



AGENDA

MEETING OF THE BOARD OF DIRECTORS

**WEDNESDAY, MARCH 18, 2015
10:00 A.M.**

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

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

FLAG SALUTE

PUBLIC COMMENT

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

ADDITIONS TO THE AGENDA

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

1. PUBLIC HEARING AND ADOPTION OF ORDINANCE NO. 101

It is recommended that the Board:

1. Hold a Public Hearing to receive public comments prior to the adoption of Ordinance No. 101, establishing and setting forth the policies governing agency authority and dollar limits for best value procurements and procurement-related activities; and
2. After closing the Public Hearing, adopt Ordinance No. 101.

2. CONSENT CALENDAR

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

A. MINUTES

The Board will be asked to approve the minutes from the January 21, and February 18, 2015 Board meetings.

B. ADOPTION OF RESOLUTION NO. 2015-3-2, COMMENDING CUCAMONGA VALLEY WATER DISTRICT FOR 60 YEARS OF SERVICE

It is recommended that the Board adopt Resolution No. 2015-3-2, commending Cucamonga Valley Water District for 60 Years of Service.

C. TREASURER'S REPORT ON GENERAL DISBURSEMENTS

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

D. COPIER LEASE AGREEMENT

It is recommended that the Board:

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

E. OFFICE SUPPLIES CONTRACT

It is recommended that the Board:

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

F. GRAINGER CONTRACT

It is recommended that the Board:

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

G. CONTRACT AWARD FOR INTEGRATED RESOURCES PLAN WEAP MODEL RESILIENCY TESTING

It is recommended that the Board:

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

H. WASTEWATER, WATER, AND RECYCLED WATER RATE AND FEE STUDY

It is recommended that the Board:

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

I. ENGINEERING SERVICES CONTRACT AMENDMENT FOR THE RP-4 DISINFECTION FACILITY IMPROVEMENTS

It is recommended that the Board:

1. Approve the amendment to the engineering services contract with IDS Group for the additional consulting services for the RP-4 Disinfection Facility Improvements, Project No. EN14018, for the not-to-exceed amount of \$105,110; and
2. Authorize the General Manager to execute the consultant contract amendment.

J. ENGINEERING SERVICES CONTRACT AWARD FOR THE CCWRF INSPECTION OF THE 72-INCH MIXED LIQUOR PIPELINE

It is recommended that the Board:

1. Approve the award of an engineering services contract for the CCWRF "Mixed" Liquor Pipeline Inspection, Project No. EN15048, to V&A Consulting Engineer, Inc., for a not-to-exceed amount of \$158,839; and
2. Authorize the General Manager to execute the consultant contract.

K. CONSTRUCTION CONTRACT AWARD FOR THE RP-1 DIGESTER GAS SYSTEM EVALUATION AND IMPROVEMENTS

It is recommended that the Board:

1. Approve the construction contract award to J.R. Filanc Construction Company for the RP-1 Digester Gas System Evaluation and Improvements, Project No. EN15056, in the amount of \$407,835; and
2. Authorize the General Manager to execute the construction contract.

3. ACTION ITEMS

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

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

B. ADOPTION OF THE REGIONAL WASTEWATER EDU VOLUMETRIC RATE FOR FISCAL YEARS 2015/16 – 2019/20

It is recommended that the Board adopt Rate Resolution No. 2015-3-1, establishing service rates for Improvement District "C" for Fiscal Year (FY) 2015/16 through 2019/20 for the EDU volumetric rate for the Regional Wastewater Program.

C. DESIGN/BUILD CONTRACT AWARD OF THE COMMUNICATION SYSTEM UPGRADES

It is recommended that the Board:

1. Award the construction contract to Sun Wireless for the construction of the Communication System Upgrades, Project No. EN12019, for a not-to-exceed total amount of \$826,294; and
2. Authorize the General Manager to execute the construction contract.

4. INFORMATION ITEMS

A. REGIONAL CONTRACT REVIEW – INTERIM AUDIT REPORT FOR CUCAMONGA VALLEY DISTRICT (WRITTEN/POWERPOINT)

B. ENGINEERING AND CONSTRUCTION MANAGEMENT MONTHLY UPDATE (POWERPOINT)

C. MWD UPDATE (ORAL)

RECEIVE AND FILE INFORMATION ITEMS

- D. **TREASURER'S REPORT OF FINANCIAL AFFAIRS (WRITTEN/ POWERPOINT)**
- E. **FY 2014/15 SECOND QUARTER BUDGET VARIANCE, PERFORMANCE GOALS UPDATES, AND BUDGET TRANSFER (WRITTEN/POWERPOINT)**
- F. **PUBLIC OUTREACH AND COMMUNICATION (WRITTEN)**
- G. **LEGISLATIVE REPORT FROM INNOVATIVE FEDERAL STRATEGIES (WRITTEN)**
- H. **LEGISLATIVE REPORT FROM THE DOLPHIN GROUP (WRITTEN)**
- I. **LEGISLATIVE REPORT FROM AGRICULTURAL RESOURCES (WRITTEN)**
- J. **CALIFORNIA STRATEGIES, LLC MONTHLY ACTIVITY REPORT (WRITTEN)**
- K. **INTERNAL AUDIT DEPARTMENT STATUS REPORT FOR MARCH 2015 (WRITTEN)**
- L. **INLAND BIOENERGY PROJECT UPDATE (POWERPOINT)**
- M. **RECYCLED WATER UPDATE (POWERPOINT)**

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

5. AGENCY REPRESENTATIVES' REPORTS

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

6. GENERAL MANAGER'S REPORT (WRITTEN)

7. BOARD OF DIRECTORS' REQUESTED FUTURE AGENDA ITEMS

8. DIRECTORS' COMMENTS

A. CONFERENCE REPORTS

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

9. CLOSED SESSION

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

- 1) Chino Basin Municipal Water District vs. City of Chino, Case No. RCV51010
- 2) Martin vs. IEUA, Case No. CIVRS 1000767
- 3) Sheilds vs. IEUA, Case No. CIVRS 1301638
- 4) Desaddi vs. IEUA, Case No. CIVRS 1304617
- 5) Mwembu vs. IEUA, Case No. CIVDS 1415762
- 6) Southern California Edison vs. IEUA, Case No. CIVRS 1308595
- 7) Qualco vs. IEUA, Case No. CIVRS 1304057

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

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

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

- 1) Three (3) Cases

D. PURSUANT TO GOVERNMENT CODE SECTION 54957 – PERSONNEL MATTERS

- 1) Various Positions – Compensation Study
- 2) Various Positions

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

Manager of Internal Audit

10. ADJOURN

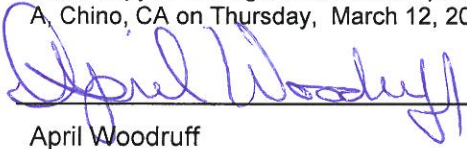
*A Municipal Water District

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

Proofed by: CRJ

Declaration of Posting

I, April Woodruff, Board Secretary of the Inland Empire Utilities Agency*, A Municipal Water District, hereby certify that a copy of this agenda has been posted by 5:30 p.m. at the Agency's main office, 6075 Kimball Avenue, Building A, Chino, CA on Thursday, March 12, 2015.



April Woodruff

INFORMATION
ITEM

4B

Engineering and Construction Management Project Updates

March 2015



Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

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

David Mendez,
Deputy Manager of Construction Management

EN13023 – 930 Zone Recycled Water Pipeline

- Contractor: MNR Construction, Inc.
- Current Contract: \$12.8 M
- Scope of Work: Construct 2.4 miles of 30-inch RW Pipeline
- Current Activities:
 - Demobilization
- Contract Completion: February 2015
- Percent Complete: 99%
- Focus Points:
 - Pressure Testing
 - Cost Reconciliation

Demobilization Activities

2/3/15, 8:24 AM



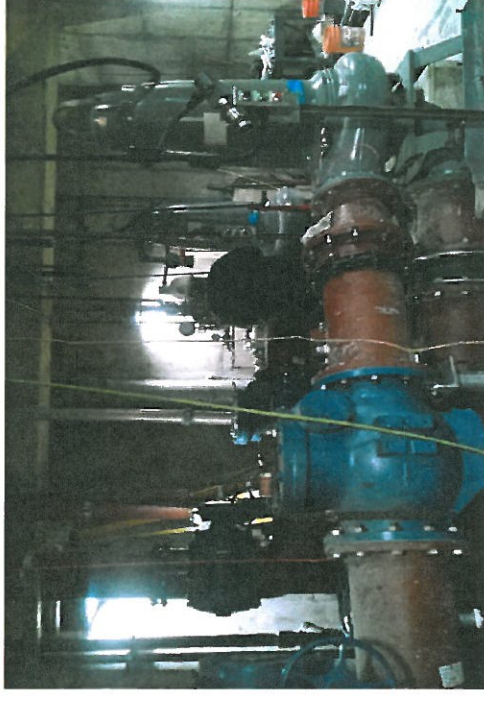
930 Zone Recycled Water Testing and Commissioning

- IEUA Project Management Staff
- Initiated Start up and commissioning of 930 Zone system
- Includes- CCWRF Pump Station, Pipeline and Reservoir
- Start-up and operational testing plan has been approved
- Current Activities:
 - Beginning March 2, 2015, Final control testing of the 930 Zone operational testing

EN13054 - Montclair Lift Station Upgrades EN11035 - Philadelphia Pump Station Upgrades

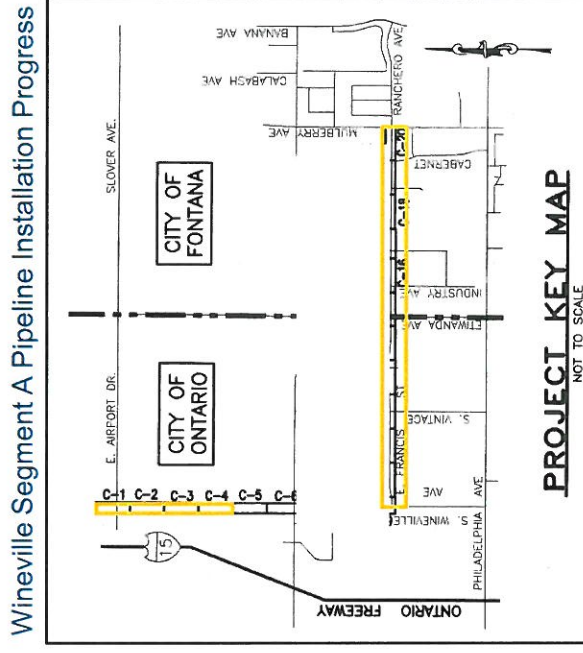
- Contractor: GSE Construction
- Current Contract: \$3.25 M
- Scope of Work: Replacement of pumps, valves and upgrade of electrical and control systems
- Current Activities:
 - Montclair – 30 Day test period
 - Philadelphia – Closeout
- Contract Completion: March 2015
- Percent Complete:
 - EN13054 - Montclair Lift Station Upgrades 85%
 - EN11035 - Philadelphia Pump Station Upgrades 96%
- Focus Points:
 - Montclair – Complete testing and Transfer to Operations

Montclair New Flygt Pumps



EN06025 – Wineville Recycled Water Pipeline Extension Segment A

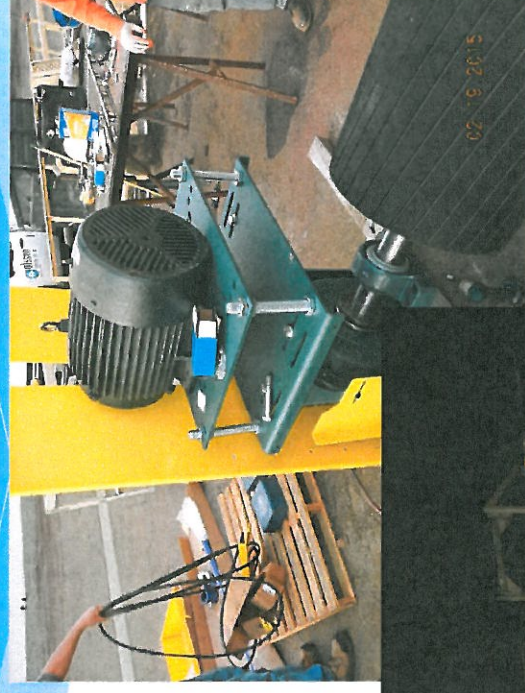
- Contractor: CCL Contracting, Inc.
- Current Contract: \$10.2 M
- Scope of Work: Construct 2.5 miles of 36-inch RW Pipeline and 1.0 mile of 24-inch RW Pipeline
- Current Activities:
 - Pipe installation on Marlay heading east
 - ~ 2.8 mile of pipe installed (approximately 14,800 feet)
- Contract Completion: July 2015
- Percent Complete: 41%
- Focus Points:
 - Pipeline installation progressing



RA11004 – IERCF Conveyance Improvements

- Contractor: Olsson Construction
- Current Contract Value: \$3.5 M
- Scope of Work: Belt conveyor modifications
- Current Activities:
 - Functional observation
 - 108 Hour Shutdown prep work
 - Loop checks
- Contract Completion: March 2015
- Percent Complete: 90%
- Focus Points:
 - 108 Hour Shutdown

Head-box Conversion



Feeding Hopper, Electromagnet

RA15001 – IERCF Baghouse and Dust Collection System Enhancements

- Contractor: Baghouse and Industrial Sheet Metal Services
- Current Contract: \$931,000
- Scope of Work: Refurbish dust collection system
- Current activities:
 - Project Punch list
 - Project start up and training
- Contract Completion:
 - April 2015
 - Currently on time
- Percent Complete: 90%
- Focus Points:
 - Project Close-out

Main Dust Collecting Header



EN09021 – RP-4 Headworks Retrofits

- Contractor: J.R. Filanc Construction
- Current Contract: \$1,162,000
- Scope of Work: Install new JWCE Fine Screens, washer/compactor and fiberglass reinforced plastic headworks building
- Current Activities:
 - Testing and Commissioning of the Primary (east) find screen and washer/compactor.
 - Auto sequencing and final loop checks are in process
- Contract Completion: June 2015
- Percent Complete: 63%
- Focus Point:
 - Existing conveyor integration and SCADA

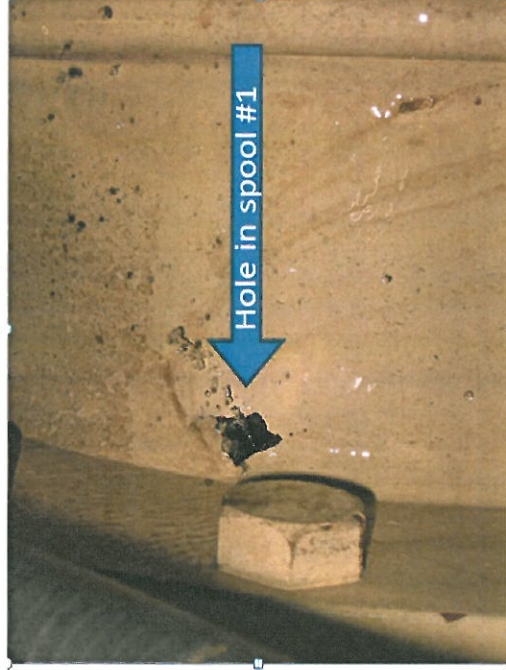
Bar Screen Installation



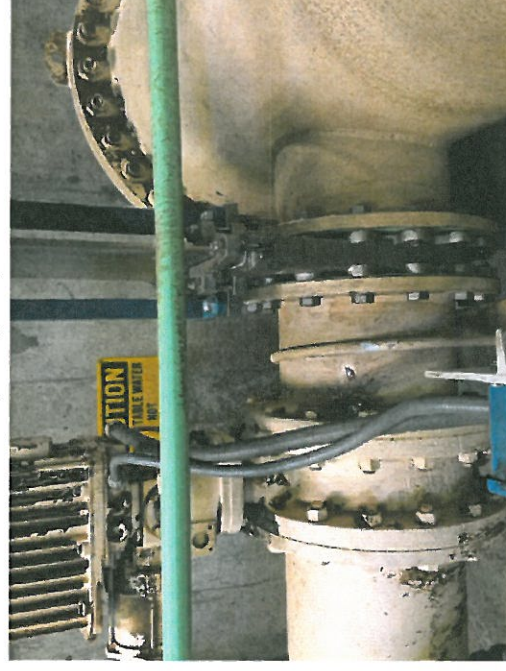
Emergency Projects

- CCWRF RAS Pump Station: Estimated Cost \$15,500
- 16" pipe wall failure repaired with temporary weld repair
- (2) New 16" pipe spools in fabrication
- Installation of pipe spools pending

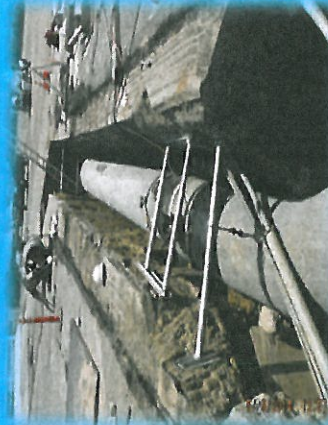
Failed Pipe Spool



Temporary Repair





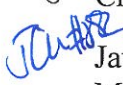
Questions?



INFORMATION
ITEM

4D



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

RECOMMENDATION

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

BACKGROUND

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

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

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

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

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

PRIOR BOARD ACTION

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

IMPACT ON BUDGET

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

Attachment: January 2015 Treasurer's Report of Financial Affairs

TREASURER'S REPORT OF FINANCIAL AFFAIRS

For the Month Ended January 31, 2015



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

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

* A Municipal Water District

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
January 31, 2015

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

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

*Month Ended
 January 31, 2015*

Cash, Bank Deposits, and Bank Investment Accounts

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

Other Cash and Bank Accounts

Petty Cash	\$2,250
Subtotal Other Cash	<u>\$2,250</u>

Bank of the West Money Market Account

\$1,050,336

US Bank Pre-Investment Money Market Account

\$56,215

Total Cash and Bank Accounts

\$1,526,132

Investments

CBB Repurchase (Sweep) Investments

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

Local Agency Investment Fund (L-AIF)

L-AIF Non-Restricted Fund	\$18,909,684
L-AIF Insurance Sinking Fund	5,910,084
Subtotal Local Agency Investment Fund	<u>\$24,819,768</u>

CalTrust

Short Term	\$3,536,539
Subtotal CalTrust	<u>\$3,536,539</u>

Certificates of Deposit

Citizens Business Bank	\$4,172,210
Subtotal Certificates of Deposit	<u>\$4,172,210</u>

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
 January 31, 2015

Investments Continued

Municipal Bonds

State and Local Municipal Bonds
 Subtotal State Municipal Bonds

\$3,528,568
 \$3,528,568

Medium Term Notes

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

1,001,111
 998,255
 2,999,733
 1,002,242
 \$6,001,341

U.S. Treasury Notes

Treasury Note
 Subtotal U.S. Treasury Notes

\$999,663
 \$999,663

U.S. Government Sponsored Entities

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

\$2,999,856
 2,580,000
 6,000,000
 \$11,579,856

Total Investments

\$81,534,093

Restricted Deposits

Debt Service Reserves

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

\$2,544,710
 712,675
 \$3,257,385

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

*Month Ended
 January 31, 2015*

CCRA Deposits Held by Member Agencies	
City of Chino	\$8,630,258
Cucamonga Valley Water District	7,495,546
City of Fontana	6,143,478
City of Montclair	2,515,077
City of Ontario	6,236,654
City of Chino Hills	2,729,068
City of Upland	2,561,915
Subtotal CCRA Deposits Held by Member Agencies	<u>\$36,311,996</u>
CalPERS	
OPEB (CERBT) Account	<u>\$7,108,767</u>
Subtotal CalPERS Accounts	<u>\$7,108,767</u>
Escrow Deposits	
Chicago Title (Forestar/IEUA Holding Escrow)	\$4,636,441
Community Bank (MNR Construction)	625,361
Fresno First Bank (WM Lyles)	63,138
Subtotal Escrow Deposits	<u>\$5,324,940</u>
Total Restricted Deposits	
	<u>\$52,003,088</u>
	<u>\$135,063,313</u>
Total Cash, Investments, and Restricted Deposits as of January 31, 2015	
	<u>\$135,063,313</u>
Less: Total Cash, Investments, and Restricted Deposits as of 12/31/14	<u>129,879,218</u>
	<u>\$5,184,095</u>

Total Monthly Increase (Decrease)

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
 January 31, 2015

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

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
 January 31, 2015

	Credit Rating @ Purchase		CHANGES IN Credit Rating		Par Amount	Cost Basis Amount	Term (Days)	January Amortization	January Value	% Coupon	% Yield to Maturity	Maturity Date	Market Value
	S&P	Moody's	S&P	Moody's									
Investments (continued)													
US Treasury Note													
US Treasury Note	N/A	AAA			\$1,000,000	\$999,463		15	\$999,663	0.63%	0.62%	12/15/16	\$1,003,200
Subtotal Treasuries					\$1,000,000	\$999,463		15	\$999,663		0.62%		\$1,003,200
U.S. Government Sponsored Entities													
(As of August 2011, all US GSE's have been downgraded to AA+ Rating by S&P)													
Freddie Mac Bond	AA+	AAA			1,000,000	1,000,000	1,080		1,000,000	0.75%	0.75%	12/19/16	1,000,810
Federal Home Loan Bank	AA+	AAA			2,000,000	2,000,000	1,080		2,000,000	0.63%	0.63%	08/28/17	2,001,520
Fannie Mae Bond	AA+	AAA			1,000,000	999,750	1,800	4	999,856	0.75%	0.75%	12/18/17	1,000,370
Federal Home Loan Bank	AA+	AAA			2,000,000	2,000,000	1,260		2,000,000	1.33%	1.32%	01/16/18	2,003,740
Federal Home Loan Bank	AA+	AAA			2,000,000	2,000,000	1,800		2,000,000	1.25%	1.25%	04/24/19	2,005,060
Fannie Mae Bond	N/A	AAA			2,000,000	2,000,000	1,459		2,000,000	1.63%	1.60%	12/28/18	2,026,260
Freddie Mac Bond	AA+	AAA			1,580,000	1,580,000	1,804		1,580,000	1.13%	1.13%	05/28/19	1,580,695
Subtotal U.S. Gov't Sponsored Entities					\$11,580,000	\$11,579,750		4	\$11,579,856		1.112%		\$11,618,455
Municipal Bonds													
California State General Obligation Bond	A-	A1	A+	AA3	1,000,000	1,117,280		(3,433)	1,000,111	5.00%	0.89%	02/01/15	1,000,140
California State General Obligation Bond	A-	A1	A+	AA3	1,500,000	1,673,955		(4,898)	1,509,480	5.45%	1.50%	04/01/15	1,512,705
California State General Obligation Bond	A-	A1	A+	AA3	1,000,000	1,089,000		(2,147)	1,018,977	3.95%	1.35%	11/01/15	1,025,750
Subtotal State and Local Municipal Bonds					\$3,500,000	\$3,880,235		(\$10,478)	\$3,526,568		1.28%		\$3,538,595
Medium Term Notes													
JP Morgan Securities	A	A2		A3	2,000,000	1,993,460	668	304	1,999,197	0.80%	0.98%	04/23/15	2,001,220
Toyota Motor Credit Corp General Electric Floating Rate (75 bp over Libor -1% floor)	AA-	AA3			1,000,000	1,006,293	946	(206)	1,001,111	0.88%	0.87%	07/17/15	1,002,450
JP Morgan Securities	AA+	AA2	AA+	A1	1,000,000	988,500	1,265	282	998,255	1.26%	1.26%	08/11/15	1,003,590
John Deere Capital Corp	A	A2	A	A3	1,000,000	1,001,500	1,094	(43)	1,000,536	1.125%	1.07%	02/26/16	1,002,210
Subtotal Medium Term Notes					\$6,000,000	\$5,993,753		\$266	\$6,001,341		1.05%		\$6,011,050
Total Investments					\$81,504,665	\$81,877,866			\$81,534,093				\$81,595,966

Source of Investment Market Value: US Bank

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
 January 31, 2015

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

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
 January 31, 2015

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

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
 January 31, 2015

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

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

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
 January 31, 2015

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

Total Portfolio

Investment Portfolio Rate of Return

\$82,849,345
0.496%

Restricted/Transitory/Other Demand Accounts

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

Total Other Accounts

Average Yield of Other Accounts

\$46,889,028
0.004%

Total Agency Directed Deposits

\$129,738,373

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

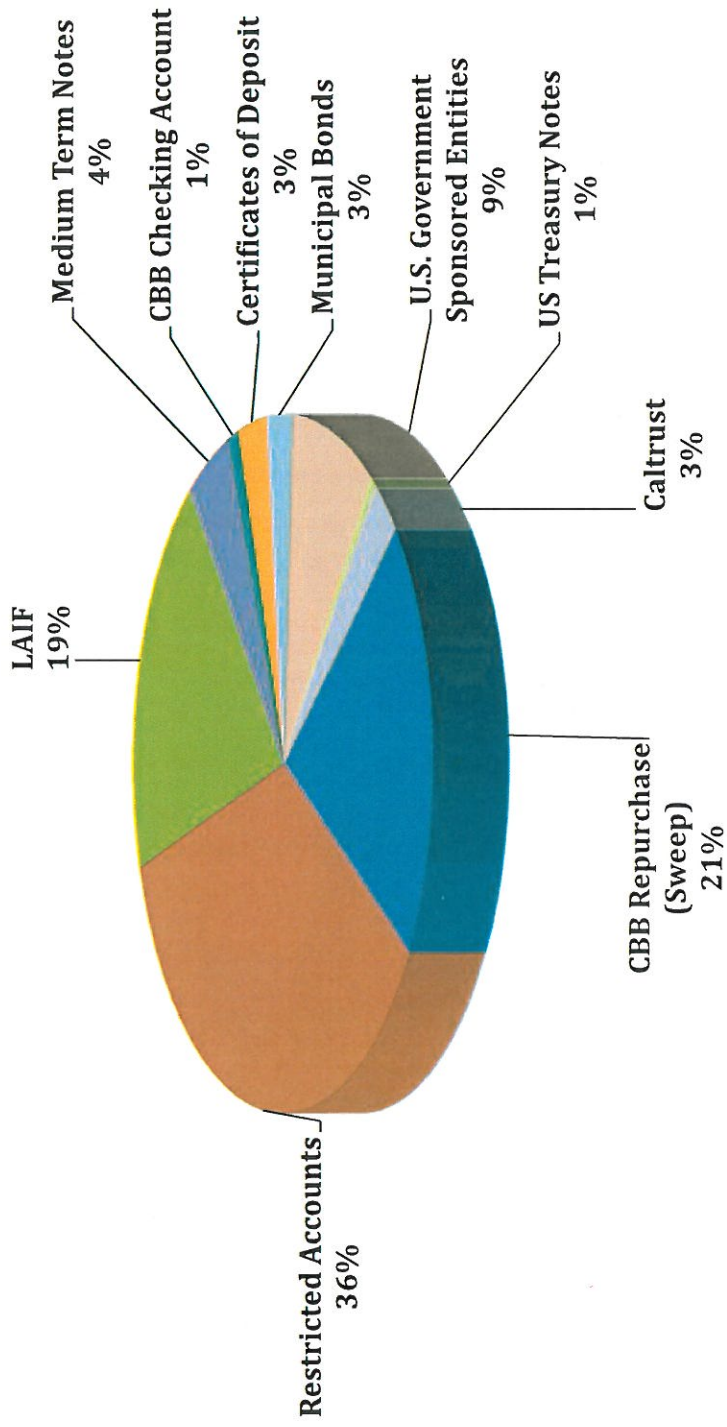
Inland Empire Utilities Agency

Treasurer's Report of Financial Affairs

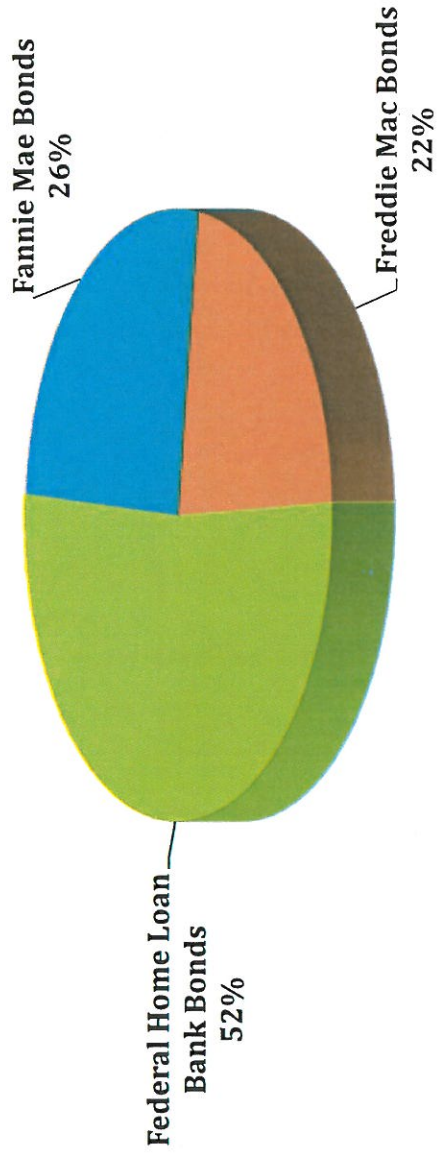
For the Month Ended January 31, 2015

Combined Agency Portfolio (net of escrow deposits)

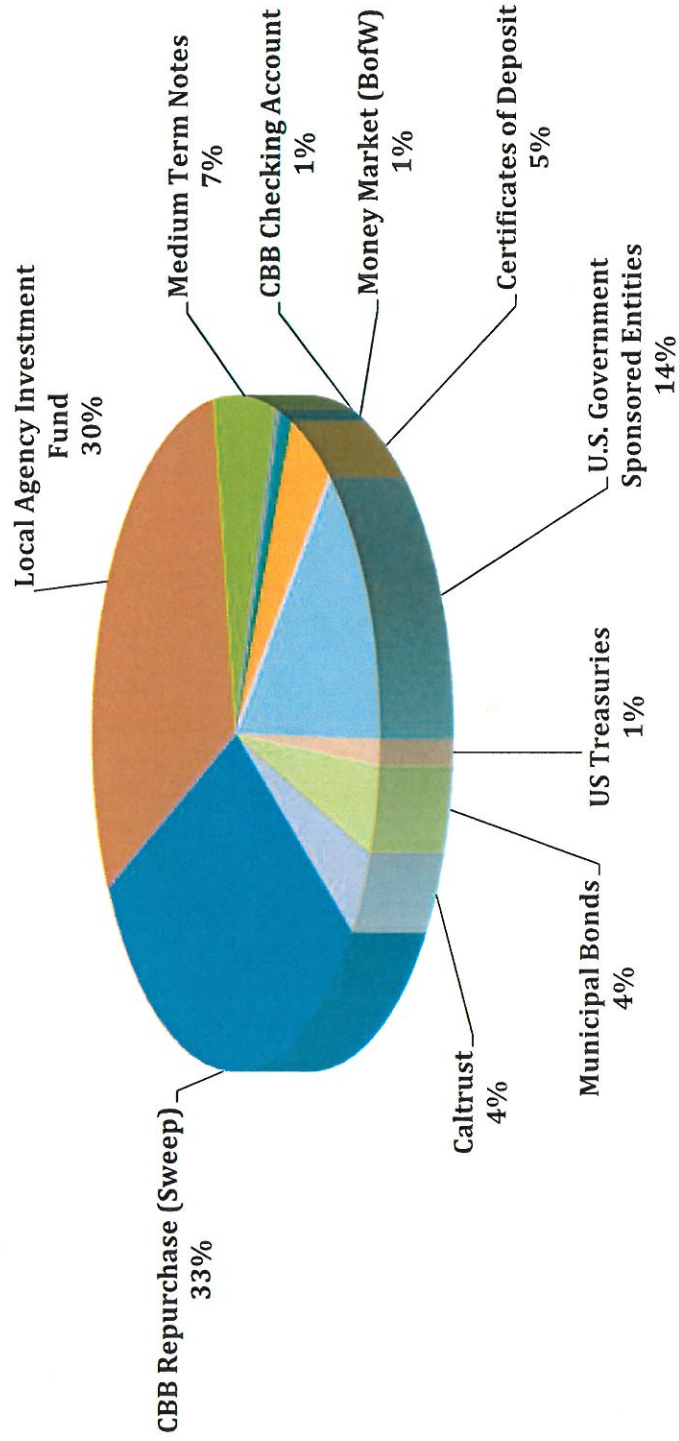
\$129,738,373



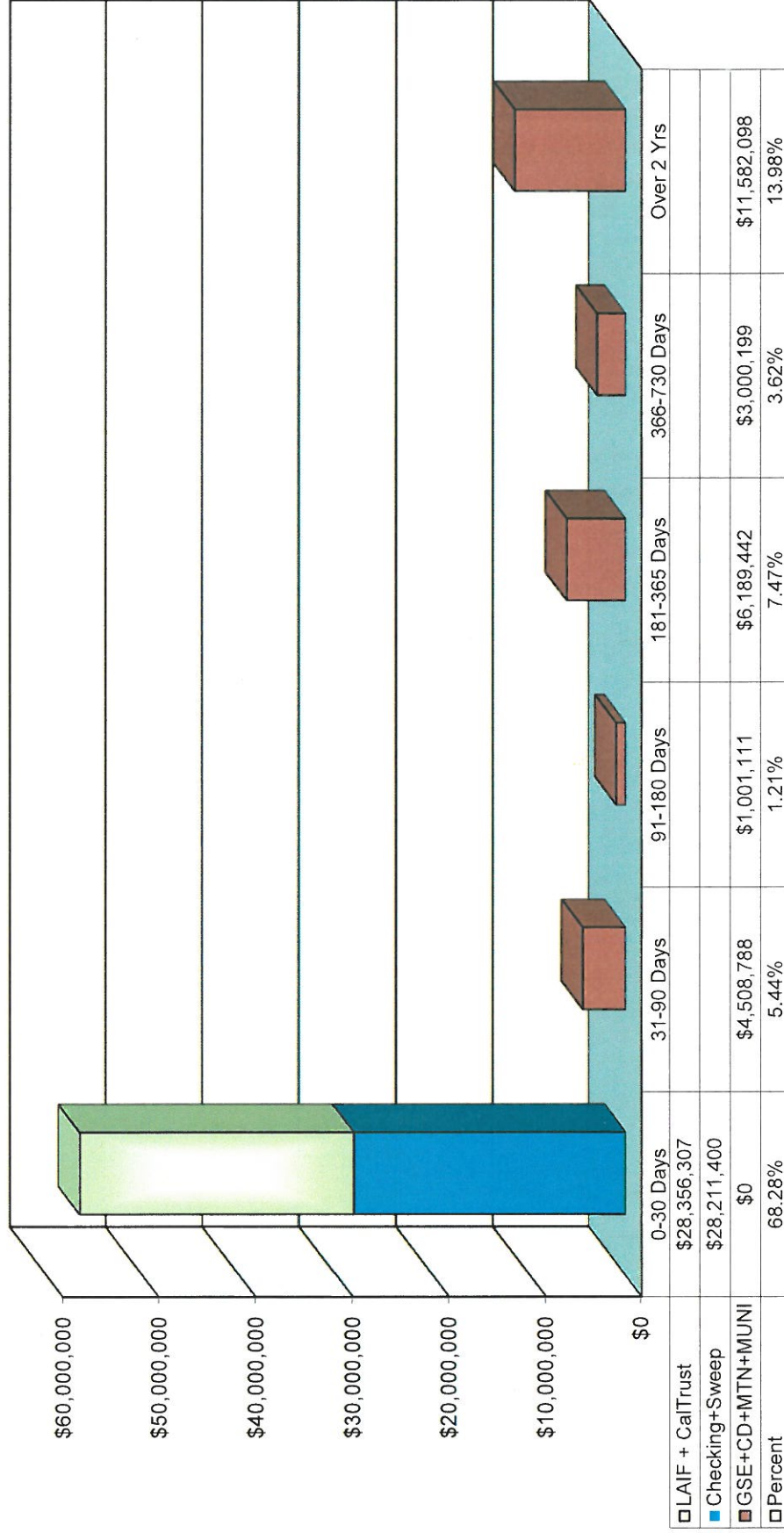
Inland Empire Utilities Agency
Treasurer's Report of Financial Affairs
For the Month Ended January 31, 2015
U.S. Government Sponsored Entities Portfolio
\$11,579,856



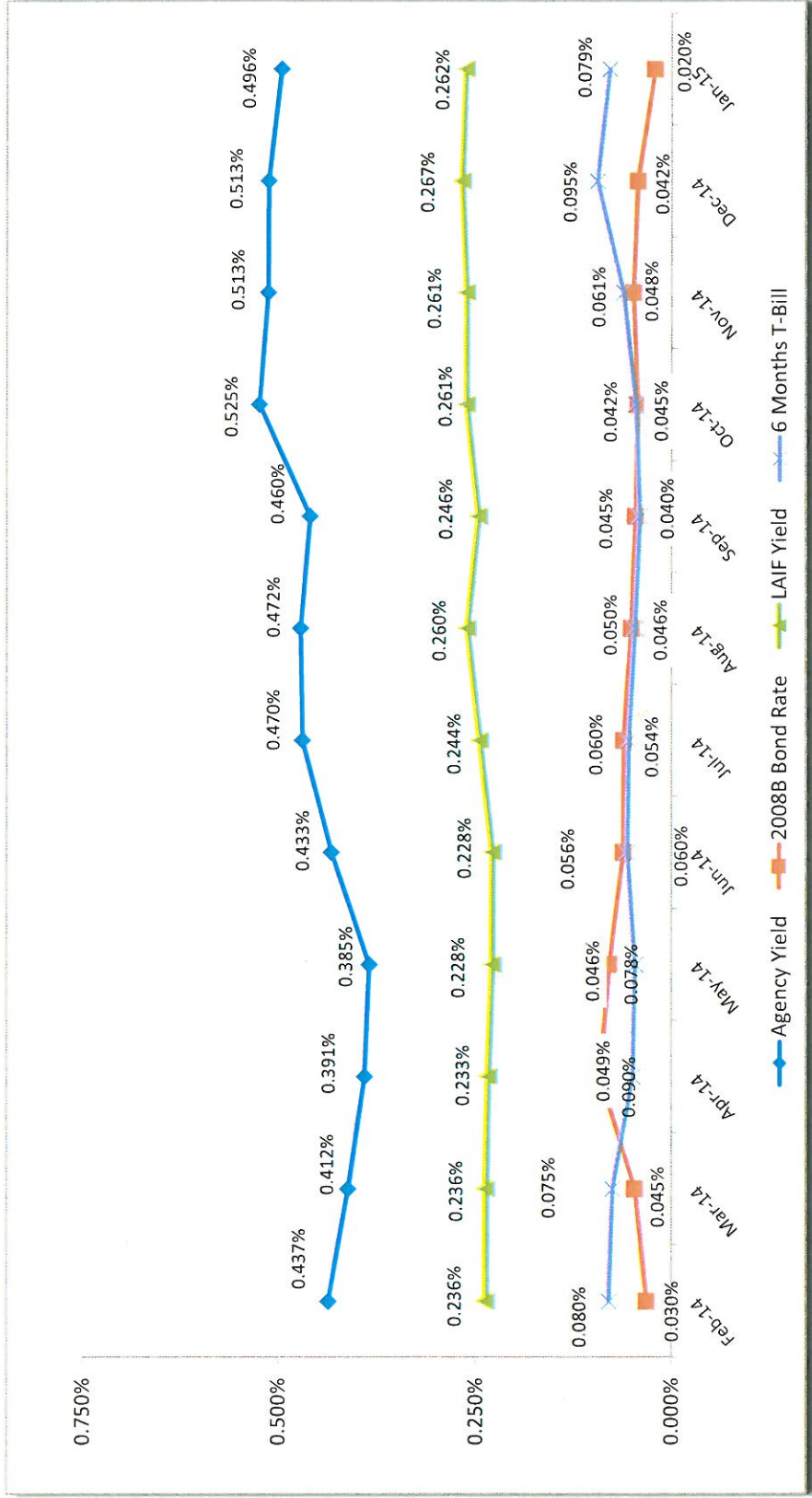
Inland Empire Utilities Agency
Treasurer's Report of Financial Affairs
 For the Month Ended January 31, 2015
 Unrestricted Agency Investment Portfolio
\$82,849,345



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



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





Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

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

March 2015

Board Meeting

Report of Financial Affairs



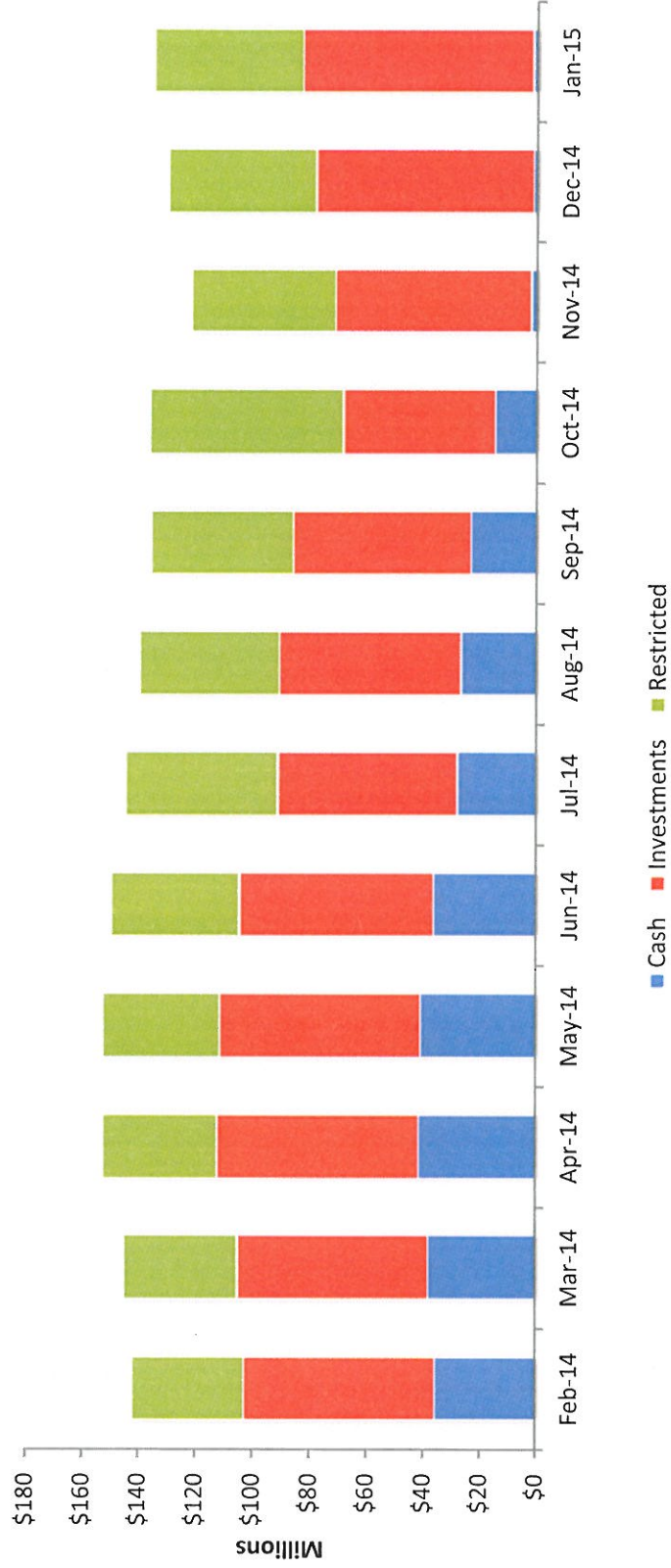
Liquidity

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

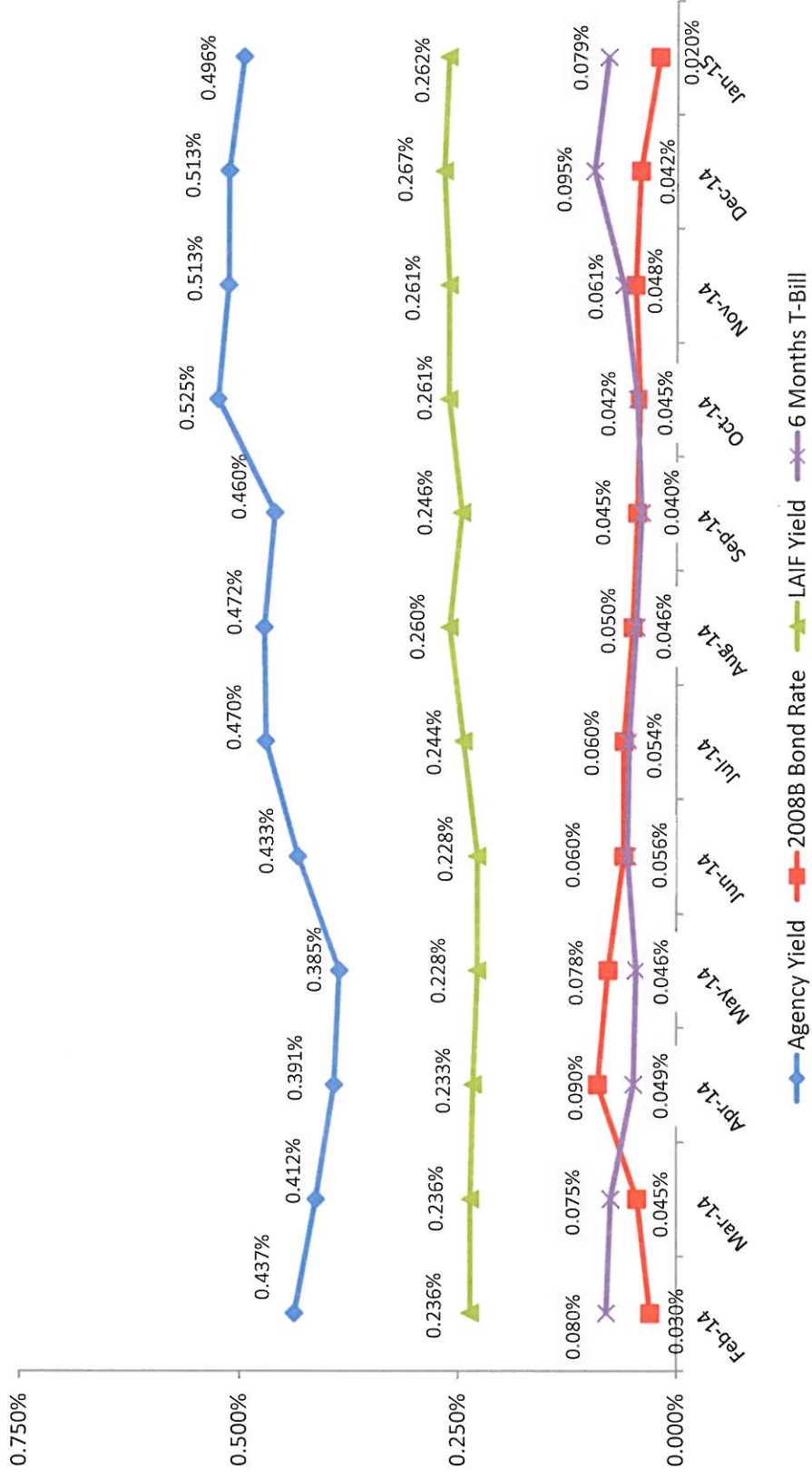
Portfolio

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

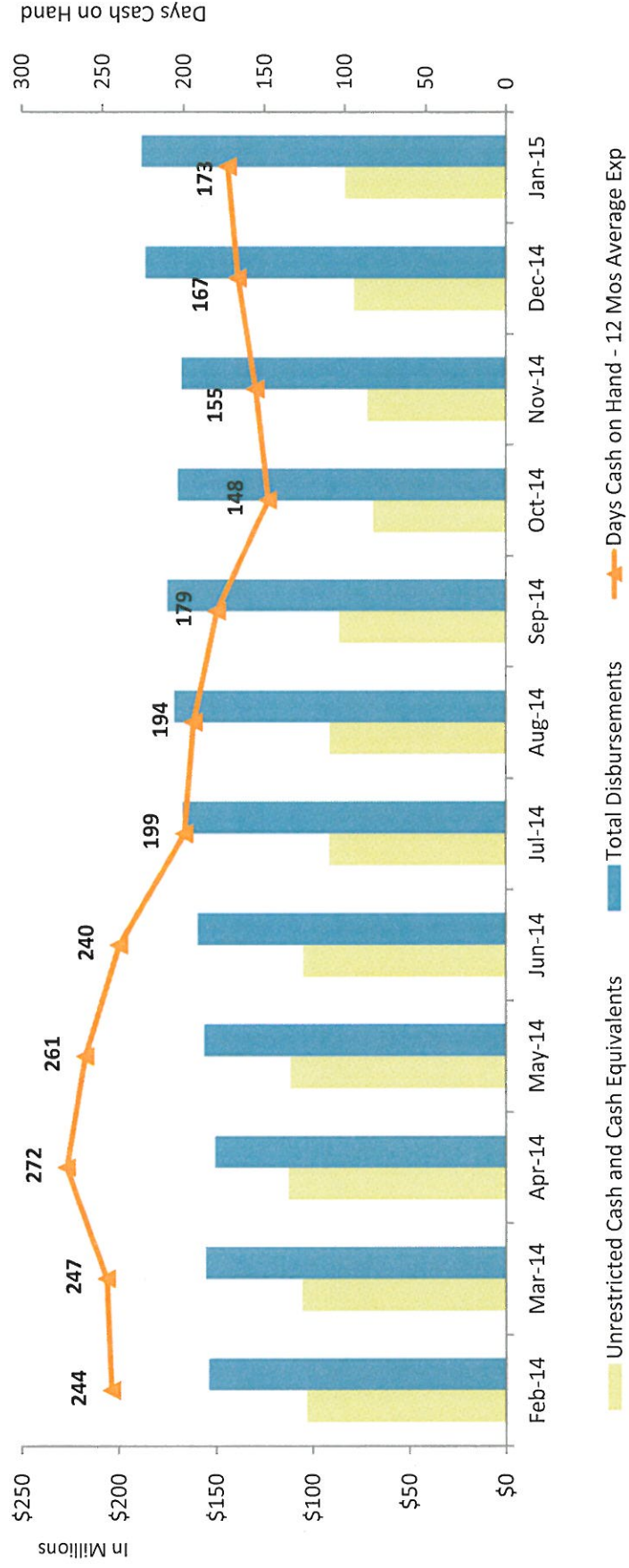
Cash, Investments and Restricted Deposits



Month End Portfolio Yield Comparison



Day Cash On Hand 12 Months Rolling Average





Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

Questions?


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

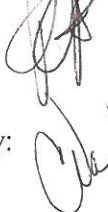
INFORMATION
ITEM

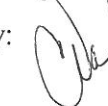
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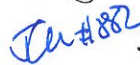
Date: March 18, 2015

To: The Honorable Board of Directors

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

From  P. Joseph Grindstaff
General Manager

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

 Javier Chagoyen-Lazaro
Manager of Finance and Accounting

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

RECOMMENDATION

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

BACKGROUND

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

TOTAL REVENUES AND OTHER FUNDING SOURCES

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

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

TOTAL EXPENSES AND USES OF FUNDS

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

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

Key highlights of expenses are:

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

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

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

FUND BALANCES AND RESERVES

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

GOALS AND OBJECTIVES

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

BUDGET TRANSFERS AND AMENDMENTS

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

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

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

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

PRIOR BOARD ACTION

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

IMPACT ON BUDGET

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

Business Goals & Objectives Report By Department

2/18/2015

Department: ALL
Report Month: January, Year: 2015

Goal FY ID	Reporting Required	Division	Bus. Goal	Work Plan	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
Contracts and Facilities Services												
10	FY 2014/15 Quarterly	Finance and Administration	A	Continue commitment to cost containment for operating and capital costs	June-2015	Increase of 5% in cost savings	Warren Green	January	2015	On Schedule	No	Cost savings of \$202,244 was realized in the second quarter of FY 2014/15.
25	FY 2014/15 Quarterly	Finance and Administration	A	Conduct or participate in a consortium to compile performance measures for agencies across the state that will serve as a benchmarking tool to drive awareness of strengths and opportunities for improvement by June 2016	June-2015	Increase in performance measurements.	Warren Green	January	2015	On Schedule	No	Staff attended the cooperative purchasing meeting on October 14, 2014, hosted by EMWD. Staff benchmarked Planning, Engineering and Maintenance staff to identify items that might fit with a cooperative purchase. A follow-up meeting is set for January 19, 2015, at IEUA's Event Center.
25	FY 2014/15 Quarterly	Finance and Administration	A	Conduct or participate in a consortium to compile performance measures for agencies across the state that will serve as a benchmarking tool to drive awareness of strengths and opportunities for improvement by June 2016	June-2015	Increase in performance measurements.	Warren Green	January	2015	On Schedule	No	Approximately 94 percent of purchase orders issued during the first half of FY 2014/15 were processed within CAPs service level objectives lead-time.
69	FY 2014/15 Quarterly	Finance and Administration	C	Identify and participate in organizations that advance the Agency's mission, vision and key initiative	July-2015	Attend at least 5 training sessions/meetings for CAPPD and ARWA	Warren Green	January	2015	On Schedule	No	CFS staff continues to participate in their professional associations; attending relevant training when practical to ensure staff keeps up with best practices.
19	FY 2014/15 Quarterly	Finance and Administration	A	Transition to a biennial budget beginning July 1, 2015	July-2015	50% of newly issued applicable contracts	Warren Green	January	2015	On Schedule	No	
19	FY 2014/15 Quarterly	Finance and Administration	A	Transition to a biennial budget beginning July 1, 2015	July-2015	50% of newly issued applicable contracts	Warren Green	January	2015	On Schedule	No	Contracts staff continues to discuss the benefits of managed spend with our customers; seeking longer term, multi-year fixed priced contracts. Staff negotiated several amendment extensions through December 2016, over the last quarter.

Goal FY ID	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
103	FY 2014/15 Quarterly	Finance and Administration	F	Ensure Agency programs promote environmental stewardship, sustainability, and preservation of heritage measures, utilizing green procurement and reuse of surplus materials, equipment, and parts when possible.	Identify educational opportunities for environmentally friendly facilities and landscapes.	June-2015	Increase educational signage for Agency facilities where accessible by the public by 15%.	Warren Green	January	2015	On Schedule	No	Signage is being identified for the park in partnership with the External Affairs Department for the Water Discovery Program and public tours. This will be a multi-phase project that will lead into the next fiscal year. Signage for the new HQ A frontage landscape is being determined and will be reviewed by the External Affairs Department. Regional Plant No. 5 frontage will have new location signage to stay consistent with the current aesthetic from Regional Plant No. 4. This design will be incorporated into the Beautification Project benchmark. Partnered with the External Affairs Department to create educational signage for the Regional Plant No. 5 for educational tours.
105	FY 2014/15 Quarterly	Finance and Administration	B	Ensure staff understands and upholds their role in achieving the Agency's Mission, Vision, and Values	Conduct Agency training on department processes that are in line with the Agency's M/V's.		Conduct at least 3 sessions for 3 related topics.	Warren Green	January	2015	On Schedule	No	Staff has completed training on the Email Management through Managed Folders. RM staff is on target for the 3/15/2015 "Go Live" target date.
105	FY 2014/15 Quarterly	Finance and Administration	B	Ensure staff understands and upholds their role in achieving the Agency's Mission, Vision, and Values	Conduct Agency training on department processes that are in line with the Agency's M/V's.		Conduct at least 3 sessions for 3 related topics.	Warren Green	January	2015	On Schedule	No	Staff is collaborating with Maintenance to deliver refresher training and lessons learned from recent procurements.
108	FY 2014/15 Quarterly	Finance and Administration	C	Replace the legacy Document Management System to ensure it meets Agency-wide and regulatory public records requirements and eliminates redundant archiving systems by December 2015	Implement the new Document Management System and the Agency's taxonomy.	July-2015	Reduce time spent on production of records by improving the location and retrieval time by 20%.	Warren Green	January	2015	On Schedule	No	The RFP review of consultants for the ECM project has begun. Consultant scheduled to begin ECM project roadmap on March 31st. RM staff will present Taxonomy project to Agency managers at the managers meeting in February.
112	FY 2014/15 Quarterly	Finance and Administration	F	Develop a communication plan to promote being a good neighbor by June 2015	Ensure all current and future landscaping, and new facilities are in cooperation with current LEED and water-efficiency programs and advancements.	June-2015	100% of new landscaping design and material, along with facility design are measured against programs.	Warren Green	January	2015	On Schedule	No	The Agency-wide Beautification project is moving forward with RP-4 portion getting completed to meet the projects standards. The design and install of the new water-efficient landscape for HQ A was completed in December 2014. The RP-5 water-efficient landscape design is 70% complete with the first review completed by internal staff stakeholders.

Engineering

Goal FY ID Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
95	FY 2014/15 Quarterly	Engineering, Planning and Science	E	Provide engineers training to understand business aspects of capital projects and increase engineering consultant design services in lieu of in-house projects in a shorter timeframe by July 2015	Provide high quality project management for the completion of Capital Improvement Projects	FY 2014/15	Design Schedule on time >=80% Complete Construction Schedule on time >=80% Project Costs within initial Total Project Budget >=90% Project Costs within Initial Fiscal year Project Budget >=90% All Expenditures as a Percentage of Forecasted Expenditures >=90% Change Orders as a percentage of initial contract award value <=10%	Majid Karim	January	2015	On Schedule	No	Completed Design Schedule on time = 75%, Completed Construction Schedule on time = 77% Project Costs within initial Total Project Budget = 85%, Project Budget 23%, All Expenditures as a Percentage of Forecasted Expenditures = 74%, Change Orders as a percentage of initial contract award value = 15%
2	FY 2014/15 Monthly	Engineering, Planning and Science	E	Conduct Lesson's Learned sessions to evaluate key construction implementations	Review and evaluate all projects for best practices that can be applied to future projects	Monthly	10x/year = 90%	Majid Karim	January	2015	On Schedule	No	1 Session, RP2 Digester No 4 Dome Improvements, Gary Dix
Finance and Accounting													
6	FY 2014/15 Quarterly	Finance and Administration	A	Integrate projects identified in the long range financial planning documents, such as the Facilities Wastewater Master Plan, Energy Technology Master Plan, Energy Resources Plan, into the operating and capital budget by July 2016	Work with pertinent departments in identifying projects from various master plan and integrated into the respective program budget	December - April	None	Javier Chagoyen -	January	2015	On Schedule	No	Worked with Planning and Compliance Department and consultants in the development of Water rate structure, reviewing and analyzing data and reports provided by consultants
8	FY 2014/15 Quarterly	Finance and Administration	A	Continue commitment to cost containment for operating and capital costs	Collaborate with various department in identifying cost containment items and monitoring the performance through regular budget variance review	Throughout the fiscal year	None	Javier Chagoyen -	January	2015	On Schedule	No	Reviewed with Division/departments on FY 2014/15 First quarter budget variances and presented the analysis report to the board in December 2014
Internal Audit													
12	FY 2014/15 Quarterly	Agency Management	A	Continue commitment to cost containment for operating and capital costs	Promote a strong control environment by conducting independent and objective audits of Agency operations where the focus and audit scope includes identifying areas and providing recommendations for cost containment, effectiveness and efficiency in operations and opportunities to improve and areas of cost	On-going and through the audits approved by the Audit Committee and the Board during the Annual Audit Plan presentation	Completed planned and scheduled audits, Feedback from stakeholders.	Teresa Velarde	January	2015	On Schedule	No	Completed scheduled audits and On-going Audits approved by the Board through the Annual Audit Plan are in progress as scheduled.

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

Goal FY ID Start	Reporting Required	Division	Agency Management	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
35	FY 2014/15 Quarterly	Agency Management	B	Ensure staff understands and upholds their role in achieving the Agency's Mission, Vision, and Values		Consult and assist all levels of staff, management and Executive Management by providing audit recommendations to improve efficiencies and comply with Agency policies and procedures, as well as for improvement of practices, to strengthen controls, and incorporate best practices. Assist in providing training or coordinating roundtable discussions with the necessary levels of staff.	On-going. Through the audits approved by the Audit Committee and the Board	Feedback from auditees, senior/Executive Management, the Audit Committee Advisor, and the Audit Committee and/or Board of Directors.	Teresa Velarde	January	2015	On Schedule	No	The IAD is composed of 16 professional auditors that understand the value of the work and quality of work to the organizations. Internal auditors consult and assist all levels of staff, management and Executive Management by providing audit recommendations to improve efficiencies and comply with Agency policies and procedures, as well as for improvement of practices, to strengthen controls, and incorporate best practices. Assist in providing training or coordinating roundtable discussions with the necessary levels of staff.
38	FY 2014/15 Quarterly	Agency Management	B	Develop a plan to conduct a feedback study to measure employee satisfaction by December 2014		Perform a survey of auditee/customer satisfaction at the conclusion of each audit project to gather information about auditor involvement, professionalism, knowledge and ability to communicate to gain information on continuous improvement.	After each completed audit/project	Feedback from customers.	Teresa Velarde	January	2015	On Schedule	No	After each audit, hold discussions with the auditees. Quarterly, make presentations to the Audit Committee and assess their satisfaction with the audit results through the discussions.
44	FY 2014/15 Quarterly	Agency Management	B	Uphold a strong internal control environment by conducting independent objective internal and external audits of Agency finances and operations		Per direction or approval by the Audit Committee and Board, and through coordination with senior management, Internal Audit would identify areas "program audits" or areas for audit where the goal and scope are to measure the performance of a program, a process, or a service or compare results to program goals and identify areas for improvement, and make recommendations to improve efficiencies.	Ongoing and through approved audits as approved through the Annual Audit Plan.	Completed audits and feedback from stakeholders.	Teresa Velarde	January	2015	On Schedule	No	Evaluating risk areas and planning/scheduling audits is an on-going process. Per direction or approval by the Audit Committee and Board, and through coordination with senior management, Internal Audit identify areas for audit where the goal and scope are to measure the performance of a program, a process, or a service or compare results to program goals and identify areas for improvement, and make recommendations to improve efficiencies.

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

Goal FY ID	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note	Month	Year	Status	Complete	Notes
84	FY 2014/15 Quarterly	Operations	D	Develop and implement Water Peak Demand Management Plan to optimize efficient use of recycled water by June 2015	Develop written RW storage and delivery strategies to meet department forecasts of diurnally variable RW supplies and seasonally variable RW demands.	November-2014	Written strategies and forecasts developed by RW and GWR staff by December 1, 2014	Jason Marselles		January	2015	Behind Schedule	No	Operational strategies have been created and SOP's are being created. Draft SOP's are anticipated to be distributed in March 2015 for review by key Agency personnel. Department goal is to have written SOP's for the beginning of the 2015 peak RW season.
85	FY 2014/15 Quarterly	Operations	D	Develop and implement Water Peak Demand Management Plan to optimize efficient use of recycled water by June 2015	Develop RW GWR, SCADA improvements that implement the storage and delivery strategies by working the DCS Department	May-2015	System Improvement request to DCS Department by March 15, 2015	Jason Marselles		January	2015	On Schedule	No	The RW system has the ability to operate the RP-4 1158 RWPS, RP-1 1153 RWPS, CCWRF 930 RWPS, and RP-5 800 RWPS in level control mode. This maximizes the amount of RW delivered to the RW distribution system. RW staff is reviewing 2014 peak RW demand operations to develop a list of improvement projects. The list will be reviewed internally by key operations staff in March 2015 and then forwarded to DCS for implementation.
86	FY 2014/15 Quarterly	Operations	D	Develop and implement Water Peak Demand Management Plan to optimize efficient use of recycled water by June 2015	Continue weekly Peak Demand Management Meetings with key operations staff for start of CY2015 Peak Demand season	June 30, 2015	Demand Management meetings scheduled in Outlook by March 31, 2015	Jason Marselles		January	2015	On Schedule	No	Weekly demand management meetings were held through October 2014 with key operations personnel to ensure maximum operation of all Recycled Water facilities. Weekly demand management meetings will continue in April 2015 in preparation for the 2015 peak demand season.
78	FY 2014/15 Quarterly	Operations	D	Optimize IEUA's use of potable and recycled water by July 2016	Establish potable and recycled water baseline monitoring plan for all Agency facilities.	FY 2014/15	One facility per quarter	Matt Melendrez		January	2015	On Schedule	No	Potable water and utility water flow meters are being monitored for RP-5, CCWRF and RP-2.
157	FY 2014/15 Once Complete	Operations	E	Develop a design concept for the proposed South Compost Facility by December 2014	Conduct a feasibility study for the South Compost Facility	Complete feasibility study by September 2014	Not applicable	Jeff Ziegenbein	Capital improvement projects have been established to add utility water flow meters at RP-1 and RP-4.	January	2015	On Schedule	No	South Compost Facility Feasibility Study was completed and submitted in May 2014.
101	FY 2014/15 Quarterly	Operations	F	Annually review and update Key Performance Indicators (KPI's) to monitor and comply with all regulatory requirements	Review and update all facility KPI's	FY 2014/15	1 Facility per Quarter	Chander Letulle		January	2015	On Schedule	No	Operations KPI's for all facilities were reviewed, standardized and updated. All Operations facility KPI's are monitored daily and reviewed monthly to ensure compliance with regulatory requirements and optimization goals.
102	FY 2014/15 Quarterly	Operations	F	Annually review and update the Emergency Response and Operational Plans for all facilities	Support Human Resources and Safety Department in the review and update of the Emergency Response and Operational Plans for all facilities.	FY 2014/15	1 Facility per Quarter	Chander Letulle		January	2015	Behind Schedule	No	Human Resources established completion of this goal for FY 2015/16. Operations facility specific plans are being developed to support the larger Agency wide Emergency Response Plan. The first Operations plan is for RP-1 and it will be completed by March 2015.
98	FY 2014/15 Quarterly	Operations	F	Strive for 100% use of Agency bi-products by 2021	Ensure all treatment standards are met to maximize availability of recycled water	FY 2014/15	Attain 100% NPDES Compliance	Matt Melendrez		January	2015	On Schedule	No	Based on the Engineering, Planning and Science Department's 2014 Environmental Compliance Incident Report all Operations facilities achieved 100% NPDES Compliance and -OIMD Compliance for the 2nd Quarter of FY 2014/15.
99	FY 2014/15 Quarterly	Operations	F	Strive for 100% use of Agency bi-products by 2021	Maximize use of biosolids by sending 90% of organics to IERCF	FY 2014/15	Send 90% of organics to IERCF	Matt Melendrez		January	2015	On Schedule	No	Greater than 90% of RP-1 and RP-2 Biosolid loads were sent to IERCF during the 2nd Quarter of FY 2014/15.

Planning and Environmental Compliance

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

Goal FY ID Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
83	FY 2014/15 Quarterly	Engineering, Planning and Science	D	Develop and implement Recycled Water Peak Demand Management Plan to optimize efficient use of recycled water by June 2015	Develop a plan for peak management Work with member agencies to encourage new development to connect to RW	Continuous	Development of plan and member agency communication	Sylvie Lee	January	2015	On Schedule	No	continuing dialogues with member agencies and their customers as needed to help connect new customers, and support demand management initiatives
70	FY 2014/15 Quarterly	Engineering, Planning and Science	D	Complete update of the Water Use Efficiency Business Plan by December 2014, the Integrated Resources Plan by October 2014, and the Urban Water Management Plan by June 2015	Integrated Resources Plan	December-2014	Adoption of the documents	Sylvie Lee	January	2015	Behind Schedule	No	Water Use Efficiency Scope of Work was expanded, along with added modeling efforts to depict basin management. Estimated completion date is August 2015.
71	FY 2014/15 Quarterly	Engineering, Planning and Science	D	Complete update of the Water Use Efficiency Business Plan by December 2014, the Integrated Resources Plan by October 2014, and the Urban Water Management Plan by June 2015	Urban Water Management Plan	June-2015	Adoption of the documents	Sylvie Lee	January	2015	On Schedule	No	No update, staff attending DWIR workshops on development of 2015 guidelines
72	FY 2014/15 Quarterly	Engineering, Planning and Science	D	Complete update of the Water Use Efficiency Business Plan by December 2014, the Integrated Resources Plan by October 2014, and the Urban Water Management Plan by June 2015	Recycled Water Program Strategy	December-2014	Adoption of the documents	Sylvie Lee	January	2015	Behind Schedule	No	Draft document has been developed, Member Agency discussions have been delayed, Plan expected to be finalized and adopted by March 2015
73	FY 2014/15 Quarterly	Engineering, Planning and Science	D	Develop new targets and programs to achieve 20 x 2020 requirement through water use efficiency measures, including improve rate structures, integrate water use into billing, expand outdoor water use efficiency, and increase local use of stormwater by December 2014	Develop tools to target the 2020 requirements	June-2015	226 gpcc by 2015 <200 gpcc by 2018	Sylvie Lee	January	2015	On Schedule	No	Water Use Efficiency Business Plan is approximately 60% complete. Scope of Work was expanded in November and completion date has been extended to June 30, 2015.
77	FY 2014/15 Quarterly	Engineering, Planning and Science	D	Optimize IEUA's use of potable and recycled water by July 2016	Complete the Recycled Water Program Strategy and begin the implementation plan	December-2014	Completion of RWPS	Sylvie Lee	January	2015	Behind Schedule	No	Draft RWPS document has been developed, Member Agency discussions have been delayed, Plan expected to be finalized and adopted by March 2015
92	FY 2014/15 Quarterly	Engineering, Planning and Science	E	Update Wastewater Facilities Master Plan by December 2014 and thereafter every 10 years to ensure timely expansion of Agency facilities to address anticipated regional growth	Update growth forecasts for WWFMP with updated population projections and demand forecast	December-2014	Completion of WWFMP	Sylvie Lee	January	2015	Behind Schedule	No	WWFMP draft to be circulated 1/19/2015 in coordination with TYGIP posting. Expected to be finalized by March 2015
94	FY 2014/15 Quarterly	Engineering, Planning and Science	E	Monitor and integrate the Building Activity Report (BAR) data for actual and projected growth with the Asset Management Plan into regional wastewater planning	Continue to work with RCAs to review and maintain accurate building activity reports.	ongoing	Periodic checks to ensure that the forecasts are consistent with the adopted projections provided in the WWFMP	Sylvie Lee	January	2015	On Schedule	No	Prepared monthly building activity reports and GIS maps.
17	FY 2014/15 Quarterly	Engineering, Planning and Science	A	Begin the nexus study for regional connection fees by January 2015	Conduct the study to evaluate past fees and provide framework for future development	January-2015	Completion of study by Jan 2015	Sylvie Lee	January	2015	Behind Schedule	No	2nd Workshop on 12/11, 3rd Workshop on 1/13, Joint Technical Committee and Water Manager's Meeting 1/28; Regional Technical Committee Meeting 1/29; Policy Committee Meeting 2/5. Tentative rate adoption/study completion scheduled for March 2015
55	FY 2014/15 Quarterly	Engineering, Planning and Science	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Develop long term strategy for permitting of the O&M activities of recharge basins	June-2015	Completion of strategy by Jun 2015	Sylvie Lee	January	2015	On Schedule	No	EC staff is preparing the individual permit application. Task order issued to Tom Dodson in support of Agency staff.

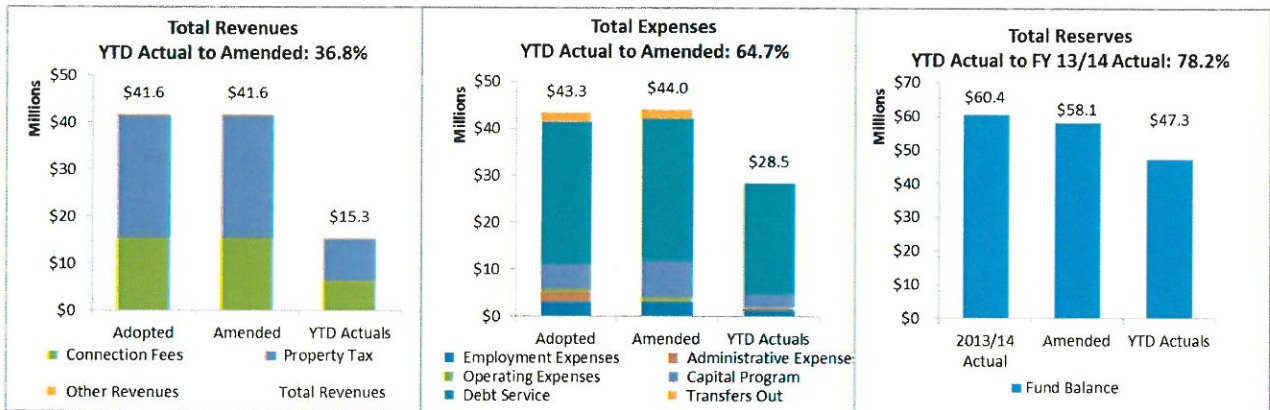
Goal FY ID Start	Reporting Required	Division	Engineering, Planning and Science	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
65	FY 2014/15 Quarterly	Engineering, Planning and Science	C	Identify and participate in organizations that advance the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

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

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

Regional Wastewater Capital Improvement (RC) Fund

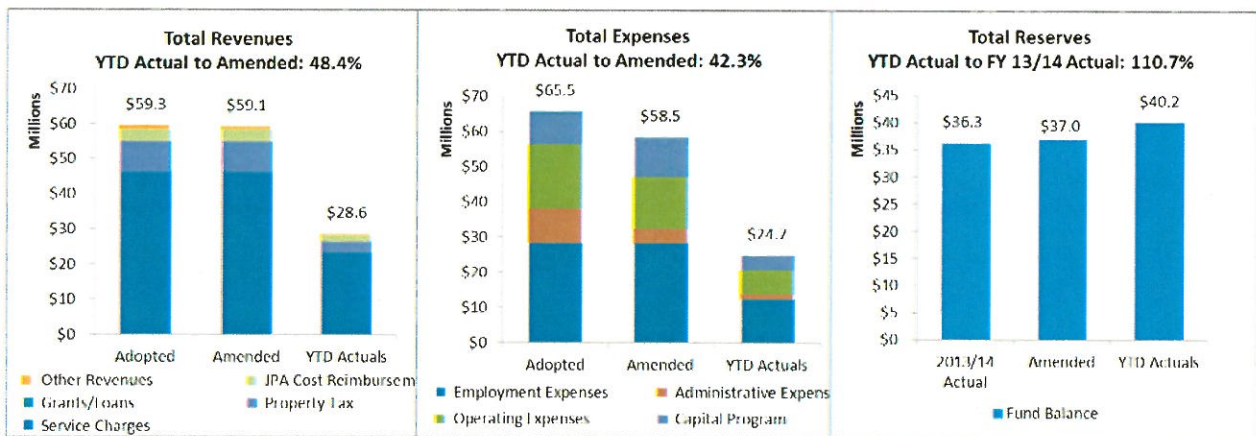
- Second quarter year-to-date fund balance decrease of \$13.1 million compared to the FY 2013/14 ending fund balance was primarily due to payment of the 2005A Revenue Bond retirement paid November 2014, coupled with low property tax revenue receipts in the first half of the fiscal year.



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

Regional Wastewater Operations and Maintenance (RO) Fund

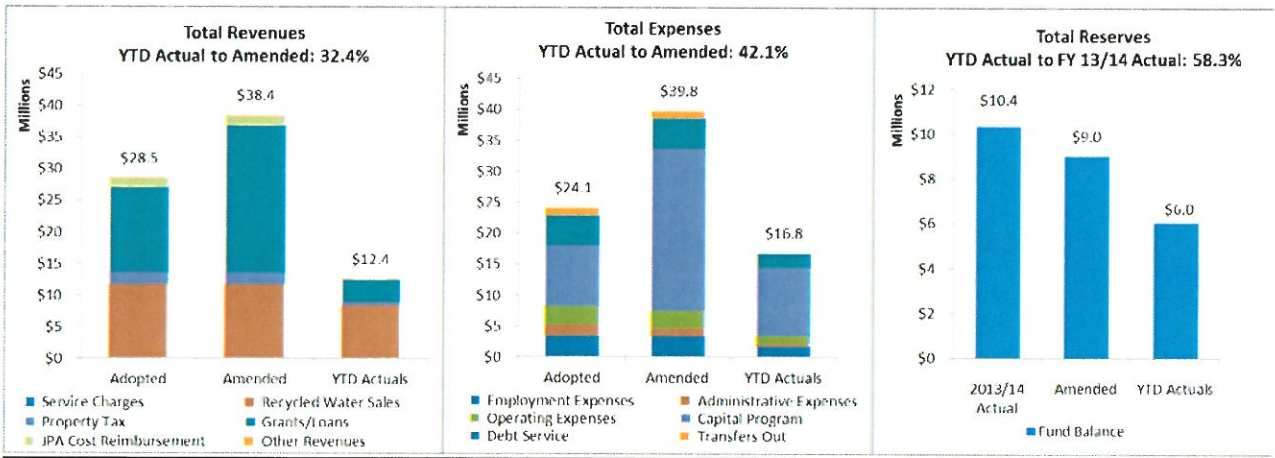
- Second quarter year-to-date fund balance increase of \$3.9 million compared to the FY 2013/14 ending fund balance was primarily due to delayed execution of capital Replacement and Rehabilitation (R&R) and O&M projects.



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

Recycled Water (WC) Fund

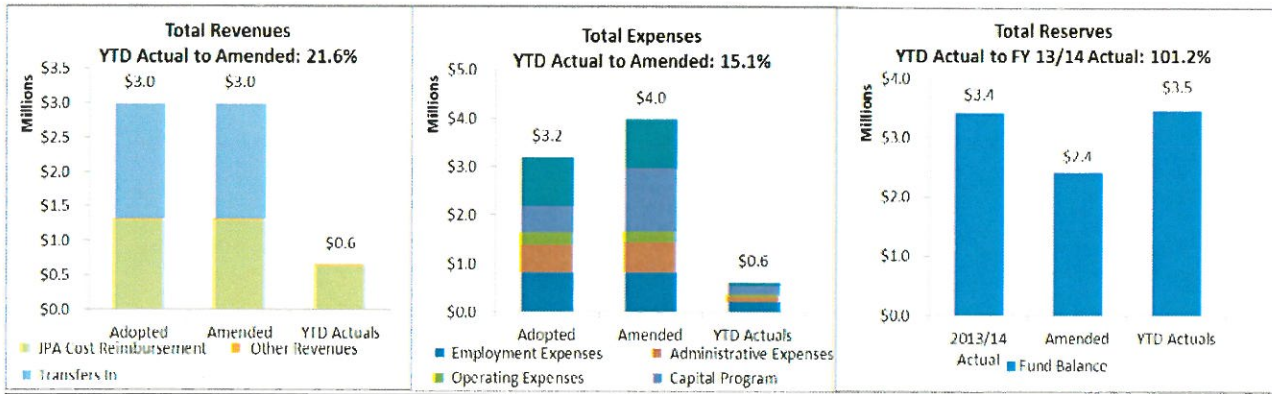
- Second quarter year-to-date fund balance decrease of \$4.4 million compared to the FY 2013/14 ending fund balance was primarily due to timing of the property tax revenue and lower SRF loan receipts due to delays in Central/Wineville project costs.



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

Recharge Water (RW) Fund

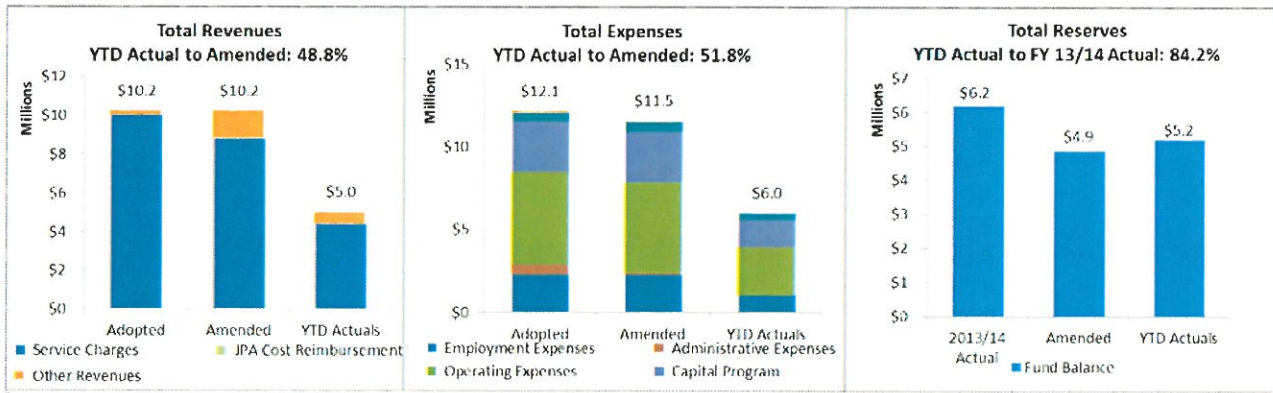
- Second quarter year-to-date fund balance increase of \$0.1 million compared to the FY 2013/14 ending fund balance, was due to lower capital and debt service costs.



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

Non-Reclaimable Wastewater (NC) Fund

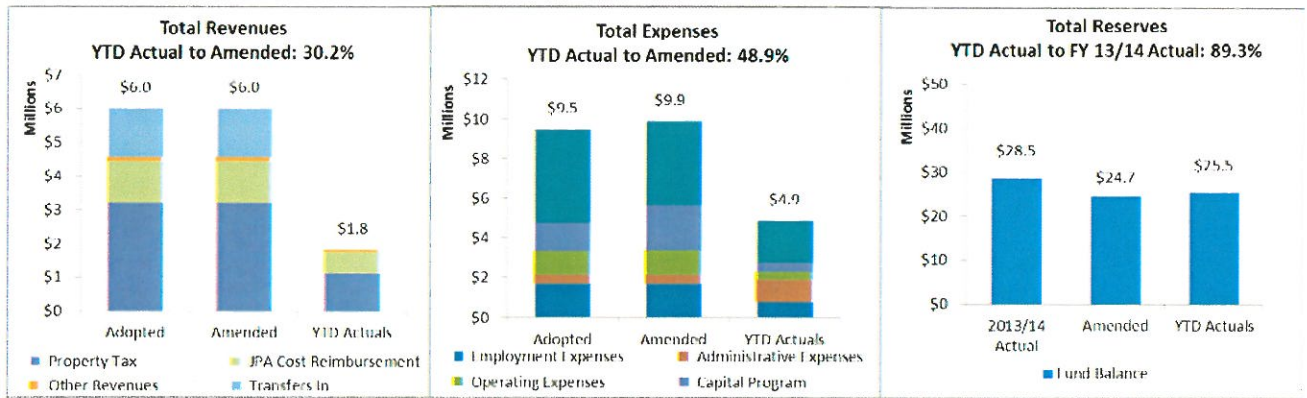
- Second quarter year-to-date fund balance decrease of \$1.0 million compared to the FY 2013/14 ending fund balance was primarily due to lower capital and O&M expense in the first half of the fiscal year.



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

Administrative Services (GG) Fund

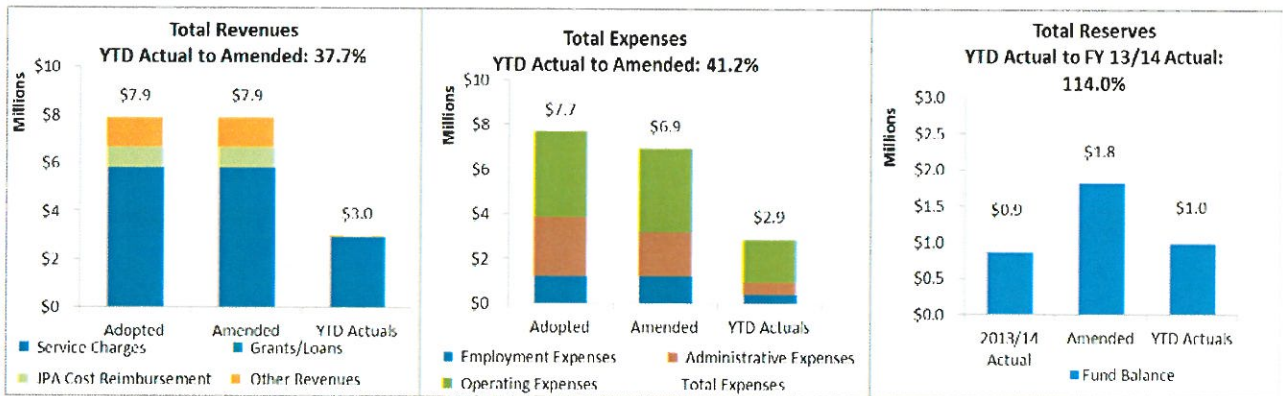
- Second quarter year-to-date fund balance decrease of \$3.0 million compared to the FY 2013/14 ending fund balance was primarily due to the timing of property tax receipts, which is the key revenue source for this fund, will be received in quarters three and four.



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

Water Resources (WW) Fund

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



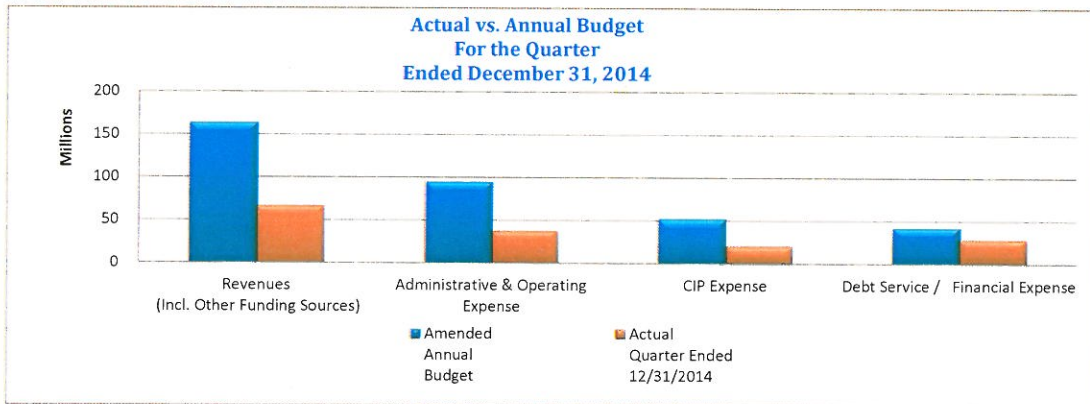


I. Actual vs. Budget Summary:

Second Quarter December 31, 2014

% of the Year
Elapsed: 50%

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



2. Actual Revenue vs. Budget:

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

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

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

3. Actual Operating and Capital Expense vs. Budget:

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

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

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

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

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

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

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

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

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

Special and Reimbursable Projects - 10.1% and 22%

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

Financial Expenses	<p>Financial Expense - 68.4%</p> <p>Total debt service and financial expenses were \$28.4 million through the second quarter, the variance is mainly due to the timing of debt repayment. During the second quarter, the final installment of \$16.2 million was paid to retire the 2005A bonds, resulting in the over budget status of this category. The category is expected to remain slightly below budget in the final quarter of the year if the interest rate on the 2008B Variable Rate Demand Bonds continues to stay below the 1% budgeted rate, the average year to date actual rate is 0.046%.</p>
Capital Expense	<p>Capital Costs - 39.1%</p> <p>Capital expenditures through the second quarter were approximately \$20.4 million. Recycled Water projects accounted for approximately 54.4% of costs through the second quarter and 33.8% are related to Regional Wastewater projects. Listed below is a brief status report on some of the major projects currently under construction.</p>

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

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

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

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

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

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

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

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

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

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

Fund	Capital or Spec Proj?	Request Date	Total Proj Budget Change (Y/N)?	Annual Proj Budget Change (Y/N)?	New Proj? (Y/N)?	Project Number	Project Title	Adopted Total Project Budget	Prior FY 2014/15 TP Changes	Current Total Project Budget	Amt. of Transfer In / (Out)	New TP Budget	FY 2014/15 Annual Project Budget	Annual Proj Budget Change	New Annual Project Budget	Project Transferred To/(From)	Justification	
10200	Capital	11/25/14	Yes	Yes	Yes	FP10200 EN15052	Financial Planning Forecast Primavera Enhancements	\$2,854,000 \$0	(\$36,000) \$0	\$2,818,000 \$0	(\$100,000) \$100,000	\$2,718,000 \$100,000	\$262,000 \$0	(\$100,000) \$100,000	\$162,000 \$100,000	EN15052 (FP10200)	Transfer from FP10200 to create new project EN15052. In order to support the department in managing all current and future projects more effectively by giving them flexibility to add more detail to their schedules in Primavera.	
Capital		11/26/14	Yes	Yes	No	IS13030 IS15012	Server Replacement Business Network IT Improvements	\$128,000 \$200,000	\$0 \$0	\$128,000 \$200,000	(\$102,000) \$102,000	\$26,000 \$302,000	\$102,000 \$300,000	(\$102,000) \$102,000	\$0 \$302,000	IS15012 (IS13030)	Transfer from IS13030 to IS15012 to allow staff to replace aging servers now and close the old server replacement project.	
Subtotal Administration (GG):																		
10300	Capital	10/14/14	Yes	Yes	No	EN14040 EN12025	Jurupa Pump Station HVAC Hickory Basin - Arizona Crossing	\$300,000 \$329,000	\$0 \$0	\$300,000 \$329,000	(\$114,800) \$114,800	\$185,200 \$443,800	\$278,881 \$0	(\$114,800) \$114,800	\$164,081 \$114,800	EN12025 (EN14040)	Transfer from EN14040 to fund the HVAC settlement and legal fees associated with project EN12025.	
Subtotal Groundwater Recharge (RW):																		
10500	Capital	9/18/14	Yes	Yes	Yes	EN14035 EN15046 EN15035 EN15047	NRW Collection System Repairs Phase 4 NRW Manhole Upgrades Misc WVC Projects 1630 W RWPS Check Valves Replacement	\$850,000 \$0 \$850,000 \$200,000	(\$37,100) \$0 \$40,000	\$812,900 \$0 \$160,000	(\$50,000) \$50,000 (\$120,000)	\$762,900 \$50,000 \$40,000	\$528,882 \$0 \$190,000	(\$50,000) \$50,000 (\$120,000)	\$478,882 \$50,000 \$40,000	EN15046 (EN14035) EN15047 (EN15035)	Transfer from EN14035 to create new project EN15046, to cover the costs of repair to eight (8) NRW collection system manholes. Transfer from EN15035 to create new project EN15047, to replace the existing valves at 1630 W RWPS with new check valves.	
10600	Capital	9/24/14	Yes	Yes	Yes	EN12016 EN15049	North CIM Lateral AV Replacement on SACP - Segment B	\$210,900 \$0	\$0 \$0	\$210,900 \$0	(\$90,000) \$90,000	\$120,900 \$90,000	\$100,000 \$0	(\$90,000) \$90,000	\$10,000 \$90,000	EN15049 (EN12016)	Transfer from EN12016 to create new project EN15049, to fund the replacement of existing A/S with new pre-purchased A/S at each location (SACP - Seg B) and to cover the installation of additional fittings and vault adjustments.	
Capital		10/16/14	Yes	Yes	Yes	EN13029 EN15055	Turner 1 Turnout @ Deer Creek Drop 1630 W Recycled Water Pump Station Surge Tank Installation	\$1,025,000 \$0	\$0 \$0	\$1,025,000 \$0	(\$50,000) \$50,000	\$975,000 \$50,000	\$524,801 \$0	(\$50,000) \$50,000	\$474,801 \$50,000	EN15050 (EN13029)	Transfer from EN13029 to create new project EN15050 to prepare the RFP for design and construction of a surge tank to dampen the surges in the 1299 recycled water pipeline.	
Capital		10/22/14	Yes	Yes	Yes	EN13029 EN15051	Turner 1 Turnout @ Deer Creek Drop CCWRF Chlorine Contact Baseline Splitter Box Modifications	\$1,025,000 \$0	(\$50,000) \$0	\$975,000 \$0	(\$50,000) \$50,000	\$925,000 \$50,000	\$474,801 \$0	(\$50,000) \$50,000	\$424,801 \$50,000	EN15051 (EN13029)	Transfer from EN13029 to create new project EN15051 to construct the Splitter Box Modifications and cover management fees of the project for CCWRF.	
Capital		12/29/14	Yes	Yes	Yes	WR08020 RW15005	Misc. Connections & Retrofits Midgefly Prevention Alternative Project	\$34,190,180 \$0	(\$100,000) \$0	\$34,090,180 \$0	(\$100,000) \$100,000	\$33,990,180 \$100,000	\$390,000 \$0	(\$100,000) \$100,000	\$200,000 \$100,000	RW15005 (WR08020)	Transfer from WR08020 to create new project RW15005 to buy equipment and pay for services needed to create alternatives to prevent midge flies at the recharge basins.	
Subtotal Recycled Water (MC):																		
												\$36,461,080	\$1,559,602	\$1,559,602				

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

Fund	Capital or Spec Proj?	Request Date	Total Proj Budget Change (Y/N)?	Annual Proj Budget Change (Y/N)?	New Proj? (Y/N)	Project Number	Project Title	Adopted Total Project Budget	Prior FY 2014/15 TP Changes	Current Total Project Budget	Amt. of Transfer In / (Out)	New TP Budget	FY 2014/15 Annual Project Budget Change	New Annual Project Budget	Project Transferred To/(From)	Justification
10800	Capital	9/24/14	Yes	Yes	No	EN13016	SCADA Enterprise System	\$10,000,000	\$0	\$10,000,000	(\$500,000)	\$9,500,000	(\$500,000)	\$717,247	EN14012	Transfer from EN13016 and EN13049 to support the completion of the construction phase for project EN14012.
						EN13049	RP-2 Digester No. 4 Dome Improvements	\$1,900,000	\$0	\$1,900,000	(\$150,000)	\$1,750,000	(\$150,000)	\$502,157	EN14012	
						EN14012	RP-2 Drying Beds Rehabilitation	\$1,168,400	\$0	\$1,168,400	\$650,000	\$1,818,400	\$650,000	\$1,278,279	(EN13016 / EN13049)	
Capital	10/1/14	Yes	Yes	No	IS15016	RP-4 ControlNet Replacement	\$112,000	\$0	\$112,000	(\$10,000)	\$102,000	(\$10,000)	\$102,000	IS15014	Transfer from IS15016 to IS15014 because ISS staff underestimated the hardware cost for IS15014. The project will replace an old component at RP-4 that has failed frequently which results in Operations staff losing control of valves associated with air flow at the plant.	
					IS15014	RP-4 Foundation Field Bus Link Device	\$42,000	\$0	\$42,000	\$10,000	\$52,000	\$10,000	\$52,000	(IS15016)		
Capital	10/15/14	Yes	Yes	No	EN13049	RP-2 Digester No. 4 Dome Improvements	\$1,900,000	(\$150,000)	\$1,750,000	(\$25,000)	\$1,725,000	(\$25,000)	\$352,157	EN14052	Transfer from EN13049 to complete the remaining construction tasks for EN14052 which include automation of the new gate controls for the new west effluent pipeline.	
					EN14052	RP01 Primary Clarifier West Effluent Pipeline Replacement	\$945,000	\$0	\$945,000	\$25,000	\$970,000	\$25,000	\$445,502	(EN13049)		
Capital	10/23/14	Yes	Yes	No	IS15016	RP-4 ControlNet Replacement	\$112,000	(\$10,000)	\$102,000	(\$2,500)	\$99,500	(\$2,500)	\$99,500	IS15017	Transfer from IS15016 to IS15017 to make up the additional costs necessary to upgrade the I/O scanning hardware at RP-4 to a newer and more reliable technology.	
					IS15017	RP-4 Replace Remote I/O Scanner	\$26,000	\$0	\$26,000	\$2,500	\$28,500	\$2,500	\$28,500	(IS15016)		
Capital	10/23/14	Yes	Yes	No	EN15012	RP-1 East Primary Effluent Pipe Rehab	\$750,000	\$0	\$750,000	(\$450,000)	\$300,000	(\$450,000)	\$150,000	EN09021	Transfer from EN15012 and EN15013 to EN09021 for use in funding the construction of the RP-4 Headworks Retrofit so that the project EN09021 can reach completion in this fiscal year.	
					EN15013	RP-1 TWAS & Primary Effluent Piping Replacement	\$500,000	\$0	\$500,000	(\$250,000)	\$250,000	(\$250,000)	\$150,000	EN09021		
					EN09021	RP-4 Headworks Retrofit	\$2,185,900	\$0	\$2,185,900	\$700,000	\$2,885,900	\$700,000	\$1,730,075	(EN15012 / EN15013)		
Capital	12/8/14	Yes	Yes	No	EP14002	Major Facilities Repair FY13/14	\$1,480,000	\$0	\$1,480,000	(\$255,525)	\$1,224,475	(\$255,525)	\$626,200	EP14002	Transfer from EP14002 and PA14004 to EP15002 which will support the RP-1 Head Works Rehabilitation Project; the RP-1 Head Works Bypass Project; and the RP-1 Iron Spongie Tank Install Project.	
					PA14004	Replace RP-1 Headworks	\$250,000	\$0	\$250,000	(\$197,000)	\$53,000	(\$197,000)	\$55,000	PA14004		
					EP15002	Major Facilities Repair FY14/15	\$4,400,000	\$0	\$4,400,000	\$452,525	\$4,852,525	\$452,525	\$1,152,525	(EP14002 / PA14004)		
							\$25,771,300		\$25,771,300		\$25,611,300		\$7,289,143			

Subtotal Regional Operations (RO):

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

Fund	Capital or Spec Proj	Request Date	Total Proj Budget Change (Y/N)?	Annual Proj Budget Change (Y/N)?	New Proj? (Y/N)	Project Number	Project Title	Adopted Total Project Budget	Priority FY 2014/15 TP Changes	Current Total Project Budget	Amt. of Transfer in / (Out)	New TP Budget	FY 2014/15 Annual Project Budget	Annual/Proj Budget Change	New Annual Project Budget	Project Transferred To/(From)	Justification	
10900	Capital	9/18/14	Yes	Yes	Yes	EN14037	Sewer Collection System Manhole Rehabilitations	\$1,825,000	(\$63,000)	\$1,762,000	(\$50,000)	\$1,712,000	\$596,544	(\$50,000)	\$546,544	EN15045	Transfer from EN14037 to create new project, EN15045, to cover the costs of 22 sewer collection system manhole frames and cover repairs.	
						EN15045	Collection System Manhole Upgrades	\$0	\$0	\$0	\$50,000	\$0	\$50,000	(EN14037)				
Capital	9/18/14	Yes	Yes	No	EN11031	RP-5 Flow Equalization and Effluent Monitoring	\$1,692,300	(\$200,000)	\$1,492,300	(\$10,000)	\$1,482,300	\$609,826	(\$10,000)	\$599,826	EN05050	Transfer from EN11031 to cover any additional warranty related items for the duration of the warranty period for EN05050.		
					EN05050	RP-2 Digester Gas System Modifications	\$3,197,000	\$0	\$3,197,000	\$10,000	\$3,207,000	\$7,938	\$10,000	\$17,938	(EN11031)			
Capital	10/23/14	Yes	Yes	Yes	EN11031	RP-5 Flow Equalization and Effluent Monitoring	\$1,692,300	(\$210,000)	\$1,482,300	(\$200,000)	\$1,282,300	\$599,826	(\$200,000)	\$399,826	EN15048	Transfer from EN11031 to create new project, EN15048, which will consist of pipeline inspection activities and further repairs and rehabilitation based on engineering recommendation.		
					EN15048	CCWRP 72" Mixed Liquor Inspection and Repair	\$0	\$0	\$0	\$200,000	\$200,000	\$0	\$200,000	\$200,000	(EN11031)			
Capital	12/10/14	Yes	Yes	Yes	EN12020	Chino Creek Invert Repair	\$545,218	\$0	\$545,218	(\$75,000)	\$470,218	\$545,785	(\$75,000)	\$450,785	EN15054	Transfer from EN12020 to create new project, EN15054, which will involve placing concrete over the rip rap at the CCWRP Lagoon to provide for erosion control and enable the use of the overflow and emergency piping as needed.		
					EN15054	CCWRP Lagoon Rip Rap Retrofit	\$0	\$0	\$0	\$75,000	\$75,000	\$0	\$75,000	\$75,000	(EN12020)			
Capital	12/11/14	Yes	Yes	No	EN11051	Central Plant for the New Operational Lab	\$2,130,000	\$263,218	\$2,393,218	(\$75,000)	\$2,318,218	\$263,218	(\$75,000)	\$188,218	EN14051	Transfer from EN11051 to EN14051 to complete the last phase of the project by purchasing a required articulated lift to provide safe access.		
					EN14051	RP-1 Centrifuge Stair and Catwalk Install	\$532,000	\$0	\$532,000	\$75,000	\$607,000	\$461,083	\$75,000	\$536,083	(EN11051)			
Subtotal Regional Capital (RC)							\$11,613,818			\$11,404,036			\$3,072,220		\$3,072,220			
							Capital Total Project Budget Adopted	\$78,697,198			\$78,064,316			\$13,292,729		\$13,292,729		
							Capital Total Project Budget Amended	\$78,697,198			\$78,064,316			\$13,292,729		\$13,292,729		
							Capital Total Project Budget	\$78,697,198			\$78,064,316			\$13,292,729		\$13,292,729		

Changes in Total Project Budgets: Inter-Departmental/Division Transfers FY 2014/15

Exhibit D

Fund	Capital or Spec Proj	Request Date	Total Proj Budget Change (Y/N)?	Annual Proj Budget Change (Y/N)?	New Proj? (Y/N)?	Project Number	Project Title	Adopted Total Project Budget	Prior FY 2014/15 TP Changes	Current Total Project Budget	Amt. of Transfer In / (Out)	New TP Budget	FY 2014/15 Annual Project Budget	Annual Proj Budget Change	New Annual Project Budget	Project Transferred To/(From)	Justification
10200	O&M Proj	9/16/14	Yes	Yes	No	EP14003	General Fund Repair	\$50,000	\$0	\$50,000	(\$37,103)	\$12,897	\$39,434	(\$37,103)	\$2,331	PA15008	Transfer from EP14003 to PA15008 to support the tenant improvement / rehabilitation project for the RP-1 Paint Room conversion for a training center.
						PA15008	Major Asset Repair/ Replacement	\$200,000	\$0	\$200,000	\$37,103	\$237,103	\$200,000	\$37,103	\$237,103	(EP14003)	
						Subtotal Administration (GG)		\$250,000		\$250,000		\$250,000	\$239,434		\$239,434		
10600	O&M Proj	11/5/14	Yes	Yes	Yes	EN14023	RW Asset Mgmt Condition Assessments	\$100,000	\$0	\$100,000	(\$25,000)	\$75,000	\$100,000	(\$25,000)	\$75,000	EN15053	Transfer from EN14023 to create new project, EN15053, to determine if IEUA facilities are vulnerable to numerous pressure surges and to install surge protection to prevent future damage to identified 'weak zones' in IEUA facilities inside the 1299 zone.
						EN15053	Risk Mgmt and Surge Analysis of the 1299 Zone	\$0	\$0	\$0	\$25,000	\$25,000	\$0	\$25,000	\$25,000	(EN15053)	
						Subtotal Recycled Water (WC)		\$174,585	\$0	\$174,585	\$38,000	\$212,585	\$107,407	\$38,000	\$145,407	(O&M - Contract Labor)	
10700	O&M Proj	10/30/14	Yes	Yes	No	WR08010	FY 07/08 Multi-Family Direct	\$3,048,400	\$0	\$3,048,400	(\$13,450)	\$3,034,950	\$67,278	(\$13,450)	\$53,828	WR15011	Transfer from O&M contract labor to WR14020 to fund professional services contracts for the WC Interbe Study and the VIC Recharge Enhancement study.
						WR14011	FY 13/14 Free Sprinkler Voucher Program	\$192,750	\$0	\$192,750	(\$30,300)	\$162,450	\$81,442	(\$30,300)	\$51,142	WR15011	
						WR15011	FY 14/15 Free Sprinkler Voucher Program	\$243,800	(\$143,750)	\$100,050	\$43,750	\$143,800	\$100,000	\$43,750	\$143,750	(WR08010 / WR14011)	
10800	O&M Proj	11/19/14	Yes	Yes	Yes	WR15023	2015 Water Use Efficiency/Business Plan Update	\$0	\$0	\$0	\$75,000	\$75,000	\$0	\$75,000	\$75,000	(VWV Reserves)	Board approved amendment to create project WR15023 to fund the additional proposals for the Water Use Efficiency Business Plan Updates.
						Subtotal Water Resources (WW)		\$3,484,950		\$3,416,200		\$323,720					
						EN14005	Asset Mgmt Condition Assessments	\$150,000	\$0	\$150,000	(\$50,000)	\$100,000	\$150,000	(\$50,000)	\$100,000	EP15001	
10800	O&M Proj	12/8/14	Yes	Yes	No	EN14004	Asset Mgmt Master Plan	\$160,000	\$0	\$160,000	(\$160,000)	\$0	\$160,000	(\$160,000)	\$0	EP15001	Transfer from EN14004 and EN14005 to EP15001 to provide adequate funding for the RP-2 Digester Cleaning project. Projects EN14004 and EN14005 will be closed once the budget transfer is complete.
						EP15001	RP-1/RP-2 Digester Cleaning	\$420,000	\$0	\$420,000	\$210,000	\$630,000	\$420,000	\$210,000	\$630,000	(EN14005 / EN14004)	
						Subtotal Regional Operations (RO)		\$987,050	\$0	\$987,050	\$29,462	\$1,016,512	\$783,150	\$29,462	\$882,612	(O&M - 521010)	
								O&M Total Project Budget Adopted	\$4,996,585	O&M Total Project Budget Amended	\$4,995,297	Total Annual O&M Project Budget Adopted	\$1,478,711	Total Annual O&M Project Budget Amended	\$1,621,173		



Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

FY 2014/15 2nd Quarter Budget Variance Report

Board of Directors

March 18, 2015

Revenue Highlights Actual vs. Amended Budget



GOOD NEWS...

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

OKAY NEWS...

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

NOT SO GOOD NEWS...

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

Expense Highlights Actual vs. Amended Budget



GOOD NEWS...

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

NOT SO GOOD NEWS...

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

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

(\$Millions)



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

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

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

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



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

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



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

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

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



QUESTIONS?

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


INFORMATION
ITEM

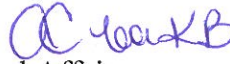
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Date: March 18, 2015

To: The Honorable Board of Directors

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

From:  P. Joseph Grindstaff
General Manager

Submitted by: Kathy Besser 
Manager of External Affairs

Subject: Public Outreach and Communication

RECOMMENDATION

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

BACKGROUND

March 2015

- March 10, "Water is Life" Poster Contest Judging, IEUA HQB Event Room, 12:00 p.m.-3:00 p.m.
- March 16, IEUA Hosted Special Districts Dinner, Panda Inn (3223 E. Centrelake Dr., Ontario, CA 91761), 6:00 p.m.-9:00 p.m.
- March 16-22, Fix a Leak Week
- March 19, IEUA Water Association Leadership Breakfast (Speaker: Randall Lewis), IEUA HQB Event Room, 7:30 a.m.-9:00 a.m.

April 2015

- April 2, Turner Basin Recharge Facilities Expansion Project Dedication, 916 Archibald Avenue, Ontario, 10:00 a.m. (*Waiting on confirmation from Flood Control, Ontario and CBWCD*)
- April 15, Earth Day Event for students, Chino Creek Wetlands and Educational Park, 9:00 a.m.-2:00 p.m.
- April 16, Earth Day Event for community, Chino Creek Wetlands and Educational Park, 4:00 p.m.-7:00 p.m.

May 2015

- May, Water Awareness Month
- May 3-9, International Compost Awareness Week

- May 15-17, MWD Solar Cup Competition, Lake Skinner

Outreach/Education - Civic Publications Newspaper Campaign

- IEUA staff is working with Civic Publications to develop a spring 2015 water-saving campaign. This campaign will include display ads, an email blast and print media as well.
- Staff will be running an ad in the daily Bulletin for “Fix a Leak Week”.

Media and Outreach

- IEUA staff has signed a 6-month agreement with Champion Newspapers for print ads, including special sections. IEUA will be conducting drought outreach, including water saving tips, averaging once-a-month in special sections. Staff will be running an ad in the Spring Home and Garden section on March 21, 2015.
- Staff is running drought ads in La Opinion and Fontana Herald News’ leaderboards.
- Staff is researching theater ad pricing for a possible spring drought campaign.

Education and Outreach Updates

- Water Discovery Program: 665 Girl Scout troop members, elementary and high school students have taken part in the park field trip from September 24, 2014, through February 26, 2015.
- IEUA staff is planning the annual Earth Day Event. A total of 12 schools will be participating in the student day on April 15, 2015. Staff is expecting approximately 2,000 students, parents and teachers to attend. At least one school from each city within IEUA’s service area will be participating. Staff is reaching out to the community, scout troops and after school programs to attend the community day on April 16, 2015.
- Staff will be promoting “Fix a Leak Week” (March 16-22) by running an ad in the Daily Bulletin and passing out Leak Detection Kits at the Special District’s Dinner on March 16, 2015.
- Staff is working on the IEUA history book for this year’s 65th Anniversary. Staff is working with the Water Education Foundation to research and create this book.

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

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

INFORMATION
ITEM

4G

Innovative Federal Strategies LLC

Comprehensive Government Relations

MEMORANDUM

To: Joe Grindstaff and Kathy Besser, IEUA

From: Letitia White

Date: February 27, 2015

Re: February Monthly Legislative Update

After only two months in, the 114th Congress has already started to set the pace for what could be two years of difficult relations between the Congress and the White House. The President issued a rare veto to the Keystone XL Pipeline earlier this week after it passed the House and Senate on a bipartisan vote. Meanwhile, the Department of Homeland Security Appropriations bill stalled in the Senate multiple times after clearing the House in January. Republicans repeatedly tried to bring up the House-passed bill, but were sidelined when Democrats voted against procedural motions to move to consideration of the bill until Republicans offered to strip controversial immigration provision from the bill.

Homeland Security Funding Fight Continues

The Consolidated and Furthering Continuing Appropriations Act, 2015 appropriations package passed during December funded all agencies except the Department of Homeland Security through the end of the fiscal year (September 30, 2015). The Department of Homeland Security's continuing resolution is set to expire later tonight (February 27th), but House leaders are already preparing another short-term stopgap measure in the event that an agreement can't be reached in time. Sources close to House Speaker John Boehner continue to insist that there will be no government shutdown, and the House has started the process of passing a temporary funding measure through March 19, 2015 in order to keep pressure on lawmakers to come to an agreement soon.

Local governments could suffer if the Department of Homeland Security continues to be funded under a continuing resolution—or worst if there is a lapse in funding. While a majority of the Department's operations are deemed essential, grant programs that provide funding to local communities are not. Additionally, when the Department of Homeland Security is funded through a continuing resolution, new grant applications for 2015 wouldn't be allowed because they are considered new starts, which aren't authorized. If and when Congress finally enacts a Homeland Security budget, FEMA will surely try to truncate the application process to speed up the awarding of funds, but Congress is already two months behind the pace of last year. Last year's delay caused much of the money not to go out until June—meaning this delay could push funding back until August. If the CR is simply extended without any adjustments, the lag will get worse. FEMA appears to believe that March 15 is a make-or-break date for getting a DHS appropriations bill enacted—if grants are to go out fully this fiscal year. “A lack of a full-year

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appropriation after March 15, 2015 will complicate FEMA's ability to disburse funds over the remainder of the fiscal year, including to critical needs, such as Emergency Management Performance Grants," a spokesperson said. "Without the matching federal grants, our state, local, and tribal partners may face difficult choices about how they will make ends meet or curtail their activities."

Transportation Committee Plans to Stick with Transportation Caps

Representative Mario Diaz-Balart (R-FL), the new Chairman of the House Transportation Appropriations subcommittee announced this week that his subcommittee would put forth a spending bill that abides by the caps put in place in the Budget Control Act (sequestration levels). This means that the committee will appropriate based on the roughly \$72.1 billion for the Department of Transportation, which is the same level enacted in FY15. In his budget proposal for FY16, the President recommended spending \$94.5 billion on transportation—with much of the new spending financed through a one-time tax on companies holding profits overseas.

This plan could face resistance from both Democrats and Republicans, as the last effort to pass a bill in the House as the sequestration level was pulled from the floor after moderate Republicans joined Democrats in opposition to cuts that they deemed too severe for transportation projects. Additionally, we expect to hear a lot more about transportation funding in the coming months as bi-partisan talks take place over tax reform. Central to that conversation will be the role that the gas tax plays in funding our nation's infrastructure. According to a Congressional Budget Office report, devoting all of the gas tax to highways would still leave a \$5 billion shortfall in FY16.

We've seen an increasing trend where House Appropriations Chairmen have indicated they plan to use the sequestration numbers when considering appropriations bills, with the House Defense Appropriations Chairman indicating he would do the same. Senators have been more vocal about looking for ways to "undo" the budget caps and provide more funds to federal agencies through tax reform. Negotiations to find levels of funding could play out over the next month and a half as the House and Senate attempt to pass budget resolutions, which serve as a guide for the rest of the appropriations process.

Outlook for March

With an on-time delivery of the President's budget, we will continue to see the Appropriations process move forward. We expect both the House and Senate to begin work on their Budget resolutions, which will help give appropriators the numbers they need for individual spending bills. This process could also provide an opportunity for Republicans to use reconciliation to pass appropriations bills when they can't get support from Senate Democrats. This process could setup more showdowns this summer with the White House if the President vetoes the measures. We also expect to see the House continue to work on an overhaul of the nation's tax code. We will continue to keep an eye out for provisions that could impact local organizations and their economies.

INFORMATION
ITEM

4H

February 27, 2015

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



THE
DOLPHIN
GROUP

Strategic Public Affairs

Overview:

The Legislature spent most of February in informational hearings and drafting bills to introduce before the February 27 bill introduction deadline. The Assembly Water, Parks and Wildlife Committee and the Senate Budget and Fiscal Review Committee convened hearings to discuss implementation of Proposition 1 and state and local funding relationships and the Governor's budget, respectively. John Laird, Natural Resources Secretary; Mark Cowin, Director, Department of Water Resources; Chuck Bonham, Director, Department of Fish and Wildlife; Felicia Marcus, Chair, State Water Resources Control Board all testified at both hearings and were joined by others to discuss a broad range of issues, but spent a significant amount of time discussing Proposition 1 implementation.

The State Water Resources Control Board (SWRCB) released draft general waste discharge requirements for composting operations as well as a draft environmental impact report (EIR). The intent is to protect groundwater from composting activities, including the regulation of pollutants such as nutrients and salts. The draft has received significant criticism from a broad range of stakeholders.

The California Energy Commission (CEC) has started the process on the 2015 Integrated Energy Policy Report (IEPR). The report is the state's main energy-policy document and makes recommendations based on the CEC's assessments and forecasts. The Scoping Order for the document noted that there will be significant discussion about the water energy nexus in the next IEPR and is looking forward to stakeholder input on the subject.

The non-partisan Legislative Analyst's Office (LAO) released a report to the California Legislature, providing an overview of the Delta, including the significant problems facing the Delta ecosystem and the state water supply. It also provided a description of efforts currently underway to address the Delta's problems, including the Delta Plan, BDCP, flood control efforts and the State Water Resources Control Board's water quality goals.

The Public Policy Institute of California (PPIC) released a survey that found that a majority of Californians (59 percent) say the supply of water is a big problem in their region, down from the record-high 68 percent who held this view in October of 2014.

Senate Democrats introduced a package of bills that would implement the goals the Governor outlined in his inaugural address, including cutting greenhouse gases to 80 percent below 1990

levels by 2050; reduce petroleum use by 50 percent by 2030; enact a 50 percent clean energy standard by 2030 and increase building efficiency by 50 percent by 2030. The bills will be hotly debated in the legislature in the coming months.

Inland Empire Utilities Agency Status Report – February 2015

New Draft Waste Discharge Controls for Compost Facilities Released by SWRCB

The State Water Resources Control Board (SWRCB) released draft general waste discharge requirements for composting operations as well as a draft environmental impact report (EIR). The intent is to protect groundwater from composting activities, including the regulation of pollutants such as nutrients and salts.

The rules include construction standards for “pads” under the facilities, ponds used for discharge collection, wastewater handling systems, drainage and other operations, as well as facility monitoring requirements.

Dozens of industry, government and environmental organizations testified at a recent public hearing criticizing the plan. Critics included representatives from compost facilities who don’t see the need for statewide regulation, and urge the SWRCB to allow regional boards to consider requirements on a facility by facility basis.

Revisions and further public workshops are possible prior to the June 16 SWRCB meeting where the order is scheduled to be adopted.

Water Energy Nexus To Be Focus in CEC Integrated Energy Policy Report

The California Energy Commission (CEC) has started the process on the 2015 Integrated Energy Policy Report (IEPR). The report is the state’s main energy-policy document and makes recommendations based on the CEC’s assessments and forecasts. The 2015 report is expected to cover five general topics:

- Energy efficiency: including efforts to boost building efficiency.
- Renewables: including issues and potential solutions to reaching a 50 percent renewable energy standard.
- Electricity: including demand forecasts, transmission planning and electric reliability in Southern California in the wake of the closure of the San Onofre Nuclear Generating Station. This will also include impacts of continued drought conditions and changing water policies on electricity supply and demand.
- Natural gas.
- Transportation.
- Climate change.

Most parties commenting on the IEPR Scoping Order stressed the need for the IEPR to focus on post 2020 goals. Several groups have asked that the water energy nexus have its own stand alone chapter. Other groups have suggested adding large hydro and/or allowing California Solar

Initiative energy generation to count towards the renewable portfolio standard. Finally, Pacific Gas & Electric advised the CEC to look closely at all the impacts of post 2020 goals and how future goals might lead to excess generation.

The CEC expects to hold IEPR workshops through July, and publish the draft report in October with the final 2015 IEPR to be adopted in February 2016.

Legislative Analyst's Office Releases Report on Delta Progress

The non-partisan Legislative Analyst's Office (LAO) released a report to the California Legislature, providing an overview of the Delta, including the significant problems facing the Delta ecosystem and the state water supply. It also provided a description of efforts currently underway to address the Delta's problems, including the Delta Plan, BDCP, flood control efforts and the State Water Resources Control Board's water quality goals.

The report culminated with the description of a number of issues in the Delta that deserve legislative consideration to move forward, as described below:

- **Managing and Prioritizing Demands for Delta Water.** The Delta is affected by statewide water use and policies that determine how water is managed in the state. The Legislature established the goal of reducing reliance on the Delta as a source of water but that goal is open to multiple interpretations, each with different effects on the state's economy and the environment. Also, water diverted prior to reaching the Delta and water necessary to address groundwater overdraft can have significant effects on Delta water management.
- **Funding Sources for Some Key Delta Activities Uncertain.** The BDCP is expected to cost \$25 billion dollars over 50 years. However, some sources of funding—such as state bond funds for ecosystem restoration activities—may not materialize. If bond funds are not available in the near future and additional funding sources are not identified, some ecosystem restoration might not be funded, including some habitat restoration that needs to occur in order to determine how much water can be exported by the BDCP tunnels. In addition, the costs to implement the Delta Plan are unknown but potentially significant (CALFED identified about \$8 billion in similar Delta projects in the Delta Plan).
- **Current Delta Governance Limits Effectiveness.** Specific provisions of the state's policy for the Delta (the Delta Reform Act of 2009) might restrict the state's ability to enforce the Delta Plan. In addition, several reviews of Delta governance have found that decision-making continues to be fragmented, leading to a lack of integration among the various planning regulatory activities in the Delta. This is likely to result in conflicting plans and regulatory actions, slowing progress on the state's objectives.
- **Slow Implementation of Some Key Activities.** The Delta Plan includes performance measures to track the outcomes related to the state's efforts in the Delta, but that tracking has not yet begun. In addition, there has been slow progress in meeting a statutory requirement to develop a strategy for prioritizing state spending on levee improvements.

- **Challenges to Restoring the Delta Ecosystem.** The numerous factors that harm the Delta—and the complex interaction among them—make it difficult to identify the most cost-effective ways to restore the ecosystem. As a result, improving ecosystem conditions will likely require addressing most factors, to some degree. In addition, many of the planned ecosystem restoration projects have faced challenges, which have delayed their completion. By addressing some of these issues, the Legislature can improve the likelihood that its goals and objectives for the Delta will be realized.

The report concludes that although many activities to resolve the problems in the Delta are able to proceed without further legislative direction, the Legislature may want to provide additional statutory guidance in order to address the issues raised in this report. By doing so, the Legislature can improve the likelihood that its goals and objectives will be realized by offering additional guidance and specificity on many aspects of Delta policy.

PPIC Releases Polling Information on California Water

The Public Policy Institute of California (PPIC) released a survey on statewide issues which included a section on California water policy. The survey found that a majority of Californians (59 percent) say the supply of water is a big problem in their region, down from the record-high 68 percent who held this view in October of 2014.

Most residents (59 percent) continue to say the state and local governments are not doing enough to respond to the current drought. Likely voters (70 percent) are more likely than the overall population to say that the supply of water in their part of California is a big problem. Similar proportions of inland (60 percent) and coastal (58 percent) residents hold this view. Residents in the Central Valley (68 percent) and Orange/San Diego counties (64 percent) were most likely to say the water supply is a big problem in their part of the state.

Overall, water continues to rank in the top three issues that likely voters are concerned about in California.

“Which one issue facing California today do you think is the most important for the governor and state legislature to work on in 2015?”

Top six issues mentioned	All adults	Region					Likely voters
		Central Valley	San Francisco Bay Area	Los Angeles	Orange/San Diego	Inland Empire	
Jobs, economy	19%	14%	18%	20%	27%	17%	21%
Education, schools, teachers	15	14	18	15	18	11	18
Immigration, illegal immigration	11	10	8	15	6	16	10
Water, drought	9	21	6	4	7	9	12
State budget, deficit, taxes	6	4	5	5	11	4	9
Infrastructure	5	3	8	5	4	5	4

Climate Change Package of Bills Introduced

The package of bills to implement the Governor’s renewable energy and clean fuels goals have been introduced by Democratic lawmakers. The main bill of the package, SB 350 by Senator Mark Leno (D-San Francisco) sets to codify an executive order to cut greenhouse gases to 80

percent below 1990 levels by 2050; reduce petroleum use by 50 percent by 2030; enact a 50 percent clean energy standard by 2030 and increase building efficiency by 50 percent by 2030. Additionally, SB 350 would set interim targets for GHG reduction that includes 40 percent reduction by 2024 and 45 percent reduction by 2027.

The bill gives broad power to the California Air Resources Board (CARB) to adopt and implement motor vehicle emissions standards, performance standards and fuel specifications to achieve 50 percent reductions in motor vehicle petroleum use by 2030. CARB has already stated that they would prefer to set the interim targets themselves, not have the Legislature mandate specific numbers.

Other bills in the package include SB 189 by Senator Ben Hueso (D-Chula Vista), would create the Clean Energy and Low-Carbon Economic and Jobs Growth Blue Ribbon Committee to advise state agencies on the most effective ways to spend GHG-related funds and implement policies to maximize job creation and economic benefits.

SB 185, the Public Divestiture of Thermal Coal Companies Act, by President pro Tem Kevin de Leon (D- Los Angeles) would require the boards of the Public Employees' Retirement System and the State Teachers' Retirement System to divest the public employee retirement funds of any investments in a thermal coal company.

Not surprisingly, there is already significant pushback from some business and consumer protection groups who worry about the cost to implement these goals.

There will be significant debate, discussion and revision of these bills in the coming months.

Legislative Hearings

Both the Senate and the Assembly convened hearings recently to discuss water issues in California. The Assembly Water, Parks and Wildlife Committee called together John Laird, Natural Resources Secretary; Mark Cowin, Director, Department of Water Resources; Chuck Bonham, Director, Department of Fish and Wildlife; Felicia Marcus, Chair, State Water Resources Control Board; Joe Byrne, Chair, California Water Commission; John Donnelly, Executive Director, Wildlife Conservation Board and other stakeholders, to discuss implementation of Proposition 1.

Each department head gave a good description of their plans to issue the bond funds that are proposed to be appropriated by the 2015-2016 budget and all highlighted that the funds will be spent on projects to build an integrated, resilient, state water system. Committee members were eager to see the funds get out the door in expedited fashion, and panelists cautioned members that they would push funds out in existing programs, where appropriate, but that new programs would take time to set up to insure quality projects get funded and proper accountability measures are in place.

The Senate Budget and Fiscal Review Committee held an overview hearing to discuss the relationship between state and local funding related to water issues. Felicia Marcus, John Laird, Chuck Bonham and Mark Cowin returned to the Capitol and were joined by the Department of

Finance and several other stakeholders to discuss a diverse set of topics including, water system investment needs, Proposition 1 and 1E funding, drought response and future drought planning and disadvantaged communities.

The committee members expressed concerns related to oversight and accountability of Proposition 1 funds, water storage projects and public benefits for water system improvements and also discussed the current proposal within the Governor’s 2015-2016 budget related to expediting funds from Proposition 1E flood protection bond of 2006.

The Senate Governance and Finance and Senate Natural Resources and Water Committees held a joint hearing on stormwater in late February. The goal of the hearing was for the Legislature to hear some successes of stormwater capture and reuse and also some of the impediments to getting stormwater capture projects off the ground. Chris Berch did a fantastic job of discussing IEUA’s stormwater management plan and the committee members were impressed with the hard work and coalition building it took to get a successful plan working in the region.

Legislative Update

February 27 is the last day for members to introduce bills for this first year of the two-year session. Bill introductions have picked up in volume in recent days, but a full list of all the bills introduced will likely not be available until the middle of the first week of March, as it takes time for the high volume of bills to make it online for public view.

Bills must be in print for 30 days before they can be acted on, so policy committee meetings aren’t expected to start with any significant number of bills on their agendas until the beginning of April. In the mean time, budget sub-committees have started to meet to discuss the Governor’s proposed budget. They will continue these discussions throughout the spring, but they will pick up significantly after the Governor releases his May Revise.

Bills IEUA is tracking to date. As of this report there is still one day left to introduce bills. Many of the bills that have been introduced are in “spot bill” format, meaning that the language in the bill is only placeholder language. Because a thorough review of all the introduced bills has yet to be done, this list gives a general snapshot of the 105 bills the Dolphin Group has highlighted as of potential interest to IEUA. Over the next month, we will work to get more detailed information on the bills and have a list that might reflect IEUA’s priority legislation.

<i>Bay Delta</i>		
Measure	Author	Topic
AB 501	Levine D	Resources: Delta research.
<i>CEQA</i>		
Measure	Author	Topic
AB 291	Medina D	California Environmental Quality Act: local agencies: notice of determination: water.
AB 323	Olsen R	California Environmental Quality Act: exemption: roadway

		improvement.
<u>AB 1068</u>	<u>Allen, Travis R</u>	California Environmental Quality Act: priority projects.
<u>SB 122</u>	<u>Jackson D</u>	California Environmental Quality Act: record of proceedings.
<u>SB 154</u>	<u>Huff R</u>	California Environmental Quality Act.
<u>SB 166</u>	<u>Gaines R</u>	California Environmental Quality Act.
<i>Energy</i>		
Measure	Author	Topic
<u>AB 21</u>	<u>Perea D</u>	California Global Warming Solutions Act of 2006: emissions limit: scoping plan.
<u>AB 23</u>	<u>Patterson R</u>	California Global Warming Solutions Act of 2006: market-based compliance mechanisms: exemption.
<u>AB 33</u>	<u>Quirk D</u>	California Global Warming Solutions Act of 2006: scoping plan.
<u>AB 140</u>	<u>Allen, Travis R</u>	Distributed generation.
<u>AB 156</u>	<u>Perea D</u>	California Global Warming Solutions Act of 2006: investment plan.
<u>AB 197</u>	<u>Garcia, Eduardo D</u>	Public utilities: renewable resources.
<u>AB 199</u>	<u>Eggman D</u>	Alternative energy: recycled feedstock.
<u>AB 577</u>	<u>Bonilla D</u>	Public utilities: biogas.
<u>AB 645</u>	<u>Williams D</u>	Electricity: California Renewables Portfolio Standard.
<u>AB 674</u>	<u>Mullin D</u>	Electricity: distributed generation.
<u>AB 1022</u>	<u>Obernolte R</u>	Net energy metering.
<u>AB 1030</u>	<u>Ridley-Thomas D</u>	California Global Warming Solutions Act of 2006: Greenhouse Gas Reduction Fund.
<u>SB 1</u>	<u>Gaines R</u>	California Global Warming Solutions Act of 2006: market-based compliance mechanisms: exemption.
<u>SB 5</u>	<u>Vidak R</u>	California Global Warming Solutions Act of 2006: market-based compliance mechanisms: exemption.
<u>SB 32</u>	<u>Pavley D</u>	California Global Warming Solutions Act of 2006: emissions limit.
<u>SB 167</u>	<u>Gaines R</u>	California Global Warming Solutions Act of 2006.
<u>SB 180</u>	<u>Jackson D</u>	Electricity: emissions of greenhouse gases.
<u>SB 189</u>	<u>Hueso D</u>	Clean Energy and Low-Carbon Economic and Jobs Growth Blue Ribbon Committee.
<u>SB 207</u>	<u>Wieckowski D</u>	California Global Warming Solutions Act of 2006: Greenhouse Gas Reduction Fund: investment plan.
<u>SB 246</u>	<u>Wieckowski D</u>	Climate Action Team.

<u>SB 350</u>	<u>De León D</u>	Clean Energy and Pollution Reduction Act of 2015.
<u>SB 400</u>	<u>Lara D</u>	California Global Warming Solutions Act of 2006: Greenhouse Gas Reduction Fund.
<u>SB 427</u>	<u>Fuller R</u>	Renewable energy resources.
<u>SB 471</u>	<u>Pavley D</u>	Water, energy, and reduction of greenhouse gas emissions: planning.
<u>SB 551</u>	<u>Wolk D</u>	State water policy: water and energy efficiency.
<i>Other</i>		
Measure	Author	Topic
<u>AB 1045</u>	<u>Irwin D</u>	Composting facilities: streamline permitting and regulation.
<i>Public Agency</i>		
Measure	Author	Topic
<u>AB 85</u>	<u>Wilk R</u>	Open meetings.
<u>AB 168</u>	<u>Maienschein R</u>	Local government finance.
<u>AB 204</u>	<u>O'Donnell D</u>	Redevelopment: County of Los Angeles.
<u>AB 641</u>	<u>Dahle R</u>	Environmental quality: environmental impact reports.
<u>AB 656</u>	<u>Garcia, Cristina D</u>	Joint powers agreements: mutual water companies.
<u>AB 712</u>	<u>Mullin D</u>	Redevelopment: successor agencies: Recognized Obligation Payment Schedule.
<u>AB 806</u>	<u>Dodd D</u>	Redevelopment: successor agencies to redevelopment agencies.
<u>SB 258</u>	<u>Bates R</u>	Local government.
<u>SB 272</u>	<u>Hertzberg D</u>	The California Public Records Act: local agencies: inventory.
<u>SB 393</u>	<u>Nguyen R</u>	Local agencies.
<u>SB 442</u>	<u>Hall D</u>	Municipal water districts: revenue bonds.
<i>Water</i>		
Measure	Author	Topic
<u>AB 1</u>	<u>Brown D</u>	Drought: local governments: fines.
<u>AB 78</u>	<u>Mathis R</u>	Groundwater basins.
<u>AB 88</u>	<u>Gomez D</u>	Sales and use taxes: exemption: energy or water efficient home appliances.
<u>AB 149</u>	<u>Chávez R</u>	Urban water management plans.
<u>AB 152</u>	<u>Bigelow R</u>	Water rights: appropriation.
<u>AB 153</u>	<u>Bigelow R</u>	Integrated regional water management planning.
<u>AB 228</u>	<u>Waldron R</u>	State Water Resources Development System: reporting requirement.
<u>AB 307</u>	<u>Mathis R</u>	Graywater: groundwater recharge.

<u>AB 308</u>	<u>Mathis R</u>	Graywater: agricultural use.
<u>AB 349</u>	<u>Gonzalez D</u>	Common interest developments: property use and maintenance.
<u>AB 401</u>	<u>Dodd D</u>	Low-Income Water Rate Assistance Program.
<u>AB 434</u>	<u>Garcia, Eduardo D</u>	Drinking water: point-of-entry and point-of-use treatment.
<u>AB 452</u>	<u>Bigelow R</u>	Water Rights Fund: Groundwater Regulation Subaccount.
<u>AB 453</u>	<u>Bigelow R</u>	Groundwater management.
<u>AB 454</u>	<u>Bigelow R</u>	Sustainable groundwater management.
<u>AB 455</u>	<u>Bigelow R</u>	Groundwater sustainability plans: environmental impact reports.
<u>AB 478</u>	<u>Harper R</u>	Desalination.
<u>AB 585</u>	<u>Melendez R</u>	Outdoor Water Efficiency Act of 2015: income tax credits: outdoor water efficiency.
<u>AB 603</u>	<u>Salas D</u>	Income taxes: turf removal tax credit.
<u>AB 606</u>	<u>Levine D</u>	Water conservation.
<u>AB 615</u>	<u>Rendon D</u>	The Center for Community Water Projects.
<u>AB 617</u>	<u>Perea D</u>	Department of Water Resources: supervision of dams and reservoirs.
<u>AB 647</u>	<u>Eggman D</u>	Beneficial use: diversion of water underground.
<u>AB 697</u>	<u>Chu D</u>	Water-conserving plumbing fixtures.
<u>AB 723</u>	<u>Rendon D</u>	Plumbing fixtures: WaterSense standards.
<u>AB 725</u>	<u>Wagner R</u>	Water quality: Porter-Cologne Water Quality Control Act.
<u>AB 824</u>	<u>Gatto D</u>	Recycled water: recycling criteria.
<u>AB 935</u>	<u>Salas D</u>	Integrated Regional Water Management Plans: conveyance projects.
<u>AB 936</u>	<u>Salas D</u>	Groundwater monitoring.
<u>AB 937</u>	<u>Salas D</u>	Groundwater recharge.
<u>AB 938</u>	<u>Salas D</u>	Groundwater: basin reprioritization: establishment of groundwater sustainability agency.
<u>AB 939</u>	<u>Salas D</u>	Groundwater sustainability agency: financial authority.
<u>AB 977</u>	<u>Mayes R</u>	State Water Pollution Control Revolving Fund.
<u>SB 7</u>	<u>Wolk D</u>	Housing: water meters: multiunit structures.
<u>SB 13</u>	<u>Pavley D</u>	Groundwater.
<u>SB 20</u>	<u>Pavley D</u>	Wells: reports: public availability.
<u>SB 113</u>	<u>Galgiani D</u>	Disaster Preparedness and Flood Prevention Bond Act of 2006.
<u>SB 173</u>	<u>Nielsen R</u>	Groundwater: de minimis extractors.
<u>SB 208</u>	<u>Lara D</u>	Integrated regional water management plans: grants: advanced payment.
<u>SB 226</u>	<u>Pavley D</u>	Sustainable Groundwater Management Act: groundwater rights.

SB 228	Cannella R	Groundwater storage: beneficial use.
SB 355	Lara D	San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy.
SB 471	Pavley D	Water, energy, and reduction of greenhouse gas emissions: planning.
SB 485	Hernandez D	County of Los Angeles: sanitation districts.
SB 487	Nielsen R	Sustainable Groundwater Management Act: California Environmental Quality Act: exemptions.
SB 551	Wolk D	State water policy: water and energy efficiency.
SB 553	Wolk D	Water conservation.
SB 554	Wolk D	California Water Commission: disqualifying financial interest: removal from office.
SB 555	Wolk D	Department of Water Resources: urban retail water suppliers: water loss audits.
SB 568	Fuller R	Groundwater management.
<i>Water Bond</i>		
Measure	Author	Topic
AB 311	Gallagher R	Environmental quality: Water Quality, Supply, and Infrastructure Improvement Act of 2014.
AB 954	Mathis R	Water Quality, Supply, and Infrastructure Improvement Act of 2014.
AB 957	Mathis R	Water Quality, Supply, and Infrastructure Improvement Act of 2014.
SB 127	Vidak R	Environmental quality: Water Quality, Supply, and Infrastructure Improvement Act of 2014.
<i>Water Quality</i>		
Measure	Author	Topic
AB 45	Mullin D	Household hazardous waste.
AB 639	Dahle R	Water quality: organization and membership of regional boards.
AB 888	Bloom D	Waste management: plastic microbeads.
SB 143	Stone R	Diamond Valley Reservoir: recreational use.
SB 385	Hueso D	Primary drinking water standards: variances: hexavalent chromium.
SB 454	Allen D	Water quality: minor violations.
SB 552	Wolk D	Public water systems: disadvantaged communities: drinking water standards.

INFORMATION
ITEM

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Agricultural Resources

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February 27, 2015

Legislative Report

TO: Joe Grindstaff
General Manager, Inland Empire Utility Agency

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

SU: Legislative Report, February 2015

Snapshot. At the top of the month, internal organizing inside the Congress was the top priority. Leadership, (House and Senate and Democratic and Republican) were still making Committee assignments. Committees were organizing and in many cases restructuring (modifying subcommittee jurisdictions). The President's Birthday holiday imposed a lengthy break mid-month. A major conflict ensued over funding the Department of Homeland Security (DHS) and at month's end, a possible departmental shutdown looms. Back in California, not much rain and less snow pack. The drought persisted.

114th Congress Convenes

- ***Administration Submits Proposed Budget to Congress. New Congress Sworn In, Begins Process of Organizing Begun.*** In any typical year, shortly after the President delivers the State of the Union address, the Administration submits a proposed budget for the entire US government to Congress for the fiscal year beginning October 1, 2015 through September 30, 2016. This includes funding for every department and each agency (at Interior, for instance, this would include funding for Bureau of Indian Affairs, Fish and Wildlife Service, Bureau of Land Management, Bureau of Reclamation and others. House and Senate Appropriators divide the budget and assign it to 12 different subcommittees. Each prepares stand-alone funding bill which must be enacted prior to the beginning of a fiscal year (in recent years, Congress has been unable to meet these deadlines). When that deadline is not met, Congress often enacts CRs (or Continuing

Resolutions). Specifically, as for drought, 2015 will all but certainly be a very dry year.

- ***Shutdown – Department of Homeland Security – Immigration Gridlock.*** Funding for the Department (DHS) is set to expire on February 27 (it was already pushed back from October 1 to December and then to February 27). The House and Senate are divided (House added language blocking Obama’s immigration initiatives and the Senate passed a clean bill). House Rs then split internally and more than 50 House Rs voted against a three-week extension. A shut down was averted on the 27th with enactment of a last-minute one-week extension. This has the House and Senate tied up in knots.

International Issues Continue to Dominate and Influence the Congressional Agenda

- ***Immigration, Oil Prices, Syria, the Mideast, International Cyber Crime – All Continue to be Major Issues.*** As reported last month, a suite of international issues continues to dominate and influence events around the globe – and each becomes important in Congress. The financial crisis in Greece and the EU is another.
- ***Situation in Russia – Very Desabilizing.*** The very recent assassination of Putin’s leading opponent shocked Russians and the world. This single act has the potential to have significant consequences in the near and long-term.
- ***Oil Price in Free Fall – Significant Foreign Policy and International Implications – Consumer Boon in US.*** Last month, oil prices continue to drop – from a six-month high of \$107/barrel to \$40-50/barrel (current range). Prices have inched up slightly, but world supply is still considered to be in significant over-supply (depressing prices).

2016 – Presidential Politics.

- ***2016 President Election – Very Underway.*** Last month, I reported that “*the November 2012 election followed by the start of the new Congress marked the “public” beginning of the 2016 presidential election cycle.*” Daily polls, straw votes, who’s up and who’s down pronouncements, floor statements (in US Senate), Sunday news shows, pundits and blog are already saturated with 2016 coverage. Together, this both competes for time and attention today and distracts from contemporary legislative and policy deliberations.

BuRec Budget and Title XVI

- Overall, for the entirety of the BuRec program (for the fiscal year beginning October 1, 2015 and extending through September 30, 2016), the funding request to Congress is \$1.1 Billion.
- BuRec, in its submission to Congress, only requested \$20 million for the Title XVI program – not for California per se, but for the entire 17 Western States (serious drought is impacting more than half the Western States).
- In the middle of a sustained drought, BuRec’s request was 5% less than last year.

- All together, the BuRec request of \$20 million for Title XVI represents approximately 1.8% of their budget request in excess of \$1 Billion.
- In the middle of a four-year drought, BuRec fails to request adequate funding to help ALL water users with the one statutorily authorized program in place to stretch existing water supplies.
- DC reps, other water users, Members, committee staff – have all taken notice. It’s a topic of conversation often accompanied by statements about the declining relevance of BuRec.

Drought and Drought Legislation/Drought Politics/Congress

- ***Drought.*** From DWR, State of California, consider the following:
 - * In the past 114 years, 2014 was the fourth driest.
 - * 2014 was the warmest year in the past 120 years in California and the Colorado River Basin.
 - * *“The last three years set a record for the driest three consecutive years in terms of statewide precipitation,”*
 - * California’s “water budget” is now being effectively determined by only a small number of storms.
 - * Five measuring stations in the San Joaquin Valley – reported less than one-half (½) normal average precipitation.
 - * Describing the snow pack, DWR invoked the following four words, *“dismal, poor, abysmal, and miserable.”*
 - * 11 Reservoirs, only one with over 50% of average (Shasta).
 - * And finally, DWR identified the major “looming” issue: carryover for 2016 – how much?
- ***Drought Legislation.*** Reportedly, drought bill talks have resumed, but publicly, little is being revealed. The House Resources Committee has suggested that there might be a two-bill tract – one with California and limited non-California provisions. A second, broader and more western – long-term bill (later this year). But, we’re now 30 days from the end of the wet water season. One new development: Trinity and Humboldt Counties have asked to be included in any talks as have other Northern California interests. So far, those requests have not been granted.
- ***Drought Politics – House Water and Power Subcommittee Jurisdiction Expanded –***

Implications for Bureau of Reclamation (and US Geological Survey). Last month, I reported that the Subcommittee’s jurisdiction was amended – expanded. So far, notwithstanding the seriousness of the drought, neither Chairman Bishop nor Subcommittee Chairman Fleming have said anything about it, scheduled hearings, or given any indication as to how this matter will be addressed. In a recent interview about Committee priorities on E&E TV, Chairman Bishop limited his comments to oil and gas/energy issues.

- ***Drought Conditions – California.*** All 58 California Counties are today experiencing drought. Precipitation from several strong storms in December came and went. In January. It was bone dry. Early February saw a few storms and the dry cycle immediately returned. According to the NOAA/USDA’s Drought Monitor, 100% of California is in drought. The Monitor’s weekly report for February 24 indicated that almost 90% of the entire state was in D2, D3 and/or D4 status (severe, extreme or exceptional).
- ***Drought Conditions – Rest of the West.*** The report from last two months – is all but identical this month. Drought conditions are persisting in the Pacific Northwest (OR, WA and ID). Almost all of OR is continues to be various conditions of drought. Half of Washington is in drought (less severe status). Almost all of Idaho is in drought. California’s neighbor, 100% of Nevada is in drought (very similar to CA’s severe/exceptional profile). Along the Southern Tier, Arizona, New Mexico, Utah, most of Colorado and almost all of Texas and Oklahoma are in various levels of drought.

Quick Takes. Rep. Lois Capps Assigned to House Natural Resources. Long-time House Member, Lois Capps (D-CA), who represents Santa Barbara, was assigned to the House Natural Resources Committee. ***ACWA Washington DC Conference.*** Director Hall and Kathy Besser attended the annual ACWA gathering here in DC. In addition to her scheduled AWCA meetings, special meetings were put together with our delegation. ***Secretary Jewell to California, Meets with Governor, Announces Availability of Drought Funding from December’s Annual Funding Bill.*** In mid-February, Secretary Jewell went to California, met with Governor Brown and other senior States officials and announced the availability of \$50 million for drought assistance appropriated the previous December. ***Senator Murkowski Names Leaders, Water and Power Subcommittee.*** Senator Lisa Murkowski (R-AK), Chair, Committee on Energy and Natural Resources named Senator Mike Lee (R-UT) as Chair, Subcommittee on Water and Power. D’s named Senator Mazie Hirono (D-HI) as the ranking member on the subcommittee. ***New Deputy BuRec Commissioner Announced.*** BuRec Commissioner, Estevan Lopez, announced that “*Dionne E. Thompson has been appointed Deputy Commissioner for External and Intergovernmental Affairs. Thompson will oversee congressional, legislative and public affairs activities and represent Reclamation’s relationships with federal, state and local governments.*” ***New USGS Report – Central Valley Leads Nation in Falling Groundwater.*** A new USGS Report concluded (as reported in the media), “*groundwater levels appear to be sinking faster in the Central Valley than anywhere else in the United States, the U.S. Geological Survey says in a new report. The paper does not pinpoint causes, but a USGS expert on*

Thursday blamed, in part, increased agricultural pumping to make up for drought, now entering its fourth year.” **Secretary Jewell – In Congressional Testimony – Declares Lake Mead “Bleak.”** According to the LV Review Journal, reporting on congressional testimony, Lower Colorado river water users face “significant possibilities” of water shortages if drought on the Colorado River persists into the next two years, according to an ominous forecast delivered Wednesday by a top government official. Michael Connor, deputy secretary of the Interior Department, said there is a 20 percent chance of shortages in Nevada and Arizona in 2016 if levels of Lake Mead and Lake Powell continue to drop, “and it goes up to almost 50 percent after that.” Connor briefed members of the House Interior subcommittee who met to review the department’s budget request for the coming year. Connor, the department’s No. 2 leader and its ranking expert on water, appeared alongside Interior Secretary Sally Jewell.” **BuRec Publicly Announced Public Comment Period for Drought Response Program Evaluation Criteria.** Based on “existing drought authorities, BuRec invited comments on their program to provide funding for (a) drought emergency planning; (b) implementation of projects to build long-term resiliency to drought; and (c) implementation of emergency response actions. Comments are due in mid-March.

#

INFORMATION
ITEM

4J



CALIFORNIA STRATEGIES, LLC

Date: February 27, 2015
To: Inland Empire Utilities Agency
From: John Withers, Jim Brulte
Re: February Activity Report

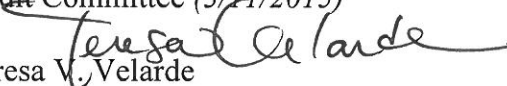
Listed below is the California Strategies, LLC monthly activity report. Please feel free to call us if you have any questions or would like to receive any more information on any of the items mentioned below.

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

INFORMATION
ITEM

4K



Date: March 18, 2015
To: The Honorable Board of Directors
Through: Audit Committee (3/11/2015)
From: 
Teresa V. Velarde
Manager of Internal Audit
Subject: Internal Audit Department Status Report for March 2015

RECOMMENDATION

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

BACKGROUND

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

PRIOR BOARD ACTION

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

On March 20, 2013, the Board of Directors reconfirmed the approved Audit Committee Charter.

IMPACT ON BUDGET

None.

Internal Audit Department Status Report for March 2015

Projects Completed and in Progress This Period

Audit: Regional Contract Review

Scope:

The objectives of the Regional Contract review include:

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

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

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

The results of the overall Regional Contract review are being documented in three separate sections to segregate the observations and recommendations by subject. The following provides a status on each of the seven Contracting Agencies review/evaluation.

Cucamonga Valley Water District COMPLETED March 2015

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

- Connection fees: In most cases the calculations made by the District were materially accurate. IA has included multiple recommendations to improve the Connection Fees calculation and collection processes.
- Public Service Facilities: The District does not always collect connection fees from construction at schools in the community. Recent construction information was obtained from a variety of public records for testing. IA noted an addition of a new classroom building at an elementary school and on-going/future expansions at two high schools with no record of fees being collected. Additionally, the Chaffey Community College District added 10 buildings to the Rancho Cucamonga Campus between 2007 through 2010 and there is no record of fees being paid. IA has included recommendations suggesting enhanced communication and collaboration with the School District and the Community College District in the community as a means of encouraging connection fee payments.
- Commercial Volumetric Sewerage Accounts: IA was not able to validate the sewer billing for a number of addresses and was unable to determine if the District pays IEUA for these sewer services. IA also noted for a number of addresses fees were billed for a

Internal Audit Department Status Report for March 2015

minimum of one EDU per month, instead of being billed on actual consumption, and the incorrect IEUA Volumetric Rate was applied for the bi-monthly billing cycle reviewed. CVWD noted the IEUA Volumetric Rate was corrected through the rate update and review process, prior to IA's on-site visit in January 2015, and the current IEUA Board-approved rate is applied and collected. IA has included multiple recommendations about standardizing and providing additional information as part of the monthly reporting to IEUA, as well as potential process enhancements at the District. Potentially reengineering the billing process between the District and IEUA is also described.

- In 2013, Evolution Fresh (Industrial User) purchased EDUs from a third party and CVWD. IA confirmed with the Program Director at Evolution Fresh, this third party purchase was an "intra-district" transfer from a different industrial user and the EDUs were not previously at the current location. There is no clear supporting documentation that CVWD had knowledge of the transfer and/or reduce purchase of EDUs, however, CVWD signed the cost sheet that shows approval of the credit for the EDUs and issued the plumbing release. It is IA's audit opinion that the intra-district" transfer does not follow the guidelines and provisions of Exhibit J of the Regional Contract. CVWD noted further research will be performed and plans to report back to IA on this observation.

City of Chino

COMPLETED

December 2014

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

- **Connection Fees:** In most cases the calculations made by the City were materially accurate. Prior to the June 19, 2013 revision of Exhibit J guidance about fixture unit counts was limited to the California Plumbing Code. As a result, the City (like all Contracting Agencies) had improvised their own calculation worksheets resulting in fewer categories and varying fixture unit amounts than that shown in the revision to Exhibit J. Even with the guidance of the Exhibit J revision, with changing trends, some types of enterprises have been difficult to categorize, such as fast-casual sit-down restaurants and community centers/swimming pool facilities in private residential communities.
- **Public Service Facilities:** The City does not generally collect connection fees from construction at schools in the community. Recent construction information was obtained from a variety of public records for testing. Per City of Chino staff there is no record of fees being paid for a new classroom wing with restrooms that was recently completed at Howard Cattle Elementary School. There is also no record of fees being paid for the new Chaffey College – Chino Campus that opened in 2008. IA performed a physical observation and determined that connection fees for the college campus would have exceeded \$55,000. IA has included recommendations suggesting enhanced communication and collaboration with the School and Community College Districts in the community as a means of encouraging connection fee payments.
- **Commercial Volumetric Sewerage Accounts:** Several addresses were found that either utilized an inaccurate billing formula or were not being billed for monthly sewerage fees by the City. IA has included multiple recommendations about standardizing and providing additional information as part of the monthly reporting to IEUA, as well as potential process enhancements at the City and potential contract provisions about

Internal Audit Department Status Report for March 2015

recourse for under-collection. Potentially reengineering the billing process between the City and IEUA is also described.

City of Fontana

COMPLETED

December 2014

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

- **Connection Fees:** In most cases the calculations made by the City were materially accurate. IA has included multiple recommendations to improve the Connection Fees calculation and collection processes.
- **Public Service Facilities:** The City generally does collect initial connection fees for Public Service Facilities. IA has included a recommendation about the City's process that may be applicable to other Contracting Agencies, as well as a recommendation regarding classification differences used in calculating initial connection fees.
- **Commercial Volumetric Sewerage Accounts:** The City is the only Contracting Agency that bills monthly sewerage based on EDUs purchased through Connection fees rather than through volumetric water usage, since the City does not have access to water usage information from the City's water service providers. The City is also the only Contracting Agency that has contracted with the County of San Bernardino to collect residential sewerage fees through the property tax roll. IA has included multiple recommendations about considering these and other alternatives. Potentially reengineering the billing process between the City and IEUA is also described.
- In 2013 Kaiser Fontana completed construction of a new seven story hospital and inpatient tower that was originally planned and permitted in 2009. The original hospital building does not appear to be used for hospital beds but is still open as clinics, laboratories, pharmacies and operating rooms. The City of Fontana believes that no Connection fees are due because they view the facility as a declassified significant industrial user (declassified in 2007) with billing and capacity based on flow whereas IEUA believes the provisions of Exhibit J should be applied. No Connection fees have been charged or collected in connection with this hospital tower.

City of Montclair

COMPLETED

September 2014

This report was completed and presented to the Audit Committee and the Board of Directors in September 2014. IA was able to evaluate each of the areas planned. Following is a summary of observations noted:

- **Initial Connection Fees:** In most cases the calculations made by the City were materially accurate. IA included multiple recommendations to improve the Initial Connection Fees calculation and collection processes, including recommendations about fixture unit values and categorization.
- **Public Service Facilities:** The City does not always collect connection fees from construction at schools in the community. IA has included recommendations suggesting enhanced communication and collaboration with the School Districts in the community as a means of encouraging connection fee payments.

Internal Audit Department Status Report for March 2015

- Commercial Volumetric Sewerage Accounts: IA was not able to validate the sewer billing for a number of addresses and was unable to determine if the City pays IEUA for these sewer services. IA has included multiple recommendations about standardizing and providing additional information as part of the monthly reporting to IEUA, as well as potential process enhancements at the City. Potentially reengineering the billing process between the City and IEUA is also described.

City of Upland

COMPLETED

September 2014

This report was completed and presented to the Audit Committee and the Board of Directors in September 2014. IA was able to evaluate each of the areas planned. Following is a summary of observations noted:

- Connection Fees: In most cases the calculations made by the City were materially accurate. IA has included multiple recommendations to improve the Connection Fees calculation and collection processes.
- Public Service Facilities: The City generally does collect initial connection fees for Public Service Facilities. IA has included a recommendation about the City's process that may be applicable to other Contracting Agencies, as well as a recommendation regarding classification differences used in calculating initial connection fees.
- Commercial Volumetric Sewerage Accounts: Several addresses were found that either utilized an inaccurate billing formula or were not being billed for monthly sewerage fees by the City. IA has included multiple recommendations about standardizing and providing additional information as part of the monthly reporting to IEUA, as well as potential process enhancements at the City. Potentially reengineering the billing process between the City and IEUA is also described.

City of Ontario

IN PROGRESS

IA is in the testing phase of the review. IA has met and discussed all areas with the assigned representatives. IA has made selections of the items needed for additional testing and is in the process of obtaining information requested. In summary:

- Connection Fees: Testing of Connection Fees has been substantially completed. The fixture unit values used by the City of Ontario vary from those provided in Exhibit J, in most cases leading to calculations made by the City that understated Connection Fees. IA has provided Ontario a list of open questions and/or requests for more information.
- Public Service Facilities: Recent construction information was obtained from a variety of public records for testing. No record of fees being paid has been provided for several schools. Fees are reported as having been paid for Kaiser Permanente's Ontario Medical Center.
- Commercial Volumetric Sewerage Accounts: IA has requested information to perform detailed testing of items from the Connection Fees testing to their inclusion in the regular sewer billing system and ultimately the total EDU amounts provided to IEUA. The City has recently lost several staff members and this short-staffing has led to delays in receiving information.

Internal Audit Department Status Report for March 2015

City of Chino Hills

IN PROGRESS

IA is in the beginning of the testing phase of the review. IA has met and discussed all areas with the assigned representatives. Some of the initially requested documents and information have been received. Additional meetings will be scheduled to begin additional detailed testing procedures.

- Connection fees and Public Service Facilities: Testing of Connection Fees is currently in process.
- Commercial Volumetric Sewerage Accounts: IA will be requesting information to perform detailed testing of items from the Connection Fees testing to their inclusion in the regular sewer billing system and ultimately the total EDU amounts provided to IEUA. IA has also been provided some financial information; however, IA is currently waiting for other requested information.

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

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

Internal Audit Department Status Report for March 2015

Upland, Montclair, Fontana and Chino. This report is complete and is presented under separate cover for this agenda. There are three sections of recommendations:

- Connection Fees Recommendations
- Public Service Facilities Recommendations
- Monthly Sewerage Billing Recommendations

Project: **Filing of FY 2013/14 CAFR**

Scope: File as required the final, approved, audited financial statements.

During the preparation of the Comprehensive Annual Financial Report, IA assisted Finance and Accounting in performing a quality control review of the financial statements including the Trial Balances for each fund, individual fund statements and consolidated statements of the Agency's FY 2013/14 CAFR. IA reviews for math accuracy, consistency in totals among the narratives and the statements, and professional presentation.

IA's quality control review did not include tests of transactions, or tests of the reliability of the totals and amounts included in the various categories, accounts, funds, statements, etc. Staff relies on the audit work of the external auditors as to the reliability of the financial information reported. IA's review is one of additional quality control to ensure a professional presentation of the financial statements.

A CAFR is submitted by the Finance and Accounting Department under separate cover.

IA coordinated with the external auditors, White Nelson Diehl Evans (WNDE), as required. IA completed the required filing of the audited financial statements and CAFR with:

- State Water Resources Control Board; and
- the Federal Audit Clearing House.

IA will also be filing with the following entities:

- The State Controller's Office;
- County of San Bernardino'

Project: **Review of Internal Audit Department and Audit Committee Charters**

Scope:

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

Status: **IN PROGRESS**

The Manager of IA and the Audit has reviewed both Charters to ensure these are in agreement with the leading practices such as the Institute of Internal Auditors (IIA), and the American Institute of Certified Public Accountants for similar committees. At this time no changes or amendments appear necessary. At this time, the Manager of IA seeks any requests or requirements from the Audit Committee and/or the Audit Committee Advisor regarding any necessary updates. If none are required, the Charters will be submitted for re-confirmation by the Audit Committee and the Board. Attached are both Charters for review.

Internal Audit Department Status Report for March 2015

Project: Review of Internal Audit Department SOP's

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

Status: IN PROGRESS

IA has formally documented seven SOPs. SOPs serve various objectives: provide consistency in the audit methods applied, are a useful training/reference tool, establish ground rules of professional conduct and responsibilities, and provide continuity during staff changes. No major changes will be proposed in the seven SOPs and there does not appear to be a need for additional or new SOPs. The SOPs are being updated for minor changes (ie. PIPES, the Agency's intranet is now called AIM, etc). The SOPs will be provided for discussion under separate cover during the next Audit Committee Meeting.

On-Going Projects

Project: Management Requests

Scope:

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

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

During this quarter, IA included information in the CVWD report based upon requests from the Planning and Environmental Compliance Department about Connection Fees. These are included in the body of the report and related to the Regional Contract Review and expanded scope of work. Additionally, IA has been requested to serve on the Agency's Steering Committee for Managing Records and Information. Additional requests related to IA's interpretation or recommendations have been responded to and IA participates in various Agency-wide meetings and training sessions.

Internal Audit Department Status Report for March 2015

Planned/Future/Additional Projects

Audit: **Master and Rotating Contracts Audit**

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

Status: Projected start date: March 2015

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

Internal Audit Department

Internal Audit Department Staffing:

The Internal Audit Department is staffed as follows:

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

Internal Audit Staff Professional Development Activities:

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

During the past quarter, IA staff continues to stay abreast of industry developments through review of industry periodicals. One senior auditor attended a half-day seminar on Contract Compliance and Fraud (Forensic Accounting). Two IA members continue to prepare for the 3-part Certified Internal Audit certification, the only globally-recognized certification for internal audit professionals. One Senior Auditor is a Certified Public Accountant. Additional professional development education will be scheduled in the near future.

Future Audit Committee Meetings:

- Wednesday, June 10, 2015 – Regularly Scheduled Audit Committee Meeting
- Wednesday, September 9, 2015 – Regularly Scheduled Audit Committee Meeting
- Wednesday, December 9, 2015 – Regularly Scheduled Audit Committee Meeting



INLAND EMPIRE UTILITIES AGENCY
Internal Audit Department Charter
Amended on December 18, 2013

PURPOSE

This Charter establishes the authority and responsibilities of the Inland Empire Utilities Agency (IEUA or Agency) Internal Audit Department.

The purpose of the Internal Audit Department (Internal Audit or IA) is to assist the Board of Directors (Board) and the Audit Committee (Committee) in fulfilling their oversight responsibilities for financial reporting, internal controls, compliance with legal and regulatory requirements applicable to Agency operations and to provide objective assurance about the Agency's operations. The purpose of the Internal Audit Department is also to provide as a service to management and as a way of adding value to improve the operations of the Agency, consulting services, analyses, recommendations, and information concerning their operations.

The Internal Audit Department reports to the Board through the Committee and is an independent function from management. The responsibilities of the Internal Audit Department are defined in this Charter.

MISSION

The Internal Audit Department seeks to improve the operations of the Agency by providing unbiased and objective assessments and recommendations to ensure Agency resources are efficiently and effectively managed in order to achieve Agency goals and objectives. The Internal Audit Department will help the Agency achieve its goals and objectives, improve operations, and instill confidence among its employees and the citizens it serves by providing independent, objective assurance and consulting services and provide management and the Board of Directors with recommendations to:

- Promote and strengthen a sound control environment.
- Improve Agency risk management, control and governance.
- Promote the Agency's vision and mission with a high degree of professionalism.
- Establish adequate policies and procedures and to comply with them.
- Encourage efficient use of Agency resources.
- Protect and safeguard Agency assets.
- Mitigate risks related to fraud, waste and abuse.
- Hold staff accountable for the resolution of audit recommendations.



INLAND EMPIRE UTILITIES AGENCY
Internal Audit Department Charter
Amended on December 18, 2013

VALUES

The Internal Audit Department has adopted the following value statements that form the foundation for the Internal Audit Department.

Independence

As documented in this Charter, the Internal Audit Department is an independent function of the Agency for the purpose of providing independent, objective, unbiased opinions.

Integrity

The Internal Audit Department staff is required to maintain the highest degree of integrity in conducting its audit work.

Professionalism

The Internal Audit Department will perform its work with professionalism at all times.

Collaboration

The Internal Audit Department will foster collaboration with all Agency personnel to promote teamwork within the various business units.

ACCOUNTABILITY

The Internal Auditor is the Manager of the Internal Audit Department. The Internal Auditor is accountable and reports to the Board of Directors, through the Audit Committee appointed by the Board. The intent of this reporting relationship is to establish the Internal Audit Department's independence to function effectively and in accordance with best practices.

Annually, the Internal Auditor will submit an Audit Plan for the following fiscal year to the Committee for review and approval by the Board. Quarterly status reports of significant Internal Audit activities shall be presented at Committee meetings and shall include a status of major activities and any changes or deviations from the approved audit plan. The Internal Auditor has the authority to deviate from the approved annual Audit Plan, when necessary and if warranted by unforeseen issues that require immediate attention. Significant changes to the annual Audit Plan shall be reported to the Committee and to the Board.

Annually, a listing of audit recommendations provided by Internal Audit Department and the corresponding corrective actions taken by Agency management will be presented to the Committee.

The Internal Auditor shall inform the Committee on the sufficiency of department staffing and resources.



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Annually, the Internal Audit Department must also ensure the Committee fulfills their responsibilities as required under the Audit Committee Charter. Additionally, IA must ensure the Internal Audit Department Charter and the Audit Committee Charter are reviewed annually and updated as necessary.

INDEPENDENCE

Independence is essential to the effectiveness of internal auditing and is strongly emphasized by the Institute of Internal Auditors (IIA), the American Institute of Certified Public Accountants (AICPA), and the U. S. General Accountability Office (GAO). The Internal Audit Department should be free, both in fact and appearance, from impairments to independence.

The Internal Auditor and the Internal Audit Department shall have no direct responsibility or authority over the day-to-day operations of the Agency or any activities they would audit. The Internal Audit Department shall not engage in any activities that would compromise their independence or would appear to be a conflict of interest.

To ensure independence is maintained, the Internal Audit Department shall report administratively to the Agency's General Manager or his designee and functionally to the Board through the Audit Committee, as stated under Accountability.

AUTHORITY

The Internal Audit Department's authority is derived from the direction of management and the Agency's Board through the Committee as set forth in this Charter. Specifically, the Internal Audit Department is authorized to:

- Audit all areas of the Agency's operations. Perform audits of the Regional Sewage Service Contract agreement between the Agency and the Regional Contracting Agencies (RCA), including performing necessary audit field work and review of required supporting information and documents of the RCA's.
- Have unrestricted access to all Agency functions, records, information, property, and personnel.
- Have full and free access to Agency management, the Board of Directors and the Audit Committee.
- Allocate resources, set frequencies, select subjects and set objectives, determine the scope of work, and apply the techniques required to accomplish audit objectives, without interference from management.
- Obtain the necessary assistance of Agency staff where they perform audits, as well as other specialized services from within or outside the organization.
- Obtain regular updates from management and Agency legal counsel regarding compliance matters affecting operations.



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- Establish procedures for the receipt, retention, and treatment of comments or complaints received regarding Agency accounting, operations, or internal controls, including those matters received through Ethics Point or other channels.
- Investigate and handle accordingly reported instances of inappropriate activities, misappropriation of funds or fraud, including those matters received through Ethics Point or other channels.
- When the Internal Audit Department does not possess all the necessary skills or experience to complete an audit or review, additional internal or external resources may be used, subject to the approval of the Audit Committee and when necessary from the Board.

The Internal Auditor and the Internal Audit Department staff are **not** authorized to:

- Have any responsibilities or authority for any of the activities they audit or perform any operational duties for the Agency or its affiliates.
- Initiate or approve accounting transactions external to the Internal Audit Department.
- Direct the activities of any organization employee not employed by the Internal Audit Department, except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the internal auditors in audit activities.
- Participate in any activities that would compromise their objectivity and independence or any activities that would appear to be a conflict of interest.
- Draft or write any Agency Policies and Procedures, or Standard Operating Procedures outside the Internal Audit Department.

RESPONSIBILITIES

The responsibilities of the Internal Audit Department consist of the examination, review and evaluation of the reliability and effectiveness of the Agency's governance, risk management, internal controls, and the quality of operations and systems utilized in carrying out the Agency's goals and objectives. The Internal Audit Department has the responsibility to perform its work with due professional care.

The Internal Auditor and audit staff shall be responsible for, but not limited to, incorporating periodically, as deemed necessary and/or in agreement with the annual audit plan, the activities in the following key areas:

Internal Controls

- Assess the adequacy of internal controls in place and determine if they are operating effectively.



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- Review the reliability and integrity of financial and operating information and the means used to identify, measure, classify, and report such information.
- Review compliance with Agency policies and procedures, and with applicable laws and regulations which could have a significant impact on the operations of the Agency.
- Evaluate the means implemented and the extent Agency assets are identified, tracked, and safeguarded against misuse, unauthorized use, theft and loss.
- Review operations, programs or projects to determine if results are consistent with established objectives and goals.
- Assess the efficient and effective use of Agency resources and the controls over those resources.
- Provide consulting services on current and proposed policies, procedures, and systems to ensure adequate internal controls are considered and maintained.
- Provide consulting services to evaluate contractual agreements and determine if compliance exists.
- Handle documents and information obtained from Departments in the same prudent manner as by those employees who are normally accountable for them.
- Follow-up on all management responses to audit findings and recommendations to determine if internal control improvements and/or corrective actions have been implemented.
- Follow-up on known external auditor's or regulatory agency's reported findings and recommendations to determine if internal control improvements and/or corrective actions have been implemented.
- Conduct special projects, studies, or audits as requested by management, the Audit Committee and the Board of Directors.
- Ensure known or suspected acts of fraud or improprieties involving Agency funds, property and employees are investigated in coordination with the Agency's legal counsel, Human Resources and senior management.

Audit

- Develop a comprehensive and flexible annual audit plan using an appropriate risk-based methodology, including any risks or control concerns identified by management, the Audit Committee, the Board or the external auditor and submit that plan, as well as any periodic updates, to the Audit Committee and the Board for review and approval.
- Implement the annual audit plan, as approved, including as appropriate, any special tasks or projects requested by management, the Audit Committee, or the Board.
- Provide Agency management with reasonable notice of intent to audit and with information about the audit process, except in those situations that warrant an unannounced audit.
- Consider the scope of work of the external auditors for the purpose of providing optimal audit coverage, at a reasonable cost, without redundancy or omission.



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- Perform advisory services to assist the Agency in achieving its objectives; for example, reviewing controls, systems or process designs prior to implementation and providing recommendations to improve and enhance the effectiveness of controls and operations.
- Conduct work in accordance with the *International Standards for the Professional Practice of Internal Auditing (Standards)* and Code of Ethics as required by the Institute of Internal Auditors (IIA).
- Maintain a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this Charter.
- Maintain technical competence through continuing education supported by Department goals and budgets.
- Maintain a quality assurance program whereby the Internal Auditor assures the operations of the Internal Audit Department.
- Perform a periodic review of the Internal Audit Department Charter and the Audit Committee Charter. Additions, deletions, or other changes to the Charters are subject to the approval of the Board of Directors.

Reporting

- Issue quarterly reports to and meet with the Audit Committee and management to summarize results of audit activities and status of findings and recommendations.
- Written status reports of Audit Committee activity will be produced quarterly by the Internal Audit Department. The Quarterly Audit Committee Status Report will include a summary of significant internal and external audit activities for the reporting period. The Status Report will be submitted for approval by the Committee and the approved Status Report will be presented at the next regularly scheduled IEUA Board of Directors meeting.
- Annually, the Internal Audit Department will provide a report listing all outstanding recommendations with expected resolution dates. The report of all outstanding recommendations will be submitted for approval by the Audit Committee and provided at the next regularly scheduled IEUA Board of Directors meeting.
- Keep the Audit Committee informed of emerging trends and successful practices in internal auditing, as well as new audit requirements, when applicable.
- Immediately report any reservations concerning control risks, accounting or disclosure practices to the Audit Committee.
- If during the scope and progress of its reviews and audits, the Internal Audit Department identifies opportunities for improving the Agency's control environment, processes and procedures to ensure an environment where assets are safeguarded, internal controls are in place and risk is mitigated, these recommendations will be communicated to the appropriate level of management and the Audit Committee as timely as necessary and in the written report.
- When deemed appropriate and necessary, provide responsible unit management with a preliminary written report of the results and recommendations of each audit, analysis,



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review, or investigation performed and sufficient time to respond in writing with a plan of corrective actions. Sufficient time to reply would be 30 to 60 days from the date of the final report.

- Provide a final report of results and recommendations, including the responsible management's responses to the Audit Committee, Executive management and responsible management. All final reports with the response go through Committee to the Board. However, in cases where the auditee does not provide a response that is timely or deemed responsive, the final report will not be held up pending a response and will be submitted for discussion during the next scheduled Audit Committee meeting.

STANDARDS OF ETHICAL CONDUCT

The Internal Audit Department staff have a responsibility to govern themselves so that their independence is not open to question. To this end, adherence to the Institute of Internal Auditor's "Code of Ethics" will ensure integrity, objectivity, confidentiality and competency in Internal Audit work performed on behalf of the Agency's Board and Audit Committee. These principles include:

- Exercising honesty, diligence, and responsibility in performing duties.
- Observing the law and making disclosures expected by the law and the profession.
- Not knowingly being a party to any illegal activity, or engage in acts that are discreditable to the profession of internal auditing or to the Agency.
- Respect and contribute to the legitimate and ethical objectives of the Agency.
- Not participating in any activity or relationship that may impair, or be presumed to impair, unbiased assessments, including activities or relationships that may be in conflict with the interests of the Agency.
- Not accepting anything that may impair or be presumed to impair professional judgment.
- Disclosing all material facts known that, if not disclosed, may distort the reporting of activities under review.
- Being prudent in the use and protection of information acquired in the course of duties.
- Not using information for personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the Agency.
- Engaging in only those services or audit activities for which they have the necessary knowledge, skills, and experience.
- Performing internal auditing services in accordance with the *International Standards for the Professional Practice of Internal Auditing (Standards)*.
- Continually improving their proficiency, and the effectiveness and quality of their services.



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MANAGEMENT RESPONSIBILITIES

It is the responsibility of the Board of Directors and senior management to foster a control environment that supports the Internal Audit Department's objectives and independence within the Inland Empire Utilities Agency. The existence of the Internal Audit Department does not diminish Agency management's financial and operational responsibilities for prudent execution and control of activities, including their responsibilities for the periodic evaluation of risk, control, and governance systems.

Management's responsibilities include:

- Providing Internal Audit with its full support and cooperation at all operating levels, including full and complete access to all records, property, and staff relative to their assigned areas of responsibility, and active participation in the audit process.
- Immediately notifying the Manager of Internal Audit and the Audit Committee of any known or suspected cases of illegal, criminal or unethical activity involving Agency funds, property, employees, or any activity which appears to present a conflict of interest.
- Timely notification to Internal Audit of any new or proposed modifications to Agency systems, procedures, operations or services, ensuring controls are built into the new or modified processes.
- Providing the Internal Audit Department with written responses to all audit findings and recommendations, including action plans, responsible employees, and targeted resolution dates or the acceptance of the risks identified.
- Providing the Internal Audit Department with adequate budget, staffing, assistance from staff of audited Departments, and tools needed to execute their duties as defined in this Charter.



Inland Empire
UTILITIES AGENCY *

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Audit Committee Charter
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PURPOSE

The Audit Committee (Committee) is established under the authority of the Inland Empire Utilities Agency (IEUA or Agency) Board of Directors (Board) and reports directly to the Board. The primary purpose of the Committee is to assist the Board in fulfilling their oversight responsibilities for financial reporting, internal controls, and compliance with legal and regulatory requirements applicable to Agency operations.

While assisting the Board with these fiduciary duties, the Committee also provides an open avenue of communication between the Board, IEUA Management, the Internal Audit Department, and the external auditors. This advisory and oversight link can provide the following benefits to the organization and stakeholders:

- Increased objectivity and credibility of financial reports.
- Increased management accountability.
- Support for measures to improve management performance and internal controls.
- Increased employee awareness of unethical, questionable, or illegal activities.
- Enhanced independence and effectiveness of the Internal Audit Department.
- Assurance that appropriate management action plans are implemented for audit findings and recommendations.

COMPOSITION, COMPENSATION & TERM OF SERVICE

The Committee shall consist of two members from the Board of Directors, each with equal voting rights, with one selected as the Committee Chairperson. The members will be appointed by the Board President.

The Audit Committee shall also have access to at least one financial expert, an outside party, with no voting rights, who will provide advisory and consulting duties and shall be compensated as agreed upon, in writing with the audit committee, the Board, management and its designees.

All members of the Audit Committee shall possess or obtain a basic understanding of governmental financial reporting and auditing and shall have a requisite interest in financial reporting issues of the Agency. The financial expert shall be an individual with sufficient financial experience and interest to provide guidance and assistance to the Audit Committee. The financial expert should through both education and experience, and in a manner specifically relevant to the government sector, possess: 1) an understanding of generally accepted accounting principles and financial statements; 2) experience in preparing or auditing financial statements of comparable entities; 3) experience in applying such principles in connection with the accounting

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for estimates, accruals, and reserves; 4) experience with internal accounting controls; and 5) an understanding of Audit Committee functions.

The members of the Board serving on the Audit Committee shall be compensated in accordance with the guidelines established for the IEUA Board of Directors in Ordinance No. 73 adopted February 7, 2001, and as amended from time to time, entitled:

"Ordinance of the Board of Directors of Inland Empire Utilities Agency, San Bernardino County, California, establishing compensation and authorizing reimbursement of expenses for the Board of Directors and their appointed representatives to the Metropolitan Water District of Southern California Board of Directors."

The service term for each Committee member will be two years. Prior to term expiration, the Board President or their designee will conduct a review of Board Committee members' eligibility and the Board of Directors will conduct a review of the external/outside Committee member's eligibility. The Board President will then reconfirm the Committee members or select and confirm new members as needed. All activities and actions pertaining to selection or reconfirmation of Committee members will be documented by the Board, or their designee, and recorded in the next regularly scheduled IEUA Board of Directors' meeting minutes.

AUTHORITY

The Audit Committee has unrestricted access to all information and records, including IEUA personnel and documents. The Committee will have adequate resources to fulfill its oversight responsibilities, including the right to seek independent professional advice and counsel. The Committee is empowered to:

- Meet, as deemed appropriate and necessary, with IEUA Management and employees, the Manager of Internal Audit and audit staff, external auditors and legal counsel.
- Recommend to the Board the approval of the Internal Audit Department's Annual Audit Plan and any changes to the Plan or the Manager of Internal Audit duties.
- Authorize special audits and investigations into any matters within its scope of responsibility.
- Authorize an internal audit or review of any department or function under the control of the Board of Directors, or within the scope of influence of the IEUA.
- Recommend to the Board the appointment, compensation and scope of work of any public accounting firm employed by the IEUA.
- Recommend to the Board the approval of any auditing and consulting services.

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- Review and recommend to the Board the external auditor's audit scope and approach, ensuring that the scope:
 1. Is in compliance with Generally Accepted Auditing Standards (issued by the American Institute of Certified Public Accountants).
 2. Is in compliance with Government Auditing Standards (issued by the Government Accountability Office).
 3. Will include a Single Audit that will be performed, if required, subject to the Office of Management and Budget (OMB) Circular A-133.
 4. Will include an opinion on each major fund presented in the Agency's financial statements.
- Review and recommend to the Board the approval of external auditors' reports, along with Management's written responses, when appropriate.
- Resolve any disagreements between Management, the Internal Audit Department, and the external auditors regarding financial or operational controls and reporting.
- Ensure corrective action is taken on internal accounting control weaknesses identified by the internal and external auditors.

RESPONSIBILITIES

The Audit Committee is chartered with significant duties while performing oversight for the Board of Directors. In addition to reviewing this Charter annually and updating it as needed, the Committee has several responsibilities in the areas of Financial Reporting, Internal Controls, Internal Audit Department, the External Audit and external auditors, Compliance requirements, and Other Matters as provided in the bullets in the following sections. The Committee has the overall responsibility to ensure the general requirement underlying these items are carried out. However, the Audit Committee has the flexibility and authority to determine and choose the best course of action and the best method for carrying out its responsibilities. The following items are best practice guidelines that may be employed:

Financial Reporting:

- Review annual financial statements and consider whether they are complete, consistent with information known to Committee members, and reflect appropriate accounting principles.
- Advise the Board and management of any situations that would cause the Committee to believe the audited financial statements may contain material misstatements or omissions.
- Inquire of the General Manager and Chief Financial Officer (CFO) regarding the fiscal health of the Agency as well as the financial status of the Agency in relation to its adopted budget.
- Inquire of management, the Manager of Internal Audit, and the external auditors about whether significant financial, managerial, and operational information is accurate, reliable, complete, and timely.

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- Inquire of management, the Manager of Internal Audit, and the external auditors about significant risks or exposures facing the Agency; assess the steps management has taken or proposes to take to minimize such risks to the Agency; and periodically review compliance with such steps.

Internal Controls:

- Discuss with management, the Manager of Internal Audit, and the external auditors the reliability and effectiveness of the Agency's internal control environment to mitigate risk, including information technology security and control.
- Discuss with management, the effectiveness of the Agency's process for identifying and assessing significant risks and exposures, and the steps management has taken to communicate, monitor and mitigate these risks.
- Understand the scope of the internal and external auditors' review of internal controls, and obtain and review reports of significant findings, recommendations, and management's action plans to mitigate risks.
- Review all significant accounting policy changes submitted by Agency management, the Internal Audit Department, and the external auditors, and provide recommendations to the Board and Management.
- Periodically review Agency policies and procedures governing Board of Director and employee conduct, including conflict of interest, misconduct, fraud and other sensitive issues, or non-compliance and recommend changes to the Board and management as appropriate.
- Discuss with management, Internal Audit, and the external auditors whether adequate policies have been established and the Agency complies with policies, standards and applicable laws and regulations.
- Discuss with management, Internal Audit, and external auditors whether significant legislative or regulatory issues impacting Agency operations are identified, recognized, communicated and appropriately addressed.
- Review with the external auditor, management, and the Manager of Internal Audit, the audit scope and plan of the Internal Auditors and the external auditors. Address the coordination of audit efforts to assure the completeness of coverage, reduction of redundant efforts, and the effective use of audit resources.
- Review with management and the Manager of Internal Audit:
 - Significant findings, recommendations, and management's responses thereto.
 - Any difficulties the Internal Audit Department encountered in the course of their audits, including any restrictions on the scope of their work or access to required information.
 - Any changes required in the scope of their internal audits.
 - The Internal Audit Department budget and staffing.
 - The Internal Audit Department Charter.

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- The Internal Audit Department's compliance with applicable standards (for example, Governmental Auditing Standards, or the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing).
- Periodically review the Agency's Code of Conduct/Ethics Policy to ensure that it is adequate and up to date.
- Review with the Manager of Internal Audit and the Agency's general counsel the results of their review of compliance monitoring with the Code of Conduct/Ethics Policy.
- Review the procedures for the receipt, retention, and treatment of complaints received by the Agency regarding accounting, internal accounting controls, auditing matters, or suspected fraud that may be submitted by any party internal or external to the organization. Review any complaints that might have been received, current status, and resolution if one has been reached.
- Review procedures for the confidential, anonymous submission by Agency employees of concerns regarding questionable accounting or auditing matters, or suspected fraud. Review any submissions that have been received, the current status, and the resolution if one has been reached.
- Inquire of management, the Internal Auditor, and the external auditors about significant risks or exposures facing the Agency. Assess the steps management has taken or proposes to take to communicate, manage, and minimize such risks to the Agency; and periodically review compliance with such steps.
- Review with the external auditors and the Internal Audit Department:
 - The adequacy of the Agency's internal controls including computerized information system controls and security.
 - Any related significant findings and recommendations of the external auditors and Internal Audit Department together with management's responses thereto.

Internal Audit Department:

- Request that the Agency's Manager of Internal Audit prepare the Audit Committee's meeting agendas designed to ensure that all of the responsibilities of the Audit Committee as described herein are addressed at least once a year.
- Ensure there are no unjustified restrictions or limitations placed on the Internal Audit Department.
- Review with the Board, General Manager, and the Manager of Internal Audit the Internal Audit Department Charter, Annual Audit Plan, staffing, budget, and organizational reporting structure to ensure they meet the Committee's goals, objectives, and responsibilities to the Board and Agency management.
- Review and recommend to the Board the approval of the Internal Audit Department's Annual Audit Plan and any significant changes that may occur during the year.
- Review, as needed, all internal audit reports, findings, and recommendations.
- Review and recommend to the Board the appointment, replacement, dismissal, or change in duties of the Manager of Internal Audit.

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- Review the effectiveness of the Internal Audit Department's function, including compliance with The Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing (Standards)*.
- Conduct the Manager of Internal Audit performance appraisals and recommend Manager of Internal Audit merit increases and incentive compensation to the Board.
- Hold management accountable for the appropriate resolution of Internal Audit Department's recommendations and ensure that disposition has been determined for Audit Department recommendations from the prior year. If management has determined that Internal Audit Department recommendations need not be implemented because of adequate compensating controls, based upon a cost/benefit analysis or because the risks are at an acceptable level in accordance with the Agency's goals and objectives, evaluate the reasonableness of such determinations and advise the Board of Directors accordingly.

External Audit:

- Review the external accounting firm's proposals and fee structure, and provide recommendations and external audit plan approval to the Board.
- Review the external auditors' proposed audit scope and approach to ensure emphasis is placed on areas the Committee, Board, Management and external auditors believe special attention is warranted and efforts are coordinated with the Internal Audit Department.
- Evaluate the external auditor's independence, and if needed, recommend the Board take the appropriate action to satisfy the Agency with the external auditor's independence.
- Review the effectiveness of the external auditor's work and provide the Board with the final approval to continue or discharge the current firm.
- Communicate to the external auditors areas of internal control with a heightened risk of fraud or error, any known or suspected employee fraud, management fraud, pressures or incentives for management to distort reported financial results, or any known or suspected accounting errors or misstatements.
- Communicate to the external auditors any areas of concern applicable to the external auditors' scope of responsibility (fraud, errors, or misstatements involving amounts significant to the financial statements taken as a whole).
- Review all significant written communications between the external auditors and management, such as any management letter comments or schedule of unadjusted differences (i.e. management letter, schedule of audit, or significant unusual or non-routine items, etc.)
- Hold management accountable for the appropriate resolution of external auditor recommendations, ensure that disposition has been determined for auditor recommendations from the prior year, and where management has determined that auditor recommendations need not be implemented because of adequate compensating controls or based upon a cost/benefit analysis, evaluate the reasonableness of such determinations and advise the Board of Directors accordingly.

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- Review with the external auditor that performs the financial statement audit:
 - All critical accounting policies and practices used by the Agency.
 - All alternative treatments of financial information within generally accepted accounting principles that have been discussed with the Agency's management, the ramifications of each alternative, and the treatment preferred by the Agency.
- Review with management and the external auditors:
 - The Agency's annual financial statements, related footnotes, and management's discussion and analysis.
 - The external auditors' audit of the financial statements and their report thereon.
 - The external auditors' judgments about the quality, not just the acceptability, of the Agency's accounting principles as applied in its financial reporting.
 - The external auditors' single audit of the federal awards administered by the Agency and their reports thereon.
 - Any significant changes required in the external auditors' audit plan.
 - Any serious difficulties or disputes with management encountered during the audit.
 - Matters required by Statement on Auditing Standards (SAS) No. 114, The Auditor's Communication With Those Charged With Governance; U.S. Government Accountability Office's Government Auditing Standards; and the U.S. Office of Management and Budget's Circular A-133 related to the conduct of the audits.
- For any extra work or special projects requested of the Agency's external audit firm, evaluate whether or not the performance of that work violates the independence standards of the GAO.
- The Audit Committee shall recommend that the Board of Directors approve the Agency's annual financial report, if it believes that they are fairly presented, to the extent such a determination can be made solely on the basis of discussions with Agency management and the external auditors.

Compliance:

- Review with management and the external auditors the Agency's internal controls for identifying laws and regulations affecting operations, risks for non-compliance including litigation and fines, and implementing controls to prevent recurrence.
- Review the reports, findings and recommendations for any audits or examinations performed by external agencies.
- Review with Agency counsel any legal, tax, or regulatory matters that may have a material impact on the Agency's operations and its financial statements.

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Other Matters:

- The Audit Committee shall engage consultants, specialists, or other audit firms as necessary to assist the committee in the discharging of its responsibilities.
- The Audit Committee shall direct the Manager of Internal Audit to review the Agency' Audit Committee Charter annually in order to advise the Audit Committee as to needed or recommended changes.
- The Audit Committee shall report to the Board of Directors issues discussed in the Audit Committee meeting that, in the judgment of the committee, warrant communication to the Board to help the Board fulfill its oversight responsibility.

ETHICAL CONDUCT

Audit Committee members are prohibited from participating in any event or matter that would create, or appear to create, a conflict of interest. These activities may include having a significant financial interest or operational influence in vendors, contractors, customers or competitors of the IEUA. Any activity creating an actual or apparent conflict should be immediately reported to the Audit Committee Chair and the Board of Directors for resolution.

MEETINGS

The Audit Committee shall meet no less than quarterly.

The Manager of Internal Audit will schedule and coordinate all quarterly Committee meetings, and will call additional meetings if requested to do so by any Committee member, the Board, the General Manager or the external auditors. The Manager of Internal Audit will provide all Committee members with written notification and an agenda at least 72 hours before the scheduled quarterly meetings or as soon as reasonably possible for any special meetings, all of which will be in accordance with the Brown Act rules.

The General Manager and Manager of Internal Audit will be provided written notification and an agenda at least 72 hours before quarterly and special Committee meetings. These parties will be provided an opportunity to attend and speak at all Committee meetings but are not considered members of the Committee and have no voting rights.

The Board or the General Manager will provide administrative support to the Audit Committee and its meetings, including agenda preparation, participant notification, and documentation of meeting minutes.

INFORMATION
ITEM

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Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

RECYCLED WATER UPDATE

Fiscal Year 14/15 Update

March 2015

REGIONAL RECYCLED WATER SYSTEM

Recycled Water
Capital Projects
February, 2015

Legend Key

- Pipeline Status**
- Design
 - Bid
 - Construction
 - Operating

Pump Station Status

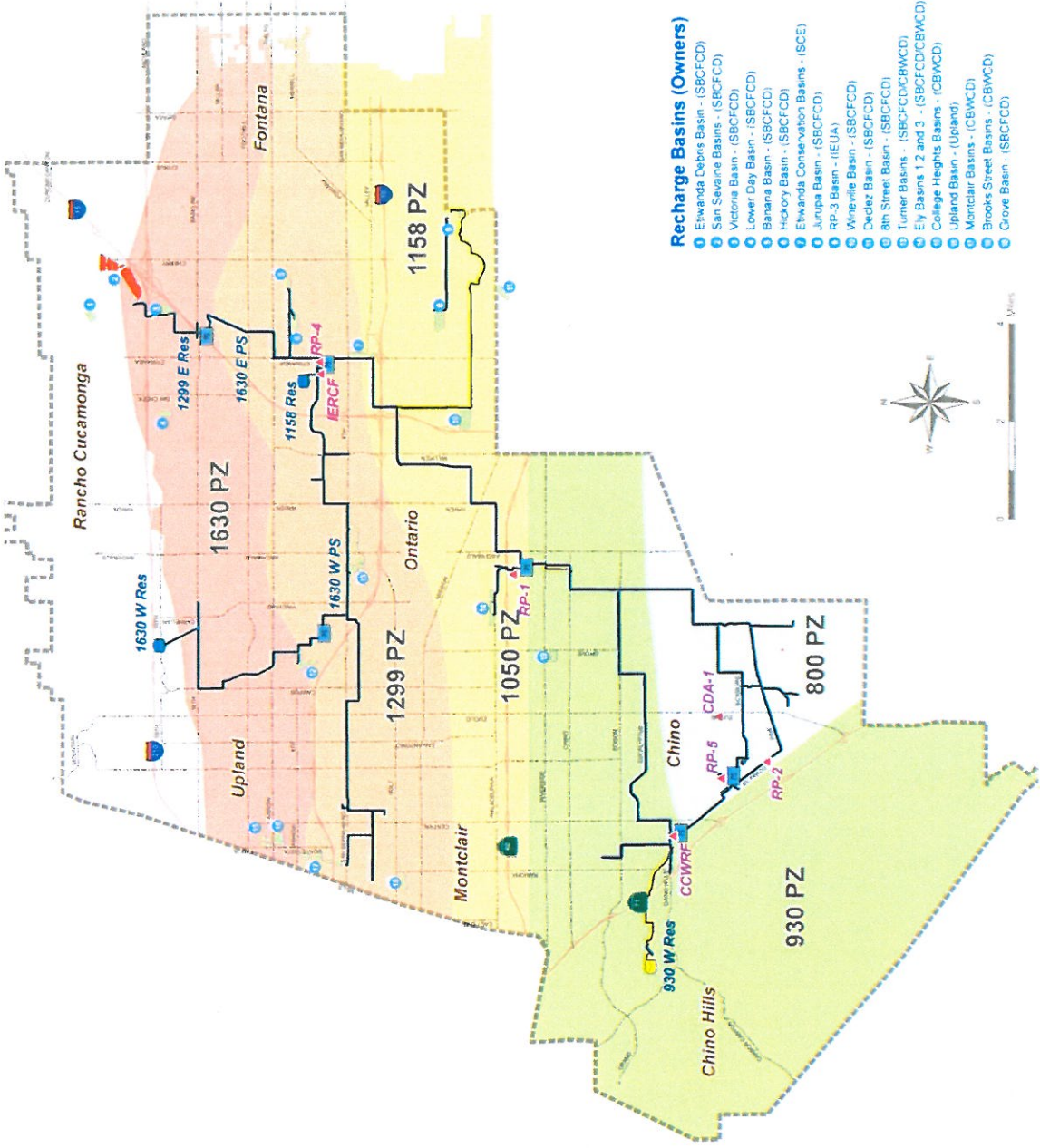
- Design
- Bid
- Construction
- Operating

Reservoirs Status

- Design
- Bid
- Construction
- Operating

Recharge Improvement Status

- Design
- Bid
- Construction
- Operating



Recharge Basins (Owners)

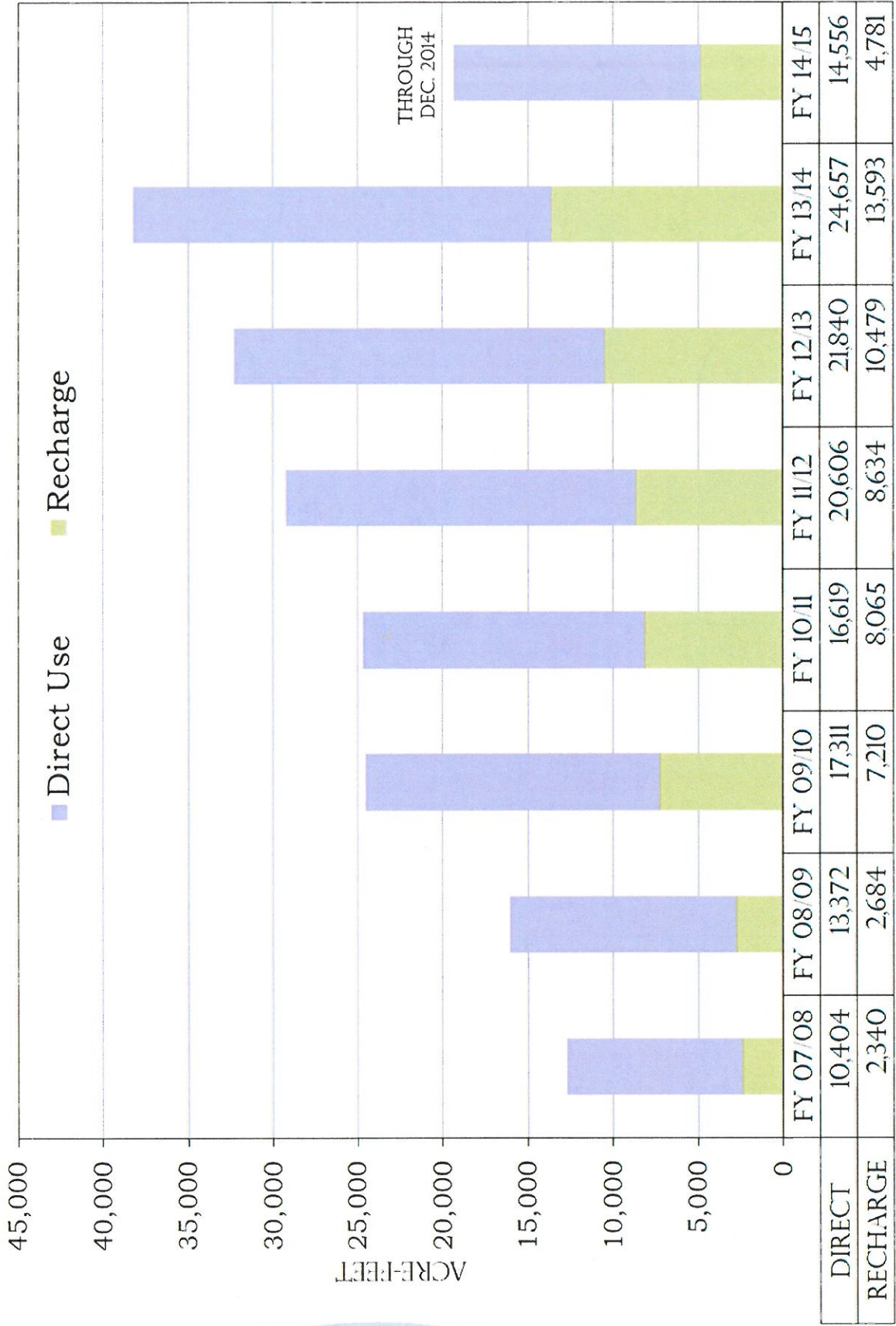
- Elwanda Debris Basin - (SBCFCD)
- San Seavane Basins - (SBCFCD)
- Victoria Basin - (SBCFCD)
- Lower Day Basin - (SBCFCD)
- Banana Basin - (SBCFCD)
- Hickory Basin - (SBCFCD)
- Elwanda Conservation Basins - (SCE)
- Jurupa Basin - (SBCFCD)
- RP-3 Basin - (IEUA)
- Wineville Basin - (SBCFCD)
- Decker Basin - (SBCFCD)
- 8th Street Basin - (SBCFCD)
- Turner Basins - (SBCFCD/CBWCD)
- Ely Basins 1, 2 and 3 - (SBCFCD/CBWCD)
- College Heights Basins - (CBWCD)
- Upland Basin - (Upland)
- Montclair Basins - (CBWCD)
- Brooks Street Basins - (CBWCD)
- Crove Basin - (SBCFCD)



STATUS UPDATE CAPITAL PROJECTS SUMMARY

Project	Design	Construction	Project Cost	Status	Demand AFY
Southern Area Regional Facilities 930 Zone Reservoir and Pipeline	Complete	Complete	\$31,000,000	Start-Up Testing	100–500
Central Area Regional Facilities Wineville Extension Pipeline	Complete	Winter 2015	\$28,000,000	Construction	500–3,000
Recharge Master Plan Update San Sevaine Basin Improvements	November 2015	April 2017	6,500,000	Pre-Design	500–4,500

RECYCLED WATER DELIVERIES



FY 2014/15 RW DELIVERIES

THROUGH DECEMBER 2014

AGENCY	PRO RATA SHARE OF REGIONAL FLOW	FY14/15 RW GWR ALLOCATION <i>Through Dec. 2014</i>
Chino	10.67%	472 AF
Chino Hills	9.19%	406 AF
CVWD	24.37%	1,077 AF
Fontana	19.18%	848 AF
Montclair	4.33%	191 AF
Ontario	22.12%	977 AF
Upland	10.14%	448 AF
Subtotal	100.00%	4,419 AF
JCSD Allocation <i>(20% MZ3 RW GWR)</i>		362 AF
Total RW GWR <i>(through Dec. 2014)</i>		4,781 AF
Total RW DEMANDS <i>(through Dec. 2014 includes GWR)</i>		19,337 AF



Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

Questions?

INFORMATION
ITEM

4M



Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

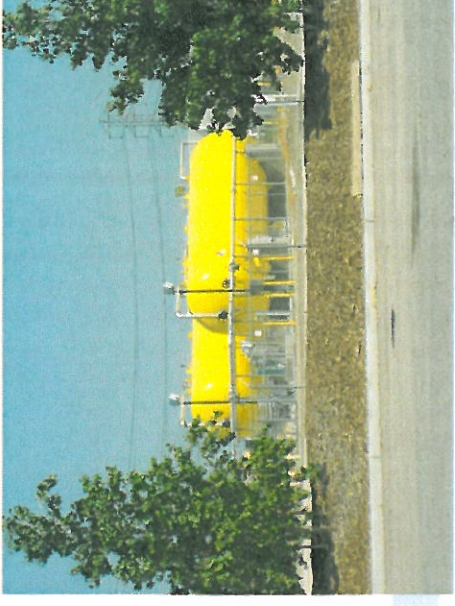
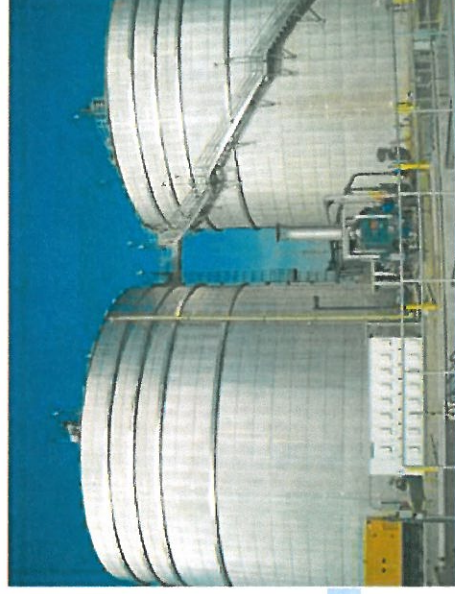
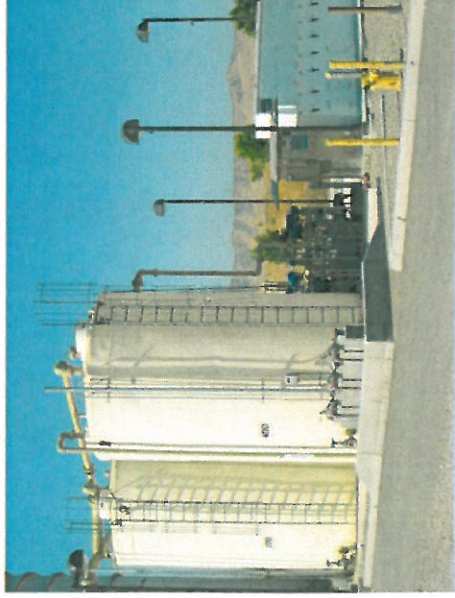
Inland Bioenergy Project Update

March 18, 2015

Sylvie Lee
Manager of Planning &
Environmental Compliance

Lease Overview

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



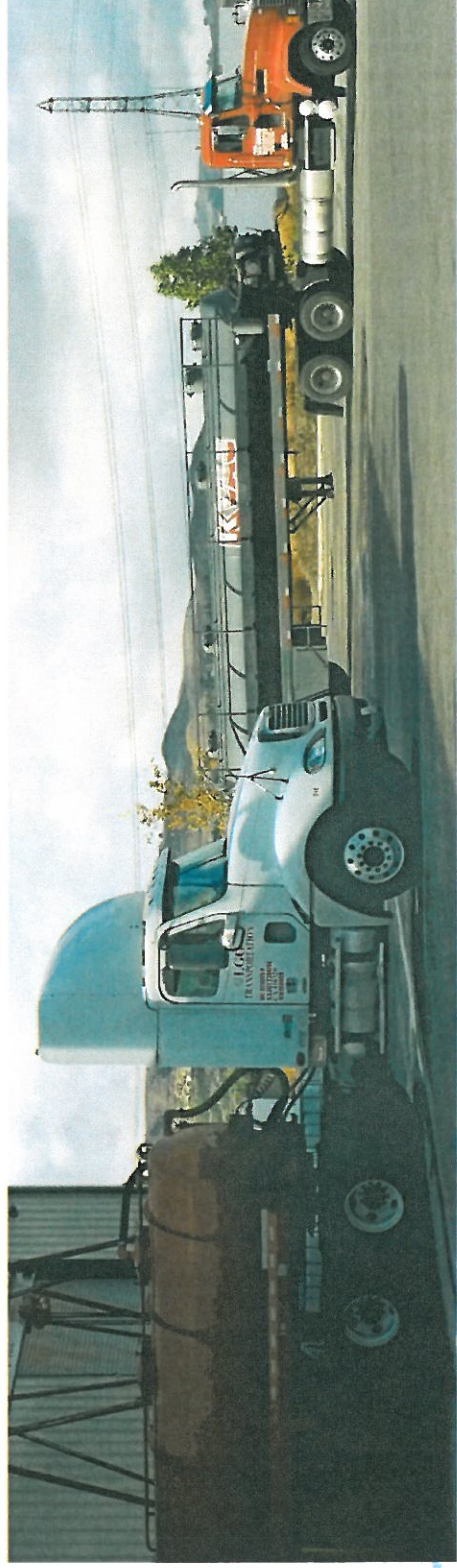
Facility Upgrades Completed

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



Current Operations

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



Next Steps

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



Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

Questions?

**AGENCY
REPRESENTATIVES'
REPORTS**

5A



SAWPA

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

REGULAR COMMISSION MEETING TUESDAY, MARCH 17, 2015 – 9:30 A.M.

AGENDA

1. CALL TO ORDER/PLEDGE OF ALLEGIANCE (Donald D. Galleano, Chair)

2. ROLL CALL

3. PUBLIC COMMENTS

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

4. CONSENT CALENDAR

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

A. APPROVAL OF MEETING MINUTES: MARCH 3, 2015

Recommendation: Approve as posted.

B. TREASURER'S REPORT – FEBRUARY 2015

Recommendation: Approve as posted.

5. NEW BUSINESS

A. BRINE LINE SERVICE CONTRACTS - REQUESTS FOR PROPOSALS (CM#2015.14)

Presenter: Carlos Quintero

Recommendation: Direct staff to issue Request for Proposals (RFPs) for the Inland Empire Brine Line service contracts.

B. USE OF BUILDING RESERVE FUNDS FOR THE PURCHASE AND INSTALLATION OF NEW SAWPA FRONT LOBBY DOORS (CM#2015.15)

Presenter: Rich Haller

Recommendation: Authorize the use of \$8,500 from the Building Reserve Fund to purchase and install new glass and aluminum storefront doors in the lobby.

C. FYE 2016 AND 2017 BUDGET GOALS AND OBJECTIVES (CM#2015.20)

Presenter: Karen Williams

Recommendation: Review and discuss the goals and objectives that will be used in preparing the FYE 2016 and 2017 Budget, and receive and file the budget goals and objectives.

D. CONSIDER CORRESPONDENCE TO GOVERNOR BROWN REGARDING FUTURE APPOINTMENTS REPRESENTATIVE OF THE SOUTHERN CALIFORNIA POPULATION

Presenter: Celeste Cantú

Recommendation: Consider and discuss submitting a request to Governor Brown regarding future appointments representative of the Southern California population, and provide direction to staff.

E. PRADO DAM MURAL (CM#2015.22)

Presenter: Celeste Cantú

Recommendation: Consider and discuss involvement in community efforts regarding the Prado Dam Mural.

6. OLD BUSINESS

None.

7. INFORMATIONAL REPORTS

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

A. OWOW UPDATE – PA 22 COMMITTEE (CM#2015.16)

Presenter: Larry McKenney

B. OWOW 2015 PILLAR INTEGRATION WORKSHOP UPDATE – FEBRUARY 26, 2015 (CM#2015.17)

Presenter: Larry McKenney

C. CASH TRANSACTIONS REPORT – JANUARY 2015

Presenter: Karen Williams

D. INTER-FUND BORROWING – JANUARY 2015 (CM#2015.18)

Presenter: Karen Williams

E. PERFORMANCE INDICATORS/FINANCIAL REPORTING – JANUARY 2015 (CM#2015.19)

Presenter: Karen Williams

F. BUDGET VS. ACTUAL VARIANCE REPORT - FYE 2015 SECOND QUARTER (CM#2015.21)

Presenter: Karen Williams

G. FINANCIAL REPORT FOR THE SECOND QUARTER ENDING DECEMBER 31, 2014

- Inland Empire Brine Line
- SAWPA

Presenter: Karen Williams

H. STATE LEGISLATIVE REPORT

Presenter: Celeste Cantú

I. GENERAL MANAGER'S REPORT

J. CHAIR'S COMMENTS/REPORT

K. COMMISSIONERS' COMMENTS

8. CLOSED SESSION

There were no Closed Session items anticipated at the time of the posting of this agenda.

9. ADJOURNMENT

PLEASE NOTE:

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Clerk of the Board at (951) 354-4230. Notification at least 48 hours prior to the meeting will enable staff to make reasonable arrangements to ensure accessibility to this meeting.

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

Declaration of Posting

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

/S/

Kelly Berry, CMC

2015 - SAWPA Commission Meetings/Events

First and Third Tuesday of the Month

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

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

AGENCY
REPRESENTATIVES'
REPORTS

5B



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

MWD MEETING AGENDA

REVISED AGENDA

Regular Board Meeting

March 10, 2015

12:00 p.m. – Board Room

Tuesday, March 10, 2015 Meeting Schedule		
7:00-8:00 a.m.	Rm. 2-413	Dirs. Computer Training
9:00 a.m.	Rm. 2-145	L&C
10:30 a.m.	Rm. 2-456	RP&AM
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: Ricardo Duarte, Senior Designer, Engineering Services
- (b) Pledge of Allegiance: Director Marsha Ramos

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 February 10, 2015. (A copy has been mailed to each Director)
Any additions, corrections, or omissions
- B. Report on Directors' events attended at Metropolitan expense for month of February

- C. Induction of new Director Michele Martinez, from City of Santa Ana
 - (a) Receive credentials
 - (b) Report on credentials by General Counsel
 - (c) File credentials
 - (d) Administer Oath of Office
 - (e) File Oath
- D. Presentation of twenty-five-year service pin to Board Secretary John Morris, representing City of San Marino
- E. Approve committee assignments
- F. Chairman's Monthly Activity Report

6. DEPARTMENT HEADS' REPORTS

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

7. CONSENT CALENDAR ITEMS — ACTION

- 7-1 Appropriate \$1.07 million; and authorize replacement of flow meters on the Casa Loma and San Diego Canals (Approp. 15480). (E&O)

Recommendation:

Option #1:

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

- a. **Appropriate \$1.07 million; and**
- b. **Authorize replacement of flow meters on the Casa Loma and San Diego Canals.**

(END OF CONSENT CALENDAR)

8. OTHER BOARD ITEMS — ACTION

- 8-1** Approve and authorize execution and distribution of Remarketing Statements in connection with the remarketing of the Water Revenue Refunding Bonds (Index Mode), 2011 Series A2 and A4 and 2012 Series B-1 and B-2. (F&I)

Recommendation:

Option #1:

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

- a. Approve the draft Remarketing Statements in the form attached to the board letter;**
- b. Authorize the General Manager to finalize, with changes approved by the General Manager and General Counsel, and execute the Remarketing Statements; and**
- c. Authorize distribution of the Remarketing Statements in connection with remarketing of the related Bonds.**

- 8-2** Authorize entering into an agreement with Arvin Edison Water Storage District to pay up to \$3 million from the Water Management Fund for improvement of the return capacity of the Arvin Edison/Metropolitan Water Management Program. (WP&S)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is categorically exempt and is not subject to CEQA, and authorize the General Manager to enter into an agreement with Arvin-Edison Water Storage District consistent with the terms outlined in the board letter and in a form approved by the General Counsel.

- 8-3** Authorize entering into an agreement with Kern-Delta Water District to pay up to \$2.5 million from the Water Management Fund for improvement of the return reliability of the Kern-Delta Water District Water Management Program. (WP&S)

Recommendation:

Option #1:

Review and consider information provided in the adopted 2007 MND and MMRP and adopt the Lead Agency's findings, and authorize entering into an agreement with Kern-Delta Water District consistent with the terms outlined in the board letter and in a form approved by the General Counsel.

- 8-4** Appropriate \$3.96 million; award \$996,600 contract to Environmental Construction, Inc. for revegetation at the Robert B. Diemer Water Treatment Plant; and authorize: (1) completion activities for the Diemer Oxidation Retrofit Project; and (2) increase of \$76,000 to an agreement with Helix Environmental Planning, Inc. for a new not-to-exceed total of \$386,000 (Approp. 15389). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed projects are exempt from CEQA, and

- a. **Appropriate \$3.96 million;**
- b. **Award \$996,600 contract to Environmental Construction, Inc. for revegetation at the Diemer plant;**
- c. **Authorize Metropolitan force completion activities for the Diemer Oxidation Retrofit Project; and**
- d. **Authorize increase of \$76,000 to an agreement with Helix Environmental Planning, Inc. for a new not-to-exceed total of \$386,000.**

- 8-5** Appropriate \$3.56 million; award \$2.09 million contract to Lasater Construction Company, Inc. to replace wastewater systems at the Julian Hinds and Eagle Mountain Pumping Plants; and authorize increase of \$110,000 to an agreement with MWH Americas for a new not-to-exceed total of \$1.01 million (Approp. 15385). (E&O)

Recommendation:

Option #1:

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

- a. **Appropriate \$3.56 million;**
- b. **Award \$2.09 million contract to Lasater Construction Company, Inc. to replace the wastewater systems at Julian Hinds and Eagle Mountain Pumping Plants; and**
- c. **Authorize increase of \$110,000 to an agreement with MWH Americas for a new not-to-exceed total of \$1.01 million.**

- 8-6** Authorize execution of a purchase contract with Pacific Air Center in the amount of \$2,179,128 for the purchase of a 2015 Model 208 Cessna Caravan aircraft complete with all specified equipment and avionics. (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not defined as a project and is not subject to CEQA, and authorize execution of a purchase contract with Pacific air Center in the mount of \$2,179,128 for the purchase of a 2015 Model 208 Cessna Caravan aircraft complete with all specified equipment and avionics.

- 8-7** Authorize increase in maximum amount payable under contract with Van Ness Feldman LLP for legal services related to preparation of the Bay Delta Conservation Plan by \$150,000 to an amount not to exceed \$250,000. (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 authorize the General Counsel to amend the existing agreement with Van Ness Feldman LLP to increase the maximum amount payable by \$150,000 to \$250,000.

- Revised** **8-8** Report on water diversions in the Bay-Delta; and authorize an increase in the amount payable under contract with Duane Morris LLP by \$500,000 to a maximum amount of \$600,000 in connection with the filing of an administrative claim with the State Water Resources Control Board or other legal action related to water diversions in the Bay-Delta. (L&C) [Conference with legal counsel—initiation of litigation (one potential case); to be heard in closed session pursuant to Gov. Code Section 54956.9(d)(4)]

- 8-9** Authorize entering into a contract with Quigley-Simpson & Heppelwhite, Inc. for advertising and community outreach services related to water conservation and other key water issues not to exceed \$5.5 million. (C&L)

Added

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not defined as a project and is not subject to CEQA, and authorize the General Manager to enter into a one-year agreement with Quigley-Simpson & Heppelwhite, Inc. for advertising and community outreach services related to water awareness and conservation, not to exceed \$5.5 million.

- 8-10 Authorize the General Manager to: (1) secure one-year water transfers with various Sacramento Valley water districts for up to 100,000 acre-feet of additional supplies; (2) secure storage and conveyance agreements with Department of Water Resource and various Sacramento Valley water districts to facilitate these transfers; and (3) pay up to \$71 million from the Water Management Fund for such transfers; grant final decision-making authority to the General Manager subject to the terms set forth in this letter (WP&S)

Added

Recommendation:

Option #1

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

1. Authorize the General Manager to:

- a. Secure one-year water transfers with various Sacramento Valley water districts for up to 100,000 acre-feet of additional supplies;
- b. Secure storage and conveyance agreements with Department of Water Resource and various Sacramento Valley water districts to facilitate these transfers, consistent with Articles 55 and 56 of Metropolitan's State Water Supply Contract and including an up to \$10 per acre-foot payment for DWR's administrative costs; and
- c. Pay up to \$71 million from the water Management Fund for such transfers; and

2. Grant the General Manager final decision-making authority to determine whether or not to move forward with these transfers following completion of any environmental reviews required under CEQA, subject to the terms and conditions set forth in this letter.

9. BOARD INFORMATION ITEMS

None

10. FUTURE AGENDA ITEMS

11. ADJOURNMENT

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

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

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

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

**AGENCY
REPRESENTATIVES'
REPORTS**

5C



Regional Sewerage Program Policy Committee Meeting

AGENDA **Thursday, March 5, 2015** **4:30 p.m.**

Location

Inland Empire Utilities Agency
6075 Kimball Avenue
Chino, CA 91710

Thursday, March 5, 2015

Call to Order and Roll Call

Pledge of Allegiance

Public Comment

- 1. Technical Committee Report – Ryan Shaw (Oral)**
- 2. Approval of Minutes**
 - A. Minutes of February 4, 2015 Special Meeting
- 3. Action Items**
 - A. Proposed Multi-Year EDU Volumetric Rate Adoption for Fiscal Years 2015/16 – 2019/20 (Written/PowerPoint)
 - B. Adoption of Ten-Year Capital Improvement Plan (Written/PowerPoint)
- 4. Informational Items**
 - A. Recycled Water Semi-Annual Update (Written/PowerPoint)
- 5. Receive and File**
 - A. Building Activity Report (YTD)
 - B. Recycled Water Operations Summary
- 6. Other Business**
 - A. IEUA General Manager's Update
 - B. Committee Member Requested Agenda Items for Next Meeting
 - C. Committee Member Comments
 - D. Next Meeting – April 1, 2015 (Joint IEUA Board/Policy Committee)
- 7. Adjournment**

DECLARATION OF POSTING

I, Cheyanne Reseck-Francis, Acting 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 Thursday, February 26, 2015.



Cheyenne Reseck-Francis

**AGENCY
REPRESENTATIVES'
REPORTS**

5D

**CHINO BASIN WATERMASTER
WATERMASTER BOARD MEETING**

11:00 a.m. – February 26, 2015

WITH

Mr. Steve Elie – Chair

Mr. Paul Hofer – Vice-Chair

At The Offices Of

Chino Basin Watermaster

9641 San Bernardino Road

Rancho Cucamonga, CA 91730

AGENDA

CALL TO ORDER

PLEDGE OF ALLEGIANCE

PUBLIC COMMENTS

AGENDA - ADDITIONS/REORDER

I. CONSENT CALENDAR

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

A. MINUTES

1. Minutes of the Annual Watermaster Board Meeting held January 22, 2015 *(Page 1)*
2. Minutes of the Watermaster Board Special Meeting held January 29, 2015 *(Page 7)*

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of December 2014 *(Page 9)*
2. Watermaster VISA Check Detail for the month of December 2014 *(Page 23)*
3. Combining Schedule for the Period July 1, 2014 through December 31, 2014 *(Page 27)*
4. Treasurer's Report of Financial Affairs for the Period December 1, 2014 through December 31, 2014 *(Page 31)*
5. Budget vs. Actual Report for the Period July 1, 2014 through December 31, 2014 *(Page 35)*

II. BUSINESS ITEMS

A. CHINO BASIN WATERMASTER 35TH ANNUAL REPORT *(Page 49)*

Adopt the 35th Annual Report with alternative language for Page 3 recommended by the Advisory Committee, along with filing a copy with the Court, and subject to any necessary non-substantive changes.

B. SAFE YIELD RECALCULATION AND RESET (Discussion Only)

III. REPORTS/UPDATES

A. LEGAL COUNSEL REPORT

1. January 16, 2015 Alvarez CalPERS Hearing

B. CFO REPORT

None

C. ENGINEERING REPORT

None

D. GM REPORT

1. Increase Total Project Budgets for San Sevaine and East Declez Basins
2. Overlying Non-Agricultural Pool Available Water Per Judgment Exhibit "G"
3. ACWA Water Storage Policy Task Force
4. Other

IV. INFORMATION

1. Introduction to CivicSpark AmeriCorps Program (*Page 53*)
2. Cash Disbursements for January 2015 (*Page 55*)

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. Alvarez CalPERS Hearing

VII. FUTURE MEETINGS AT WATERMASTER

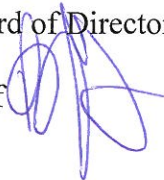
2/20/15	Fri	10:00 a.m.*	Safe Yield Recalculation and Reset Facilitated Discussion
2/24/15	Tue	9:00 a.m.	GRCC (at Chino Basin Water Conservation District)
2/26/15	Thu	11:00 a.m.	Watermaster Board
2/27/15	Fri	10:00 a.m.*	Safe Yield Recalculation and Reset Facilitated Discussion
3/06/15	Fri	10:00 a.m.*	Safe Yield Recalculation and Reset Facilitated Discussion
3/12/15	Thu	9:00 a.m.	Appropriative Pool
3/12/15	Thu	11:00 a.m.	Non-Agricultural Pool
3/12/15	Thu	1:30 p.m.	Agricultural Pool
3/13/15	Fri	10:00 a.m.*	Safe Yield Recalculation and Reset Facilitated Discussion
3/19/15	Thu	9:00 a.m.	Advisory Committee
3/19/15	Thu	10:00 a.m.	Joint IEUA/CBWM Recharge Improvement Projects Committee
3/20/15	Fri	10:00 a.m.*	Safe Yield Recalculation and Reset Facilitated Discussion
3/26/15	Thu	11:00 a.m.	Watermaster Board
3/27/15	Fri	10:00 a.m.*	Safe Yield Recalculation and Reset Facilitated Discussion
TBA			RMPU Amendment Steering Committee Quarterly
TBA			Land Subsidence Committee

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

ADJOURNMENT

Date: March 18, 2015

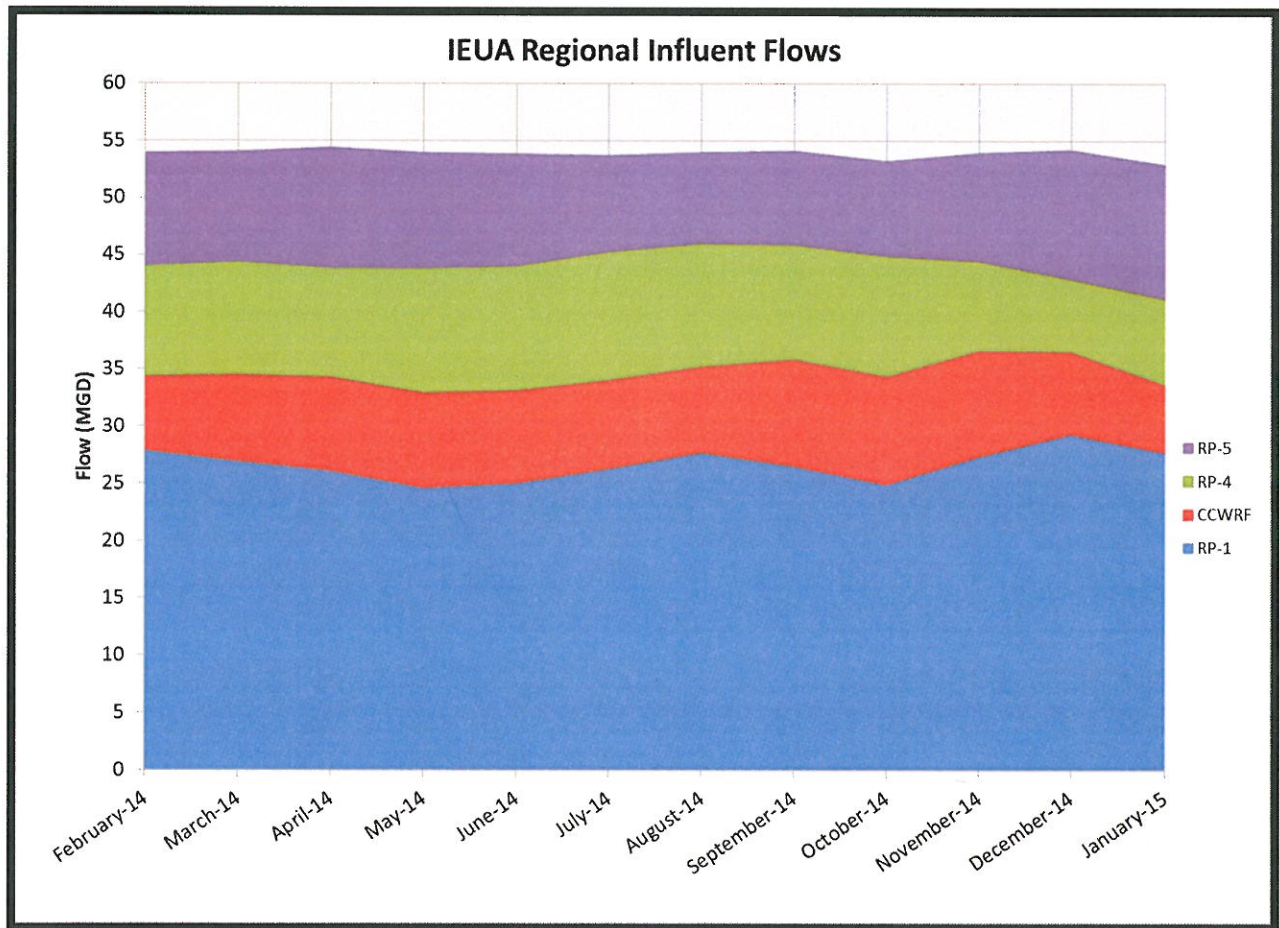
To: The Honorable Board of Directors

From: P. Joseph Grindstaff
General Manager 

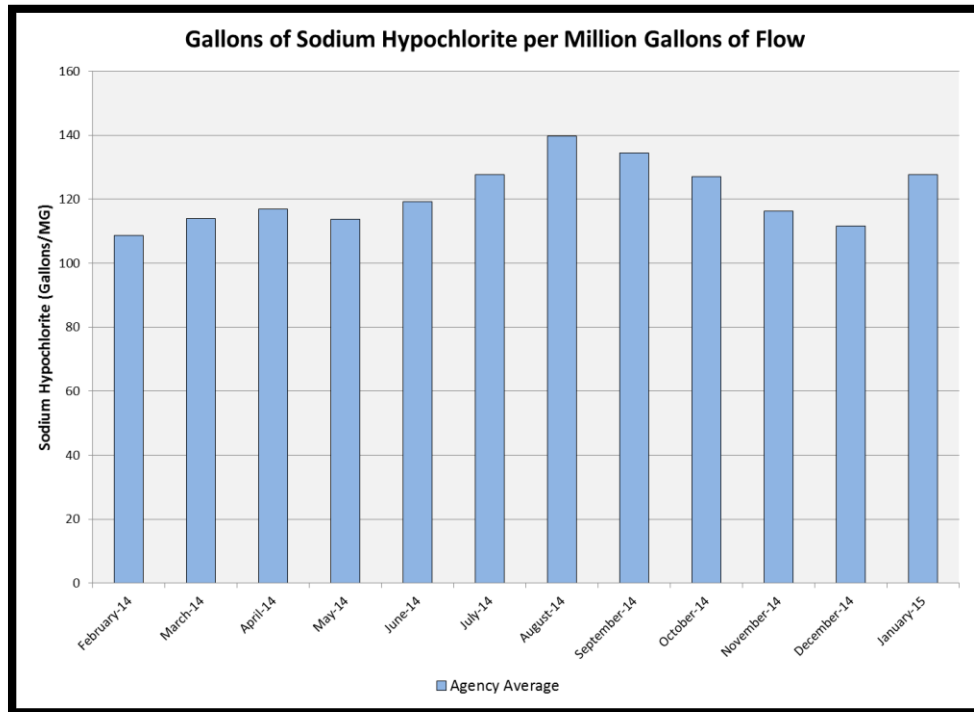
Subject: General Manager's Report Regarding Agency Activities

OPERATIONS UPDATE

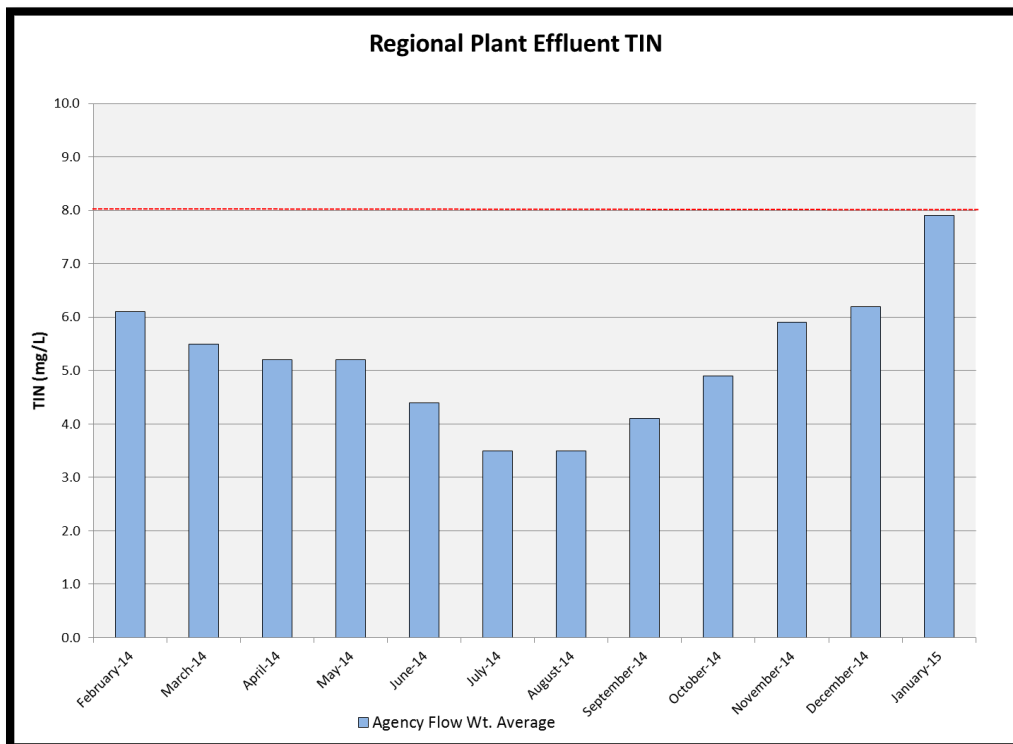
Regional Plant influent flows during the month of January continued to be consistent with the flow received during the previous months. Agency-wide average daily influent flow for the month of January was approximately 53 million gallons per day.



January 2015, Regional Plant sodium hypochlorite consumption averaged 128 gallons per million gallons of treated flows.



January 2015, Agency flow weighted Total Inorganic Nitrogen (TIN) was 7.9 mg/L.



IERCF UPDATE

Operational Comments – Facility throughput for January averaged approximately 93% of permitted capacity at an average of 397 tons per day of biosolids and 155 tons per day of amendments (based on a 30-day month). The facility is operating well with no violations or lost time incidents.

Facility Throughput

POTW	Wet Tons Month	Wet Tons Year to Date
LACSD	6,629.25	13,504.85
IEUA	5,292.51	10,880.82
Total	11,921.76	24,385.67

Compost Sales – FYTD sales through February are trending 8% higher than last year due to increased sales into the agricultural markets. Compost inventory in the storage facility is at approximately 24,000 cubic yards with capacity for an additional 26,000 cubic yards.

Monthly Sales Summary February 2015

Month	Product	Cyds	Av. \$/cyd	Total \$
February	Premium	11,138.67	\$2.26	\$25,200.87
	Base	3,967.30	\$3.22	\$12,778.60
Total		15,105.97	\$2.74	\$37,979.47

YTD Sales Summary through February 2015

Month	Total Cyds 2014/2015	Total Cyds 2013/2014	Total \$ 2014/2015	Total \$ 2013/2014
July	23,882.49	18,501.14	\$39,474.57	\$47,324.52
August	25,621.25	16,818.80	\$27,575.69	\$44,837.97
September	33,184.90	18,837.71	\$37,732.49	\$42,131.44
October	31,487.37	25,034.52	\$31,552.56	\$40,585.79
November	22,348.31	18,056.25	\$37,014.11	\$35,834.18
December	18,272.61	15,026.52	\$23,528.45	\$30,127.32
January	14,388.67	19,674.97	\$38,227.06	\$33,867.50
February	15,105.97	24,105.23	\$37,979.47	\$37,725.97
Total	184,291.57	156,055.14	\$273,084.40	\$312,434.69
Average	23,036.45	19,506.89	\$34,135.55	\$39,054.34

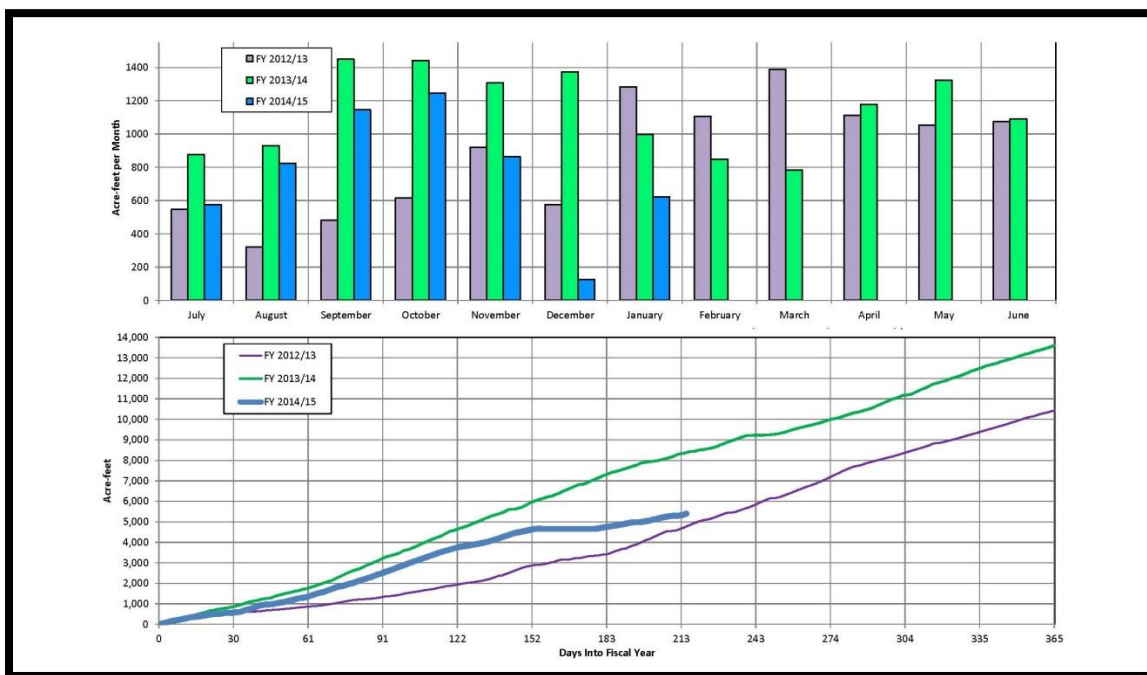
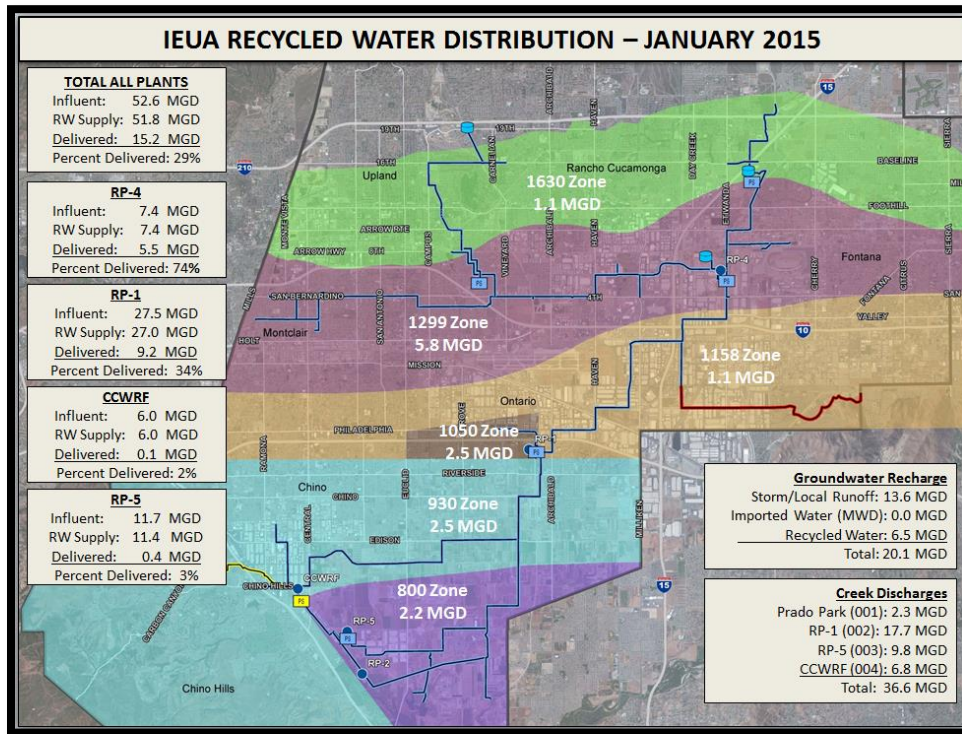
GROUNDWATER RECHARGE

During January 2015, recycled water recharge totaled 623 acre-feet and there was no imported water delivered. The capture of dry weather creek flows totaled 100 acre-feet. There were two rain events during the month that contributed an additional 576 acre-feet of storm water.

SUMMARY OF CHINO BASIN GROUNDWATER RECHARGE OPERATIONS					
January 2015					
Drainage System	Recharge Volume (AF)*			Management Zone Subtotals	
	Basin	SW/LR	MW		RW
San Antonio Channel Drainage System					
College Heights	-	-	N	MZ-1 234 AF**	
Upland	28	-	N		
Montclair 1, 2, 3 & 4	72	-	N		
Brooks	19	-	10		
West Cucamonga Channel Drainage System					
8th Street	110	-	-	MZ-2 689 AF**	
7th Street	-	-	-		
Ely 1, 2, & 3	44	-	183		
Minor Drainage					
Grove	33	N	N	MZ-2 689 AF**	
Cucamonga and Deer Creek Channel Drainage Systems					
Turner 1 & 2	117	-	-		
Turner 3 & 4	4	-	-		
Day Creek Channel Drainage System					
Lower Day	40	-	X		
Etiwanda Channel Drainage System					
Etiwanda Debris	-	-	X		
Victoria	18	-	63		
San Sevaine Channel Drainage System					
San Sevaine 1, 2, 3, & 4	-	-	-		
San Sevaine 5	(6)	-	-		
West Fontana Channel System					
Hickory	8	0.0	194	MZ-3 376 AF**	
Banana	24	0.0	144		
Dedez Channel Drainage System					
RP3 Cells 1, 3, & 4	109	0.0	29		
RP3 Cell 2	23	-	-		
Declez	47	0.0	-		
Non-Replenishment Recharge**					
Brooks (MVWD) MZ-1	-				
Montclair (MVWD) MZ-1	(5)				
Turner (CVWD) MZ-2	(9)				
Month Total = 1,299 AF					
	676	0.0	623	January 2015	
Fiscal Year to Date Total					
Since July 1, 2014 = 11,315 AF	5,911	0.0	5,404	Fiscal Year to Date	
Calendar Year to Date Total					
Since Jan. 1, 2015 = 1,299 AF	676	0.0	623	Calendar Year to Date	
SW : Storm Water, LR : Local Runoff (and GE, MVWD), MV : MWD Imported Water, RW : Recycled Water - : No stormwater/local runoff, or basin not in use due to maintenance or testing. X : Turnouts not available - to be installed during future projects. N : No turnout planned for installation. * : Data are preliminary based on the data available at the time of this report preparation. ** : Management Zone Subtotals have deducted from them any Non-Replenishment Recharge, which is recharge originating from pumped groundwater and is not new water.					

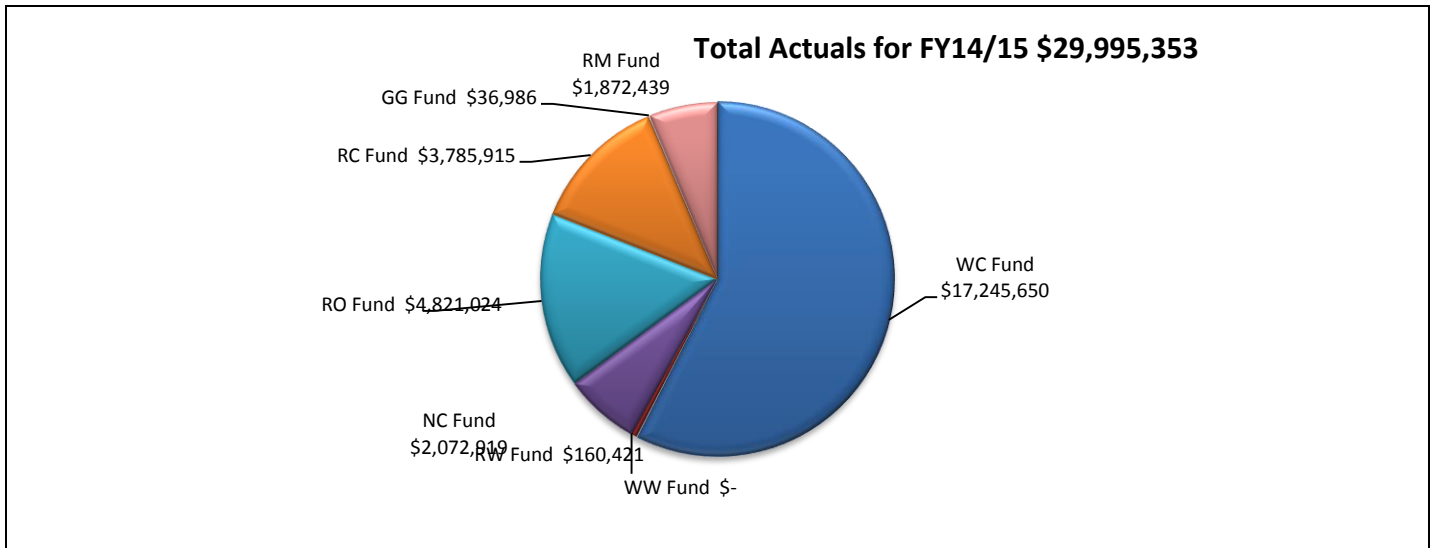
RW Distribution

During January 2015, 29% (15.2 MGD) of IEUA recycled water supply (51.8 MGD) was delivered into the distribution system for both direct use customers (8.7 MGD) and groundwater recharge (6.5 MGD). Plant discharge to creeks feeding the Santa Ana River averaged 36.6 MGD.

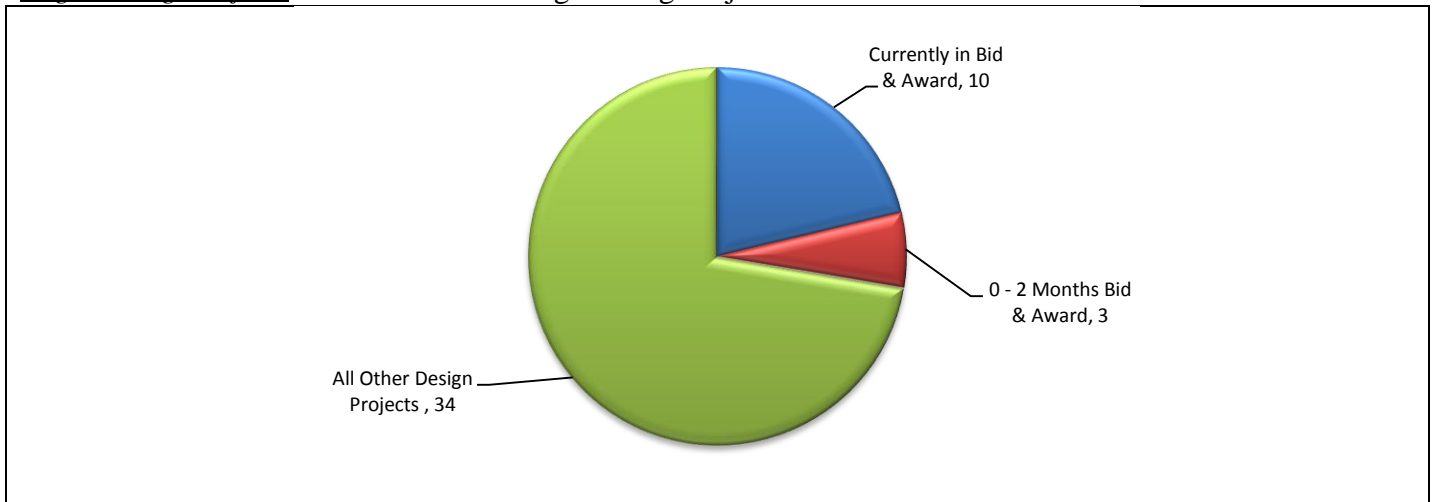


ENGINEERING AND CONSTRUCTION MANAGEMENT

Engineering and Construction Management's FY14/15 budget is \$64,496,751. Staff has projected to spend \$57,061,960 during FY14/15 of which \$29,995,353 has been expended. The following charts summarize the Engineering and Construction Management project status update.



Engineering Project Status: 47 Active Engineering Projects



10 Project Currently in Bid & Award

- | | |
|---|--|
| <ul style="list-style-type: none"> • RA14004.00 IERCF Harmonic Filters Air Conditioning • EN12019.00 GWR and RW Comm. Sys. Upgrades • EN13046.00 RP1 Flare System Improvements • EN13040.00 Prado Dechlor Communication System • EN13042.00 Philly Pump Station Communication System | <ul style="list-style-type: none"> • EN13043.00 Montclair Lift Sm Communication System • EN15054.00 CCWRF Lagoon Rip Rap Retrofit • EN13016.01 CCWRF Control and Server Rooms Modification • EN15026.08 Mission Blvd - Soil Feasibility Study • EN08023.05 RP-1 Primary Clarifier Rehab 1-6 |
|---|--|

3 Projects Currently in 0-2 Months Bid & Award

- | | |
|--|--|
| <ul style="list-style-type: none"> • EN14047.00 GWR and RW SCADA Control Upgrades • EN13051.00 1630 E RW Pipeline Surge Tank Rpclmnt | <ul style="list-style-type: none"> • EN15032.00 Agency-Wide HVAC Improvements- Pckg No. 3 |
|--|--|

Active Construction Projects

Project ID	Project Title	Description	Total Project Budget (\$)	Total Cost to Date (\$)	FY Budget (\$) 2015	FY Cost thru 2/28 (\$)	COs Processed thru January (\$)	Total Project CO's (%)	% Project Complete	Original Ops Date	Estimated Ops Date
1	EN06025	Wineville Ext RW Pipeline Seg A	17,965,518	7,037,168	11,336,749	4,734,134	27,801	0.27%	66.91%	9/23/2015	10/15/2015
2	EN09021	RP-4 Headworks Retrofit	2,885,900	1,792,584	1,730,075	927,112	27,113	2.39%	74.67%	3/31/2015	7/1/2015
3	EN11035	Philadelphia Pump Station Upgrades	2,381,100	1,959,094	1,410,742	1,391,912	45,740	3.33%	92.75%	2/16/2015	3/13/2015
4	EN12014	East Avenue 1630 E RWP Relocation	650,108	164,289	405,180	3,298	0	0.00%	66.03%	-	-
5	EN12022	RP-1 Aeration Ducting	1,156,000	842,221	693,546	379,767	-135,132	-13.73%	99.94%	5/25/2014	3/6/2015
6	EN13016	SCADA Enterprise System	9,500,000	867,803	717,247	264,346	-	-	48.49%	8/30/2015	12/31/2015
7	EN13023	930 Zone RW Pipeline Construction	15,228,329	14,265,242	7,529,744	6,248,053	6,415,773	106.80%	92.98%	7/1/2014	3/23/2015
8	EN13038	RP-1 Outfall Relocation & Upsizing	5,200,000	16,123	5,200,000	16,123	0	0.00%	61.39%	5/29/2015	6/15/2015
9	EN13045	Wineville RW Extension Segment B	11,880,300	3,114,519	9,900,000	3,014,071	14,250	0.16%	56.43%	10/15/2015	9/3/2015
10	EN13047	RP-5 Standby Generators Control Mods	417,000	280,531	306,162	194,693	0	0.00%	88.28%	1/15/2015	2/20/2015
11	EN13054	Montclair Lift Station Upgrades	3,549,600	2,039,233	2,535,831	1,381,407	30,949	0.98%	85.23%	5/1/2015	3/27/2015
12	EN13056	Agency-Wide HVAC Improvements- Pckg No. 2	1,086,500	280,806	750,023	244,330	0	0.00%	70.24%	6/14/2015	4/10/2015
13	EN14012	RP-2 Drying Beds Rehabilitation	1,818,400	708,809	1,278,279	661,081	0	0.00%	91.81%	3/20/2015	3/20/2015
14	EN14027	CCWRF Secondary Clarifier No. 3 Rehab	1,540,600	576,082	864,814	541,045	29,363	4.86%	75.64%	7/20/2015	4/27/2015
15	EN14035	NRW Collection System Repair Phase 4 Rehab	737,900	452,286	449,662	326,155	0	0.00%	88.27%	3/15/2015	4/3/2015
16	EN14037	Sewer Collection System Manhole Rehab	1,612,000	168,892	461,544	103,436	0	0.00%	87.21%	3/15/2015	4/1/2015
17	EN14038	CB20 Noise Mitigation Measures	160,000	29,569	156,487	26,056	-	-	42.50%	-	4/30/2015
18	EN14051	RP1 Centrifuge Stair and Catwalk Installation	607,000	469,615	536,083	398,698	0	0.00%	97.65%	5/30/2014	3/4/2015
19	EN14052	RP1 Primary Clarifier W Effluent PL Rplmnt	1,012,000	927,451	512,502	427,954	0	0.00%	71.61%	5/30/2014	7/13/2015
20	EN15047	1630W.RWPS Check Valves Replacement	120,000	23,223	120,000	23,223	0	-	50.87%	6/23/2015	5/12/2015
21	RA11004	IERCF Process Improvements	5,625,000	4,565,471	2,845,885	1,166,984	139,858	4.41%	94.04%	11/26/2014	6/30/2015
22	RA15001	IERCF Baghouse & Dust Collection Sys Enhanc	1,300,000	708,490	1,284,856	693,345	0	-	70.69%	3/28/2015	3/27/2015
			86,433,255	41,289,500	51,025,412	23,167,222	6,595,715				

- Total construction contract payments for January: \$4,243,392.61
- *Completed Construction Projects - Notice of Completion Filed in February 2015*

Project ID	Project Title	Description	Total Project Budget (\$)	Total Cost to Date (\$)	FY Budget (\$) 2015	FY Cost to thru 2/28 (\$)	COs thru January (\$)	Total Project CO's (%)	% Project Complete	Original Ops Date	Estimated Ops Date
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1 N/A

• Emergency Projects

Project ID	Contractor	Task Order Description	TO #	Amount	Date
1	EN15026.09 W.A. Rasic Construction	CCWRF - RAS Piping Leak	TO-012	16,500	2/16/2015
				16,500	

High Level Construction Activities/Information

- Wineville Segment B has a 36 inch pipe installation delay (two weeks) due to Ameron fabrication/delivery schedule. The 36 inch pipe delivery is anticipated to occur in mid-March. The CM Team is working with IEUA and the contractor to mitigate the delay.
- Operational testing of the 930 Zone Pipeline and Reservoir are currently underway. Pressure testing will occur after operational testing is complete.
- Startup, commission, and training for the new fire suppression system as part of the IERCF Dust Collection Enhancements are underway.
- CM has completed the RP-1 Aeration Ducting Repair and has handed it over to Operations.
- RA11004 IEUA Conveyance Project 108 hour construction shutdown began March 2nd and will continue through March 7th (4am).

Grants Key Activities:

Federal – USBR Bay-Delta Restoration Program: CALFED Water Use Efficiency Grants

The USBR announced the Bay-Delta Restoration Program: CALFED Water Use Efficiency Grant opportunity in January 2015. The objective of the funding is for water use efficiency and conservation activities that result in benefits for California-Bay Delta. The maximum of the grant funding amount is \$750,000. Construction must be completed with 24 months from the awarding date. IEUA, CBWM and Wildermuth Environmental have decided on two projects from the Chino Basin Recharge Maser Plan Update (RMPU) for this grant application. The proposed project will generate a total of 1,431 AFY by capturing addition storm water for recharge.

Proposition 1: the Water Quality, Supply, and Infrastructure Improvement Act of 2014

In November 2014, California voters overwhelmingly passed Proposition 1: the Water Quality, Supply, and Infrastructure Improvement Act of 2014, a \$7.5 billion water bond that will make needed investments in the state's water management systems.

The bond dedicated \$2.7 billion for investments in water storage projects and designated the California Water Commission as the agency responsible for appropriately allocating these funds. The Commission, through the Water Storage Investment Program, will fund the public benefits of these projects. Eligible projects must also provide measurable benefits to the Delta ecosystem or its tributaries.

One of the first steps in developing the Commission's Water Storage Investment Program is an initial scoping survey to collect cursory information about potential water storage projects from project proponents that may request Proposition 1 funding. The Commission will use this information to inform the development of the regulations, guidelines, and implementation process. The survey is due by March 11, 2015.

Responding to the survey could be beneficial to both the Chino Basin Water Master's RMPU projects and other local groundwater aquifer storage and recovery projects. Participating the survey would ensure that the Commission is aware of the types GWR projects for which IEUA and CBWM would like to obtain grant funding. Staff from Grants Administration and the Planning Department are working together on the Proposition 1 Water Storage Grant Program survey.

General Manager's Report Regarding Agency Activities

March 18, 2015

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**Inland Empire Utilities Agency
Active Grant and SRF Loan Summary
As of February 28, 2015**

Funding Agency	Project Name	Award Amount	Invoiced Through (6/30/13)	Invoiced FY13/14 (07/01/13 - 6/30/14)	Invoiced FY14/15 (07/01/14 - 2/28/15)	Award Balance
FEDERAL GRANTS						
United States Bureau of Reclamation (USBR)	Turner Basin Improvement Project	\$ 406,712	\$ 227,453	\$ 179,260	\$ -	\$ (0)
	Regional Residential Landscape Surveys and Retrofit Program	200,000	67,926	91,098	40,976	0
FEMA/Cal-EMA	FEMA Winter Storm 2010 Disaster	585,831	585,831	-	-	0
Active Federal Grants		\$ 1,192,543	\$ 881,209	\$ 270,358	\$ 40,976	\$ 0
STATE GRANTS						
Department of Water Resources (DWR)	Multi-Family ULF Toilet Program	\$ 1,650,133	\$ 1,614,066	\$ 36,067	\$ -	\$ (0)
	Landscape Water Audit Program	194,476	194,418	58	-	(0)
Department of Parks & Recreation (DPR)	Water Discovery Field Trip & Bus	207,900	59,333	12,206	22,813	113,548
	Earth Day program	38,500	35,584	2,916	-	-
State Water Resources Control Board (SWRCB)	Southern Area Recycled Water	4,000,000	521,739	3,063,393	175,140	239,728
State Water Resources Control Board (SWRCB)	Central Area Recycled Water Wineville	4,000,000	-	-	-	4,000,000
MWD	Pilot Scale 3-D Fluorescence Excitation-Emission Matrix	50,000	-	-	26,601	23,399
MWD	Recycled Water Intertie Study	25,000	-	-	12,690	12,310
Santa Ana Watershed Project Authority (SAWPA)	IRWM /Wineville Recycled Water Pipeline/SCADA	1,000,000	-	-	-	1,000,000
Santa Ana Watershed Project Authority (SAWPA)	IRWM/San Sevaine Basin Improvement	750,000	-	-	-	750,000
Santa Ana Watershed Project Authority (SAWPA)	IRWM/Regional Residential Landscape Retrofit	500,000	-	-	33,524	466,476
Santa Ana Watershed Project Authority (SAWPA)	IRWM/Lower Day Basin Improvement	750,000	-	-	-	750,000
Active State & Local Grant		\$ 13,166,009	\$ 2,425,141	\$ 3,114,640	\$ 270,769	\$ 7,355,460
Total Active Federal, State & Local Grant		\$ 14,358,552	\$ 3,306,350	\$ 3,384,998	\$ 311,745	\$ 7,355,460
SRF LOANS						
SWRCB (SRF Loans)	Southern Area Recycled Water	\$ 20,608,638	\$ 5,194,535	\$ 11,011,187	\$ 1,065,873	\$ 3,337,043
	Central Area Recycled Water Wineville	26,500,000	-	-	2,588,000	23,912,000
	New Water Quality Laboratory	17,100,000	-	630,551	-	16,469,449
Sub-total Active SRF Loans		\$ 64,208,638	\$ 5,194,535	\$ 11,641,738	\$ 3,653,873	\$ 43,718,492
CDA GRANTS						
United States Bureau of Reclamation (USBR)	CDA Wellfield (Wells 1, 2, 3)	\$ 1,516,095	\$ 533,307,1200	\$ -	\$ -	\$ 982,788
United States Bureau of Reclamation (USBR)	1010 Zone Pump Station and New Product Water Pipelines	3,930,000	448,196	757,963	2,666,474	57,367
United States Bureau of Reclamation (USBR)	Chino Basin Groundwater Supply Wells and Raw Water Pipelines Projects	2,980,000	-	-	-	2,980,000
California Department Of Public Health	CDA Phase III Expansion Projects	52,005,716	-	17,088,141	6,739,896	28,177,679
MWD	Pilot Testing of a Biological Treatment Process (BIOTTTATM)	414,216	-	-	142,942	271,274
Sub-total Active CDA Grants		\$ 60,846,027	\$ 981,503	\$ 17,846,103	\$ 9,549,312	\$ 32,469,108
GRAND TOTAL ACTIVE GRANTS & LOANS		\$ 139,413,217	\$ 9,482,387	\$ 32,872,839	\$ 13,514,930	\$ 83,543,060
Active Grants & Loans		\$ 139,413,217	\$ 9,482,387	\$ 32,872,839	\$ 13,514,930	\$ 83,543,060
Closed Grants		\$ 179,604,064				
Closed SRF loans		\$ 86,107,654				
Closed grants and SRF loans		\$ 265,711,718				
Total Active and Closed Grants & Loans since 2002		\$ 405,124,935				