contract Review - Final Report December 16, 2015	Overall	Review and revise EDU formula	IA to follow-up after Renegotiation of the Regional Contract
Regional Contract Review - Final Report December 16, 2015	Overall	Resolve identified differences of over/under collected amounts of Connection fees and identified differences of over/under collected amounts of unreported monthly sewerage fees	IA to follow-up after Renegotiation of the Regional Contract

Regional Contract Review - Final Report December 16, 2015	1	Connection Fees: Centralize the permitting process OR IEUA provides final sign-off and plumbing permit approval for all nonresidential entities.	IA to follow-up after Renegotiation of the Regional Contract
Regional Contract Review - Final Report December 16, 2015	2	Connection Fees: IEUA should establish monitoring program to inspect random facilities and those were there is a suspected discrepancy	IA to follow-up after Renegotiation of the Regional Contract
Regional Contract Review - Final Report December 16, 2015	3	Connection Fees: Contract should include IEUA inspection, verification and recourse rights for under-collected/under-reported Connection Fees	IA to follow-up after Renegotiation of the Regional Contract
Regional Contract Review - Final Report December 16, 2015	4	Connection Fees: Contract should include IEUA right to audit, full cooperation and access to records and documents upon request	IA to follow-up after Renegotiation of the Regional Contract
Regional Contract Review - Final Report December 16, 2015	5	Connection Fees: Two tier connection fees process that distinguishes between common features and unique features (ie., a toilet always costs the same regardless of type of business)	IA to follow-up after Renegotiation of the Regional Contract
Regional Contract Review - Final Report December 16, 2015	6	Connection Fees: Update Exhibit J regularly to include new/evolving business types	IA to follow-up after Renegotiation of the Regional Contract
Regional Contract Review - Final Report December 16, 2015	7	Connection Fees: Update & clarify Fixture Unit descriptions of Exhibit J regularly	IA to follow-up after Renegotiation of the Regional Contract
Regional Contract Review - Final Report December 16, 2015	8	Connection Fees: Standardize calculation worksheet to ensure it is consistent with Exhibit J and consistent region-wide	IA to follow-up after Renegotiation of the Regional Contract

Audit Performed	Reco #	Internal Audit Recommendation	Target Date for Implementation & Comment
Regional Contract Review - Final Report December 16, 2015	9	Connection Fees: IEUA should require copies of calculation worksheets for all nonresidential customers along with the monthly Building Activity Reports.	IA to follow-up after Renegotiation of the Regional Contract
Regional Contract Review - Final Report December 16, 2015	10	Connection Fees: Regular workshops, meetings, plant tours, etc. with staff in Building, Plan Check and Utility Billing/Financial Departments	IA to follow-up after Renegotiation of the Regional Contract
Regional Contract Review - Final Report December 16, 2015	11	Connection Fees: IEUA develop fixture count expertise and provide regular/ongoing training for Contracting Agencies - Building Departments	IA to follow-up after Renegotiation of the Regional Contract
Regional Contract Review - Final Report December 16, 2015	12	Connection Fees: Contracting Agency internal review of Connection Fees as part of preparing the Building Activity Report	IA to follow-up after Renegotiation of the Regional Contract

Regional Contract Review - Final Report December 16, 2015	1	Monthly Sewerage: Collect monthly sewerage fees for the entire region through County's property tax roll	IA to follow-up after Renegotiation of the Regional Contract
Regional Contract Review - Final Report December 16, 2015	2	Monthly Sewerage: Evaluate methodology used for billing monthly sewerage fees (residential and commercial) and consider alternatives by water consumption, EDUs purchased or other methodology	IA to follow-up after Renegotiation of the Regional Contract
Regional Contract Review - Final Report December 16, 2015	3	Monthly Sewerage: Standardize monthly report to provide IEUA automated, itemized listings of non-residential monthly sewerage charges	IA to follow-up after Renegotiation of the Regional Contract
Regional Contract Review - Final Report December 16, 2015	4	Monthly Sewerage: Establish contract for monthly sewerage payments from Contracting Agencies rather than IEUA issuing monthly invoices	IA to follow-up after Renegotiation of the Regional Contract
Regional Contract Review - Final Report December 16, 2015	5	Monthly Sewerage: IEUA exercise inspection, verification and recourse rights for under-collected/under-reported monthly sewerage fees	IA to follow-up after Renegotiation of the Regional Contract
Regional Contract Review - Final Report December 16, 2015	6	Monthly Sewerage: Contract should include IEUA right to audit, full cooperation and access to records and documents upon request	IA to follow-up after Renegotiation of the Regional Contract
Regional Contract Review - Final Report December 16, 2015	7	Monthly Sewerage: Update 1997 billing memorandum regularly for new business types to provide detailed definitions and descriptions	IA to follow-up after Renegotiation of the Regional Contract
Regional Contract Review - Final Report December 16, 2015	8	Monthly Sewerage: Create a correlation between monthly sewerage fees and Connection Fees	IA to follow-up after Renegotiation of the Regional Contract
Regional Contract Review - Final Report December 16, 2015	9	Monthly Sewerage: Add billing guidance for locations with multiple types of businesses serviced by a master meter	IA to follow-up after Renegotiation of the Regional Contract
Regional Contract Review - Final Report December 16, 2015	10	Monthly Sewerage: Bill commercial businesses at least a minimum of one EDU per month	IA to follow-up after Renegotiation of the Regional Contract

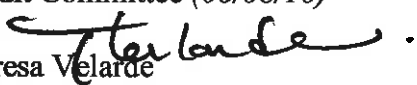
Regional Contract Review - Final Report December 16, 2015	1	Public Service Facility: Consider legal, political and financial impacts of excluding Public Service Facilities from Connection Fees and monthly sewerage charges.	IA to follow-up after Renegotiation of the Regional Contract
Regional Contract Review - Final Report December 16, 2015	2	Public Service Facility: Consider legal, political and financial impacts of IEUA assuming responsibility for Connection Fees calculations, collections and CCRA accounts	IA to follow-up after Renegotiation of the Regional Contract

Audit Performed	Reco #	Internal Audit Recommendation	Target Date for Implementation & Comment
Regional Contract Review - Final Report December 16, 2015	3	Public Service Facility: Contract should include IEUA inspection, verification and recourse rights for under-collected/under-reported Connection Fees	IA to follow-up after Renegotiation of the Regional Contract
Regional Contract Review - Final Report December 16, 2015	4	Public Service Facility: Contract should include IEUA right to audit, full cooperation and access to records and documents upon request	IA to follow-up after Renegotiation of the Regional Contract
Regional Contract Review - Final Report December 16, 2015	5	Public Service Facility: Address difference between "Publicly Owned" vs. "Publicly Used"	IA to follow-up after Renegotiation of the Regional Contract
Regional Contract Review - Final Report December 16, 2015	6	Public Service Facility: Consider cross-departmental approach to the development review process as a regional model	IA to follow-up after Renegotiation of the Regional Contract

Total of 73 outstanding recommendations as of June 8, 2016 requiring IA verification and/or supported response.

INFORMATION
ITEM

5M

Date: June 15, 2016
To: The Honorable Board of Directors
Through: Audit Committee (06/08/16)
From: 
Teresa Velarde
Manager of Internal Audit
Subject: Audit Planning Communication as Required by SAS 114

RECOMMENDATION

This is an informational item for the Board of Directors.

BACKGROUND

Statement on Auditing Standards No. 114 (SAS 114) requires the financial statement auditors to communicate the planned scope and timing of the audit. SAS 114 also describes the auditor's responsibility to inquire of the audit committee information that should be considered in the auditor's risk assessment. The Agency's external auditors are Lance, Soll & Lunghard, LLP (LSL), an independent CPA firm. Attached is the required communication letter under SAS 114. Ms. Deborah Harper, partner with LSL will provide a presentation related to the audit scope and approach, as well as the required communications during the Audit Committee meeting.

PRIOR BOARD ACTION

On March 16, 2016, the Board approved Contract Number 4600002079, in the amount of \$100,820, with Lance, Soll and Lunghard, LLP, to provide Annual Financial and Single Audit Services for the Inland Empire Utilities Agency, and also Contract Number 4600002081, in the amount of \$12,450, both, to complete the required audits for the three (3) fiscal years ending 2015/16, 2016/17 and 2017/18 with the option for an additional two (2) fiscal years.

IMPACT ON BUDGET

The cost of the annual financial and single audit has been included in the FY 2016/17 Administrative Services (GG) budget.



May 17, 2016

To the Board of Directors
Inland Empire Utilities Agency

We are engaged to audit the financial statements of the Inland Empire Utilities Agency (Agency) and Chino Basin Regional Financing Authority (Authority) and the Single Audit for the year ended June 30, 2016. Professional standards require that we provide you with the following information related to our audit. We would also appreciate the opportunity to meet with you to discuss this information further since a two-way dialogue can provide valuable information for the audit process.

Our Responsibilities under U.S. Generally Accepted Auditing Standards, Government Auditing Standards, and the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we will consider the internal control of the Agency and Authority. Such considerations will be solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters. We will also consider internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance.

As part of obtaining reasonable assurance about whether the Agency's and Authority's financial statements are free of material misstatement, we will perform tests of its compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit. Also in accordance with Uniform Guidance, we will examine, on a test basis, evidence about the Agency's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement applicable to each of its major federal programs for the purpose of expressing an opinion on the Agency's compliance with those requirements. While our audit will provide a reasonable basis for our opinion, it will not provide a legal determination on the Agency's compliance with those requirements.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.





To the Board of Directors
Inland Empire Utilities Agency

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to the management's discussion and analysis, the schedule of changes in net pension liability and related ratio, the schedule of employer contributions, and the OPEB funding progress which supplement the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI will not be audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we will not express an opinion or provide any assurance on the RSI.

We have been engaged to report on the combining and individual fund statements and schedules which accompany the financial statements but are not RSI. Our responsibility for this supplementary information, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

We have not been engaged to report on the introductory and statistical sections which accompany the financial statements but are not RSI. Our responsibility with respect to this other information in documents containing the audited financial statements and auditor's report does not extend beyond the financial information identified in the report. We have no responsibility for determining whether this other information is properly stated. This other information will not be audited and we will not express an opinion or provide any assurance on it.

Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We will generally communicate our significant findings at the conclusion of the audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

We expect to issue our report on approximately December 1, 2016.

This information is intended solely for the use of the governing board and management and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Lance, Solt & Luyhard, LLP

**INFORMATION
ITEM**

5 N



Date: June 15, 2016
To: The Honorable Board of Directors
Through: Audit Committee (06/08/16)
From: Teresa V. Velarde
Manager of Internal Audit
Subject: Internal Audit Department Status Report for June 2016

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

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

IMPACT ON BUDGET

None.

Internal Audit Department Status Report for June 2016

Projects Completed This Period

Audit: **Master Service Contracts Audit & Prequalification Process Review**

Scope:

To evaluate the Agency's Master Service Contracts and Prequalification Process to ensure these follow the required Agency policies and procedures and ensure controls exist that enforce proper contracting and procurement for transactions. Additionally, to evaluate the pre-qualification of contractors to ensure they meet the Agency's objectives in an efficient manner that complies with Agency policies.

Status: **COMPLETE**

The audit evaluated the processes and controls in place to prequalify Agency Contractors for major public works projects since the Board approved pre-qualification process was adopted in May 2013. The audit examined how work is distributed under contracts for minor construction and repairs, for emergency procurements, and for professional services based on the starting dates of the signed contract numbers. Finally, the audit examined the amount of work issued under master trade contracts in 2013-14, 2014-15 and through December 31 of the current fiscal year.

Overall, E&CM and CFS provide effective oversight over the pre-qualification of potential contractors and over the establishment and use of the Master Services Contracts. The audit is in the process of identifying opportunities to further enhance operations and strengthen internal controls which may result in recommendations in a follow-up report. The report is attached under separate cover and provides full details of IA's observations to date.

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.
 - Review and comment on draft updates to Fiscal Ordinance #102 and Budget Amendments Policy A-66.
 - Participate in implementation of Enterprise Content Management System.
 - Assist departments with interpretation of Agency's Policies
-

Internal Audit Department Status Report for June 2016

Audit: **Annual Audit Plan**

Scope:

Create a flexible plan of proposed audit projects that considers potential risk areas, to address internal control and Agency policy requirements.

Status: **COMPLETE**

The Annual Audit Plan is attached under separate cover for the Board of Directors approval.

The plan discusses the methodology applied and addresses areas of concern discussed with various management representatives.

On-going Projects

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 fieldwork phase of this project. IA has met 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 has begun reviewing the process in place and the supporting documentation for the capitalization of IT equipment. FAD is currently in the process of establishing a Standard Operating Procedure (SOP) to address the functions for the capitalization of IT Equipment and timely closing of capital/construction projects. Furthermore, FAD is also currently reviewing the intent of the policy related to the capitalization of IT assets, especially for IT equipment purchases on the Procurement Card (P-card) and whether or not acquired as part of a capital project. In addition, IA is also reviewing the feasibility of reconciling IT assets in ISS records to the Agency's financial system (SAP). IEUA has invested in a significant amount of IT equipment to support the Agency's day-to-day operations and currently there is no process in place to perform an annual reconciliation of these assets to validate existence and completeness.

IA will report on the status of these outstanding recommendations in September 2016.

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

Status: **IN PROGRESS**

Internal Audit stands ready to assist in moving forward with implementation of the recommendation and/or resolution of the unpaid fees identified.

Internal Audit Department Status Report for June 2016

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

Internal Audit Department

Internal Audit Department Staffing:

The Internal Audit Department is staffed as follows:

- 1 Manager of Internal Audit
- 1 Full-time Senior Internal Auditor
- 1 Full-time Senior Internal Auditor currently on sick leave

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. 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).

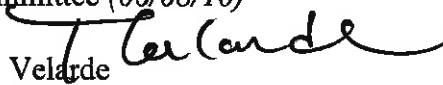
Future Audit Committee Meetings:

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

**INFORMATION
ITEM**

50



Date: June 15, 2016
To: The Honorable Board of Directors
Through: Audit Committee (06/08/16)
From: Teresa V. Velarde 
Manager of Internal Audit
Subject: Prequalification Process Review

RECOMMENDATION

This is an informational item for the Board of Directors.

BACKGROUND

Internal Audit (IA) performed a review of the Agency's prequalification process of prospective contractors according to the Fiscal Year 2015/16 Annual Audit Plan. The objectives of the review included:

- To evaluate the processes and controls in place to prequalify potential Agency contractors for major public works projects. Prequalified contractors are utilized in different ways for construction-related contracts above and below a \$2 million threshold.
- To assure that the prequalification process follows Agency procurement policies and procedures, and to consider whether it promotes fair contracting and good business practices. The Engineering and Construction Management (E&CM) and the Contracts and Facilities Services departments (CFS) administer the contracts. E&CM has primary responsibility for large public works contracts.
- To identify where policies and operations can be made more effective and efficient to ensure that contracts are utilized and monitored as intended.

The audit evaluated the processes and controls in place since the Board approved prequalification process was adopted in May 2013. The audit did not include financial procedures or tests of transactions.

IA will continue to work closely with E&CM and CFS. Additional work is planned to evaluate compliance with policies for the establishing of Master Service Contracts and procedures for issuing task orders under those contracts. A final report will be issued by September 2016.

Overall, E&CM staff provide effective oversight over the prequalification of potential contractors. A few suggestions were discussed and are documented in this report. The suggestions are related to the advertisement of the biannual prequalification process, formalizing the appeal process, and to consider synchronizing the timeline for the administrative requirements related to the prequalification process:

- IA suggested advertising a set date for the biannual prequalification process and posting the date on the website and on the application documents to notify prospective contractors of the timeline for the biannual solicitation process. This will communicate to potential interested contractors the deadline for submitting their application for consideration.
- IA suggested formalizing the appeal process to require additional information and documentation be provided by the protesting contractor when they choose to protest the Agency's decision. The documentation should further emphasize their qualifications and justify the appeal. Additionally, reasons for overturning a rejection should be documented to provide justification for changes to the initial decision of the evaluation team.
- IA suggested that E&CM consider the feasibility and benefits of synchronizing the timing and completion of most or all of their required administrative responsibilities related to prequalification to ensure the requirements are fulfilled with minimal impact on resources. Administrative tasks include advertising the prequalification process, updating contractor financial information and annual State prevailing wage certification and the prequalified term of the contractors on the list.

The Prequalification Process Review is consistent with the Agency's Business Goals of Fiscal Responsibility, Workplace Environment and Business Practices by providing an independent evaluation of IEUA's contracting policies and practices and suggesting recommendations for improvements.

Refer to the attached report for additional details.

PRIOR BOARD ACTION

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

On September 16, 2015 the Board of Directors approved the Annual Audit Plan for Fiscal Year 2015/16, the Prequalification Process Review was included in that plan.

IMPACT ON BUDGET

None.




Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

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

DATE: June 8, 2016

TO: Joseph P. Grindstaff
General Manager

FROM: 
Teresa V. Velarde
Manager of Internal Audit

SUBJECT: Prequalification Process Review

Audit Authority

The Inland Empire Utilities Agency (IEUA or Agency) Internal Audit Department (IA) performed a review of the Agency's prequalification process of prospective contractors. The audit was performed under the authority given by the IEUA Board of Directors (Board) and according to the Fiscal Year 2015/16 Annual Audit Plan.

Audit Objective and Scope

The Prequalification Process Review had several objectives:

- To evaluate the processes and controls in place to prequalify Agency contractors for major public works projects. Prequalified contractors are utilized for construction-related contracts above and below a \$2 million threshold.
- To assure that processes follow Agency procurement policies, and to consider whether they promote fair contracting and good business practices. The Engineering and Construction Management (E&CM) and Contracts and Facilities Services (CFS) departments administer the contracts. E&CM has primary responsibility for large public works contracts.
- To identify where policies and operations can be made more effective and efficient to ensure that contracts are utilized and monitored as intended.

The audit evaluated the processes and controls in place since the Board approved prequalification process was adopted in May 2013. The audit did not include financial procedures or tests of transactions. This report covers the objectives described above.

IA will continue to work closely with E&CM and CFS. Additional work is planned to evaluate compliance with policies for the establishing of Master Service Contracts and the procedures for issuing task orders under those contracts. A final report will be issued by September 2016.

Water Smart – Thinking in Terms of Tomorrow

Terry Catlin
President

Michael E. Camacho
Vice President

Steven J. Elie
Secretary/Treasurer

Jasmin A. Hall
Director

Gene Koopman
Director

P. Joseph Grindstaff
General Manager

Audit Results – Executive Summary

Overall, E&CM and CFS provide effective oversight over the prequalification of potential contractors. A few suggestions were discussed with E&CM and are provided as soft recommendations. The attached report provides details of IA's review.

- IA suggested advertising a set date for the biannual prequalification process and posting the date on the website and on the application documents to notify prospective contractors of the timeline for the biannual solicitation process. This will communicate to potential contractors who are interested, the deadline for submitting their application for consideration.
- IA suggested formalizing the appeal process to require additional information and documentation be provided by the protesting contractor when they choose to protest the Agency's decision. The requirements should to further emphasize their qualifications and justify the appeal. Additionally, reasons for overturning a rejection should be documented to provide justification for changes to the initial decision of the evaluation team.
- IA suggested that E&CM consider the feasibility and benefits of synchronizing the timing and completion of most or all of their required administrative responsibilities related to prequalification to ensure the requirements are fulfilled with minimal impact on resources. Administrative tasks include advertising the prequalification process, updating contractor financial information and annual State prevailing wage certification and the prequalified term of the contractors on the list.

Acknowledgements

We would like to extend our appreciation to the Engineering and Construction Management Department and the Contracts and Facilities Services staff for their cooperation and assistance during this review.

Discussion with Management

We provided a copy of this audit report to Shaun Stone, Manager of Engineering, Warren Green, Manager of Contracts and Facilities Services and their staff for comments prior to finalizing this report. We also met with staff on May 24, 2016 to discuss the results of this review.

TV:ps

cc: Chris Berch, Executive Manager of Engineering/Assistant General Manager
Shaun Stone, Manager of Engineering
John Scherck, Acting Deputy Manager of Engineering
Jerry Burke, Deputy Manager of Engineering
David Mendez, Deputy Manager of Capital Improvement Program
Warren Green, Manager of Contracts and Facilities Services

Prequalification Process Review

Background

IEUA is responsible for building, improving and maintaining water/waste water infrastructure in the region. The public works projects require effective and efficient procurement processes for all types of activities from initial construction, to operations and repairs and maintenance. The Agency procurement processes must fulfill responsibilities as broad as building large projects to miscellaneous work and projects.

In order to streamline and make the procurement process more efficient, IEUA revises its procurement practices from time to time to adopt procurement practices considered “best practices” in the industry. The intent is to save time and resources and ensure only the most qualified contractors able to provide the best value for services are selected. The current processes for public works projects are summarized in Exhibit A.

The Agency has established a Prequalification Process for major construction projects above and below a \$2 million dollar threshold. The Agency has also established Master Trade Contracts and Master Service Contracts for various types of construction services, including emergencies. The Trade and Master Service Contracts will be discussed in greater detail in a separate report.

At its May 15, 2013 meeting, the Board approved the prequalification process for major public works construction contracts. The goal of the prequalification process is to filter and select only the most responsive and best value contractors based on established and “best-value criteria”. IEUA staff believe the traditional construction contract bidding process can be problematic since the goal of selecting the lowest bidder sometimes resulted in contractors with minimal qualifications being selected, claim-oriented contractors submitting bids and high costs of construction management to ensure quality. IEUA staff believe the prequalification process improves the quality of construction, decreases impacts to operations, promotes better schedules and costs and encourages contractors to settle disputes.

The prequalification process for major public works contracts intends to compile a list of the most qualified and ready to serve contractors through a prescreened process. The objective of the audit with regards to the prequalification review, was to determine if sufficient and fair criteria exists to screen contractors, additionally to determine if the Agency makes periodic efforts to expand the list and reevaluate the list of contractors to ensure there is fair competition and criteria are monitored to ensure only the best qualified contractors continue to be on the lists.

Internal Audit's Evaluation of the Prequalification Process for

Major Public Works Contractors

IEUA has two categories of major public works contracts: Those over \$2 million dollars and those under \$2 million dollars. In both cases IEUA has established a prequalification process to prescreen potential contractors. E&CM has documented the screening processes and criteria and the information is available for review. The information includes research done about the prequalification processes used at other Agencies and "model" documents that were considered in establishing the Agency's selection processes.

Major public works projects in excess of \$2 million:

Large public works construction projects over \$2 million follow the most standard contracting process used in the industry and required by the Public Contract Code. These projects are bid out on an individual project basis, and have significant oversight and visibility. Strict Public Contract Code laws apply. Once the Agency has identified a project and the need to contract with a construction company, each individual project goes through a two-step process: First, a "Request for Qualifications" that results in a selection of a qualified group of bidders, and second, a "Request for Bid"/"Invitation for Bid" process among those contractors considered qualified after the first step. This is the most common business practice applied in the industry to establish a contract. The screening of potential contractors is based on factors such as experience, financial stability, managerial ability and work history.

This operational audit did not apply financial procedures or perform tests of financial transactions or payment controls. The audit focused on the method and process in place to "prequalify" those contractors for projects under \$2 million (as described below) and to determine if the prequalification process conforms to the Agency's procurement goals/objectives and are fair and legal practices.

Major public works projects less than \$2 million:

The Agency currently has a list of 43 pre-qualified contractors which includes specialty contractors as defined by the Contractor's State License Board. Contractors remain pre-qualified for 5 years. This list of prequalified contractors is used to solicit bids for major public works projects under \$2 million.

Once the Agency has identified a project and the need to contract with a construction company, the Agency issues the advertisement of the project only to the prequalified contractors with a "Request for Bid" or "Invitation for Bid". Contractors with the applicable licenses still need to submit bids in accordance with IEUA's Procurement Ordinance, and compete among the prequalified contractors. The project is then awarded to the lowest responsive and responsible bidder.

On May 15, 2013, the Board approved the prequalification process and the benefits of having prequalified contractors for major public works. In February 2014 E&CM advertised a Request for Prequalification in various construction trades and specialties. This was E&CM's first prequalification process, and in June 2014, had the first list of prequalified contractors. In April of 2015, E&CM completed a second prequalification evaluation process to add additional contractors to the prequalified list.

IA's Evaluation of the Prequalification Process

IA evaluated the methodology applied and the criteria used to select the Prequalified Contractors for major construction Projects under \$2 million. A summary of the evaluation is included at Attachment B. IA also reviewed the amounts of expenditures associated with each prequalified contractor to-date.

The first solicitation in February 2014 resulted in a total of 49 responses. The proposals were evaluated by a team that included staff from E&CM, a representative from CFS and three outside consultants. This was an informal process. Each reviewer provided written comments about each contractor's proposals. The documented comments were the evaluators' subjective reaction to the proposal, as well as some information about their past project experiences with the contractors in other settings and IEUA's past experience with the contractor. IEUA asked that the evaluators consider the applicant's experience, resources, litigation record, and safety qualifications. The process did not include weighting the responses or developing scores to ensure each evaluator considered the qualities and qualifications in the same manner. The responses were collated and summarized on a spreadsheet. Based on comments from the reviewers, a decision was made by E&CM supervisory/management staff with input from the review panel.

In 2014, of the 49 responses, 25 were placed on the Prequalification List. Twenty-four were not approved through this initial process, however, of the 24, five were considered qualified the following year during the 2015 prequalification process and are now on the list. Additionally, one contractor successfully appealed and was added to the list.

Of the 25 contractors prequalified in the first year, only 24 of them are shown on the list of prequalified contractors. One contractor that received a positive evaluation was not included. According to E&CM, the contractor was inadvertently left off the prequalified list and was added following IA's inquiry. Additionally, one contractor placed on the prequalified list, was the only contractor that did not have documented comments on the evaluation summary. According to E&CM the contractor was included as prequalified based on the unanimous discussions of the evaluators during the meeting.

The first evaluation and qualification process appeared less formal than the one used in 2015 when additional contractors were solicited. It also appears, there was not sufficient review to ensure the process was well documented. An informal process, lacking sufficient supporting documentation, could inadvertently disregard contractors that could

potentially contest the process and put the Agency at risk of being accused of not following adequate procurement policies or providing fair opportunities.

In April 2015, IEUA published a second solicitation for the "Request for Qualifications". A total of 34 contractors responded to the solicitation. These responses were evaluated by a six person team that included IEUA E&CM, CFS staff and two outside representatives.

The 2015 solicitation process was more formal and there is more documentation to support the process and selections made. Each evaluator was assigned responsibility for evaluating a specific area of the proposal and each of the six evaluators had the opportunity to provide a favorable or unfavorable evaluation:

<u>Category</u>	<u>Percentage Weight</u>
Staff/Subcontractor qualifications	15%
Water/Wastewater experience	25%
CPM Schedule, budget, quality of work	10%
Firm experience, history, labor compliance	10%
Application thoroughness, references	15%
Fiscal stability	15%
DIR Requirements (yes/no – not an individual evaluating)	10%

Financial Evaluation:

In addition, the Agency's Finance and Accounting Department (FAD) performed a financial evaluation of the proposals. This evaluation included the following criteria (as described by FAD):

1. **Overall Liquidity:** These ratios demonstrate the ability to finance new contracts and meet current obligations
2. **Overall Profitability:** Measure of management's effectiveness in utilizing the assets and the equity of the company, as well as the most opportune allocation of the company's capital on its risk assessment.
3. **Overall Leverage:** Indicates the relationship between the company and the creditors and whether or not there is a proper investment in fixed assets

FAD provided an Overall Outlook of "Favorable" or "Unfavorable" along with one of the comments from the above list.

Of the 34 proposals received, 26 had the financial analysis performed, eight did not have a financial analysis. The notes indicated that six contractors turned in their financial information late, therefore there was no time to perform the analysis before the final selection was made. There no information about whether financial information was received from the other two contractors. Of these eight contractors, four were subsequently included on the approved list.

The financial analysis portion of the evaluation process led to a varied comparison of the contractors. Of the 24 contractors that were prequalified in this selection process, 15 had favorable financial evaluations, 4 did not submit financial information or provided it too late for evaluation, 3 were unfavorable, 1 was favorable with caution and 1 was incomplete

Team Evaluation:

The most traditional measure for selecting the firms to include on the prequalified list is to require a majority of favorable evaluations. A total of 24 contractors were selected from the evaluation process. All of those selected received at least 4 out of 6 positive evaluations and 14 of the companies received the perfect score of 6 out of 6.

Consultant Evaluation:

A measure of the impartiality of the selection process is to compare those contractors that were prequalified to the recommendations of the outside consultants. By this measure, all 24 prequalified contractors received a "pass" evaluation from one outside consultant. A second outside consultant provided a favorable evaluation to 19 of the 24 prequalified contractors and gave none of the passed-over contractors a favorable evaluation.

E&CM documented the information from both procurements in multiple spreadsheets summarizing the comments by the evaluators and maintaining files of their original evaluation sheets with the proposals received.

Biannual Prequalification Process

E&CM has now completed two prequalified processes, February 2014 and April 2015. E&CM plans to perform additional prequalification process as needed, and at minimum biannually. The E&CM SOP #78 states that "Contractors can be added to the list on a biannual basis; however they can submit a qualification package at any time". Staff recognized the process requires much time and resources to complete and has no set date for the next process.

IA discussed with E&CM the possibility of committing to a biannual deadline and to post the specific date or time frame for the next prequalification process on the website along with the contractor application that is already posted on the website. Doing so would provide clear guidance and a timetable for the biannual solicitation process. This will communicate to potential contractors who are interested, the deadline for submitting their application for consideration.

Appeal of Prequalification Decision

One contractor who was originally rejected during the first evaluation process, appealed the initial decision during the required time period. According to E&CM this is the only instance where a contractor subsequently appealed their initial rejection because most

contractors consider the feedback documented and provided by the evaluation team and move on.

E&CM SOP #78, Section 3.2 provides an appeal process, which states:

A contractor who receives a disqualification may appeal the decision in writing within five business days from the date of IEUA's notification of the qualification status letter. The contractor may request a hearing, which will be conducted no later than five days after the receipt of the notice of appeal.

E&CM staff indicated that the contractor initially rejected during the review process, followed the appeal process and requested a "Meet and Confer" meeting to discuss the rejection. According to staff, the contractor was able to demonstrate that their business model had changed and their commitment to quality work. Based on the Meet and Confer meeting the contractor was placed on the prequalified list.

IA noted that although there is an appeal process documented and available for contractors wanting to contest the initial decision by the Agency, the appeal process does not require that the contractor submit additional information or support to fully justify any changes to the initial decision. IA believes that additional justification should be required to ensure that contractors take the process seriously and further demonstrate their capabilities and qualifications. Without additional requirements, it may give the appearance that a simple conversation is all that is required to change the Agency's initial decision. IA believes that a more formalized process requiring additional information would provide some added protection to the Agency.

IA recommends that E&CM consider formalizing the appeal process to require additional information and documentation be provided by the protesting contractors to further emphasize their qualifications. In addition, reasons for overturning a rejection should be documented to provide justification for changes to the initial decision of the evaluation team. The process and required documentation should be documented in the department's SOP and in the proposal requirements to ensure both parties understand.

Synchronization of Administrative Requirements

E&CM staff have many administrative responsibilities that take up much time and resources in conjunction with pre-qualification; but that are very important and must be satisfied to ensure their continued use and reliance on contractors. For example:

- The prequalification process takes time and resources. E&CM has committed to accepting applications at any time, but the prequalification process is only conducted as needed or potentially at a regular interval.
- E&CM also prefers to obtain financial information about prequalified contractors on an annual basis to ensure their continuing viability and commitment to the prequalification list.

- Because all contractors on the prequalified list are qualified for five years, time and resources are necessary to ensure the five year term is monitored.
- E&CM must ensure contractors comply with their required annual registration with the Department of Industrial Relations (DIR). This is intended to provide assurance that the contractors meet the prevailing wage criteria of the DIR and applies to all Agency contractors, not only those on the prequalified list.

IA recommends that E&CM consider the feasibility and benefits of synchronizing the timing and completion of most or all of the above described administrative responsibilities to ensure the requirements are fulfilled with minimal or less impact on resources. For example, performing the prequalification process every odd year during a specific month of the year and synchronizing this process with the requalification effort of asking for DIR and financial information. E&CM may also want to consider a contract term of something other than five years to conform to a synchronized process.

In conclusion, the prequalification process during both years appears to have been an impartial and thorough analysis of the proposals that were received and the process resulted in selecting a broad group of prequalified contractors.

IA Evaluation of the Use of the Prequalified Contractors:

IA performed an analysis of disbursements made to contractors that were prequalified for projects under \$2 million.

Contracts to Prequalified Contractors under \$2M

Contractor	Contract #	Contract Start Date	Original Contract Amount	Total thru 3/31/2016 (since start of contract)	% over/under contract amount
Allison Mechanical	4600001703	7/17/14	\$ 571,315	\$ 583,744	2.18%
Allison Mechanical	4600001966	7/15/15	\$ 431,216	\$ 96,120	in process
Environmental Const Inc.	4500020426	3/16/15	\$ 714,822	\$ 758,081	6.05%
GSE Construction	46EN11035	2/20/14	\$ 1,374,700	\$ 1,494,252	8.70%
GSE Construction	46EN13054	3/24/14	\$ 1,779,100	\$ 1,906,432	7.16%
GSE Construction	46EN14027	5/21/14	\$ 604,000	\$ 699,755	15.85%
Humphrey Constructors	4600001591	11/25/13	\$ 984,000	\$ 868,371	-11.75%
J. F. Shea Construction, Inc.	4600001845	5/18/15	\$ 707,350	\$ 707,350	0.00%
J. R. Filanc Construction Co. Inc.	4600001738	3/18/15	\$ 407,835	\$ 368,685	-9.60%
J. R. Filanc Construction Co. Inc.	4600001702	6/18/14	\$ 1,135,000	\$ 1,309,906	15.41%
J. R. Filanc Construction Co. Inc.	4600001888	5/12/15	\$ 630,100	\$ 814,756	29.31%
Mladen Buntich Construction Co.	4600001586	10/21/13	\$ 529,000	\$ 540,355	2.15%
Pascal & Ludwig	4600001390	1/16/13	\$ 644,231	\$ 675,832	4.91%
W. M. Lyles Co.	4600001628	12/4/13	\$ 1,113,083	\$ 1,261,414	13.33%
			\$ 11,625,752	\$ 12,085,053	3.95%

Based on the analysis of SAP financial activity, there has been a reasonably broad distribution of contracting activity among the prequalified contractors for contracts under \$2 million, however E&CM has no control over whether prequalified contractors decide to submit bids. Additionally, some contractors have specific specialty areas and cannot bid on certain types of projects. Therefore, there are also a number of prequalified contractors that have not been utilized. We noted that 19 prequalified contractors showed no activity since the prequalification process was completed.

**EXHIBIT A: INLAND EMPIRE UTILITIES AGENCY
 MAJOR PUBLIC WORKS PROJECTS**

Steps Required:		Major Public Works Contracts over \$2 Million (E & CM)	Major Public Works Contracts under \$2 Million (E & CM)
QUALIFICATION PROCESS	REQUEST FOR QUALIFICATIONS	New "Request for qualifications" for each contract to establish a minimum group of qualified bidders for each project.	Numerous contractors by various trades have been "pre-qualified" by E & CM through a "Request for Qualifications" evaluation process. This list is the group of contractors contacted for new projects.
BID/PROPOSAL APPROACH	INVITATION FOR BID or REQUEST FOR BID (Agency must accept lowest responsible bid)	The contractors that have been approved from the "Request for Qualifications" process are solicited through an "Invitation for Bid".	When a new project is approved, contractors in the applicable trade from the "prequal" list are solicited through an "Invitation for Bid".
	REQUEST FOR PROPOSAL (Agency may select based on additional pre-established criteria)	N/A	N/A; however Agency may also request proposals through online bidding network in addition to using the prequalified contractors.
CONTRACT	CONTRACT	New contract established with lowest responsible bidder.	New contract established with lowest responsible bidder.
AUTHORIZATION TO PAY/PAYMENT PROCESS	PAY ESTIMATE	Work proceeds and payment is based on milestones or percentage of completion.	Work proceeds and payment is based on milestones or percentage of completion.

NOTE:
 E & CM: The Engineering and Construction Management Department has primary responsibility for these contracts. CFS provides contracting expertise and oversight.

EXHIBIT B: EVALUATION OF MAJOR PUBLIC WORKS CONTRACTORS FOR CONTRACTS LESS THAN \$2 MILLION

CONTRACTOR	SPECIALTIES	2014 RFQ	2015 RFQ
Air-Ex Air Conditioning	HVAC	Y	
Allison Mechanical	HVAC, Mechanical		5/6
ARB, Inc.	General, Pipeline		6/6
Canyon Springs Enterprises, dba RSH Construction	General		6/6
Charles King Company, Inc.	Pipeline	Y	
Colich & Sons, L.P.	Pipeline	Y	
C.P. Construction Co., Inc.	Pipeline	Y	
CSI Electrical Contractors	Electrical	N	1/6
Dalke & Sons Construction	Electrical, General		6/6
Davis Electric	Electrical		6/6
Environmental Construction Inc.	Earthwork, General, Landscaping, Mechanical	Y	6/6
Ferreira Construction	Fencing, General, Pipeline		6/6
GCI Construction	Pipeline	Y	
GSE Construction Co., Inc.	Mechanical	Y	5/6
Halcyon Electric, Inc.	Electrical		5/6
Hemet Manufacturing Co. dba Genesis Construction	General, Pipeline	Appealed	
Henkels & McCoy	Electrical, General		6/6
Houalla Enterprises LTD dba Metro Builders Inc.	General		4/6
Humphrey Constructors	Mechanical	Y	4/6
J.F. Shea Construction, Inc.	Pipeline	Y	
J.R. Filanc Construction Co., Inc.	Mechanical	Y	
J.R. Pipeline Co., Inc.	Pipeline	Y	
Jamison Engineering Contractors, Inc.	General, Mechanical, Pipeline		6/6
Mike Bubalo Construction	Pipeline	Y	
Mike Prlich & Sons Inc.	Pipeline	N	4/6
Mladen Buntich Construction Co. Inc.	Pipeline	Y	
MNR Construction	Pipeline	N	6/6
Norstar	General, Pipeline		4/6
OHL USA, Inc. dba Group OHL USA Inc.	Earthwork, Electrical, General, Pipeline		6/6
Pacific Hydrotech Corporation	HVAC	Y	
Pacific Internal Electric Co, Inc dba Pacific Industrial Electric	Electrical	Y	
Pascal & Ludwig Constructors	Mechanical	Y	6/6
Paso Robles Tank, Inc.	Coating & Painting, General	N	6/6
Ramona, Inc.	Pipeline	Y	
S.S. Mechanical Corp.	General, Mechanical	Y	6/6
Sancon Engineering	General	Y	
SCW Contracting Corp	General, Pipeline	Y	
Southern Contracting Company	Electrical	Y	6/6
SSC Construction	General	N	5/6
Tharsos	General		4/6
Trautwein Construction Inc.	Pipeline	Y	
Utah Pacific Construction	General, Pipeline		5/6
VCI Construction, Inc.	Pipeline	Y	
W.A. Rasic Contracting	Pipeline	Y	
W.M.Lyles Co.	General, Mechanical	Y	
2014 RFQ: Y – Yes, considered qualified; N – No, not considered qualified			
2015 RFQ: X/X – This indicates the proportion of reviewers who considered a contractor's proposal as qualified in comparison to the total number of reviewers			

**AGENCY
REPRESENTATIVES'
REPORTS**

6B



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

MWD MEETING AGENDA

Regular Board Meeting

June 14, 2016

12:00 p.m. -- Board Room

Tuesday, June 14, 2016 Meeting Schedule		
8:30 a.m.	Rm. 2-456	RP&AM
9:00 a.m.	Rm. 2-145	L&C
10:00 a.m.	Rm. 2-456	OP&T
11:00 a.m.	Rm. 2-145	IRP
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: Ronald Shute, Administrative Assistant I, Business Technology Group
- (b) Pledge of Allegiance: Director Glen Peterson

2. Roll Call

3. Determination of a Quorum

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

5. OTHER MATTERS

- A. Approval of the Minutes of the Meeting for May 10, 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 May

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

7. CONSENT CALENDAR ITEMS — ACTION

- 7-1** Approve up to \$1.153 million to purchase insurance for Metropolitan's Property and Casualty Insurance Program. (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

Approve up to \$1.153 million to renew all the expiring excess liability and specialty insurance policies, and maintain the same retentions and coverage limits.

- 7-2** Appropriate \$310,000; and authorize design and valve procurement to relocate piping for Service Connection OC-76 on the Allen-McColloch Pipeline (Approp. 15480). (E&O)

Recommendation:

Option #1:

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

- a. Appropriate \$310,000; and**
- b. Authorize design and valve procurement to relocate piping for Service Connection OC-76 on the Allen-McColloch Pipeline.**

- 7-3** Appropriate \$700,000; and award \$343,625 contract to Environmental Construction, Inc. to replace blow-off valves on the Middle Feeder (Approp. 15480). (E&O)

Recommendation:

Option #1:

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

- a. Appropriate \$700,000; and**
- b. Award \$343,625 contract to Environmental Construction, Inc. to replace blow-off valves on the Middle Feeder.**

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

Recommendation:

Option #1:

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

Approve amendments to the Administrative Code set forth in Attachment 2 to the board letter to reflect the changes recommended in the letter.

(END OF CONSENT CALENDAR)

8. OTHER BOARD ITEMS — ACTION

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

Recommendation:

Option #1:

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

- a. Approve the Statement of Investment Policy; and**
- b. Delegate authority to invest to the Treasurer for fiscal year 2016/2017.**

- 8-2** Approve and authorize the distribution of Appendix A for use in the issuance and remarketing of Metropolitan's bonds. (F&I)

Recommendation:

Option #1:

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

- a. Approve the draft of Appendix A (Attachment 1 to the board letter) substantially in the form attached to the board letter;**
- b. Authorize the General Manager, or other designee of the Ad Hoc Committee, to finalize, with changes approved by the General Manager and General Counsel, Appendix A; and**
- c. Authorize distribution of Appendix A in connection with the sale or remarketing of bonds.**

- 8-3** Adopt Second Supplemental Subordinate Resolution to the Master Subordinate Resolution authorizing the issuance of up to \$175 million of Subordinate Water Revenue Bonds, 2016 Authorization and provide for transaction documents. (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 Second Supplemental Subordinate Resolution to the Master Subordinate Resolution authorizing the issuance of up to \$175 million of Subordinate Water Revenue Bonds, 2016 Authorization, providing the terms and conditions for the sale and issuance of said Subordinate Water Revenue Bonds and providing for transaction documents, as contained in Attachment 1 to the board letter.

- 8-4** Appropriate \$10 million; and authorize capital program for projects costing less than \$250,000 for fiscal years 2016/17 and 2017/18 (Approp. 15498). (E&O)

Recommendation:

Option #1:

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

- a. Appropriate \$10 million for capital projects costing less than \$250,000 for fiscal years 2016/17 and 2017/18;**
- b. Authorize the General Manager to initiate capital projects costing less than \$250,000 and perform all required work including the preparation of necessary environmental documentation; and**
- c. Designate the General Manager as the decision-making body for purposes of reviewing, approving, and certifying any environmental documentation which may be required for such projects.**

- 8-5** Appropriate \$2.7 million; and award \$1,885,150 contract to Abhe & Svoboda, Inc. to replace fish screens on the Inlet/Outlet Tower at Diamond Valley Lake (Approp. 15441). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action was previously addressed in the 2014 categorical exemptions and that no further environmental analyses or documentation are required, and

- a. Appropriate \$2.7 million; and**
- b. Award \$1,885,150 contract to Abhe & Svoboda, Inc. to replace the fish screens on the Inlet/Outlet Tower at Diamond Valley Lake.**

- 8-6** Authorize payment of \$620,638 for support of the Colorado River Board and Colorado River Authority for fiscal year 2016/17. (WP&S) (Two-thirds vote required)

Recommendation:

Option #1:

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

Authorize the General Manager to make payment of up to \$620,598 for the CRB/Six Agency Committee and Authority for FY 2016/17.

9. BOARD INFORMATION ITEMS

- 9-1** Department Head Performance Evaluation Process and Schedule

10. FOLLOW-UP ITEMS

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**

6C



Regional Sewerage Program Policy Committee Meeting

AGENDA
Thursday, June 2, 2016
4:30 p.m.

Location

Inland Empire Utilities Agency
6075 Kimball Avenue
Chino, CA 91710

Call to Order and Roll Call

Pledge of Allegiance

Public Comment

1. Technical Committee Report

2. Action Item

- A. Approval of the May 5, 2016 Meeting Minutes
- B. Regional Contract Amendment
- C. FY 2016/17 Budget

3. Informational Items

- A. RP-1/RP5 Expansion PDR
- B. Strategic Grant Planning
- C. Regional Audit Response

4. Receive and File

- A. Building Activity Update
- B. Recycled Water Distribution – Operations Summary
- C. Sewer Fee Evaluation
- D. Recharge Master Plan Update Project Resolutions and Agreements

5. Other Business

- A. IEUA General Manager's Update
- B. Committee Member Requested Agenda Items for Next Meeting
- C. Committee Member Comments
- D. Next Meeting – August 3, 2016

6. Adjournment

DECLARATION OF POSTING

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, May 30, 2016.


Laura Mantilla

**AGENCY
REPRESENTATIVES'
REPORTS**

6D

**CHINO BASIN WATERMASTER
WATERMASTER BOARD MEETING**

11:00 a.m. – May 26, 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 March 24, 2016

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of February 2016
2. Watermaster VISA Check Detail for the month of February 2016
3. Combining Schedule for the Period July 1, 2015 through February 29, 2016
4. Treasurer's Report of Financial Affairs for the Period February 1, 2016 through February 29, 2016
5. Budget vs. Actual Report for the Period July 1, 2015 through February 29, 2016
6. Cash Disbursements for the month of March 2016
7. Watermaster VISA Check Detail for the month of March 2016
8. Combining Schedule for the Period July 1, 2015 through March 31, 2016
9. Treasurer's Report of Financial Affairs for the Period March 1, 2016 through March 31, 2016
10. Budget vs. Actual Report for the Period July 1, 2015 through March 31, 2016

C. WATER TRANSACTIONS

1. Notice of Sale or Transfer – The purchase of 1,200,000 acre-feet of water from Santa Ana River Water Company (SARWCo) by Jurupa Community Services District (JCSD). This purchase is made from SARWCo's Annual Production Right / Operating Safe Yield first, then any additional from storage. In addition, JCSD will purchase 99,000 acre-feet of water from SARWCo's excess carryover account. Date of application: March 15, 2016.

2. **Notice of Sale or Transfer** - The purchase of 1000.000 acre-feet of water from San Antonio Water Company by the City of Upland. This purchase is made from San Antonio Water Company's Annual Production Right/Operating Safe Yield first, then any additional from storage. The City of Upland is utilizing this transaction to produce its San Antonio Water Company shares. Date of application: January 22, 2016.

D. FINANCING PLAN FOR THE 2013 AMENDMENT TO THE 2010 RMPU

Approve the Financing Plan for the 2013 RMPU.

E. MASTER RECHARGE FACILITIES FINANCING AGREEMENT BETWEEN CHINO BASIN REGIONAL FINANCING AUTHORITY, INLAND EMPIRE UTILITIES AGENCY, AND CHINO BASIN WATERMASTER

Approve the Master Recharge Facilities Financing Agreement and authorize the General Manager to execute the Agreement subject to non-substantive changes as needed.

F. PROPOSITION 1 – GROUNDWATER GRANT

Adopt Resolution No. 2016-04, authorizing the Chino Basin Regional Financing Authority to submit a grant application for a Proposition 1 Groundwater Grant for Chino Basin Improvements and the Groundwater Cleanup Project.

G. PROPOSITION 1 – STORMWATER GRANT

Adopt Resolution No. 2016-05, authorizing the Chino Basin Regional Financing Authority to submit a grant application for a Proposition 1 Stormwater Grant for the implementation of the Wineville Basin, Jurupa Basin, RP-3 Basin Improvements, and Pumping and Conveyance System Project.

H. CLEAN WATER STATE REVOLVING FUND LOAN PROGRAM

Adopt Resolution No. 2016-06, authorizing the Inland Empire Utilities Agency to apply, through the Chino Basin Regional Financing Authority, for State Revolving Fund Loan for the preliminary planning and design costs of 2013 RMPU projects.

I. REVENUE PLEDGE TO STATE REVOLVING FUND FINANCING

Adopt Resolution No. 2016-07, dedicating net revenues from Debt Service assessments to payment of Watermaster's share of the State Revolving Fund and/or Water Recycling Funding Program financing.

J. FIRST AMENDMENT TO THE MASTER COST SHARING AGREEMENT BETWEEN CHINO BASIN WATERMASTER AND INLAND EMPIRE UTILITIES AGENCY

Approve the first amendment to the agreement made to the Master Cost Sharing Agreement between CBWM and IEUA and authorize the General Manager to execute the Agreement.

II. BUSINESS ITEMS

A. BUDGET AMENDMENT FORM A-16-04-01

Adopt the Budget Amendment Form (A-16-04-01) for FY 2015/16 in the amount of \$250,000 for the increased cost associated with the Safe Yield Redetermination and Reset, as presented.

B. WATERMASTER FISCAL YEAR 2016/17 PROPOSED BUDGET

Adopt the proposed FY 2016/17 Budget as presented.

III. REPORTS/UPDATES

A. LEGAL COUNSEL REPORT

1. June 10, 2016 Hearing
2. Amended Notice of Related Case No. CIVDS1601994
3. CalPERS Appeal Hearing

B. ENGINEER REPORT

1. Adaptive Management Plan for the Prado Basin Habitat Sustainability Program
2. Ground-Level Monitoring Committee Update

C. CFO REPORT

1. Fiscal Year 2015/16 Second Assessment

D. GM REPORT

1. RMPU Grant Funding – CBWM Letter
2. SGMA Update
3. Replenishment Water
4. Other

IV. INFORMATION

1. Cash Disbursements for April 2016
2. RMPU Status Report
3. Ground Level Monitoring Report
4. Update on South Archibald and Chino Airport Plumes

V. BOARD MEMBER COMMENTS

VI. OTHER BUSINESS

VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

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

1. GM Performance Evaluation


VIII. FUTURE MEETINGS AT WATERMASTER

- 5/23/16 Mon 9:00 a.m. Groundwater Recharge Coordinating Committee (GRCC at CBWCD)
5/26/16 Thu 11:00 a.m. Watermaster Board
6/07/16 Tue 10:00 a.m. Fiscal Year 2015/16 Assessment Package Workshop
6/09/16 Thu 9:00 a.m. Appropriative Pool Meeting
6/09/16 Thu 11:00 a.m. Non-Agricultural Pool Meeting
6/09/16 Thu 1:30 p.m. Agricultural Pool Meeting
6/16/16 Thu 8:00 a.m. Appropriative Pool Strategic Planning (Confidential Session Only)
6/16/16 Thu 9:00 a.m. Advisory Committee Meeting
6/16/16 Thu 9:30 a.m. Recharge Investigations and Projects Committee (RIPCom)
6/23/16 Thu 11:00 a.m. Watermaster Board

ADJOURNMENT

**GENERAL
MANAGER'S
REPORT**



Date: June 15, 2016
To: The Honorable Board of Directors
From: P. Joseph Grindstaff, General Manager 
Subject: General Manager's Report Regarding Agency Activities

PLANNING & ENVIRONMENTAL RESOURCES

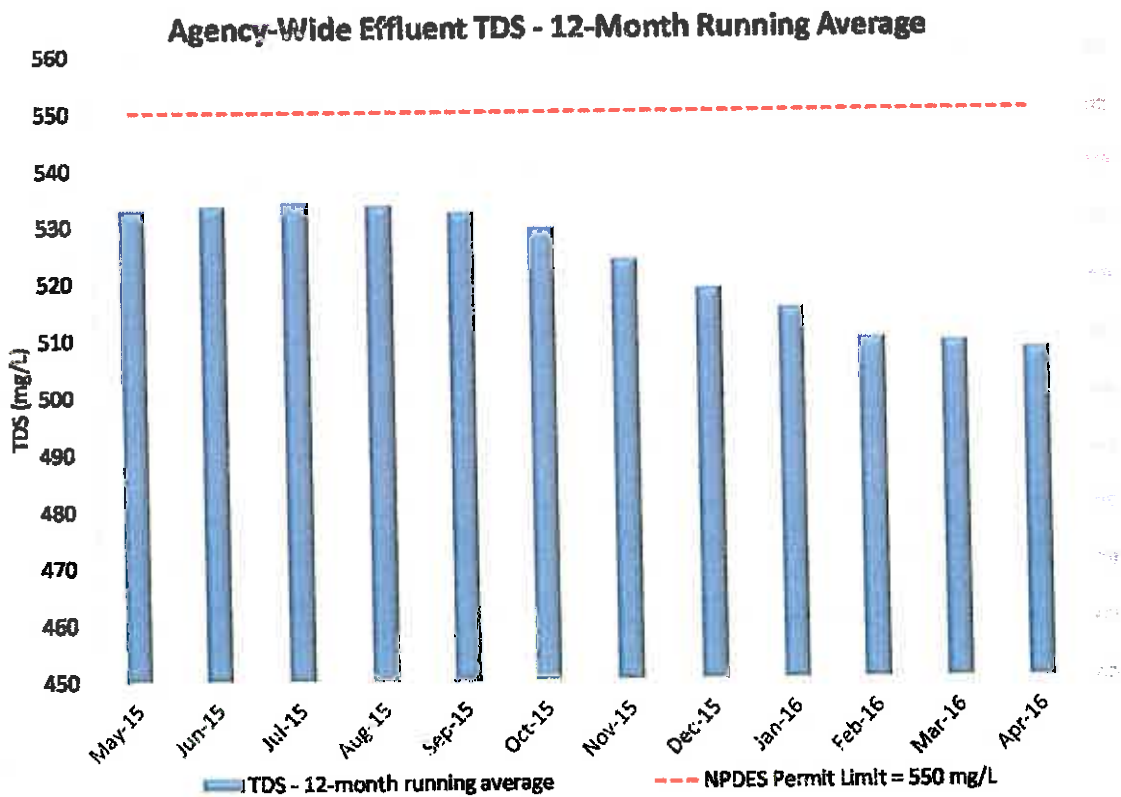
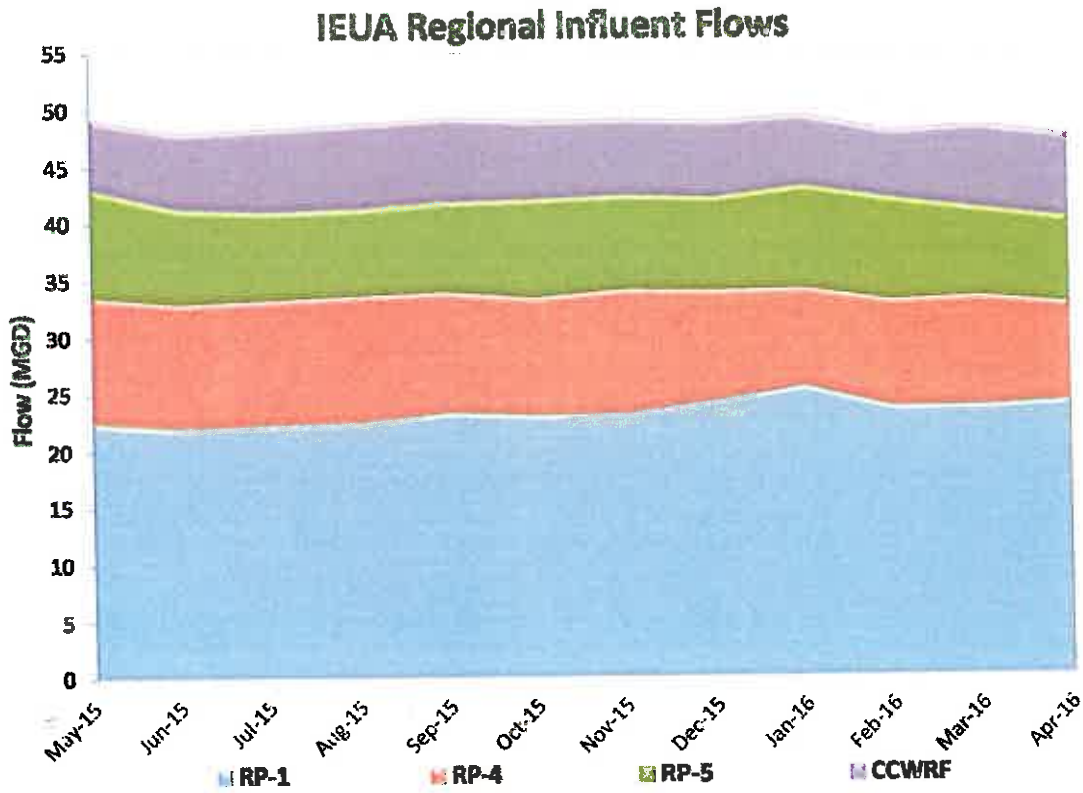
Drought Summary - Member Agencies versus State Board requirement.

Water Tracker			
Agency	Target Savings	Cumulative Savings (Jun 2015-Apr 2016)	Monthly Savings (Apr 2016)
Chino	24%	19%	22%
Chino Hills	28%	29%	48%
CVWD	32%	25%	28%
FWC	28%	30%	49%
MVWD	24%	24%	22%
Ontario	24%	20%	21%
Upland	36%	38%	40%

Regional Plant influent flows during the month of April 2016 was consistent with the flow received during the previous months. Agency-wide average daily influent flow for the month of April 2016 was approximately 47.4 million gallons per day.

The National Pollutant Discharge Elimination System (NPDES) permit effluent limitation for the Agency-wide 12- month flow-weighted running average of Total Inorganic Nitrogen (TIN) is 8 mg/L. The 12-month running average TIN value for April 2016 was 5.6 mg/L.

The NPDES permit effluent limitation for the Agency-wide 12- month flow-weighted running average of Total Dissolved Solids (TDS) is 550 mg/L. The 12-month running average TDS value for April 2016 was 508 mg/L.



General Manager's Report Regarding Agency Activities

June 15, 2016

Page 3 of 11

On April 25, 2016, IEUA received the draft source test report for the flare at RP-5 SHF. The results demonstrated compliance with the permit requirements and on May 11, 2016, IEUA notified AQMD in writing that compliance has been achieved. IEUA also submitted the appropriate excess emission fee for nitrogen oxides which occurred during the variance period.

On May 19, 2016, IEUA submitted the source test reports for both boilers at RP-1. Results for both boilers demonstrated compliance with the permitted limits for carbon monoxide and nitrogen oxides.

OPERATIONS UPDATE

Sodium Hypochlorite usage for April 2016 was 125 gallons per million gallons of treated flows.

IERCF UPDATE

Operational Comments – Facility throughput for May averaged approximately 99% of permitted capacity at an average of 411 tons per day of biosolids and 153 tons per day of amendments (based on a 31-day month). The facility is operating well with no violations or lost time incidents.

Facility Throughput

POTW	Wet Tons Month	Wet Tons Year to Date
LACSD	7,337.39	35,589.15
IEUA	5,411.70	26,894.54
OCS	0	0
TOTAL	12,749.09	62,483.69

Compost Sales –IERCA sales in May were greater than last year, displaying an increase in spring compost demand. We predict June to be on par with the previous year. Compost inventory in the storage facility is 600 cubic yards of finished material and 8,500 cubic yards unscreened material.

Monthly Sales Summary May 2016

Month	Product	Cubic Yards	Avg. \$/CYD	Total \$
May	Premium	13,201.00	\$2.76	\$36,451.73
	Base	13,332.61	\$0.06	\$755.39
Total		26,533.61	\$1.40	\$37,207.12

YTD Sales Summary through May 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
March	16,784.45	22,059.88	\$33,493.58	\$56,897.95
April	26,638.72	24,675.28	\$36,945.87	\$47,085.22
May	26,533.61	15,213.81	\$37,207.12	\$33,195.45
Total	225,777.22	246,243.06	\$335,591.35	\$406,205.93
Average	20,525.20	22,385.73	\$30,508.30	\$36,927.81

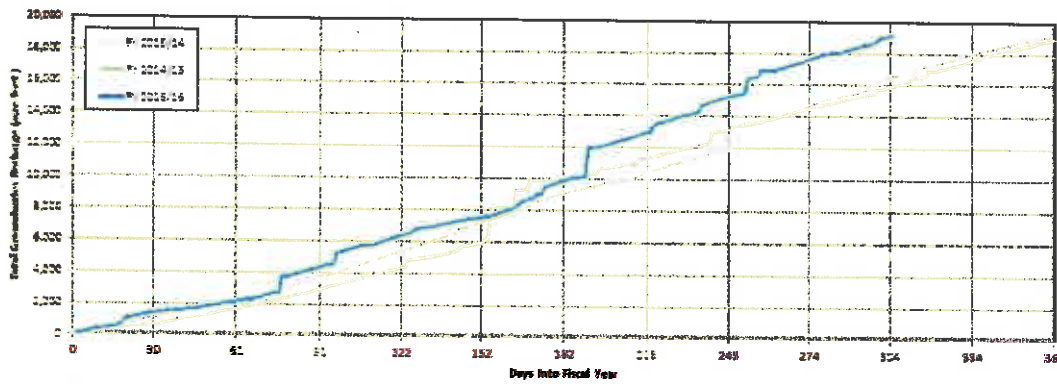
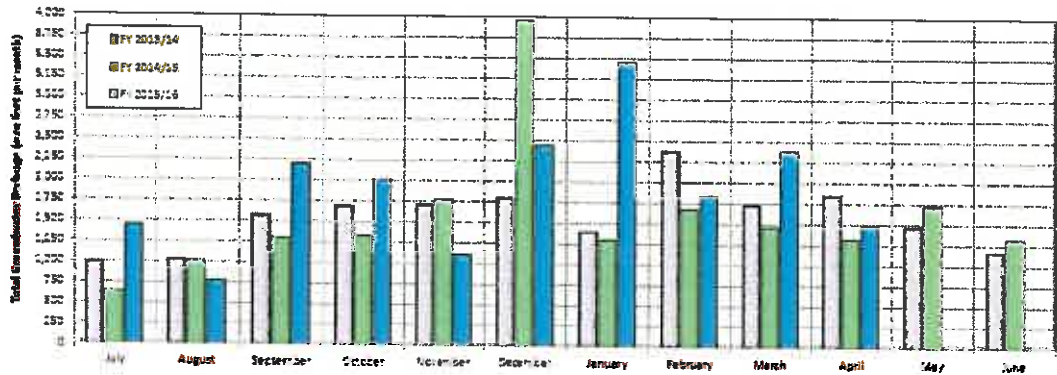
Groundwater Recharge – April 2016

During April 2016, recycled water recharge totaled 1,162 acre-feet. There was no imported water delivered. The capture of dry weather creek flows totaled 55 acre-feet. There were two rain events during this period that generated a total of approximately 262 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>.

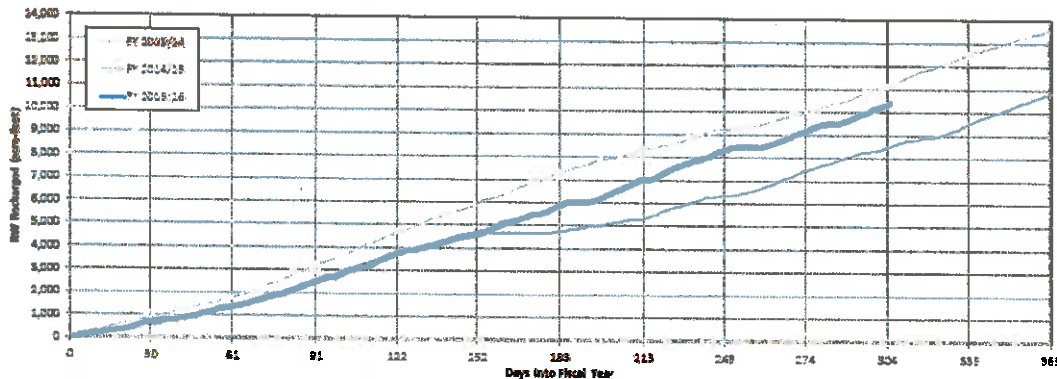
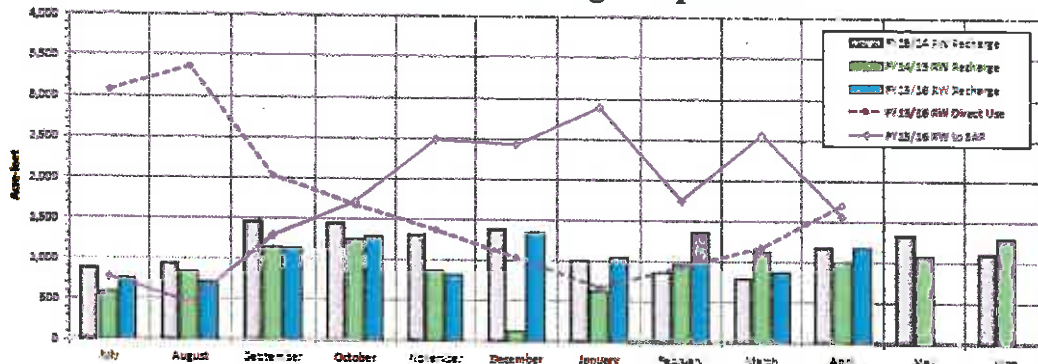
Groundwater Recharge – May 2016 (Preliminary)

During May 2016, recycled water recharge totaled 1,472 acre-feet. There was no imported water delivered. The capture of dry weather creek flows totaled 38 acre-feet. There was one rain event during this period that generated a total of approximately 435 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 – April 2016

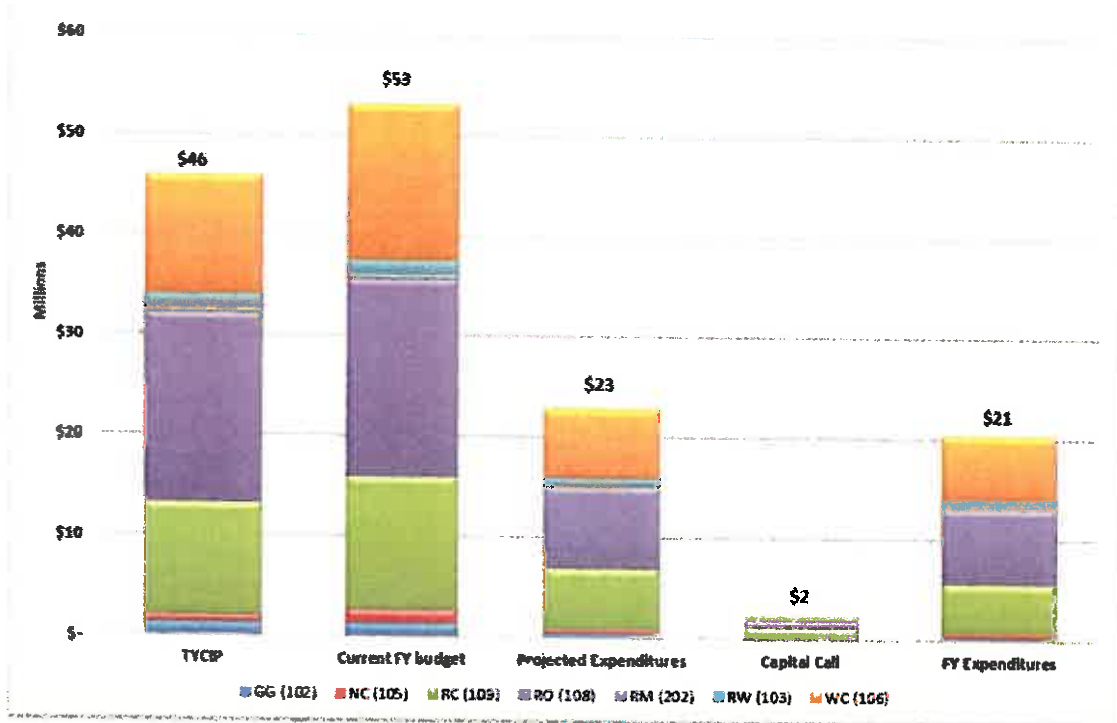


Recycled Water Delivered to Groundwater Recharge – April 2016



ENGINEERING & CONSTRUCTION MANAGEMENT PROJECT STATUS SUMMARY

Engineering and Construction Management's FY 2015/16 budget is \$52,965,125. As of May 25th, staff has projected to spend \$22,863,993 during FY 2015/16 of which \$20,461,768 has been spent. The following chart summarizes the Engineering and Construction Management FY Budget status update.



Currently, fourteen projects have over \$500,000 of FY budget that will not be expended this FY. These fourteen projects represent \$20,223,616 of the variance between the current FY budget and the projections. The reasons for their variances are as follows:

Project #	Description	FY 10/16 Forecast	FY 15/16 Budget	Variance (FY Budget - FY Forecast)	Reason for Variance
EN06025	Wineville Ext RW Pipeline Seg A	1,125,389	2,135,354	1,009,965	The project finished under budget.
EN11031	RP-5 Flow Equalization and Effluent Monitoring	91,986	1,255,264	1,163,277	The project scope was modified to meet Agency operating requirements causing a schedule delay.
EN13001	San Sevaine Basin Improvements	376,676	3,500,000	3,123,324	The planned schedule did not account for a lengthy pre-design effort. This pushed all of the construction cost to the next fiscal year.
EN13016	SCADA Enterprise System	3,439,772	4,297,500	857,728	The project finished under budget.
EN13018	Montclair Diversion Structure Improvements	562,874	1,203,874	641,000	The expenditure of funds was delayed to allow the contractor time to procure all materials necessary prior to closing the street to lessen the length of time for the road closure.
EN13045	Wineville RW Extension Segment B	1,683,606	2,506,256	822,649	The project finished under budget.
EN13048	RP-1 Power System Upgrades	252,148	1,000,000	747,852	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 FY 2016/17.
EN14018	RP-4 Disinfection Facility Improvements	242,427	759,516	517,089	Additional scope to rehab the south side of the existing building to allow utilization of a new office area, add new toilets, and break rooms impacted the completion of the design schedule.
EN14047	GWR and RW SCADA Control Upgrades	190,076	816,265	626,189	The planned schedule did not account for a lengthy pre-design effort. This pushed all of the construction cost to FY 2016/17.
EN15043	SBCFCD Recycled Water Easement	430	567,298	566,868	San Bernardino County has not completed the appraisal report reviews.
EN15044	SBCFCD NRW Easement	267	514,930	514,662	San Bernardino County has not completed the appraisal report reviews.
EN16021	Chino Basin Groundwater Supply Wells and Raw Water Pipelines	709,538	9,000,000	8,290,462	This project is part of a contractual agreement with CDA that requires full payment up front before any project components are completed (e.g., design, construction, etc.). As a result, \$9M was budgeted prior to FY 2015/16, as the project was expected to begin early in the fiscal year. Due to delays in the agreements with the Regional Water Quality Control Board and private parties involved in litigation surrounding the project, the project start date has been pushed back, resulting in the lack of capital spent on the project this FY.

General Manager's Report Regarding Agency Activities

June 15, 2016

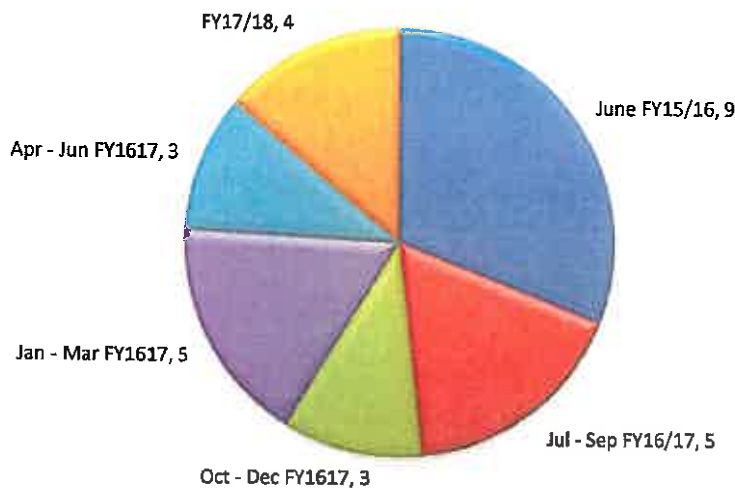
Page 8 of 11

Continued

Project #	Description	FY 15/16 Forecast	FY 16/16 Budget	Variance (FY Budget - FY Forecast)	Reason for Variance
EN16024	RP-1 Mixed Liquor Return Pumps	473,482	1,000,000	526,518	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 2016/17.
EN16025	RP-1 Expansion PDR	183,968	1,000,000	815,032	The 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.
		9,332,641	29,556,257	20,223,616	

Active Projects in Design

29 Active Project in Design



9 Project Currently in Bid & Award in June of FY 2015/16

- EN16070.00 Agency wide Pumps Efficiencies Improvements
- EN16068.00 Main Office Permit Office
- EN16132.00 Magnolia Channel Spillway
- EN16055.00 Headquarters Back Up Generator
- RA14003.00 IERCF Receiving Pit and Drainage
- EN16051.00 RP-1 Utility Water Flow Meter
- EN16071.00 San Bernardino Avenue Gravity Sewer
- EN16049.00 Conference Rooms Audio Visual Upgrades
- EN16047.00 HQ Parking Lot FY15/16

5 Projects in Bid & Award in July - September of FY 2016/17

- EN14018.00 RP-4 Disinfection Facility Improvements
- EN13001.00 San Sevaine Basin Improvements
- EN16024.00 RP-1 Mixed Liquor Return Pumps
- EN17040.00 RP-1 Aeration Basin Panel Repairs
- EN16021.00 Chino Basin Groundwater Supply Wells and Raw Water Pipelines

3 Projects in Bid & Award in October - December of FY 2016/17

- EN16016.02 Turner Diversion Manhole Repair
- EN14019.00 RP-1 Headworks Primary and Secondary Upgrades
- EN11031.00 RP-5 Flow Equalization and Effluent Monitoring

5 Project in Bid & Award in January - March of FY 2016/17

- EN15013.00 RP-1 TWAS and Primary Effluent Piping Replacement 2014
- EN16034.00 RW Pressure Sustaining Valve Installation FY 15/16
- EN11039.00 TP-1 Disinfection Pump Improvements
- EN14043.00 RP-5 RW Pipeline Bottleneck
- RW15004.00 Lower Day Basin RMPU Improvements

3 Projects in Bid & Award in April - June of FY 2016/17

- EN13048.00 RP-1 Power System Upgrades
- WR15021.00 Napa Lateral
- EN22002.00 NRW East End Flowmeter Replacement

General Manager's Report Regarding Agency Activities

June 15, 2016

Page 9 of 11

Active Projects in Construction

Project ID	Project Title	Description	Total Project Budget (\$)	Total Cost to Date thru 5/25 (\$)	FY Budget 2016 (\$)	FY Cost thru 5/25 (\$)	Original Contract (\$)	Total Project CO's (\$)	Total Project CO's (%)	Original Planned Completion Date	Current Completion Date	
1	EN12014.00	East Avenue 1630 E RWP Relocation	Relocation of 200 LF of 36 inch RW PL on East Avenue In Rancho	890,108	496,103	633,261	324,158	384,950	10,733	2.79	8/30/2015	10/14/2016
2	EN13016.00	SCADA Enterprise System	Design/construct SCADA system that enables remote control of facilities	10,407,046	4,601,871	4,297,500	3,104,844	2,499,275	44,230	1.77	2/15/2016	3/31/2016
3	EN13018.00	Montclair Diversion Structure Improvements	Rehabilitate the gates and install SCADA for remote operations	3,030,095	607,107	1,203,874	292,874	557,565	0.00	0.00	7/1/2016	7/15/2016
4	EN13045.00	Wineville RW Extension Segment B	Install 2.8 miles of 30" RWP & to the associated appurtenances	11,880,300	10,767,233	2,506,256	1,675,606	8,900,000	205,502	2.31	10/15/2015	12/3/2015
5	EN13056.01	RP-4 MCC - Power Center Five Roof Access	Design, fabricate, install stairs for rooftop and install of gantry platform	160,000	71,069	90,556	70,717	188,000	188,000	0.00	7/18/2016	7/18/2016
6	EN14038.00	CB20 Noise Mitigation Measures	Design and Build the sound mitigating enclosure	160,000	158,280	109,328	107,865	90,500	0.00	0.00	8/31/2015	12/3/2015
7	EN14047.00	GWR and RW SCADA Control Upgrades	Upgrade the SCADA components at 34 remote GWR/RW sites.	932,000	205,900	816,265	90,195	255,988	0.00	0.00	2/17/2017	2/17/2017
8	EN15008.00	Water Quality Laboratory	The project will replace the existing operation laboratory at RP-1	20,900,000	1,419,411	1,700,000	1,398,200	17,460,000	0.00	0.00	4/1/2019	8/31/2018
9	EN15030.02	San Bernardino Lift Station Fiber Optic Vault Upgrades	Install traffic rated manhole covers and modify existing pull boxes to be traffic rated.	355,000	361,527	613,076	361,527	3,300	0.00	0.00	6/28/2016	5/3/2016
10	EN15032.00	Agency-Wide HVAC Improvements- Pckg No. 3	Evaluate electrical and control buildings HVAC systems and provide solutions at RP-1	1,180,000	693,381	989,250	599,105	431,216	1,811	0.80	6/6/2016	5/10/2016
11	EN15055.00	1630 E & W. Recycled Water Pump Station - Surge Tank Installation	Field survey to ensure surge tank construction will be within IEUA's easement	1,590,000	317,764	527,428	258,231	729,000	0.00	0.00	9/23/2016	10/13/2016
12	EN16013.00	RP-4 Lighting Improvements - Phase 1	Replace fluorescent light fixtures with LED fixtures and motion sensors.	300,000	5,028	300,000	5,028	292,736	0.00	0.00	6/17/2016	9/1/2016
13	EN16067.00	RP-1 DAFs Plug Valve Replacement	Demo and replace existing eccentric plug valves in DAF Valve Vaults	120,000	119,135	120,000	119,135	80,085	0.00	0.00	2/9/2016	5/27/2016
14	EN17034.00	Agency wide Lighting Improvements - Phase 2	Replace interior and exterior florescent lights with LED lights and motion sensors	1,400,000	0.00	0.00	0.00	1,400,320	0.00	0.00	6/16/2016	1/3/2017
			53,304,549	19,823,809	13,906,794	8,407,485	33,272,935	450,276				

- Total construction contract payments for work completed in April: \$323,351

Emergency Projects Awarded in May 2016

Project ID	Contractor	Task Order Description	TO #	Amount	Date	
1	EN16019.15	Ferreira Construction	RP-2 Utility Water Line Leak	TO-008	15,000	5/22/2016
					15,000	

Completed Construction Projects

Notice of Completion Filed in May 2016

Project No.	Project Title	Description	Notice of Completion Filed
1	EN08023.06	RP1 Primary Clarifier 2015 Rehab Project	Continuation of the required rehab work within the Primary Clarifiers
			5/5/2016

General Manager's Report Regarding Agency Activities

June 15, 2016

Page 10 of 11

Office Engineering Project

	Project ID	Project Title	Status	Complete (%)	Actual Costs (\$)
1	CW16003.02	Chino Rag Conn C-30	Due to the recent approval by USACE the project can begin construction in late 2016.	52%	55
2	CW16003.03	Ontario Reg Conns O-97 & O-98	The regional connection request was approved by the Reg Tech Comm.	23%	49
3	CW16003.04	MI MH Adjustment at Phillips & Ramona	Waiting for SB County notification of project award and schedule	13%	49
4	CW16003.05	Chino Hills Reg Conn CH-10	The regional connection request will be presented to the Reg Tech Comm for approval.	7%	0
5	CW16015.01	City of Ontario Francis St SD Project	Waiting for inspection request notification	24%	193
6	CW16102.01	CVWD RW Conn CVRW-43	Possible inspection of hot tap upon notification	59%	297
7	CW16102.03	CVWD RW Conn CVRW-42	The revised final design was taken with no exceptions and mylars were signed.	54%	270
8	CW16102.04	CVWD RW Conn CVRW-44	The mylar was signed & request for the contractor's certificate of ins was submitted.	68%	697
9	CW16102.05	CVWD RW Conn CVRW-45	The IEUA permit was issued	88%	407
10	CW16102.07	CVWD RW Conn CVRW-47	The connection was reviewed w/as-built drawings & design comments were provided.	66%	143
11	CW16102.08	Chino RW Conn CRW-80	The engineering plans were reviewed and comments were provided to the consultant.	88%	336
12	CW16102.09	Chino RW Conn CRW-81	The engineering plans were reviewed. The contractor will connect to the existing stub out.	88%	158
13	CW16102.10	Chino RW Conn CRW-82-83-84	The contractor will request inspection of the 3 hot taps.	73%	359
14	CW16102.11	24In RWPL in 800 PZ in Chino Hills	Final drawings were approved. Waiting for mylar submittal.	82%	215
15	CW16102.12	CVWD RW Conn CVRW-48	The connection location was reviewed and design comments were provided.	69%	14
16	CW16102.13	City of Ontario Sixth St SD Project	The IEUA permit was issued. It is anticipated that the work will begin in June 2016	43%	198
17	CW16102.14	CVWD RW Conn CVRW-49-50-51	The connection was reviewed w/as-built drawings & design comments were provided.	67%	42
18	CW16102.15	Chino RW Conn CRW-85	The drawings were approved.	45%	114
19	CW16102.17	RW BO Relocation in Pine	Field Mtg was held with RW Ops to discuss existing facilities that will be relocated due to the widening.	73%	49
20	CW16102.18	RW Meter Vault Adj in Monte Vista Ave	The certificate of insurance was accepted and an IEUA permit was issued.	80%	0
					3,644

GRANTS UPDATE

Grants Administration Significant Events - Board Activities

Since the last General Manager's report, the following items were processed through both the IEUA Board and the CBRFA Commission for the 2013 Chino Basin Recharge Master Plan Update (RMPU) Projects:

1. Approval of the Master Recharge Facilities Financing Agreement between IEUA, CBWM and CBRFA.
2. Approval of the First Amendment to the Master Cost Sharing Agreement between IEUA and CBWM.
3. Adopted resolutions authorizing IEUA to submit grant/SRF loan applications to the State Water Resource Control Board (SWRCB) for:
 - Proposition 1 Groundwater Grant Program application
 - Proposition 1 Stormwater Grant Program application
 - SRF loan application for the planning and design of the RMPU Project.

The following item was processed only through the CBRFA Commission:

Adoption of a resolution, approving and adopting Addendum No. 2 to the Mitigation Negative Declaration for the Jurupa Community Services District Recycled Water Service Expansion Program as CEQA-Responsible Agency.

Grant/Loan Opportunities and Applications

The Agency's Grants Department is continuing to pursue additional federal and state grant opportunities as they become available to supplement the Agency CIP budgets.

State Water Resources Control Board

1. Proposition 1 Storm Water Grant application for the RMPU Project.
2. Proposition 1 Groundwater Grant application for the RMPU Project.
3. SRF loan for planning and design of the RMPU project was submitted.
4. SRF loan for the construction of the Lower Day Basin Improvement Project.

California Water Commission

1. Water Storage Concept application to be submitted in June 2016.

Grant Reimbursements and Reporting Activities

The following is a status update on several existing contracts for various grants and loans:

- SRF Loan invoice for Wineville Recycled Water Pipeline for \$2,431,411.00
- Grant invoice for Wineville Recycled Water Pipeline Project for \$218,543.00
- Grant invoice for San Sevaine is for costs through April 2016 for \$120,512.50
- Grant invoice for Regional Residential Landscape Retrofit for April cost \$84,090.01
- Grant invoice for MWD Biotitta costs through December 2015 for \$11,174.84