



AGENDA

MEETING OF THE BOARD OF DIRECTORS

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

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

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

FLAG SALUTE

PUBLIC COMMENT

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

ADDITIONS TO THE AGENDA

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

1. PUBLIC HEARING AND ADOPTION OF ORDINANCE NO. 103

It is recommended that the Board:

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

2. CONSENT CALENDAR

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

A. MINUTES

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

B. TREASURER'S REPORT ON GENERAL DISBURSEMENTS

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

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

It is recommended that the Board:

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

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

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

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

It is recommended that the Board:

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

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

It is recommended that the Board:

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

G. RENEWAL OF ASR AGREEMENT WITH MONTE VISTA WATER DISTRICT

It is recommended that the Board:

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

H. AGENCY-WIDE ELECTRICAL TRANSFORMER TESTING SERVICE CONTRACT

It is recommended that the Board:

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

I. CONTRACT AMENDMENT TO POLYDYNE INC.

It is recommended that the Board:

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

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

It is recommended that the Board:

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

3. ACTION ITEMS

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

It is recommended that the Board:

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

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

It is recommended that the Board:

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

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

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

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

It is recommended that the Board:

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

E. SANTA ANA RIVER WATERSHED-SCALE CONJUNCTIVE USE PROGRAM

It is recommended that the Board:

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

F. BIOSOLIDS TRANSPORTATION AND RECYCLING SERVICES CONTRACT

It is recommended that the Board:

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

4. INFORMATION ITEMS

A. ENGINEERING AND CONSTRUCTION MANAGEMENT MONTHLY UPDATE (POWERPOINT)

B. MWD UPDATE (ORAL)

RECEIVE AND FILE INFORMATION ITEMS

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

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

5. AGENCY REPRESENTATIVES' REPORTS

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

6. GENERAL MANAGER'S REPORT (WRITTEN)

7. BOARD OF DIRECTORS' REQUESTED FUTURE AGENDA ITEMS

8. DIRECTORS' COMMENTS

9. CONFERENCE REPORTS

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

10. CLOSED SESSION

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

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

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

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

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

1. One (1) Case

**D. PURSUANT TO GOVERNMENT CODE SECTION 54957 – PERSONNEL
MATTERS**

1. Various Positions – Compensation Study
2. Various Positions

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

Manager of Internal Audit

11. ADJOURN

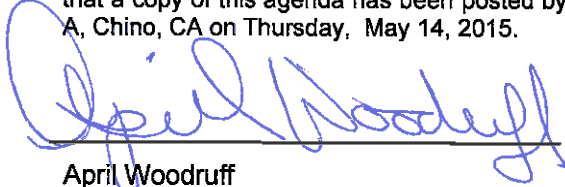
*A Municipal Water District

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

Proofed by: _____

Declaration of Posting

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



April Woodruff

**ACTION
ITEM**

3A

Date: May 20, 2015

To: The Honorable Board of Directors

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

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

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

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

Subject: Adoption of Resolutions for Rates/Fees for Fiscal Years 2015/16 – 2019 /20, and Review of Proposed Biennial Budget for Fiscal Years 2015/16 and 2016/17.

RECOMMENDATION

It is recommended that the Board of Directors:

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

BACKGROUND

Since November 2014, the Agency has facilitated numerous workshops with member agencies and stakeholders, including two special joint meetings with the IEUA Board and Regional Policy Committee to review the proposed rates and fees for the Agency's Regional Wastewater and Recycled Water programs. The focus of the review included the Regional Wastewater connection fee and equivalent dwelling unit (EDU) volumetric rate, the Recycled Water rates for both direct and groundwater recharge deliveries and the establishment of a new water connection fee to support development of regional water supplies.

Per the discussion at the February 4, 2015 Special Joint Meeting of the IEUA Board and the Regional Policy Committee, the Regional Wastewater EDU volumetric rate was adopted by the IEUA Board on March 18, 2015 for FYs 2015/16 - 2019/20. Early adoption was requested by the City of Fontana to meet San Bernardino Tax Assessor timeline to add their rates to the property tax roll. The adopted wastewater volumetric rates are summarized on Table 8.

On April 30, 2015, the Regional Technical Committee unanimously recommended the IEUA Board approve the proposed FY 2015/16 and FY 2016/17 biennial budget for the Regional Wastewater Operations and Maintenance (RO) fund, Regional Wastewater Capital Improvement (RC) fund, and the Recycled Water (WC) fund, as well as the proposed regional wastewater connection fee, water connection fee and the recycled water rates for Fiscal Years (FYs) 2015/16-2019/20. The biennial budget and proposed rates will be presented to the Regional Policy Committee on May 14, 2015.

Key Objectives

Consistent with the IEUA Business Goals and the IEUA Strategic Plan, some of the key objectives of the proposed rates and fees include:

- **Fully recover costs** – adoption of multi-year rates that achieve full cost of service;
- **Be equitable** – ensure rates and fees maintain a clear nexus between what a customer pays and the benefit received;
- **Ensure regional water reliability and sustainability** – continue development of regional water supplies;
- **Make “growth pay for growth”** – increase the regional wastewater connection fee and establish a new water connection fee to support future expansion and improvement of the regional wastewater and water systems;
- **Eliminate property tax subsidies for operations and maintenance** – use of property tax receipts to support regional capital investments in water reliability and sustainability;
- **Provide fiscal stability** – maintain rates and fees that ensure uninterrupted service during times of revenue uncertainty; and
- **Be legally compliant** – ensure rates and fees are reasonable as mandated by Proposition 26.

Wastewater Connection Fees

The wastewater connection fee supports the acquisition, construction, improvement, and expansion of the Agency’s regional wastewater system. The Agency’s updated Facilities Master Plan, Asset Management Plan, and Capital Improvement Plans (CIPs) identified capital projects over the next 20 years (through 2035) needed to meet anticipated growth and increased service demand in the region. In order to secure the financial resources needed for the timely execution the major wastewater projects needed to support future growth, Carollo Engineers, Inc. (Carollo) was commissioned to conduct a rate analysis of IEUA’s regional wastewater connection fee.

The rate study determined that an increase to the existing connection fee from \$5,107 to \$6,289 was needed to adequately support future expansion and improvement of the Agency’s regional wastewater system. The 2015 Wastewater Connection Fee Report (April 10, 2015) by Carollo explains the methodology and assumptions applied in the calculation of the wastewater connection fee, and provides a detail account of the capital projects included in the calculation.

To lessen the impact to the development community of the \$1,182 increase to the wastewater connection and the new water connection fee of \$1,385, a combined amount of \$2,567, the Board agreed to defer the effective date for the FY 2015/16 fee until January 1, 2016; maintaining the current wastewater connection fee unchanged through December 31, 2015. Additionally, the increase to the wastewater connection will be phased in through FY 2019/20 as reported on Table 1.

Table 1: Proposed Wastewater Connection Fees

Fiscal Year	Effective date	Fee/EDU	Key Assumptions
FY 2015/16	7/01/2015	\$5,107	No change in the existing fee.
	1/01/2016	\$5,415	Phased implementation of the proposed increase from \$5,107 to \$6,289 per EDU; \$308 1/1/16 and \$308 1/1/17 plus 5% per annum.
FY 2016/17	07/01/2016	\$5,415	No change.
	01/01/17	\$6,009	Phased implementation of \$308 per EDU + 5%.
FY 2017/18	7/01/2017	\$6,309	Assumes a 5% increase each fiscal year.
FY 2018/19	7/01/2018	\$6,624	
FY 2019/20	7/01/2019	\$6,955	

Based on current assumptions and the pace of the projected number of new EDU connections over the next five fiscal years (19,250 units), the phased implementation is estimated to result in reduced fees of \$8.9 million. Staff will diligently pursue grant funding opportunities to replace the estimated reduction in fees. The Agency has committed to review both connection fees (regional wastewater and regional water) periodically (at a minimum of every five years) and adjust the fees as needed to align with actual and updated growth projections and for inflation per the Engineering News Record Construction Cost Index (ENR-CCI). This periodic review and adjustment will ensure that connection fees are set to adequately fund future expansion of the regional wastewater and regional water systems in a timely and cost effective manner to meet future growth.

As a key stakeholder, the Building Industry Association (BIA) Baldy View Chapter was invited to participate in the review and discussion of both the wastewater and water connection fees.

Additionally, BIA contracted David Taussig & Associates (DTA) to conduct a peer review of both connection fees. Copies of the BIA inquiries and Agency responses were shared with member agencies and key stakeholders, including members of the Regional Committees.

A concern raised by DTA was the inclusion of fund reserves in the calculation of the connection fees. The Agency considers connection fees to be tied to the benefit conferred on the property assessed, and represent fees for integration in the sewer and water systems, rather than fees paid in exchange of capacity. The Agency's legal counsel determined that authority is afforded by California *Water Code* Section 71616, and other similar statutes authorizing the establishment of reasonable reserves by municipal water districts. There are ample rate study analysis of other public agencies who utilize connection fees to help fund reasonable reserves, including the City of San Diego, City of Chula Vista, City of San Francisco, Contra Costa Water District, San Diego County Water Authority, City of Beverly Hills, City of Healdsburg, Avila Beach Community Service District, and Western Municipal Water District.

A copy of BIA's final letter dated 4/27/15 completing their peer review and statement of support for the Agency's phased implementation of the connection fees is attached in Appendix B.

Water Connection Fee

Premised on the principle that "growth pays for growth", the new water connection fee will support future capital investment and expansion of the Agency's regional water system which is comprised of potable water, recycled water, and groundwater recharge facilities. The Governor's Executive Order issued on April 1, 2015, mandating statewide cutback in urban water use of 25 percent through February 2016 as compared to 2013 and the reduced allocation of imported water supplies from the State Water Project make it essential for the region to secure and develop more reliable and resilient local water supplies. Future economic development is dependent on having a reliable and sustainable water supply that can meet the needs of existing and future residents throughout the region. Included in IEUA's long term planning documents is the expansion of the Agency's regional recycled water distribution system and groundwater recharge facilities, as well as continual development of local water supplies.

These capital investment projects in the Recycled Water (WC), Recharge Water (RW), and Water Resources (WW) programs will be supported by the new water connection fee. Based on the adopted FYs 2016-2025 Ten Year Capital Improvement Plan (TYCIP), approximately 94 percent of the new water connection fee is designated for capital projects needed to enhance and expand the Agency's regional recycled water distribution system and groundwater recharge facilities. The remaining six percent is allocated to support investment in water resource capital, such as the development of regional water supplies and water resources capital projects, including a small portion of the Agency's committed contribution to support regional resiliency projects submitted by member agencies.

Based on the 2015 Water Connection Fee Update Final Report (April 16, 2015), the new water connection fee will be initially set at \$693 per meter equivalent units (MEU) per residential unit

(based on 5/8” and 3/4” meter sizes) with an effective date of January 1, 2016, as reported on Table 2. This represents 50 percent of the proposed rate in 2015 Water Connection Fee Update Final Report (April 16, 2015). Additionally, to lessen the impact on new development, the implementation of the proposed fees is phased in over a period of 18 months with annual adjustment of 5 percent beginning January 1, 2017.

Table 2: Proposed Water Connection Fee

	FY 2015/16	FY 2016/17		FY 2017/18	FY 2018/19	FY 2019/20
<i>Effective Date</i>	1/01/16	7/01/16	01/01/17	7/01/17	7/01/18	7/01/19
Water Connection Fee /MEU	\$693	\$693	\$1,455	\$1,527	\$1,604	\$1,684

A complete fee schedule by meter size is provided in Table A1 in the Appendix.

Recycled Water Program Rates

The recycled water volumetric rates support the costs associated with the operations and maintenance of the Agency’s water recycling facilities, operating costs for the groundwater recharge basins not reimbursed by Chino Basin Watermaster (Watermaster), including the Agency’s pro-rata share for basins recharged with recycled water, and debt service costs related to the financing of existing facilities and infrastructure (including the Southern Area and Wineville Area capital projects).

The proposed recycled water rates for FYs 2015/16 through 2019/20, shown on Table 3, are based on the current volumetric rate structure. As recommended by the Board, the proposed rates achieve full cost of service over three years, and comply with the threshold established by the Board to keep recycled water rates at 70 percent of the MWD Untreated Tier 1 rate. The “70 percent” threshold ensures that rates remain affordable and recycled water continues to be a good value for the region.

Table 3: Recycled Water Program Proposed Multi-Year Rates

	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20
<i>Effective Date</i>	10/01/15	7/01/16	7/01/17	7/01/18	7/01/19
Direct Delivery/AF	\$350	\$410	\$470	\$480	\$490
Groundwater Recharge/AF	\$410	\$470	\$530	\$540	\$550

Water Resource Program Rates

Per the request of the member agencies, the proposed restructuring of the potable water rates has been deferred to allow for further evaluation and analysis. No changes to the current rates comprised of the AF surcharge and meter charge are proposed for FY 2015/16, as reported on Table 4. Discussions on the proposed rate restructuring will resume in July with the plan for the IEUA Board to adopt the new rates in October 2015 for FY 2016/17.

Table 4: Water Resource Program Proposed Multi-Year Rates

	FY 2014/15 Current	FY 2015/16 Proposed	FY 2016/17 Estimated	FY 2017/18 Estimated	FY 2018/19 Estimated	FY 2019/20 Estimated
AF Surcharge	\$15.0	\$15.0	\$67.0	\$68.0	\$70.0	\$73.0
Water Meter Rate/Account	\$2.105	\$2.105	n/a	n/a	n/a	n/a
Meter Equivalent Units (MEU)	n/a	n/a	\$1.10	\$1.20	\$1.30	\$1.40

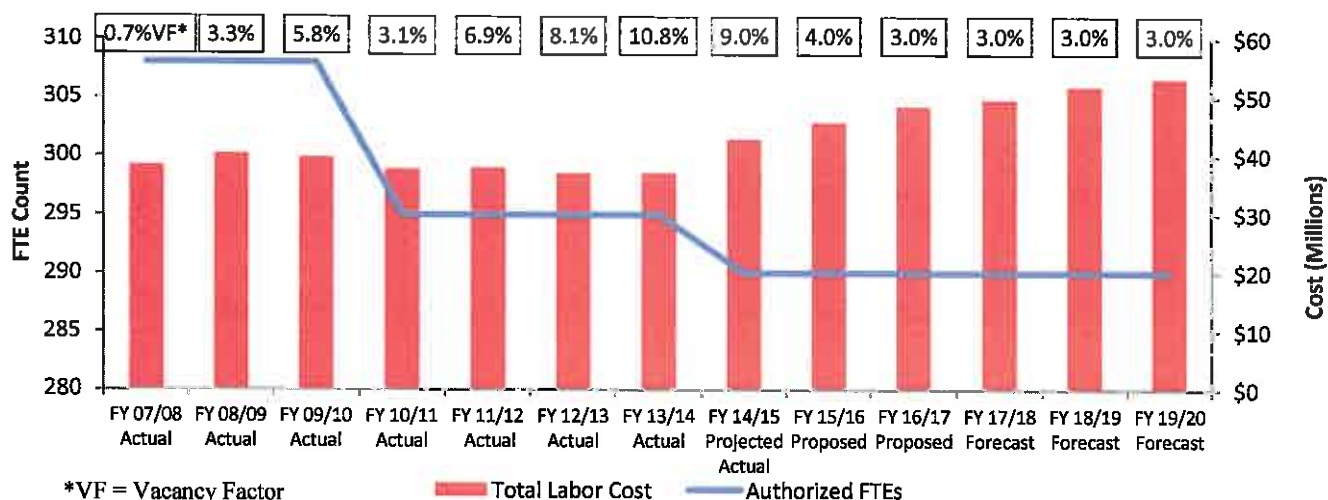
FYs 2015/16 and 2016/17 Key Budget Assumptions

The proposed budget is a five-year business plan, consisting of biennial budget for FYs 2015/16 and 2016/17 and a forecast for the three ensuing fiscal years. The key assumptions for the proposed biennial budget are summarized on Table A3 in the Appendix.

Employment Costs

The biennial budget includes a reduction of the Agency’s vacancy factor from 8.6 percent (actual average over the last three fiscal years) to 4 percent in FY 2015/16 and 3 percent in FY 2016/17 to support succession planning. Thereafter, the vacancy factor is maintained at 3 percent. There is no increase in the number of authorized full time equivalent (FTE) positions which is maintained at 290 through FY 2019/20, as reported in Figure 1.

Figure 1: Employment Cost and Staffing Trend



A summary of total employment costs is provided in Table A2 in the Appendix.

Debt service

Included in the five year business plan is the early repayment of the 2008A Revenue Bonds (2008A Bonds) with an outstanding principal balance of \$125 million and annual interest rate of 5 percent. The proposed repayment is planned over a five year period beginning in FY 2017/18 when the bonds are eligible for refunding. At an interest rate of 5 percent and scheduled maturity of 2038, total interest savings are estimated at \$80 million with present value savings of over \$50 million.

Regional Wastewater Capital Improvement (RC) Fund

A major revenue source for the RC fund is the fees levied for new connections to its regional wastewater system, referred to as wastewater connections fees. Pursuant to the Regional Sewage Service Contract (Regional Contract), member agencies collect and hold these funds in a trust account (Capital Construction Reimbursement Accounts) until they are “called” or requested by the Agency to support planned capital expenditures for the regional wastewater system.

Property tax receipts are another major funding source for the RC fund. In accordance with the Regional Contract, property tax receipts collected from Improvement District “C” (IDC) are fully allocated to the RC fund. IDC tax receipts represent 65 percent, or \$26.7 million of total property tax receipts estimated in FY 2015/16.

Based on the San Bernardino County Tax Assessor estimate, a 5 percent increase in total property tax receipts is assumed for FY 2015/16 and a 4 percent increase in FY 2016/17. Property tax receipts budgeted in the RC fund are first allocated to support debt service costs of

\$13.5 million in FY 2015/16 and \$13.6 million in FY 2016/17, with the remaining balance designated to support the Regional wastewater CIP.

Table 5: RC Fund Major Revenues and Other Funding Sources

\$Millions	Major Funding Sources	FY 2015/16	FY 2016/17	Key Assumptions
Regional Wastewater Capital (RC)	Wastewater Connections Fees	\$22.6	\$26.2	4,330 and 4,580 new wastewater connections. Fee increases to \$5,415, effective 1/1/16 and \$6,009 effective 1/1/17.
	Property Tax Receipts	26.7	27.5	No change in the 65% allocation pursuant to the Regional Contract. Assumes a 5% increase in FY 2015/16 and 4% increase in FY 2016/17.
	Inter-Fund Transfers	0.0	2.0	Transfer from the RO fund for its share of RP-2 Relocation/ RP-5 Solids Treatment Facility project.
	Total	\$49.3	\$55.7	

Table 6: RC Fund Major Expenses & Other Uses of Funds

\$Millions	Major Uses of Funds	FY 2015/16	FY 2016/17	Key Assumptions
Regional Wastewater Capital (RC)	Operating Expenses	\$6.0	\$6.3	Administrative costs for support of the Regional CIP.
	Debt Service Costs	13.5	13.6	Includes principal & interest for the 2008A, 2008B and 2010A bonds, SRF loan for RP-1 Dewatering Expansion Facility.
	Capital Improvement Plan (CIP)	17.8	15.4	Includes capital investment in the IERCA. See Table 7 for summary of major capital projects.
	Inter-Fund Transfers	9.7	11.8	Capital and debt service support to other funds.
	Total	\$47.0	\$47.1	

Inter-fund transfers from the RC fund support debt service and capital expenditures. One example is an \$81 thousand inter-fund transfer to the RO fund for the RC share of the New Water Quality Laboratory project in FY 2016/17. In FY 2016/17 the RC fund will receive an

inter-fund transfer from the RO fund for its share of the RP-2 Relocation/RP-5 Solids Expansion project, as noted in Table 5 above.

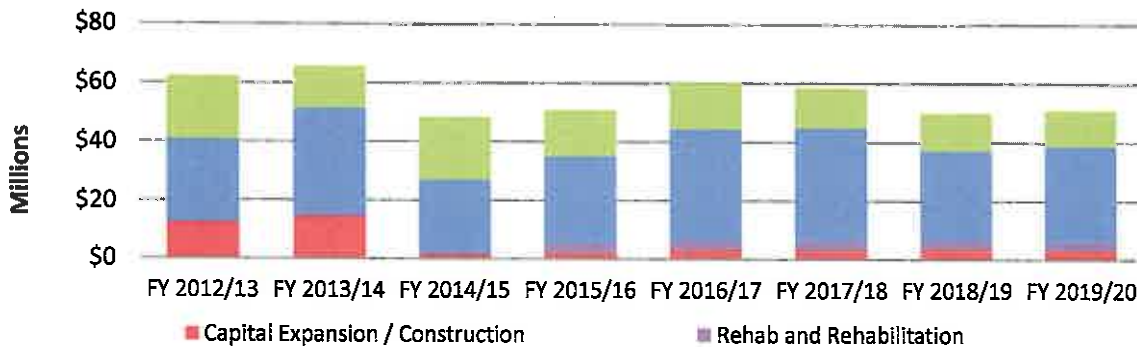
In addition to debt service costs, the other major expenditure in the RC fund is capital expenditures. A total of \$17.8 million in capital project costs is budgeted in FY 2015/16 and \$15.4 million is projected in FY 2016/17. Some of the major projects are listed below in Table 7.

Table 7: RC Fund Major Capital Projects

\$Millions	Project	FY 2015/16	FY 2016/17
RC Fund	RP-2 Relocation/RP-5 Solids Treatment Facility	\$0.0	\$4.0
	RP-1 Mixed Liquor Return Pump	1.0	3.0
	RP-1 and RP-5 Expansion PDR	2.0	2.0
	RP-4 Chlorination Facility Retrofit	0.5	1.5
	Chino Basin Groundwater Supply Wells	6.0	-
	All Other Regional Capital Projects	8.3	4.9
	Major Capital Projects	\$17.8	\$15.4

The projected RC fund ending fund balance for FY 2015/16 is estimated at \$51.1 million and \$60.3 million for FY 2016/17. The estimated increase in the second year is primarily due to a higher projection of new wastewater connections (4,580 compared to the 4,330 units projected for FY 2015/16). The gradual drop in total fund balance over the ensuing three fiscal years is due to a smoothing of connection fee revenue (number of new connections drop to an average of 3,450 per year), higher capital expenditures on major plant expansions, and the early retirement of the 2008A bonds starting in FY 2017/18 (Figure 2).

Figure 2: RC Fund Reserve Balance by Type



Regional Wastewater Operations and Maintenance (RO) Fund

The key revenue and funding sources for the RO fund include: EDU volumetric charges, property taxes, and reimbursement from the Inland Empire Regional Composting Authority (IERCA) for labor and operating costs. Major expenses include operating costs for the collection, treatment, and disposal of wastewater, maintenance and capital replacement and rehabilitation (R&R) costs of regional facilities and infrastructure, and organic management activities. The bio-solids recycling budget includes tipping fees paid to the IERCA for processing of bio-solids from all of the Agency’s facilities.

Pursuant to the Agency’s commitment to have rates that fully recover the cost of service, incremental increases to the monthly EDU volumetric rate were proposed over the next five fiscal years. Upon the Regional Committees review in February and March, a multi-year EDU volumetric rate (FYs 2015/16 to 2019/20) was adopted by the IEUA Board March 18, 2015, as reported in Table 8. Based on current assumptions, full cost of service, or recovery of O&M, R&R and debt service costs, is projected to be reached in FY 2018/19.

Table 8: Adopted EDU Volumetric Rates FYs 2015/16 – 2019/20

Rate Description	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20
EDU Volumetric Rate	\$14.39	\$15.89	\$17.14	\$18.39	\$19.59	\$20.00
Rate Increase		\$1.50	\$1.25	\$1.25	\$1.20	\$0.41
Effective Date		10/01/15	07/01/16	07/01/17	07/01/18	07/01/19

Recycled Water (WC) Fund

A key initiative for the Agency is to optimize the beneficial reuse of recycled water and provide a cost effective and reliable alternative to imported water for the region. Included in IEUA’s long term planning documents is the expansion of the regional recycled water distribution system and groundwater recharge facilities, as well as continual development of local water supplies.

Total regional recycled water acre feet (AF) deliveries in FY 2015/16 are projected to be 35,150 with related revenues of \$11.9 million. Total revenues also include a Local Projects Program (LPP) rebate of \$2.1 million from the Metropolitan Water District of Southern California (MWD). In FY 2016/17 deliveries are projected to be 37,100 AF with operating revenues at \$15.7 million and the MWD rebate of \$2.1 million which is set to expire on 6/30/17.

State Revolving Fund (SRF) low interest loans, grants, and the water connection fees are the primary funding sources for the Recycled Water capital program (Table 9). State Revolving

Fund (SRF) loan proceeds and grant receipts are estimated at \$15.2 million in FY 2015/16 and \$18.6 million in FY 2016/17 as summarized on Table 9.

Table 9: WC Fund Major Revenue & Other Funding Sources

\$Millions	Major Funding Sources	FY 2015/16	FY 2016/17	Key Assumptions
Recycled Water (WC)	Direct Sales	\$7.4	\$9.7	23,700 AF in FY 2015/16 24,200 AF in FY 2016/17.
	Recharge Sales	4.5	6.0	11,450 AF in FY 2015/16 12,900 AF in FY 2016/17.
	MWD LPP Rebate	2.1	2.1	\$134/AF rebate for recycled water sales up to 13,500 AF per FY. Rebate expires in June 2017.
	Connection Fee	0.7	4.4	985 MEUs in FY 2015/16 4,167 MEUs in FY 2016/17.
	Property Tax Receipts	2.1	2.1	The 5% allocation of property tax receipts to support debt service costs.
	Loan and Grant Proceeds	15.2	18.6	Continue to leverage SRF loans and grants to support Recycled Water capital projects
	Other	3.1	2.5	Interest and other reimbursements
	Total	\$35.1	\$45.4	

Major expenses for the WC fund are primarily capital, debt service and operating costs. Capital expenditures in FY 2015/16 and FY 2016/17 are projected to be \$16.2 and \$18.7 million respectively. A summary of the major capital projects is provided in Table 11. Operating costs include labor, pumping costs, O&M projects and a portion of the ground water recharge operating costs not reimbursed by Watermaster. The Agency’s FY 2015/16 and FY 2016/17 pro-rata share is estimated to \$466,000 and \$791,000, respectively. A summary of total employment costs is provided in Table A2 in the Appendix. Biennial projected major expense and other uses of funds are summarized in Table 10.

Table 10: WC Fund Major Expenses & Other Uses of Funds

\$Millions	Major Uses of Funds	FY 2015/16	FY 2016/17	Key Assumptions
Recycled Water (WC)	Utilities	\$2.9	\$3.0	Higher pumping costs are driving an increase of nearly \$0.4M compared to projected actuals. \$0.12 kWh electricity rate for direct access, renewal energy rates based Purchase Power Agreements (PPAs) melded rate.
	Operating Expense	8.5	9.1	Includes labor, professional fees and

\$Millions	Major Uses of Funds	FY 2015/16	FY 2016/17	Key Assumptions
				services, materials and supplies, and a portion of the groundwater recharge operations expense and inter-fund transfers to support operating and capital costs.
	Debt Service Costs	6.2	8.2	Includes principal and interest costs for outstanding debt. For FY 2016/17 debt service includes inter-fund loan repayment of \$2.0 million to the NC fund.
	Capital Improvement Plan (CIP)	16.2	18.7	See Table 11 for summary of major capital projects.
	Water Connection Fee Transfers	0.1	0.5	Connection fee support to GG (\$.03 and \$.01), RW (\$.06 and \$.10) and WW (\$.04 and \$.36) funds.
	Total	\$33.9	\$39.5	

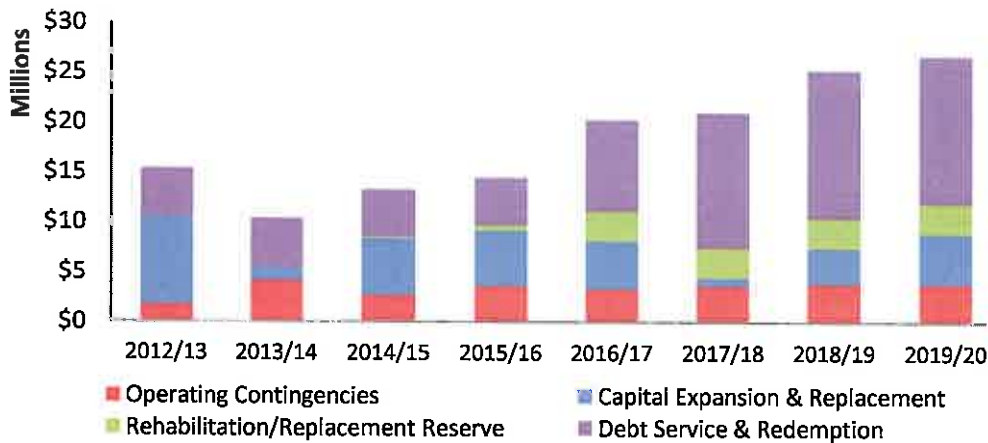
Annual debt service costs are estimated to increase to \$6.2 million in FY 2015/16 and \$8.2 million in FY 2016/17. The first debt service repayment for the Southern Area Recycled Water project slated for completion in FY 2014/15 is scheduled in FY 2015/16. Repayment of the \$28.5 million outstanding inter-fund loans (\$13.5 million due to RC fund and \$15 million due to the NC fund) are scheduled to begin in FY 2016/17, with full repayment projected by FY 2024/25. A summary of inter-fund loans is provided in Appendix A6.

Table 11: WC Fund Major Capital Projects

\$Millions	Project	FY 2015/16	FY 2016/17
WC Fund	Recycled Water Connections Pomona/Jurupa	\$5.0	\$10.0
	San Sevaine Improvements	3.5	3.0
	Napa Lateral/SB Speedway	0.2	1.0
	RP-1 Parallel Outfall Pipeline	0.0	1.0
	Central/Wineville Area Projects	4.2	0.1
	All Other Capital Projects	3.3	3.6
	Major Capital Projects	\$16.2	\$18.7

Fund reserves remain relatively unchanged in FYs 2014/15 and 2015/16 then are projected to increase in FY 2016/17 and thereafter as reported in Figure 3. The increase is mainly due to the receipt of water connection fees, and higher revenues from recycled water sales. The new water connection fees will support capital expansion and improvement of the Agency's regional water system and lessen the amount of future borrowings.

Figure 3: WC Fund Reserve Balance by Type



Recharge Water (RW) Fund

The Recharge Water (RW) fund accounts for the revenues and expenses associated with groundwater (GWR) recharge operations and maintenance through joint efforts with Watermaster, Chino Basin Water Conservation District (CBWCD), and the San Bernardino County Flood Control District (SBCFCD). Operating expenses include general basin maintenance and/or restoration, groundwater administration (e.g. labor, tools, and supplies), contracted services (e.g. weeding and vector control), compliance reporting, and environmental documentation for permit compliance.

Total budgeted revenues, other funding sources and inter fund contributions/support for FY 2015/16 and FY 2016/17 are \$3.6 million and \$7.4 million, respectively. The budget is comprised of reimbursements from Watermaster for groundwater recharge facilities’ operations and maintenance (O&M), capital/special project support, and debt service costs. The remaining balance will be contributed by IEUA for its portion of capital (50/50 shared with Watermaster), debt service, and pro-rata of O&M cost (Table 12).

Table 12: RW Fund Revenue and Other Funding Sources

\$Millions	Major Funding Sources	FY 2015/16	FY 2016/17	Description
Recharge Water (RW) Fund	Watermaster GWR O&M	\$0.8	\$0.8	Watermaster reimbursement of groundwater recharge operations & maintenance (GWR O&M) and facilities.
	Watermaster Debt Service	0.3	0.5	Watermaster reimbursement for its share of the debt service costs, interest rate estimated at 1%.
	Watermaster Capital and O&M	1.2	4.2	Capital project cost shared with Watermaster.

\$Millions	Major Funding Sources	FY 2015/16	FY 2016/17	Description
	Projects			
	IEUA Operations Support	1.3	1.9	Operating support for the Agency's pro-rate share for groundwater basin maintenance, capital projects; and non-reimbursable labor cost and water fee share from Recycled Water Fund. In addition to debt service share from the Regional Wastewater Capital Improvement (RC) Fund
	Total	\$3.6	\$7.4	

Total Recharge Water (RW) Program expenses for FY 2015/16 and FY 2016/17 are \$3.9 million and \$7.3 million, respectively. The increase in FY 2016/17 is mainly due to capital expenditures. The expenses include debt service costs for the Chino Basin Facilities Improvement Project (CBFIP); groundwater operations and maintenance cost, and capital projects.

The FY 2015/16 and FY 2016/17 groundwater O&M expense budget include utilities and general groundwater basin maintenance costs for infiltration restoration and slope repairs on three groundwater basins; Brooks, RP-3 and Victoria Basins (Table 13).

Table 13: RW Major Expenses & Other Uses of Funds

\$Millions	Major Uses of Funds	FY 2015/16	FY 2016/17	Description
Recharge Water (RW) Fund	Debt Service	\$0.9	\$1.0	Bond principal, interest, and financial expenses.
	Groundwater O&M	1.6	1.6	GWR maintenance and administration costs, utilities, specialty O&M, Watermaster, SBCFCD costs, and IEUA pro-rata share.
	Watermaster Capital Improvement Plan	1.4	4.7	Capital project costs
	Total Expenses	\$3.9	\$7.3	

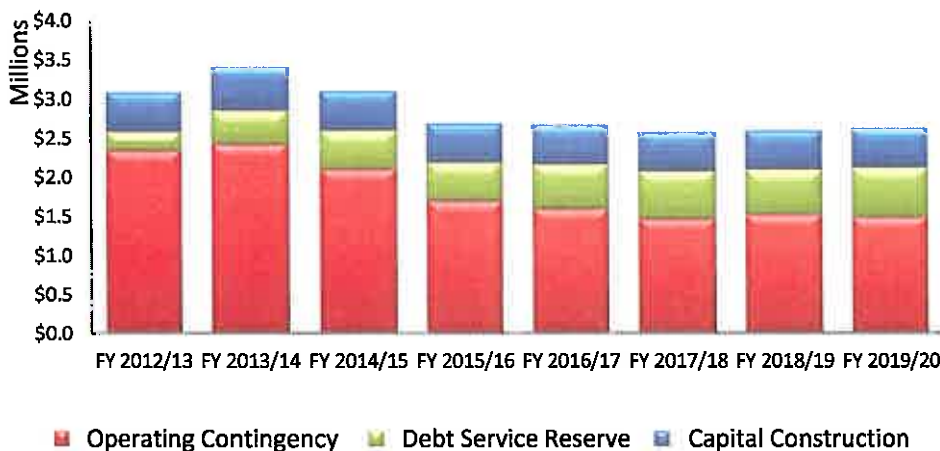
The FY 2015/16 and FY 2016/17 capital project costs for the Recharge Capital Program mainly involves modifications, improvements and refurbishment at selected basins for \$1.4 million and \$4.7 million, respectively (Table 14). Watermaster has updated the Recharge Master Plan, and Agency staff is taking the lead in the execution and administration of the capital projects.

Table 14: Recharge Program Capital Projects

\$Millions	Capital Projects	FY 2015/16	FY 2016/17
Recharge Water (RW) Fund	RW15003 Recharge Master Plan Update	\$0.8	\$3.1
	RW15004 Lower Day RMPU	0.4	1.2
	EN16052 Ely Basin Turnout Remote Control Upgrade	0.2	0.4
	RW15002 Upper Santa Ana River HCF	0.1	0.1
	Total Capital Projects	\$1.5	\$4.7

The ending fund balances for FY 2015/16 and FY 2016/17 are projected to be \$2.7 million and \$2.8 million, respectively (Figure 4). Throughout the subsequent years, ending fund balances are estimated to average \$2.8 million.

Figure 4: Fund Balance for Recharge Water Fund by Type



Water Resources (WW) Program

The WW fund records costs associated with providing regional water resources and water use efficiency programs. These programs include management and distribution of imported water supplies, development, and implementation of regional water use efficiency initiatives, water resource planning, and support for regional water supply programs including recycled water, groundwater recharge, and storm water management. These costs are currently partially supported by two rates: a \$15 per acre foot (AF) surcharge imposed on imported potable water deliveries, and a \$2.11 monthly meter charge on potable water connections. The AF surcharge recovers a portion of the WW fund operating costs (\$10 per AF), regional conservation program

(\$4 per AF), and drought support (\$1). A major portion of the monthly meter charge, approximately 80 percent, recovers the readiness to serve (RTS) pass through charges from MWD. No changes to the AF surcharge or meter charge are proposed for FY 2015/16, as reported on Table 15.

Table 15: Potable Water Rates

	FY 2014/15 Current	FY 2015/16 No Change	FY 2016/17 Estimated	FY 2017/18 Estimated	FY 2018/19 Estimated	FY 2019/20 Estimated
AF Surcharge	\$15.0	\$15.0	\$67.0	\$68.0	\$70.0	\$73.0
Water Meter Rate	\$2.105	\$2.105	n/a	n/a	n/a	n/a
MEU Rate	n/a	n/a	\$1.10	\$1.20	\$1.30	\$1.40

A rate study analysis of the Agency’s potable water rates by Carollo was initiated in January 2015. The study identified various alternatives on restructuring the rates to better align how costs are incurred and how costs are recovered. Summarized below are the two rates that best meet the key objectives of equity, cost/benefit nexus and revenue stability.

RTS Recovery Rate

Currently IEUA collects the RTS charges through the monthly meter charge on an account based or fixed basis. However, MWD assesses the pass-through RTS charge based on a ten-year rolling average (TYRA) of water use; a commodity based or variable basis. The use of a volumetric based rate to pass through the RTS costs that mimics the MWD methodology is one option being considered to more equitably allocate costs.

Monthly Meter Charge/MEU Rate

Currently, approximately 80 percent of the monthly meter charge imposed on all potable water connections is used to recover the MWD RTS pass-through fees. The remaining amount of 20 percent is allocated to support operating costs for the water resources program, including a small portion of the regional conservation program. A key recommendation of the study is the restructuring of the monthly meter charge rate from account based (total number of customer accounts) to meter equivalent units (MEUs) and use the revenue generated to support the water resource program costs, a portion of which were previously supported by the AF surcharge rate. The use of the MEU rate to support a primarily “fixed” program cost will provide more stable funding for the management of water resource initiatives, including the Agency’s regional conservation and water use efficiency programs.

At the request of member agencies, the Board agreed to defer evaluation of the proposed rate restricting until July to allow more time for discussion and analysis. Discussions will resume in July with the plan for the IEUA Board to adopt the new rates in October 2015 for FY 2016/17.

Total funding sources for the WW fund are \$53.1 million and \$56.9 million for FYs 2015/16 and 2016/17, respectively (Table 16). The primary revenues consist of pass-through sale of imported water, potable water meter charges and AF surcharges imposed on imported water deliveries. Other funding sources consist of property taxes shifted from the Administrative Services (GG) fund beginning in FY 2014/15 and conservation program related grants/rebates.

Table 16: WW Fund Revenue and Other Funding Sources

\$Millions	Major Funding Sources	FY 2015/16	FY 2016/17	Key Assumptions
Water Resources (WW)	Imported Water Sales	\$41.4	\$42.1	Pass through sales of MWD potable imported water.
	AF Surcharge	0.8	0.0	50,000 AF in FY 2015/16 (\$15/AF).
	AF Surcharge for MWD RTS pass through costs	0.0	4.2	n/a in FY 2015/16. 62,316 AF in FY 2016/17 (based on 10 yr historical average).
	Water Meter Rate	4.8	0.0	190,952 units/mo in FY 2015/16. n/a in FY 2016/17.
	Meter Equivalent Units (MEU)	0.0	5.3	n/a in FY 2015/16 401,826 MEU/mo in FY 2016/17.
	Connection Fee Transfer from WC fund	0.0	0.4	Based on 4,168 MEUs in FY 2016/17.
	Property Tax transfer	1.5	1.5	Allocation of property tax receipts from GG to support program costs.
	Grants/rebates	1.5	1.5	Continue to leverage grants to support conservation projects.
	Other	3.1	1.9	Interest, Inter-fund loan and other reimbursements.
		Total	\$53.1	\$56.9

Total expenditures in FYs 2015/16 and 2016/17 are projected to be \$54.4 and \$56.6 million, respectively. As summarized on Table 17, major expenses for the WW fund are comprised of pass-through purchases of imported water, regional conservation program costs and operating costs. Operating costs include administrative support, MWD RTS pass through charges, and approximately 60 percent of the O&M projects costs not reimbursed by grants/rebates.

Table 17: WW Fund Major Expenses & Other Uses of Funds

\$Millions	Major Uses of Funds	FY 2015/16	FY 2016/17	Key Assumptions
Water Resources (WW)	Imported Water Purchases	\$41.4	\$42.1	Pass-through purchases of MWD imported water.
	Operating Expense	2.4	2.4	Includes labor, professional fees and services, materials and supplies.
	Special Projects	7.2	8.3	See Table 18 for summary of major projects.
	MWD Readiness to Serve	3.6	3.8	MWD Readiness to Serve obligation (pass through costs)
	Total	\$54.6	\$56.6	

Listed in Table 18 are the major projects budgeted in FY 2015/16 and FY 2016/17 in the WW Fund.

Table 18: Water Resource Program Projects

\$Millions	Projects	FY 2015/16	FY 2016/17
Water Resource (WW) Fund	Regional Conservation Programs	\$3.0	\$3.0
	Urban Water Management Plan (UWMP)	0.8	0.0
	Local Supply Resiliency Projects	0.8	0.8
	SAWPA Prop 84 Grant Funded	2.0	4.0
	Water Resource Planning Documents	0.6	0.5
	Total Projects	\$7.2	\$8.3

The ending fund balances for FYs 2015/16 and 2016/17 are projected to be \$4.5 million and \$4.8 million, respectively (Figure 5). Throughout the subsequent years, ending fund balances are estimated to average \$4.0 million, with the proposed restructuring of the monthly meter charge rate from account based (total number of customer accounts) to MEUs and the allocation of property taxes from the GG fund beginning in FY 2014/15.

Figure 5: Fund Balance for Water Resource Fund



Administrative Service (GG) Program

The Administrative Services Program (GG fund) serves as the Agency’s general fund. The GG fund accounts for agency-wide costs, such as; employment, general and administrative services, and contract services, including legal, external audit, landscaping, janitorial, computer software and hardware support, etc. Similar to an internal-service fund, O&M costs recorded in the GG fund are allocated to other Agency funds and the IERCA and Chino Basin Desalter Authority (CDA) whose facilities are operated by Agency staff. The GG Fund also accounts for agency-wide capital acquisitions for items such as computers, printers, copiers and pooled vehicles. Capital expenditures are supported by wastewater connection fees and inter-fund transfers from various Agency funds, including; RC, RO and WC.

The primary funding sources for the GG fund are property taxes, reimbursement from CDA, inter-fund transfers, and an allocation of wastewater connection fees. Total funding sources budgeted in FYs 2015/16 and 2016/17 are \$6.4 million and \$6.0 million, respectively, as illustrated on Table 19.

Table 19: GG Fund Revenue and Other Funding Sources

\$Millions	Major Funding Sources	FY 2015/16	FY 2016/17	Key Assumptions
Administrative Services (GG)	Property Tax	\$3.3	\$3.4	Beginning FY 2014/15 allocation reduced from 8% to 5% to support regional drought and conservation projects in the WW fund.
	CDA Reimbursement	1.4	1.4	Operations and labor costs for operation of the Chino 1 Desalter.

\$Millions	Major Funding Sources	FY 2015/16	FY 2016/17	Key Assumptions
	Capital Support	1.5	0.9	Inter-fund transfers from RC, WC and NC funds to support agency-wide capital expenditures.
	Other	0.2	0.3	Interest earnings, inter-fund loans and other reimbursements.
	Total	\$6.4	\$6.0	

The total gross operating and capital expenditures budgeted in the GG fund for FYs 2015/16 and 2016/17 are of \$58.3 million and \$57.7 million, respectively. Approximately 95 percent of total expenditures are allocated to other Agency funds, the IERCA and CDA. The net unallocated expenses remaining in the GG fund are estimated as \$7.5 million in FY 2015/16 and \$5.0 million in FY 2016/17 (Table 20).

Table 20: GG Fund Major Expenses & Other Uses of Funds

\$Millions	Major Uses of Funds	FY 2015/16	FY 2016/17	Key Assumptions
Administrative Services (GG)	Operating Expense	\$2.5	\$2.6	Net of expense allocation, includes: labor, professional fees and services, materials supplies, and special projects.
	Capital Improvement Plan	1.5	0.9	See Table 21 for summary of major projects.
	Debt Service	2.0	0.0	Inter-fund loan from GG fund
	Property Tax Transfers	1.5	1.5	Inter-fund property tax shift to WW fund
	Total	\$7.5	\$5.0	

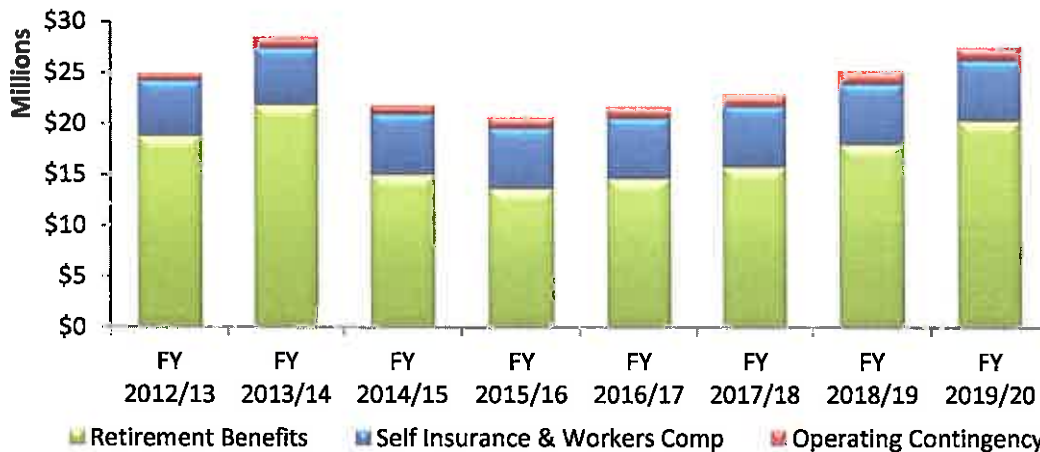
Capital projects for the GG Fund are primarily related to computer system applications upgrade and business network improvements (Table 21).

Table 21: Administrative Services Program Capital Projects

\$Millions	Capital Projects	FY 2015/16	FY 2016/17
Administrative Services (GG)	SAP Strategy and Roadmap Enhancement	\$0.3	\$0.3
	Document Management System - Implementation	0.3	0.1
	Conference Rooms Audio Video (agency-wide)	0.2	0.3
	SAP User Interface Improvement	0.1	0.1
	All Other	0.6	0.1
	Total Capital Projects	\$1.5	\$0.9

The GG fund maintains the Agency’s reserves for its self-insurance programs and employee retirement benefits, including pension and other post-employment benefits (OPEB). The ending fund balance for FYs 2015/16 and 2016/17 are projected to be \$20.7 million and \$21.7 million, respectively (Figure 6). The incremental increase projected through FY 2019/20 is primarily due to the repayment of the inter-fund loan from the WW fund.

Figure 6: Fund Balance for Administrative Service Fund by Type



FY 2016 - 2025 Ten Year Capital Improvement Plan (TYCIP)

Since the Board’s adoption of the TYCIP in March 2015, further analysis, project changes, reductions and additions have resulted in a reduction from \$901 million to \$687 million. The \$214 million decrease is primarily due to a reduction of \$200 million for local water supply resiliency projects initially included in the WW Fund, and a reduction of \$25 million of asset management related projects in the Recycled Water program (Table 22).

Of the \$687 million, nearly 83 percent, or \$576 million, is designated for capital projects and the remaining \$111 million for operations and maintenance (O&M) projects. Execution of critical replacement & rehabilitation (R&R) necessary to meet reliability and regulatory requirements remains the focus of the TYCIP. Maintaining the Agency’s facilities and infrastructure is vital to ensuring the long-term reliability and quality of service that the Agency is committed to provide. Additionally, the TYCIP includes planned expansion and process improvements of existing facilities as the Agency prepares to meet higher service demands anticipated from the expected growth in its service area.

Table 22: Ten Year Capital Improvement Plan by Fund (\$Millions)

Fund	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21 through FY 2024/25	TOTAL
Regional Wastewater Capital (RC Fund)	\$12.6	\$15.6	\$16.9	\$55.0	\$58.1	\$189.2	\$347.4
Regional Wastewater Operations (RO Fund)	21.6	15.9	16.1	11.3	2.9	63.4	131.2
Recycled Water (WC Fund)	18.3	21.0	15.3	4.9	4.4	11.4	75.3
Non-Reclaimable Wastewater (NC Fund)	0.8	0.6	0.4	1.7	0.4	9.7	13.6
Water Resources (WW Fund)	7.1	8.3	7.9	7.9	7.9	21.9	61.0
Recharge Water (RW Fund)	1.6	4.7	12.7	22.0	8.3	-	49.3
Admin Services (GG Fund)	2.9	1.3	1.0	0.6	0.9	2.4	9.1
Total	\$64.9	\$67.4	\$70.3	\$103.4	\$82.9	\$ 298.0	\$ 686.9

The FY 2015/16 CIP budgeted at \$64.9 million (\$42.7 million for capital projects and \$22.2 million for non-capital projects), is approximately 13 percent higher than \$57.4 million projected for the current fiscal year. Additional drought and water conservation focused projects, such as the Chino Basin Groundwater Supply Wells and Raw Water Pipeline, account for the increased amount. The major funding sources and capital and operations and maintenance projects for FYs 2015/16 and 2016/17 are highlighted in each program fund section.

The Agency is in the process of updating several key planning documents, including the Integrated Resources Plan, Recycled Water Program Strategy, Water Use Efficiency Business Plan, and 2015 Urban Water Management Plan. It is anticipated that some of these planning efforts will be completed by fall 2015 and will help to establish new priorities for the region. Projects identified as part of these updates will be further refined and included in next year’s TYCIP to meet the region’s future needs. The Agency continues to work collaboratively with its member agencies and regional stakeholders to identify projects that will enhance regional water use efficiency, quality, reliability, and resiliency in response to climate change and persistent drought conditions.

Debt Coverage Ratio

The Debt Coverage Ratio (DCR) is the measurement of an entity’s ability to generate enough cash to cover debt payments (principal payments and related interest), and serves as a critical financial measure in determining its overall credit rating. DCR also affects an entity’s market accessibility for future borrowings and the associated costs.

Current bond covenants require the Agency to maintain a minimum total DCR of 1.25 times (x) or higher on total outstanding debt. The Agency has established a minimum DCR target of 1.6x for parity debt. The Agency has no legal debt limits imposed by state legislation. As indicated in Table 23, the projected upward trend of the Agency’s DCR projected through FY 2019/20 is driven by a combination of higher revenues and early retirement of high interest debt.

Table 23: Projected Debt Coverage Ratio (DRC) Trend

	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20
	<i>Projected</i>	<i>Proposed Budget</i>		<i>Forecast</i>		
DCR	2.54x	2.36x	3.20x	3.49x	3.80x	4.01x

Conclusion

The Agency is committed to adopt rates and fees that fully recover the cost of providing the services in order to maintain a high quality level of service, (funding and appropriation commitment under the Fiscal Responsibility Business goal). The rates proposed for the five-year period support this commitment. Member agencies and other stakeholders have been actively engaged in reviewing and evaluating the proposed changes to existing rate structures and the implementation of a new water connection fee to appropriately support future investment in regional water reliability and resiliency. Providing reliable and sustainable water supplies is essential to ensuring the region can continue to prosper from future economic development.

Additionally, the new water connection fee is consistent with the Board’s key policy principle to have “growth pays for growth”. Having future users pay their share of existing available capacity and expansion/enhancement of capacity to meet their needs is a more equitable and sustainable approach. Additionally, adoption of five year rates provides the Agency and its member agencies with stable and predictable revenue streams.

Attached in the Appendix section are the Sources and Uses of Fund reports of the Agency’s RO RC, WC, RW, WW, and GG funds. The proposed budget for these programs is consistent with the IEUA Business Goals of *Fiscal Responsibility, Water Reliability, Wastewater Management, Environmental Stewardship and Business Practices*.

PRIOR BOARD ACTION

On June 11, 2014, the Board adopted FY 2014/15 Operating Budget and FY’s 2014/15 through 2024/25 TYCIP.

IMPACT ON BUDGET

None.

Attachments:

- Appendix A - Sources and Uses of Funds: RC, RO, WC, RW, WW, and GG Programs
- Appendix Table A1 - Water Connection fees
- Appendix Table A2 - Historic & Projected Total Employment Costs
- Appendix Table A3 - Key Assumption for FY 2015/16 and FY 2016/17 Budget
- Appendix Table A4 - EDU Volumetric Rates
- Appendix Table A5 - Water Rates
- Appendix Table A6 - Inter-Fund Loan Re-payment Schedule
- Appendix Table A7 - Major Projects in FYs 2015/16 and 2016/17
- Appendix B – BIA Letter Dates April 27, 2015 (Re: Wastewater and “One-Water” Connection Fees
- Appendix C – Rate Resolutions
 - a. 2015-5-4 Establishing Rates Covering the Sale of Recycled Water for FY 2015/16 to FY 2019/20,
 - b. 2015-5-5 Establishing the Reimbursement Payment for FY 2015/16 to FY 2019/20,
 - c. 2015-5-6 Establishing Water Connection Fee FY 2015/16 to FY 2019/20,
 - d. 2015-5-7 Extra Territorial Sewer Service Charge FY 2015/16,
 - e. 2015-5-9 Establishing Retail Meter Charge Covering Readiness-to-Serve for FY 2015/16,
 - f. 2015-5-10 Establishing Imported Water Rates Supplemental Surcharge for FY 2015/16,
 - g. 2015-5-11 Laboratory Fees, and
 - h. 2015-5-12 Equipment Rental

Adoption of Resolutions for Rates/Fees for FY 2015/16 – 2019-20,
and Review of Proposed Biennial Budget for FY 2015/16 and 2016/17
May 20, 2015
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INLAND EMPIRE UTILITIES AGENCY
FISCAL YEAR 2015/2016 AND FISCAL YEAR 2016/17 BIENNIAL BUDGET
RW FUND - SOURCES AND USES OF FUNDS

	2012/2013	2013/2014	2014/2015	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
	ACTUAL	ACTUAL	AMENDED BUDGET	PROJECTED ACTUAL	PROPOSED BUDGET	PROPOSED BUDGET	FORECAST		
REVENUES									
Cost Reimbursement from JPA	\$757,088	\$718,788	\$741,692	\$594,716	\$741,907	\$773,000	\$796,000	\$819,000	\$844,300
Contract Cost reimbursement	6,750	0	0	0	50,000	0	0	0	0
Interest Revenue	10,325	10,232	15,000	15,000	10,000	10,000	15,000	20,000	25,000
TOTAL REVENUES	\$774,163	\$729,020	\$756,692	\$609,716	\$801,907	\$783,000	\$811,000	\$839,000	\$869,000
OTHER FINANCING SOURCES									
Grants	\$0	\$0	\$0	\$0	\$0	\$60,000	\$0	\$0	\$0
Capital Contract Reimbursement	346,651	342,755	556,740	505,148	1,486,950	4,701,000	13,199,885	22,634,500	8,882,000
Other Revenues	38,838	(2,485)	0	0	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES	\$385,489	\$340,270	\$556,740	\$505,148	\$1,486,950	\$4,761,000	\$13,199,885	\$22,634,500	\$8,882,000
EXPENSES									
Employment Expenses	\$459,791	\$380,306	\$816,714	\$787,615	\$649,758	\$683,797	\$719,029	\$739,583	\$759,688
Contract Work/Special Projects	0	0	0	0	100,000	0	0	0	0
Utilities	95,501	101,748	126,000	120,000	122,000	122,000	125,660	129,430	133,313
Operating Fees	4,677	6,384	3,800	3,800	5,000	5,000	5,150	5,305	5,464
Professional Fees and Services	443,668	549,471	603,422	695,628	530,000	593,310	609,579	626,337	643,596
Office and Administrative expenses	7,912	7,891	14,096	13,990	15,500	15,500	15,965	16,444	16,937
Expense Allocation	71,148	0	52,356	48,233	75,788	61,215	62,477	55,671	67,770
Materials & Supplies	45,278	87,565	86,100	57,685	81,500	83,000	85,490	88,055	90,696
TOTAL EXPENSES	\$1,127,975	\$1,133,365	\$1,702,487	\$1,726,952	\$1,879,546	\$1,563,823	\$1,623,350	\$1,660,825	\$1,717,484
CAPITAL PROGRAM									
Capital Expansion/Construction	\$183,274	\$254,750	\$1,316,832	\$735,000	\$1,455,000	\$4,735,000	\$12,730,500	\$22,022,500	\$8,300,000
TOTAL CAPITAL PROGRAM	\$183,274	\$254,750	\$1,316,832	\$735,000	\$1,455,000	\$4,735,000	\$12,730,500	\$22,022,500	\$8,300,000
DEBT SERVICE									
Financial Expenses	\$219,285	\$83,549	\$105,700	\$81,900	\$145,200	\$78,200	\$78,200	\$145,200	\$78,200
Interest	25,906	8,565	299,000	5,500	143,000	273,000	389,000	368,000	346,000
Principal	562,712	584,746	606,780	606,780	632,203	647,456	683,051	710,170	738,983
TOTAL DEBT SERVICE	\$807,902	\$676,860	\$1,011,480	\$694,180	\$920,403	\$998,658	\$1,150,251	\$1,223,370	\$1,163,183
TRANSFERS IN (OUT)									
Capital Contribution	\$263,353	\$142,352	\$275,000	\$337,500	\$314,600	\$440,000	\$0	\$0	\$0
Debt Service	366,306	475,873	505,740	505,740	460,200	499,000	575,000	612,000	582,000
Operation support	275,048	700,000	892,174	892,174	465,893	791,000	828,000	841,000	873,000
Property Tax Transfer	0	0	0	0	61,549	96,442	18,903	3,913	3,913
TOTAL INTERFUND TRANSFERS IN (OUT)	\$904,707	\$1,318,225	\$1,672,914	\$1,735,414	\$1,302,242	\$1,826,442	\$1,421,903	\$1,456,913	\$1,458,913
FUND BALANCE									
Net Income (Loss)	(\$54,792)	\$322,541	(\$1,044,453)	(\$305,854)	(\$383,850)	\$72,961	(\$71,313)	\$23,718	\$29,266
Beginning Fund Balance July 01	\$3,144,816	\$3,090,023	\$3,412,584	\$3,412,584	\$3,106,710	\$2,742,861	\$2,815,822	\$2,744,509	\$2,768,227
ENDING FUND BALANCE AT JUNE 30	\$3,090,023	\$3,412,564	\$2,368,110	\$3,106,710	\$2,742,861	\$2,815,822	\$2,744,509	\$2,768,227	\$2,797,494
RESERVE BALANCE SUMMARY									
Operating Contingencies	\$2,347,150	\$2,430,824	\$1,571,560	\$2,107,710	\$1,743,861	\$1,740,822	\$1,632,509	\$1,686,227	\$1,658,494
Capital Expansion / Construction	500,000	550,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Debt Service & Redemption	242,873	431,740	296,550	499,000	499,000	575,000	612,000	582,000	639,000
ENDING BALANCE AT JUNE 30	\$3,090,023	\$3,412,564	\$2,368,110	\$3,106,710	\$2,742,861	\$2,815,822	\$2,744,509	\$2,768,227	\$2,797,494

Adoption of Resolutions for Rates/Fees for FY 2015/16 – 2019-20,
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INLAND EMPIRE UTILITIES AGENCY
 FISCAL YEAR 2015/16 BUDGET
 WW FUND - SOURCES AND USES OF FUNDS

	2012/2013	2013/2014	2014/15	2014/15	2015/2016	2015/2017	2017/2018	2018/2019	2019/2020
	ACTUAL	ACTUAL	AMENDED BUDGET	PROJECTED ACTUAL	PROPOSED BUDGET	PROPOSED BUDGET	FORECAST		
REVENUES									
User Charges	\$4,262,366	\$4,823,653	\$5,816,808	\$5,816,808	\$5,591,809	\$9,497,654	\$9,823,828	\$10,398,119	\$11,985,084
Contract Cost reimbursement	376,546	262,833	1,095,090	1,095,090	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Interest Revenue	7,405	9,215	6,118	6,118	14,428	31,290	60,214	98,981	140,770
Water Sales	30,805,355	40,225,028	40,828,403	40,828,403	41,440,829	42,062,442	42,693,379	43,333,779	43,983,786
TOTAL REVENUES	\$36,461,672	\$46,420,529	\$47,748,420	\$47,748,420	\$48,647,966	\$53,091,386	\$54,077,421	\$55,330,879	\$57,609,640
OTHER FINANCING SOURCES									
Grants	\$213,862	\$84,128	\$0	\$0	\$1,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
Other Revenues	23,697	0	0	0	0	0	0	0	0
Loan Transfer from Internal Fund	0	0	4,308,104	4,308,104	2,000,000	0	0	0	0
TOTAL OTHER FINANCING SOURCES	\$237,559	\$84,128	\$4,308,104	\$4,308,104	\$3,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
EXPENSES									
Employment Expenses	\$739,601	\$828,610	\$1,225,071	\$1,181,423	\$1,750,287	\$1,841,979	\$1,936,883	\$1,992,252	\$2,046,409
Contract Work/Special Projects	1,142,596	1,227,814	3,324,225	2,189,385	7,122,000	8,372,000	7,872,000	7,872,000	7,872,000
Operating Fees	2,965,061	3,797,989	3,782,918	3,776,918	3,653,080	3,782,924	3,876,077	7,792,637	4,112,708
Professional Fees and Services	61,498	98,398	203,067	174,942	156,760	156,760	156,760	156,760	156,760
Office and Administrative expenses	6,000	36,000	60,000	48,000	60,000	60,000	61,800	63,654	65,564
MWD Water Purchases	30,754,342	40,225,028	40,828,403	40,828,403	41,440,829	42,062,442	42,693,379	43,333,779	43,983,786
Other Expenses	153,717	66,481	323,125	270,829	405,854	338,193	345,737	314,773	374,093
TOTAL EXPENSES	\$36,842,813	\$46,280,320	\$49,748,809	\$48,469,900	\$44,588,810	\$58,594,299	\$58,942,635	\$61,525,855	\$58,611,319
DEBT SERVICE									
Short Term Inter-Fund Loan	\$0	\$0	\$0	\$21,541	\$31,848	\$31,806	\$47,948	\$1,054,410	\$1,044,955
TOTAL DEBT SERVICE	\$0	\$0	\$0	\$21,541	\$31,848	\$31,806	\$47,948	\$1,054,410	\$1,044,955
TRANSFERS IN (OUT)									
Operation support	(\$200,000)	(\$100,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
One Water	0	0	0	0	40,959	268,514	311,403	289,797	303,147
Property Tax Transfer	0	0	0	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
TOTAL INTERFUND TRANSFERS IN (OUT)	(\$200,000)	(\$100,000)	\$0	\$1,500,000	\$1,540,959	\$1,768,514	\$1,811,403	\$1,789,797	\$1,803,147
FUND BALANCE									
Net Income (Loss)	(\$353,582)	(\$875,662)	\$2,307,715	\$5,063,083	(\$1,532,435)	\$233,794	\$898,240	(\$3,459,590)	\$1,756,514
Beginning Fund Balance July 01	\$2,144,749	\$1,791,167	\$915,504	\$915,504	\$5,978,587	\$4,446,152	\$4,679,946	\$5,578,185	\$2,118,596
ENDING FUND BALANCE AT JUNE 30	\$1,791,166	\$915,505	\$3,223,219	\$6,978,587	\$4,446,151	\$4,679,946	\$5,578,186	\$2,118,596	\$3,875,110
RESERVE BALANCE SUMMARY									
Capital / Operation Contingencies	\$1,791,167	\$915,505	\$3,223,219	\$6,978,587	\$4,446,152	\$4,679,946	\$5,578,186	\$2,118,597	\$3,875,111
ENDING BALANCE AT JUNE 30	\$1,791,167	\$915,505	\$3,223,219	\$6,978,587	\$4,446,162	\$4,679,946	\$5,578,186	\$2,118,597	\$3,875,111

Appendix Table A1 – Water Connection fees

Fiscal Year	2015/16	2016/17		2017/18	2018/19	2019/20
Effective Date	1/1/2016	7/1/2016	1/1/2017	7/1/2017	7/1/2018	7/1/2019
5/8"	\$693	\$693	\$1,455	\$1,527	\$1,604	\$1,684
3/4"	\$693	\$693	\$1,455	\$1,527	\$1,604	\$1,684
1"	\$1,733	\$1,733	\$3,638	\$3,818	\$4,011	\$4,211
1.5"	\$3,465	\$3,465	\$7,275	\$7,635	\$8,020	\$8,420
2"	\$5,544	\$5,544	\$11,640	\$12,216	\$12,832	\$13,472
3"	\$12,128	\$12,128	\$25,463	\$26,723	\$28,071	\$29,471
4"	\$21,830	\$21,830	\$45,833	\$48,101	\$50,527	\$53,047
6"	\$48,510	\$48,510	\$101,850	\$106,890	\$112,280	\$117,880
8"	\$83,160	\$83,160	\$174,600	\$183,240	\$192,480	\$202,080
10"	\$103,950	\$103,950	\$218,250	\$229,050	\$240,600	\$252,600
12"	\$121,275	\$121,275	\$254,625	\$267,225	\$280,700	\$294,700

Adoption of Resolutions for Rates/Fees for FY 2015/16 – 2019-20,
 and Review of Proposed Biennial Budget for FY 2015/16 and 2016/17
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Appendix Table A2: Historic & Projected Total Employment Costs

	FY 07/08 ACTUAL	FY 08/09 ACTUAL	FY 09/10 ACTUAL	FY 10/11 ACTUAL	FY 11/12 ACTUAL	FY 12/13 ACTUAL	FY 13/14 ACTUAL	FY 14/15 PROJECTED ACTUAL	FY 15/16 DRAFT	FY 16/17 FORECAST	FY 17/18 FORECAST	FY 18/19 FORECAST	FY 19/20 FORECAST
\$Millions													
Total Labor Cost	\$ 38.36	\$ 40.32	\$ 39.70	\$ 37.75	\$ 37.95	\$ 37.01	\$ 37.07	\$ 42.86	\$ 45.75	\$ 48.43	\$ 49.61	\$ 51.81	\$ 53.17
YoY change	21.30%	5.13%	-1.56%	-4.90%	0.51%	-2.46%	0.17%	16%	6.75%	5.85%	2.43%	4.45%	2.62%
Authorized FTEs	308	308	308	295	295	295	295	290	290	290	290	290	290
Actual Avg FTEs	306	298	290	286	275	271	263	264	278	281	281	281	281
Average vacancy factor	0.65%	3.25%	5.84%	3.05%	6.90%	8.10%	10.80%	9.00%	4.00%	3.00%	3.00%	3.00%	3.00%
Comments	Increase in actual FTE count needed to support increasing service area demands.	Implementation of the Agency's Cost Containment Plan, initial outback in staffing level.	Cost Containment Plan: Permanent reduction of 5 authorized FTE positions, established 5% vacancy factor.	Cost Containment Plan: Eliminated performance incentives, negotiated significant revisions to personnel benefits, including capping of health insurance benefits.	Cost Containment Plan: Only filled positions critical to the day-to-day operations of the Agency.	Cost Containment Plan: Employee paid pension rate contribution increased to 3% as 9/1/2013.	Cost Containment Plan: Permanent reduction of 5 authorized FTE positions. Employee paid pension rate contribution increased to 4%.	Cost Containment Plan: Includes the Agency's initial \$4.5 million annual payment against the Agency's pension unfunded liability (UAL). Annual UAL payments are intended to achieve	Employee paid pension rate increased to 5.5% and a decrease in the vacancy factor to 4%.	Employee paid pension rate increased to 7% offset by COLA and reduction of the vacancy factor to 3%.	Employee paid pension rate increased to 8% offset by COLA.	Authorized staffing level maintained at 290 FTEs with a vacancy factor of 3%.	Authorized staffing level maintained at 290 FTEs with a vacancy factor of 3%.
	3% COLA per negotiated MOUs.	3% COLA per negotiated MOUs.	3% COLA per negotiated MOUs.	0% COLA awarded.	0% COLA awarded.	0% COLA awarded.	0% COLA awarded.	3.0% COLA per negotiated MOUs.	3.0% COLA per negotiated MOUs.	3.5% COLA per negotiated MOUs.	3.5% COLA per negotiated MOUs.	Assumed 2.0% COLA subject to negotiations	Assumed 2.0% COLA subject to negotiations

Appendix Table A3: Key Assumption for FY 2015/16 and FY 2016/17 Budget

Revenues and Other Funding Sources	Expenses and Other Uses of Funds
<p>New EDU and water connections (MEU) estimated to be:</p> <p>FY 2015/16 4,330 EDU/ 985 MEU FY 2016/17 4,579 EDU/ 4,167 MEU</p> <p>New EDU connections of 30,000 over 10 years is lower than 40,523 projected by member agencies.</p>	<p>Staffing level maintained at 290 FTEs and vacancy factor reduced to support succession planning; 4% FY 2015/16 and 3% thereafter</p>
<p>3.2 million total number of billable volumetric EDUs, 0.25% annual growth.</p>	<p>COLA partially offset by additional employee paid CalPERS contribution of 1.50% each year: 3.0% COLA FY 2015/16 (5.50% employee paid) 3.5% COLA FY 2016/17 (7.0% employee paid).</p>
<p>Total recycled water deliveries: 35,150 AF FY 2015/16 37,100 AF FY 2016/17 Projected to reach 50,000 AF by 2025.</p>	<p>6% increase in health insurance premiums and 5% increase in CalPERS employer rate.</p>
<p>Potable water deliveries anticipate implementation of the Water Supply Allocation Plan by MWD: 50,000 AF FY 2015/16 50,000 AF FY 2016/17 +10,000 AF of other imported water during wet years (2019 & 2023) Ten year average potable water deliveries, 50,000 AF for FY 2015/16 for RTS pass-through.</p>	<p>3% average CPI for O&M expenses and \$4.5 million annual payment against pension unfunded accrued liability (UAL).</p>
<p>2% - 5% growth in property tax receipts. Assumes no change in the level of property tax receipts and no change in the fund allocation: Administrative Services (GG) 8% Recycled Water (WC) 5% Regional Wastewater O&M (RO) 22% Regional Wastewater Capital (RC) 65%</p>	<p>Pay down of high interest debt beginning in FY 2017/18</p>
<p>Capital Improvement Plan (CIP) partially funded by low interest SRF loans and grants.</p>	<p>CIP aligns with the Agency's TYCIP.</p>

Appendix Table A4 – EDU Volumetric Rates

Rate Description	FY 2014/15 Current	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20
EDU Volumetric Rate	\$14.39	\$15.89	\$17.14	\$18.39	\$19.59	\$20.00
Rate Increase		\$1.50	\$1.25	\$1.25	\$1.20	\$.41
Effective Date		10/01/15	07/01/16	07/01/17	07/01/18	07/01/19

Appendix Table A5 – Water Rates

	FY 2014/15 Current	FY 2015/16 Proposed	FY 2016/17 Estimated	FY 2017/18 Estimated	FY 2018/19 Estimated	FY 2019/20 Estimated
AF Surcharge	\$15.0	\$15.0	\$67.0	\$68.0	\$70.0	\$73.0
Water Meter Rate	\$2.105	\$2.105	n/a	n/a	n/a	n/a
MEU Rate	n/a	n/a	\$1.10	\$1.20	\$1.30	\$1.40

Appendix Table A6 – Inter-Fund Loan Re-payment Schedule

Inter Fund Loans Issued	Due to	Loan Amount (\$Millions)	Repayment Schedule
FY 2007/08	Non-Reclaimable Wastewater (NRW) Fund	\$9	2016/17-17/18 \$4.0 2018/19-19/20 \$2.0 2020/21 \$3.0 Total \$9.0
FY 2007/08	Regional Wastewater Capital (RC) Fund	3	2022/23 \$1.0 2023/24-2024/25 \$2.0 Total \$3.0
FY 2009/10	Non-Reclaimable Wastewater (NRW) Fund	6	2020/21 \$2.0 2021/22 \$3.0 2022/23 \$1.0 Total \$6.0
FY 2014/15	Regional Wastewater Capital Improvement (RC) Fund	10.5	2022/23 \$1.0 2023/24 \$5.0 2024/25 \$4.5

Inter Fund Loans Issued	Due to	Loan Amount (\$Millions)	Repayment Schedule
			Total \$10.5
FY 2014/15	Administrative Services (GG) Fund	4.3	2018/19 \$1.0 2019/20 \$1.0 2020/21 \$1.0 2021/22 \$1.3
Total	Grand Total	\$32.8	\$32.8

Appendix Table A7 – Major Projects in FYs 2015/16 and 2016/17

Description	FY 2015/16 Proposed	FY 2016/17 Proposed	Total Ten Year Budget
Chino Basin Groundwater Supply Wells and Raw Water Pipeline	9,000,000	3,000,000	12,000,000
New Water Quality Laboratory-RO	1,800,000	7,000,000	20,900,000
San Sevaine Improvements	3,500,000	3,000,000	6,500,000
Conservation Programing	3,000,000	3,000,000	30,000,000
SCADA Enterprise System	4,200,000	1,000,000	8,700,000
RP-1 Mixed Liquor Return Pump Improvements	1,000,000	3,000,000	4,000,000
RP-5 Solids Treatment Facility - RC	-	4,000,000	136,000,000
RP-1 Headworks Gate Replacement	700,000	2,700,000	3,400,000
Wineville Extension Pipeline Segment A	2,100,000	50,000	2,150,000
RP-4 Chlorination Facility Retrofit	550,000	1,500,000	2,050,000
RC Planning Documents	1,000,000	1,000,000	2,000,000
RP-1 East Primary Effluent Pipe Rehab	600,000	1,400,000	2,000,000
Agency Bypass Pumping Project	1,000,000	1,000,000	2,000,000
Wineville Extension Pipeline Segment B	1,600,000	50,000	1,650,000
RP-1 Expansion PDR	1,000,000	500,000	1,500,000
RP-5 Expansion PDR	1,000,000	500,000	1,500,000
Second 12kV Feeder to TP-1	1,000,000	500,000	1,500,000
RP-5 Flow Equalization and Effluent Monitoring	1,200,000	0	1,200,000
Agency-Wide HVAC Improvements- Pckg No. 3	1,000,000	100,000	1,100,000
RP-1 Asset Replacement	1,000,000	0	1,000,000
RP-1 Parallel Outfall Pipeline from RP-1 to Riverside Dr	-	1,000,000	5,000,000
TOTAL MAJOR PROJECTS	13,750,000	34,300,000	246,150,000

**Appendix B – BIA Letter Dates April 27, 2015 (Re: Wastewater and “One-Water”
Connection Fees**



April 27th 2015

Inland Empire Utilities Agency
6075 Kimball Avenue
Chino, CA 91708

Baldy View Chapter
9227 Haven Ave – Ste 350
Rancho Cucamonga,
California 91730
ph 909.945.1884
fx 909.948.9631
www.biabuild.com

Re: Wastewater and “One-Water” Connection Fees

Dear Regional Policy Committee and IEUA Board Members,

The Building Industry Association, Baldy View Chapter (BIA) has concluded our peer review of the Inland Empire Utilities Agency’s (IEUA) proposed Wastewater Connection Fee update and the new “One-Water” Connection Fee. BIA supports the approach by IEUA to phase-in the connection fee increases gradually over the next 2 years. At this time we have no further comments on the fees.

We would also like to commend IEUA on your commitment to maintaining a reliable water management system for both existing and future users in the region. We appreciate the transparency IEUA has demonstrated during the peer-review process and look forward to working with you to address future housing needs in your service area.

Sincerely,

Carlos Rodriguez, CEO

CC: Joe Grindstaff, General Manager
Christina Valencia, Chief Financial Officer
Chris Berch, Executive Manager of Engineering

Appendix C

RESOLUTION NO. 2015-5-4

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING RATES COVERING THE SALE OF RECYCLED WATER TO SUPPORT FUTURE EXPANSION OF IEUA'S REGIONAL WATER SYSTEM FOR FISCAL YEAR 2015/16 THROUGH YEAR 2019/20

WHEREAS, The Regional Advisory Committees have reviewed and recommended service rates for Fiscal Years 2015/16 through 2019/20:

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

Section 1. That effective October 1, 2015, the direct sale of recycled water under the terms of Ordinance 69 that is available to our Contracting Agencies from the Tertiary Treatment Plants shall be \$1,074.27 per million gallons or \$350.00 per acre foot.

Section 2. That effective October 1, 2015, the recharge sale of recycled water under the terms of Ordinance 69 that is available to our Contracting Agencies from the Tertiary Treatment Plants shall be \$1,258.44 per million gallons or \$410.00 per acre foot.

Section 3. That effective July 1, 2016, the direct sale of recycled water under the terms of Ordinance 69 that is available to our Contracting Agencies from the Tertiary Treatment Plants shall be \$1,258.44 per million gallons or \$410.00 per acre foot.

Section 4. That effective July 1, 2016, the recharge sale of recycled water under the terms of Ordinance 69 that is available to our Contracting Agencies from the Tertiary Treatment Plants shall be \$1,442.60 per million gallons or \$470.00 per acre foot.

Section 5. That effective July 1, 2017, the direct sale of recycled water under the terms of Ordinance 69 that is available to our Contracting Agencies from the Tertiary Treatment Plants shall be \$1,442.60 per million gallons or \$470.00 per acre foot.

Section 6. That effective July 1, 2017, the recharge sale of recycled water under the terms of Ordinance 69 that is available to our Contracting Agencies from the Tertiary Treatment Plants shall be \$1,626.76 per million gallons or \$530.00 per acre foot.

Section 7. That effective July 1, 2018, the direct sale of recycled water under the terms of Ordinance 69 that is available to our Contracting Agencies from the Tertiary Treatment Plants shall be \$1,473.29 per million gallons or \$480.00 per acre foot.

Section 8. That effective July 1, 2018, the recharge sale of recycled water under the terms of Ordinance 69 that is available to our Contracting Agencies from the Tertiary Treatment Plants shall be \$1,657.45 per million gallons or \$540.00 per acre foot.

Section 9. That effective July 1, 2019, the direct sale of recycled water under the terms of Ordinance 69 that is available to our Contracting Agencies from the Tertiary Treatment Plants shall be \$1,503.98 per million gallons or \$490.00 per acre foot.

Section 10. That effective July 1, 2019, the recharge sale of recycled water under the terms of Ordinance 69 that is available to our Contracting Agencies from the Tertiary Treatment Plants shall be \$1,688.15 per million gallons or \$550.00 per acre foot.

Section 11. Upon the effective date of this Resolution, Resolution No. 2012-2-4 is hereby rescinded in their entirety.

ADOPTED this 20th day of May, 2015.

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

ATTEST:

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

* A Municipal Water District

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency*,
DO HEREBY CERTIFY that the foregoing Resolution being No. 2015-5-4, was adopted at
a regular meeting on May 20, 2015, of said Agency* by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Secretary/Treasurer

(SEAL)

* A Municipal Water District

RESOLUTION NO. 2015-5-5

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY* (IEUA), SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING THE REIMBURSEMENT PAYMENT FOR FISCAL YEAR 2015/16 THROUGH 2019/20.

WHEREAS, the Finance, Legal, and Administration Committee and the Board of Directors have reviewed and recommended the adjustments to the Reimbursement Payment;

WHEREAS, the financing of the Ten-Year Capital Improvement Program requires that the Reimbursement Payment will be increased to \$5,415 per Equivalent Dwelling Unit (EDU) effective January 1, 2016; and increased to \$6,009 per EDU effective January 1, 2017; and increased to \$6,309 per EDU effective July 1, 2017; and increased to \$6,624 per EDU effective July 1, 2018 and increased to \$6,955 per EDU effective July 1, 2019;

NOW THEREFORE, the Board of Directors of the Inland Empire Utilities Agency* does hereby RESOLVE, DETERMINE AND ORDER the following to be effective on;

Section 1. July 1, 2015 for the first six months, July through December, of Fiscal Year 2015/16 the Reimbursement Payment for the Contracting Agencies shall be \$5,107 per EDU.

Section 2. January 1, 2016 through June 31, 2016 of Fiscal Year 2015/16 and the first six months, July through December, of Fiscal Year 2016/17 the Reimbursement Payment for the Contracting Agencies shall be \$5,415 per EDU.

Section 3. January 1, 2017 for Fiscal Year 2016/17 the Reimbursement Payment for the Contracting Agencies shall be \$6,009 per EDU.

Section 4. July 1, 2017 for Fiscal Year 2017/18 the Reimbursement Payment for the Contracting Agencies shall be \$6,309 per EDU

Section 5. July 1, 2018 for Fiscal Year 2018/19 the Reimbursement Payment for the Contracting Agencies shall be \$6,624 per EDU.

Section 6. July 1, 2019 for Fiscal Year 2019/20 the Reimbursement Payment for the Contracting Agencies shall be \$6,955 per EDU.

Section 7. That the provisions of the Regional Sewage Service Contract and any amendments thereto, are hereby applicable and will remain in full force and effect.

Section 8. That upon the effective date of this Resolution, Resolution No. 2012-2-3 is hereby rescinded.

ADOPTED this 20th day of May, 2015

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

ATTEST:

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

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency*, DO HEREBY CERTIFY that the foregoing Resolution being No. 2015-5-5 was adopted at a regular Board Meeting on May 20, 2015, of said Agency by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

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

*A Municipal Water District

RESOLUTION NO. 2015-5-6

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING THE WATER CONNECTION FEE FOR FISCAL YEARS 2015/16 THROUGH 2019/20

WHEREAS, modification of this policy may be included in future rate resolutions; and

WHEREAS, the Board of Directors establishes a fee from each new connection or upsized connection within IEUA’s service area as a condition of receiving water deliveries from any source provided by IEUA including, but not limited to, Metropolitan supplies, recycled water, and groundwater; and

WHEREAS, the Board of Directors has determined that each new connection is subject to fees based upon the meter size; and

WHEREAS, the Board of Directors has determined that the levy of a one-time connection fee charge be imposed on any new retail water connection or upsized connection to any water system within the Agency’s service area in order to recover growth related costs incurred by the Agency and defined in Ordinance 103.

NOW, THEREFORE, the Board of Directors hereby **RESOLVES, DETERMINES AND ORDERS** the following to be effective, July 1, 2015:

Section 1. Customers subject to payment of water capacity charges for new connections shall pay the charges in accordance with the following table:

Fiscal Year	2015/16	2016/17		2017/18	2018/19	2019/20
Effective Date	1/1/2016	7/1/2016	1/1/2017	7/1/2017	7/1/2018	7/1/2019
5/8"	\$693	\$693	\$1,455	\$1,527	\$1,604	\$1,684
3/4"	\$693	\$693	\$1,455	\$1,527	\$1,604	\$1,684
1"	\$1,733	\$1,733	\$3,638	\$3,818	\$4,011	\$4,211
1.5"	\$3,465	\$3,465	\$7,275	\$7,635	\$8,020	\$8,420
2"	\$5,544	\$5,544	\$11,640	\$12,216	\$12,832	\$13,472
3"	\$12,128	\$12,128	\$25,463	\$26,723	\$28,071	\$29,471
4"	\$21,830	\$21,830	\$45,833	\$48,101	\$50,527	\$53,047
6"	\$48,510	\$48,510	\$101,850	\$106,890	\$112,280	\$117,880
8"	\$83,160	\$83,160	\$174,600	\$183,240	\$192,480	\$202,080
10"	\$103,950	\$103,950	\$218,250	\$229,050	\$240,600	\$252,600
12"	\$121,275	\$121,275	\$254,625	\$267,225	\$280,700	\$294,700

ADOPTED this 20th day of May, 2015.

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

ATTEST:

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

*a Municipal Water District

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency*, DO
HEREBY CERTIFY that the foregoing Resolution being No. 2015-5-6, was adopted at a
regular meeting on May 20, 2015, of said Agency* by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Steven J. Elie
Secretary/Treasurer

(SEAL)

* A Municipal Water District

RESOLUTION NO. 2015-5-7

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING EXTRA-TERRITORIAL SEWER SERVICE CHARGE FOR SYSTEM USERS OUTSIDE THE AGENCY'S BOUNDARIES FOR FISCAL YEAR 2015/16

WHEREAS, it is necessary to establish an extra-territorial monthly sewer service charge for system user whose property served is located outside the boundaries of Improvement District "C" of the Inland Empire Utilities Agency (the Agency); and

WHEREAS, the charge shall be "A" dollars per equivalent dwelling unit (EDU) per month. "A" shall be determined annually by the Agency before July 1 and will be set at the amount of certain sewer taxes per EDU being received from the taxable area within Improvement District "C"; and

WHEREAS, these taxes are to be the Improvement District "C" portion of taxes plus the portion of the Agency's General Taxes applied each year to the Regional and Tertiary Wastewater Systems and the General Administrative expenditures for the Regional and Tertiary Wastewater Systems; and

WHEREAS, modification to this resolution may be included in future rate resolutions.

NOW, THEREFORE, the Board of Directors hereby **RESOLVES, DETERMINES, AND ORDERS** the following to be effective October 1, 2015:

Section 1. That the monthly sewer service rate be determined based on the Agency-wide assessed valuation for FY 2014/15 as reported by the San Bernardino County Auditors Property Tax Division and the estimated number of billed EDU's listed in the Agency's FY 2014/15 Regional Wastewater Operations and Maintenance fund budget, as shown in Exhibit 1; and

Section 2. That the monthly sewer service charge should be set at a rate of \$13.92 per month per Equivalent Dwelling Unit (EDU).

Section 3. That upon the effective date of this Resolution, Resolution No. 2014-6-9 is hereby rescinded in its entirety.

ADOPTED this 20th day of May, 2015.

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

ATTEST:

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

*A Municipal Water District

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency*, DO
HEREBY CERTIFY that the foregoing Resolution being No. 2015-5-7 was adopted at a
Board Meeting on May 20, 2015, of said Agency by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Steven J. Elie
Secretary/Treasurer

(SEAL)

* A Municipal Water District

**AVERAGE VALUE OF AN EDU FOR FISCAL YEAR 2015/16
CITY OF FONTANA MONTHLY EXTRA-TERRITORIAL USER SURCHARGE**

The information utilized includes the EDU projections identified in the Regional Wastewater Operations and Maintenance (RO) Fund budget and the San Bernardino County Auditors' report which lists the Agency's assessed valuation for FY 2014/15. Based on this information the estimated average value of an EDU within the Agency is as follows:

FY 2014/15 Agency Assessed Value -	=	\$	88,849,578,698
FY 2014/15 Projected number of EDU's within Agency	=		265,505 EDU per month
<i>\$88,849,578,698 divided by 266,902</i>	=	\$	334,644

Annual tax obligation is calculated by:

<i>\$334,644 multiply by 0.000499</i>	=	\$	166.99 per year
<i>(adjusted Agency tax rate)</i>	=	\$	13.92 per month

RESOLUTION NO. 2015-5-9

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING RETAIL METER CHARGE RATE COVERING READINESS-TO-SERVE STANDBY CHARGE REVENUE DEBT

WHEREAS, pursuant to Division II, Part III, Section 301(E) of Ordinance No. 103, the Board of Directors of Inland Empire Utilities Agency* (IEUA) is required to establish, annually, a Retail Meter Charge rate to yield revenues sufficient to cover the Net RTS charge, program charge and costs incurred for the Water Conservation Program, including the conservation and drought charges associated with the delivery of imported water supply and water resource development and planning activities effective July 1, 2015; and

WHEREAS, the Board of Directors of the IEUA shall establish an annual basic charge for each active retail water meter served by an IEUA Local Agency which exists as of January 1 of each year.

NOW, THEREFORE, the Board of Directors hereby **RESOLVES, DETERMINES AND ORDERS** that the following to be effective July 1, 2015:

- Section 1.** That the rate for each active retail water meter shall be \$2.105 per meter per month.
- Section 2.** That upon the effective date of this Resolution, Resolution No. 2014-6-6 is hereby rescinded in its entirety.

ADOPTED this 20th day of May, 2015.

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

ATTEST:

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

*a Municipal Water District

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency*, DO
HEREBY CERTIFY that the foregoing Resolution being No. 2015-5-9, was adopted at a regular
meeting on May 20, 2015, of said Agency* by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Steven J. Elie
Secretary/Treasurer

(SEAL)

* A Municipal Water District

RESOLUTION NO. 2015-5-10

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING IMPORTED WATER RATES AND SUPPLEMENTAL SURCHARGE

WHEREAS, pursuant to Division II, Part II, Section 201 of Ordinance No. 103, the Board of Directors of Inland Empire Utilities Agency* (Agency) establishes, from time to time, rates for water sold or delivered by direct connections to Metropolitan Water District facilities;

WHEREAS, the Board of Directors of the Agency establishes rates for delivery of imported water supplies; and

WHEREAS, the Board of Directors has determined that the levy of a per acre-foot program charge that is required to maintain sufficient appropriated reserves and to provide for the program support and operational costs associated with the delivery of imported water supplies and water resource development and planning activities; and

WHEREAS, the Board of Directors has also determined that the Agency, by written request, could be levied a supplemental per acre foot surcharge for delivered imported water to fund the cost for the Water Conservation Program which includes the Conservation and Drought Charges; and

WHEREAS, modification of this policy may be included in future rate resolutions.

NOW, THEREFORE, the Board of Directors hereby **RESOLVES, DETERMINES AND ORDERS** the following to be effective July 1, 2015, and January 1, 2016:

Section 1. That the rates of sales of imported water shall consist of the base rate charged by Metropolitan for each class of water plus a surcharge of fifteen dollars (\$15) per acre foot, of which ten dollars (\$10) is used by the IEUA on imported water deliveries to offset program support, operation, maintenance, incentive, depreciation expenses, and debt service incurred by the IEUA, four dollars (\$4) is used to support a regional water conservation program, and one dollar (\$1) for drought programs needed to meet the reduced water supply made available to the region. The rates, by class of water, including the surcharge, are as follows:

- (a) **FOR TIER 1 FULL SERVICE UNTREATED WATER** – i.e., domestic and municipal purposes:

7/1/2015 – 12/31/2015 (\$582 + \$15)	\$597.00 per acre foot
1/1/2016 – 12/31/2016 (\$594 + \$15)	\$609.00 per acre foot

- (b) FOR TIER 2 FULL SERVICE UNTREATED WATER – i.e., domestic and municipal purposes:

7/1/2015 – 12/31/2015 (\$714 + \$15)	\$729.00 per acre foot
1/1/2016 – 12/31/2016 (\$728 + \$15)	\$743.00 per acre foot

- (c) FOR GROUND WATER STORAGE PROGRAM

REPLENISHMENT WATER UNTREATED – This rate is available contingent upon the requirements of Metropolitan’s Administrative Code, and includes water delivered for groundwater replenishment and storage, by direct or in-lieu methods.

7/1/2015 – 12/31/2015 (NO RATE AVAILABLE)
1/1/2016 – 12/31/2016 (NO RATE AVAILABLE)

- (d) METROPOLITAN WATER SUPPLY ALLOCATION PLAN (WSAP) PENALTY RATES – Reduced imported water allocations caused by the adoption of a WSAP will reduce a member agencies Tier 1 allocation pursuant to Resolution 2014-12-1. Penalty rates will be applied in accordance to Metropolitan’s WSAP to IEUA and its member agencies if IEUA exceeds its imported water allocation from MWD and is invoiced by MWD for WSAP penalty rates, during FY 2015/16. Any such penalty rates shall be “passed through” to the appropriate agency that caused the imposition of a penalty rate by MWD.

Section 2. That IEUA will impose any Metropolitan rates and charges, applicable to each service connection, if invoiced by Metropolitan to IEUA during FY 2015/16.

Section 3. That additional charges will also be levied during FY 2015/16 in the form of a capacity meter charge of \$5.00 per diameter inch of meter per month.

Section 4. That the Metropolitan levied Capacity Charge (\$/cfs) shall be as follows:

7/1/2015 – 12/31/2015	\$11,100 per cubic foot per second (cfs)
1/1/2016 – 12/31/2016	\$10,900 per cubic foot per second (cfs)

Section 5. That a minimum charge of \$1,000 per month will be collected from any active Metropolitan full service industrial connection beginning 7/1/2015 through 6/30/2016.

Section 6. That upon the effective date of this Resolution, Resolution No. 2014-6-5 is hereby rescinded in its entirety.

ADOPTED this 20th day of May, 2015.

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

ATTEST:

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

*a Municipal Water District

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency*, DO
HEREBY CERTIFY that the foregoing Resolution being No. 2015-5-10, was adopted at a regular
meeting on May 20, 2015, of said Agency* by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Steven J. Elie
Secretary/Treasurer

(SEAL)

* A Municipal Water District

RESOLUTION NO. 2015-5-11

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND
EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY,
CALIFORNIA, ESTABLISHING CHARGES FOR LABORATORY
ANALYSES FOR FISCAL YEAR 2015/16**

WHEREAS, The Agency occasionally enters into agreements with other local governmental agencies to perform laboratory analyses; and

WHEREAS, the most efficient and practical method of charging for this work is through the establishment of a price for each analysis.

NOW, THEREFORE, the Board of Directors hereby RESOLVES, DETERMINES AND ORDERS, that, effective July 1, 2015, the single item prices for laboratory analyses are as shown on Exhibit 1 attached hereto.

Upon the effective date of this Resolution, Resolution No. 2014-6-8 is hereby rescinded in its entirety.

ADOPTED this 20th day of May, 2015.

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

ATTEST:

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

*a Municipal Water District

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency*,
DO HEREBY CERTIFY that the foregoing Resolution being No. 2015-5-11, was adopted at
a regular meeting on May 20, 2015, of said Agency* by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Steven J. Elie
Secretary/Treasurer

(SEAL)

* A Municipal Water District

**INLAND EMPIRE UTILITIES AGENCY
LABORATORY PRICES - FY 2015/16**

Inorganic Chemistry		
Test	Method	Price
Alkalinity, Total	SM 2320B	\$14.30
Ammonia as Nitrogen	EPA 350.1	\$14.30
Anion Sum	SM 1050	\$2.10
BOD, Soluble	SM 5210	\$42.40
BOD, Total	SM 5210	\$37.10
Bromide	EPA 300.0	\$10.60
Cation Sum	SM 1050	\$2.10
Chloride	EPA 300.0	\$8.70
Chlorine Residual	SM 4500-Cl G	\$15.90
COD	SM 5220D	\$31.80
Color	SM 2120B	\$4.80
Conductivity	SM 2510	\$8.50
Corrosivity	SM 2330B	\$39.30
<i>If Alkalinity, Ca, EC, or pH are requested on the sample, Corrosivity cost is reduced by their respective prices.</i>		
Cyanide, Total	ASTM D7284	\$28.60
Cyanide, Free	ASTM D7237	\$26.60
Dissolved Organic Carbon	SM 5310B	\$38.10
Dissolved Organic Carbon	SM 5310C	\$31.80
Dissolved Oxygen	EPA 360.1	\$11.70
Fluoride	EPA 300.0	\$9.00
Fluoride	SM 4500-F C	\$15.90
Hardness, Total (Calculation)	EPA 200.7	\$20.50
<i>If Ca or Mg is requested on the sample, Hardness by Calculation is reduced by their respective prices.</i>		
Hardness, Total	SM 2340C	\$17.50
Mercury	EPA 245.2	\$38.10
Metals Digestion (liquid)		\$15.90
Metals Digestion (solid)		\$42.30
Metals by ICP, ea.	EPA 200.7	\$9.50
Metals by ICP/MS, ea.	EPA 200.8	\$9.50
Nitrate as Nitrogen	EPA 300.0	\$8.70
Nitrite as Nitrogen	EPA 300.0	\$8.70
Nitrogen, Organic	Various	\$68.90
Oil & Grease, Polar (FOG)	EPA1664B	\$60.40
Oil & Grease, Non-polar	EPA1664B	\$31.80
Oil & Grease, Total	EPA1664B	\$28.60
pH	SM 4500-H+ B	\$4.80
Phosphorus, Ortho	EPA 300.0	\$8.70
Phosphorus, Total	EPA 200.7	\$9.60

Inorganic Chemistry		
Test	Method	Price
Silica	EPA 200.7	\$9.60
Sulfate	EPA 300.0	\$8.70
Sulfide, Dissolved	SM 4500-S D	\$21.20
Sulfide, Total	SM 4500-S D	\$17.50
Surfactants (MBAS)	SM 5540C	\$47.50
TDS	SM 2540C	\$14.30
TDS, Fixed/Volatile	SM 2540E	\$21.20
TKN	EPA 351.2	\$57.20
TOC	SM 5310B	\$31.80
TOC	SM 5310C	\$23.80
Total Solids	SM 2540B	\$10.60
TSS	SM 2540D	\$14.30
Turbidity	EPA 180.1	\$8.50
Uranium pCi/L	EPA 200.8	\$26.50
Volatile Solids	SM 2540E	\$15.90
Volatile Suspended Solids	SM 2540E	\$21.20

Microbiology		
Test	Method	Price
Bioassay, C.Dubia, Chronic	EPA 1002	\$1,050.00
Coliform, Fecal	SM 9221E	\$23.80
Coliform, Total (10 Tube)	SM 9221B	\$21.20
Coliform, Total (15 Tube)	SM 9221B	\$23.80
Heterotrophic Plate Count	SM 9215B	\$19.10

Organic Chemistry		
Test	Method	Price
Acrolein & Acrylonitrile	EPA 624	\$143.10
MTBE	EPA 524.2	\$119.20
Pesticides	EPA 608	\$233.20
Pesticides w/ PCBs	EPA 608	\$296.80
PCBs	EPA 608	\$233.20
Semi-Volatiles (Short list DW)	EPA 525	\$312.70
Semi-Volatiles (Acid Extractables)	EPA 625	\$238.50
Semi-Volatiles (Base/Neutrals)	EPA 625	\$238.50
Semi-Volatiles (BNA)	EPA 625	\$344.50
Tert-Butyl Alcohol (TBA)	EPA 524.2 MOD	\$143.10
Thiobencarb	EPA 525	\$286.10
Volatiles, DW	EPA 524.2	\$143.10
Volatiles, WW	EPA 624	\$159.00

RESOLUTION NO. 2015-5-12

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND
EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY,
CALIFORNIA, ESTABLISHING EQUIPMENT RENTAL RATES FOR
FISCAL YEAR 2015/2016.**

WHEREAS, the Board of Directors of Inland Empire Utilities Agency* is required by Agency Ordinance No. 28, Section 3, to establish, from time to time, rates for rental of maintenance and construction equipment.

NOW, THEREFORE, the Board of Directors hereby **RESOLVES, DETERMINES AND ORDERS**, pursuant to Ordinance No. 28, that the rates for equipment rental are as shown in Exhibit 1 attached hereto and are effective July 1, 2015.

Upon the effective date of this Resolution, Resolution No. 2014-6-7 is hereby rescinded in its entirety.

ADOPTED this 20th day of May, 2015.

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

ATTEST:

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

*a Municipal Water District

EXHIBIT 1

**INLAND EMPIRE UTILITIES AGENCY*
MAINTENANCE EQUIPMENT RENTAL RATES
FISCAL YEAR 2015/16**

GOVERNMENTAL AGENCIES WITHIN IEUA SERVICE BOUNDARIES

		RATE IN FORCE
CCTV Camera Equipment Truck		
With one operator	per hour portal-to-portal	87.67
With two operators	per hour portal-to-portal	150.28
Jetter Vactor		
With one operator	per hour portal-to-portal	80.23
With two operators	per hour portal-to-portal	142.84
Camera Van		
With one operator	per hour portal-to-portal	67.65
With two operators	per hour portal-to-portal	130.26
Gap Vactor Truck		
With one operator	per hour portal-to-portal	96.85
With two operators	per hour portal-to-portal	159.45
Safety Van		
With one operator	per hour portal-to-portal	66.12
With two operators	per hour portal-to-portal	125.80
Water Truck		
With one operator	per hour portal-to-portal	70.59
With two operators	per hour portal-to-portal	133.19

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency*,
DO HEREBY CERTIFY that the foregoing Resolution being No. 2015-5-12 was adopted at
a regular meeting on May 20, 2015, of said Agency* by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Steven J. Elie
Secretary/Treasurer

(SEAL)

* A Municipal Water District



Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

FYs 2015/16 and 2016/17 Biennial Budget and Multi-Year Rates All Funds

**Finance, Legal, and Administrative
Committee
May 13, 2015**

- **Approval of Rates/Fees
FYs 2015/16- 2019/20**

- Wastewater Connection fee
- Recycled Water rates
- Water Connection fee
- Imported Potable Water rates

- **Overview of Biennial Budgets
FYs 2015/16 & 2016/17**

- Regional Wastewater Capital Improvement (RC) Fund
- Regional Wastewater Operations & Maintenance (RO) Fund
- Recycled Water (WC) Fund
- Recharge Water (RW) Fund
- Water Resource (WW) Fund
- Administrative Service (GG) Fund



Key Policy Principles

- **Fully recover costs** of providing the service.
- **Be equitable** by maintaining a clear nexus between what a customer pays and the benefit/demand of services received.
- Ensure regional water **reliability and sustainability**.
- **Make growth pay for growth**.
- **Eliminate property tax subsidies** for operation and maintenance costs.
- **Provide fiscal stability** to ensure uninterrupted service during times of revenue uncertainty.
- **Be legally compliant**.

PROPOSED FEES

Wastewater Connection Fee						
	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20
Effective Date		7/01/15	7/01/16	7/01/17	7/01/18	7/01/19
Wastewater Connection Fee/EDU	\$5,107	\$5,107	\$5,415	\$6,009	\$6,309	\$6,624
						\$6,955

Water Connection Fee						
	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20
Effective Date		1/01/16	7/01/16	7/01/17	7/01/18	7/01/19
Water Connection Fee /MEU	N/A	\$693	\$693	\$1,455	\$1,527	\$1,604
						\$1,684

Phased implementation, assumes annual 5% increases beginning 1/1/17 for both connection fees.

PROPOSED RATES

Recycled Water Rates						
	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20
Effective Date		10/01/15	7/01/16	7/01/17	7/01/18	7/01/19
Direct Delivery/AF	\$290	\$350	\$410	\$470	\$480	\$490
Groundwater Recharge/AF	\$335	\$410	\$470	\$530	\$540	\$550

Cost of service is the key driver for proposed rates.

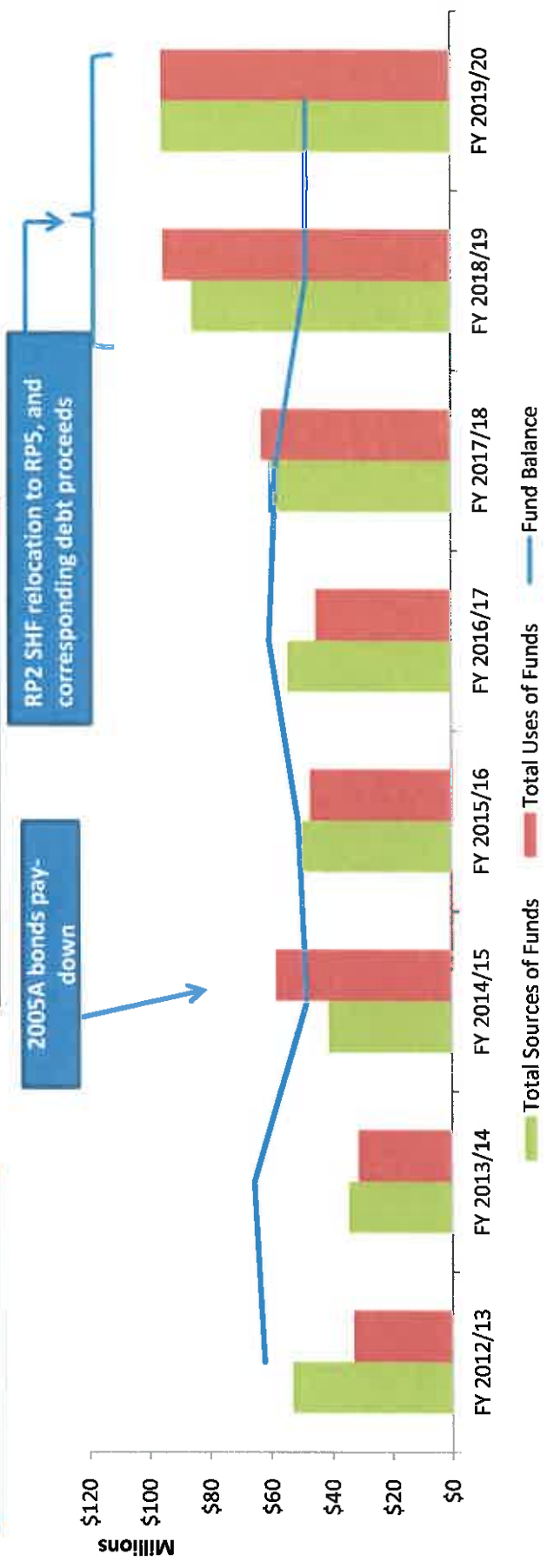
Imported Potable Water Rates

	FY 2014/15	FY 2015/16	*FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20
Effective Date		7/01/15	7/01/16	7/01/17	07/01/18	7/01/19
AF Surcharge	\$15.0	\$15.0	\$67.0	\$68.0	\$70.0	\$73.0
Water Meter Rate	\$2.105	\$2.105	n/a	n/a	n/a	n/a
MEU Rate	n/a	n/a	\$1.10	\$1.20	\$1.30	\$1.40

*Resume rate evaluation in July with plan to adopt new rates by Fall 2015 for FY 2016/17.

Regional Wastewater Capital (RC) Fund Sources & Uses of Funds and Fund Balance

	FY 2014/15		FY 2015/16		FY 2016/17		FY 2017/18		FY 2018/19		FY 2019/20	
Effective Date	7/01/15	1/01/16	07/01/16	1/01/17	7/01/17	7/01/18	7/01/19	7/01/18	7/01/19	7/01/19	7/01/19	7/01/19
Wastewater Connection Fee	\$5,107	\$5,415	\$5,415	\$6,009	\$6,309	\$6,624	\$6,955	\$6,624	\$6,624	\$6,624	\$6,624	\$6,955
New EDU Connections	3,000	1,732	2,290	2,290	3,735	3,310	3,295	3,310	3,310	3,310	3,310	3,295
Member Agency Forecast	5,106	5,849	6,185		5,045	4,470	4,453	4,470	4,470	4,470	4,470	4,453



Regional Wastewater Capital (RC) Fund Biennial Budget FY 2015/16 and FY 2016/17

(\$ Millions)	FY 2014/15 Projected Actual	FY 2015/16 Budget	FY 2016/17 Budget	FY 2017/18 Forecast	FY 2018/19 Forecast	FY 2019/20 Forecast
Capital Connection Fees	\$15.3	\$22.6	\$26.2	\$23.6	\$21.9	\$22.9
Property Tax	25.7	26.7	27.5	28.4	28.9	29.5
SRF Loans/Grants/Other*	0.2	0.5	2.5	9.6	36.0	44.5
Total Revenue	\$41.2	\$49.8	\$56.2	\$61.6	\$86.8	\$96.9
Capital Costs	8.4	17.8	15.4	15.9	54.6	57.1
Debt Service	40.7	13.5	13.6	31.9	29.3	26.9
Other Expense**	9.2	15.7	18.0	16.2	12.5	13.0
Total Expense	\$58.3	\$47.0	\$47.0	\$64.0	\$96.4	\$97.0
Net Change	(\$17.1)	\$2.8	\$9.2	(\$2.4)	(\$9.6)	(\$0.1)
Beginning Fund Balance	\$65.4	\$48.3	\$51.1	\$60.3	\$57.9	\$48.3
Ending Fund Balance	\$48.3	\$51.1	\$60.3	\$57.9	\$48.3	\$48.2

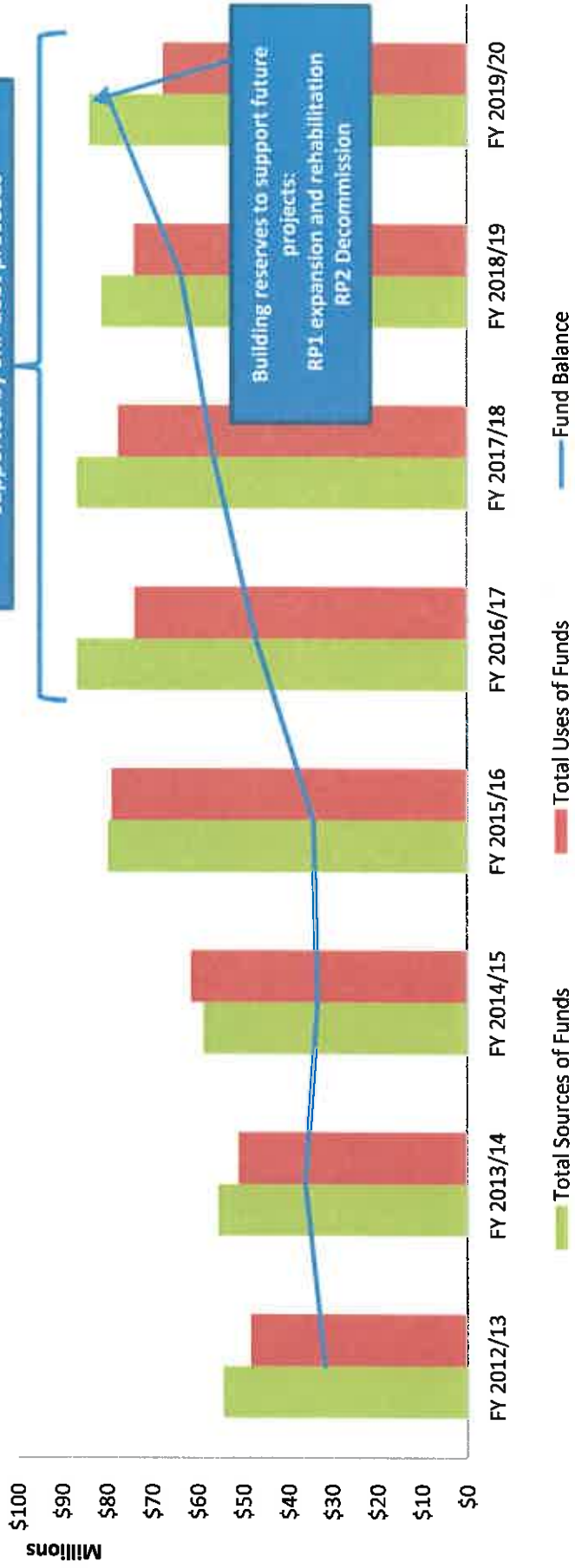
*Other Revenue includes – interest, lease and capital inter-fund transfers and other reimbursements.

**Other Expense includes – employment, contract work, special projects, NRW operating fees, and professional fees and administration, inter-fund transfers for capital and debt service support.

Regional Wastewater O&M (RO) Fund Sources & Uses of Funds and Fund Balance

	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20
Effective Date		7/01/15	7/01/16	7/01/17	7/01/18	7/01/19
EDU Rate	\$14.39	\$15.89	\$17.14	\$18.39	\$19.59	\$20.00
EDU Units (millions)	3.20	3.19	3.20	3.21	3.22	3.23

Multi-year rates, allocation of wastewater connection fees, and New Laboratory supported by SRF debt proceeds



RO Fund FY 2015/16 and FY 2016/17 Biennial Budget

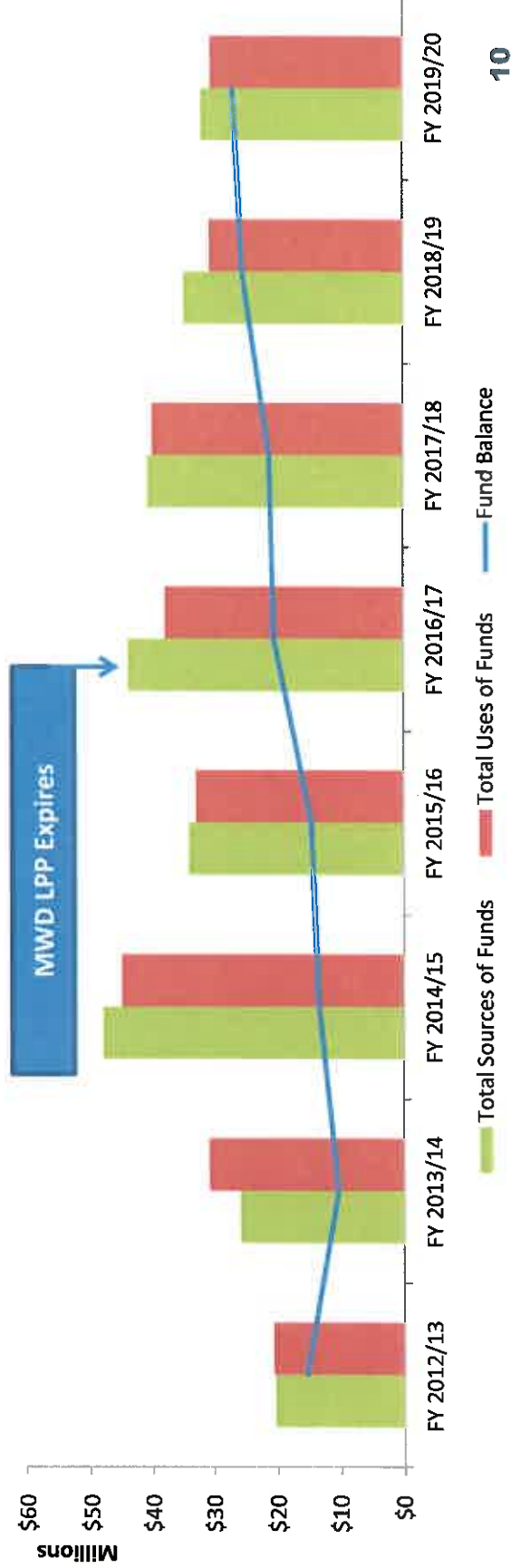
(\$ Millions)	FY 2014/15 Projected Actual	FY 2015/16 Budget	FY 2016/17 Budget	FY 2017/18 Forecast	FY 2018/19 Forecast	FY 2019/20 Forecast
EDU Volumetric	\$46.0	\$49.7	\$55.0	\$59.2	\$63.2	\$64.6
Property Tax Receipts	8.7	9.1	9.3	9.6	9.8	10.0
Loans/Grants/JPA Reimb./ Connection Fee Allocation/Other*	4.2	21.2	24.7	19.5	9.5	10.7
Total Revenue	\$58.9	\$80.0	\$89.0	\$88.3	\$82.5	\$85.3
Operating Expense	49.2	53.9	54.4	56.0	57.3	59.3
Capital Costs	7.7	11.2	11.8	15.0	10.2	1.8
Debt/O&M Proj./ Other Expense**	4.8	14.0	10.0	8.0	7.9	7.8
Total Expense	\$61.7	\$79.1	\$76.2	\$79.0	\$75.4	\$68.9
Net Change	(\$2.8)	\$0.9	\$12.8	\$9.3	\$7.1	\$16.4
Beginning Fund Balance	\$36.3	\$33.5	\$34.4	\$47.3	\$56.5	\$63.6
Estimated Ending Fund Balance	\$33.5	\$34.4	\$47.3	\$56.5	\$63.6	\$80.0

*Other Revenue includes – interest, lease revenue, inter-fund transfers to support debt, capital and operating expense, and miscellaneous other reimbursements

**Other Expense includes –JPA O&M, inter-fund transfers to the RC fund in support of the RP-2 Relocation/RP-5 Solids Expansion project

Recycled Water (WC) Fund Sources & Uses of Funds and Fund Balance

	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20
Effective Date		10/01/15	7/01/16	7/01/17	7/01/18	7/1/19
Direct Delivery/AF	\$290	\$350	\$410	\$470	\$480	\$490
Groundwater Recharge/AF	\$335	\$410	\$470	\$530	\$540	\$550
AF Delivery	32,000	35,150	37,100	37,300	42,950	45,770
Effective Date		1/01/16	7/01/16	7/01/17	7/01/18	7/01/19
Water Connection Fee /MEU		\$693	\$693	\$1,527	\$1,604	\$1,684



Recycled Water (WC) Fund Biennial Budget FY 2015/16 and FY 2016/17

(\$ Millions)	FY 2014/15 Projected Actual	FY 2015/16 Budget	FY 2016/17 Budget	FY 2017/18 Forecast	FY 2018/19 Forecast	FY 2019/20 Forecast
Recycled Water Sales	\$9.5	\$11.9	\$15.7	\$18.0	\$21.5	\$23.4
MWD LPP Rebate- ends 6/30/17	2.1	2.1	2.1	0	0	0
Property Tax Receipts	2.0	2.1	2.1	2.2	2.2	2.3
Loans/Grants/Water Connection Fee/Other*	35.7	19.0	25.4	21.7	11.2	6.4
Total Revenue	\$49.3	\$35.1	\$45.3	\$41.9	\$34.9	\$32.1
Operating Expense	\$7.9	\$10.6	\$10.9	\$10.0	\$10.9	\$11.6
Capital Project Costs	32.2	16.2	18.7	14.4	4.1	3.2
Debt Service Payments	4.8	6.2	8.2	15.6	14.5	14.6
Other Expense**	1.4	0.9	1.6	1.2	1.1	1.2
Total Expense	\$46.3	\$33.9	\$39.4	\$41.2	\$30.6	\$30.6
Net Change	\$3.0	\$1.2	\$5.9	\$0.7	\$4.3	\$1.5
Beginning Fund Balance	\$10.3	\$13.3	\$14.5	\$20.4	\$21.1	\$25.4
Estimated Ending Fund Balance	\$13.3	\$14.5	\$20.4	\$21.1	\$25.4	\$26.9

*Other Revenue includes -- interest, FY 2014/15 inter-fund loan from RC fund, and project reimbursements, and inter-fund transfers to support debt service

**Other Expense includes - operating expense, one water connection fee transfers, operating and debt support transfers

RW Fund Major Projects

	FY 2015/16	FY 2016/17
Recharge Master Plan Update (RW15003)	\$820,000	\$3,100,000
Lower Day RMPU (RW15004)	355,000	1,155,000
Ely Basin Turnout Remote Control Upgrade (EN16052)	200,000	400,000
Upper Santa Ana River HCF (RW15002)	80,000	80,000
Major Capital Projects	\$1,455,000	\$4,735,000



Recharge Water (RW) Fund Biennial Budget FY 2015/16 and FY 2016/17

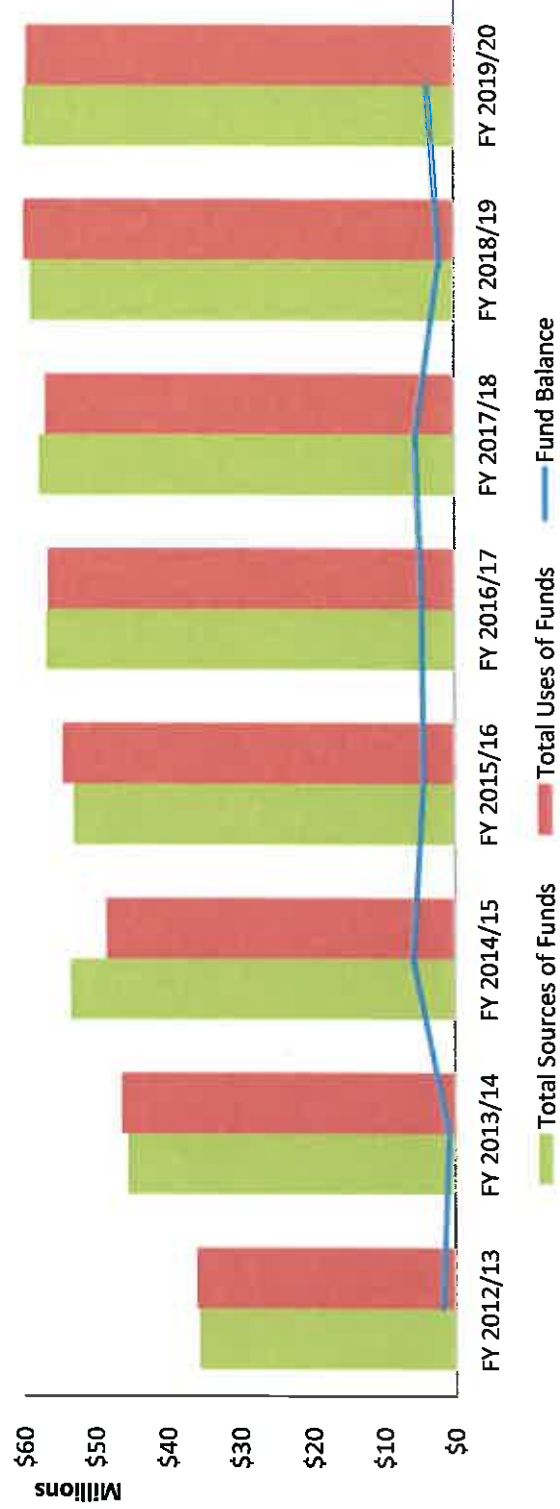
	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20
CBWM Share	\$1.1	\$2.3	\$5.5	\$14.0	\$23.4	\$9.7
IEUA Share	1.7	1.3	1.9	1.4	1.5	1.5
Total Revenues	\$2.8	\$3.6	\$7.4	\$15.4	\$24.9	\$11.2
Facilities Operations & Maintenance	\$1.1	\$1.3	\$1.3	\$1.3	\$1.4	\$1.4
Capital Projects	0.7	1.5	4.7	12.7	22.0	8.3
Debt Service	0.7	0.9	1.0	1.1	1.2	1.2
Non-Reimbursable Administration Costs	0.6	0.2	0.3	0.3	0.3	0.3
Total Expenses	\$3.1	\$3.9	\$7.3	\$15.4	\$24.9	\$11.2
Net Change	(\$0.3)	(\$0.3)	\$0.1	\$0.0	\$0.0	\$0.0
Ending Fund Balance	\$3.1	\$2.7	\$2.8	\$2.8	\$2.8	\$2.8



Water Resources (WW) Fund Sources & Uses of Funds and Fund Balance

	FY 2014/15 Current	FY 2015/16 No Change	*FY 2016/17 Forecast	FY 2017/18 Forecast	FY 2018/19 Forecast	FY 2019/20 Forecast
AF Surcharge	\$15.0	\$15.0	\$67.0	\$68.0	\$70.0	\$73.0
Water Meter Rate	\$2.105	\$2.105	n/a	n/a	n/a	n/a
MEU Rate	n/a	n/a	\$1.10	\$1.20	\$1.30	\$1.40

*Resume rate evaluation in July with plan to adopt new rates by Fall 2015 for FY 2016/17.



Water Resources (WW) Fund Biennial Budget FY 2015/16 and FY 2016/17

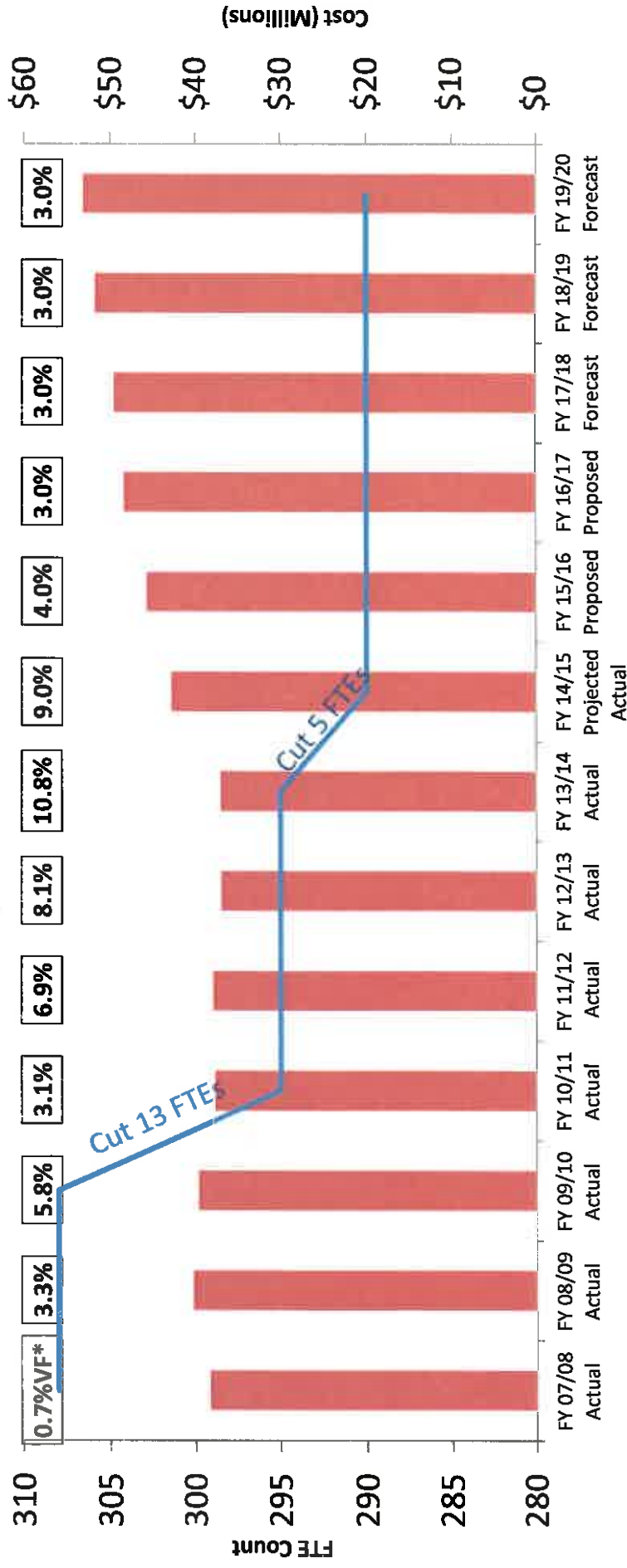
(\$ Millions)	FY 2014/15 Projected Actual	FY 2015/16 Budget	FY 2016/17 Budget	FY 2017/18 Forecast	FY 2018/19 Forecast	FY 2019/20 Forecast
User Charges	\$5.8	\$5.6	\$9.5	\$9.8	\$10.4	\$12.0
Imported Water Sales	40.8	41.4	42.1	42.7	43.3	44.0
Property Tax (GG Fund)	1.5	1.5	1.5	1.5	1.5	1.5
Loans /Grants/Other*	1.1	1.5	1.5	1.5	1.5	1.5
Total Revenue	\$53.6	\$53.1	\$56.9	\$57.9	\$59.1	\$61.4
Imported Water Purchases	40.8	41.4	42.1	42.7	43.3	44.0
Projects Costs	2.2	7.1	8.4	7.9	7.9	7.9
Debt Service	0.0	0.0	0.0	0.0	1.1	1.0
Other Expense**	5.5	6.1	6.1	6.4	10.3	6.8
Total Expense	\$48.5	\$54.6	\$56.6	\$57.0	\$62.6	\$59.7
Net Change	\$5.1	(\$1.5)	\$0.3	\$0.9	(\$3.5)	\$1.7
Beginning Fund Balance	\$0.9	\$6.0	\$4.5	\$4.8	\$5.7	\$2.2
Ending Fund Balance	\$6.0	\$4.5	\$4.8	\$5.7	\$2.2	\$3.9

*Other Revenue includes -grants/rebates, water connection fees and interest earnings

**Other Expense includes - employment, contract work, operating fees, and professional fees and administration,

Employment Cost and Staffing Trend

- ❖ FY 14/15 includes \$4.5M initial funding of pension liability
- ❖ FY 15/16 reduced vacancy to 4% to support succession planning



*VF: Vacancy Factor

■ Total Labor Cost — Authorized FTEs

GG Fund FY 2015/16 and FY 2016/17 Estimated Ending Fund Balance

(\$ Millions)	FY 2014/15 Projected Actual	FY 2015/16 Budget	FY 2016/17 Budget	FY 2017/18 Forecast	FY 2018/19 Forecast	FY 2019/20 Forecast
Property Taxes Revenues - O&M	\$3.2	\$3.3	\$3.4	\$3.5	\$3.6	\$3.6
Contract Cost						
Reimbursement - CDA	1.3	1.4	1.4	1.5	1.5	1.5
Other Revenue*	1.9	2.0	1.4	1.4	2.1	2.2
Total Revenue	\$6.3	\$6.6	\$6.2	\$6.4	\$7.2	\$7.3
Capital Costs	1.8	1.7	1.1	1.0	0.6	0.6
Debt Service	1.5	1.5	1.5	1.5	1.5	1.5
Other Expense**	9.8	4.5	2.6	2.7	2.8	2.8
Total Expense	\$13.0	\$7.8	\$5.2	\$5.2	\$4.9	\$4.9
Net Change	(\$6.7)	(\$1.1)	\$1.0	\$1.2	\$2.3	\$2.4
Beginning Fund Balance	\$28.5	\$21.8	\$20.7	\$21.7	\$22.9	\$25.2
Ending Fund Balance	\$21.8	\$20.7	\$21.7	\$22.9	\$25.2	\$27.6

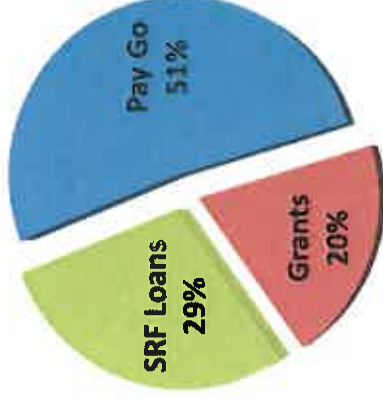
*Other Revenue includes – interest, capital inter-fund transfers and connection fees.

**Other Expense includes – employment, contract work, special projects, operating fees, and professional fees and administration, inter-fund transfers for operational support.

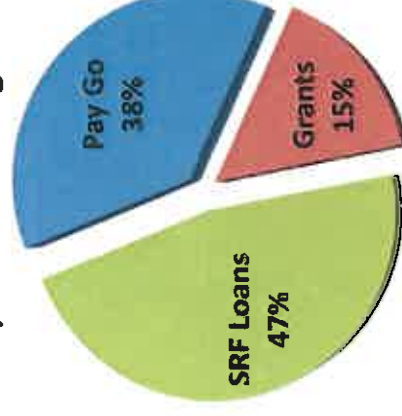
FYs 2015/16 & 2016/17 Capital Improvement Plan (\$ Millions)

Fund	Fund Description	FY 15/16	FY 16/17
GG	Administrative Services Fund	\$1.5	\$0.9
RW	Recharge Water Fund	1.5	4.7
NRW	Non-Reclaimable Wastewater Fund	0.6	0.4
WC	Recycled Water Fund	16.2	18.7
RO	Regional Wastewater Operations and Maintenance	11.1	11.8
RC	Regional Wastewater Capital Improvement Fund	11.8	14.9
TOTAL		\$42.7	\$51.4

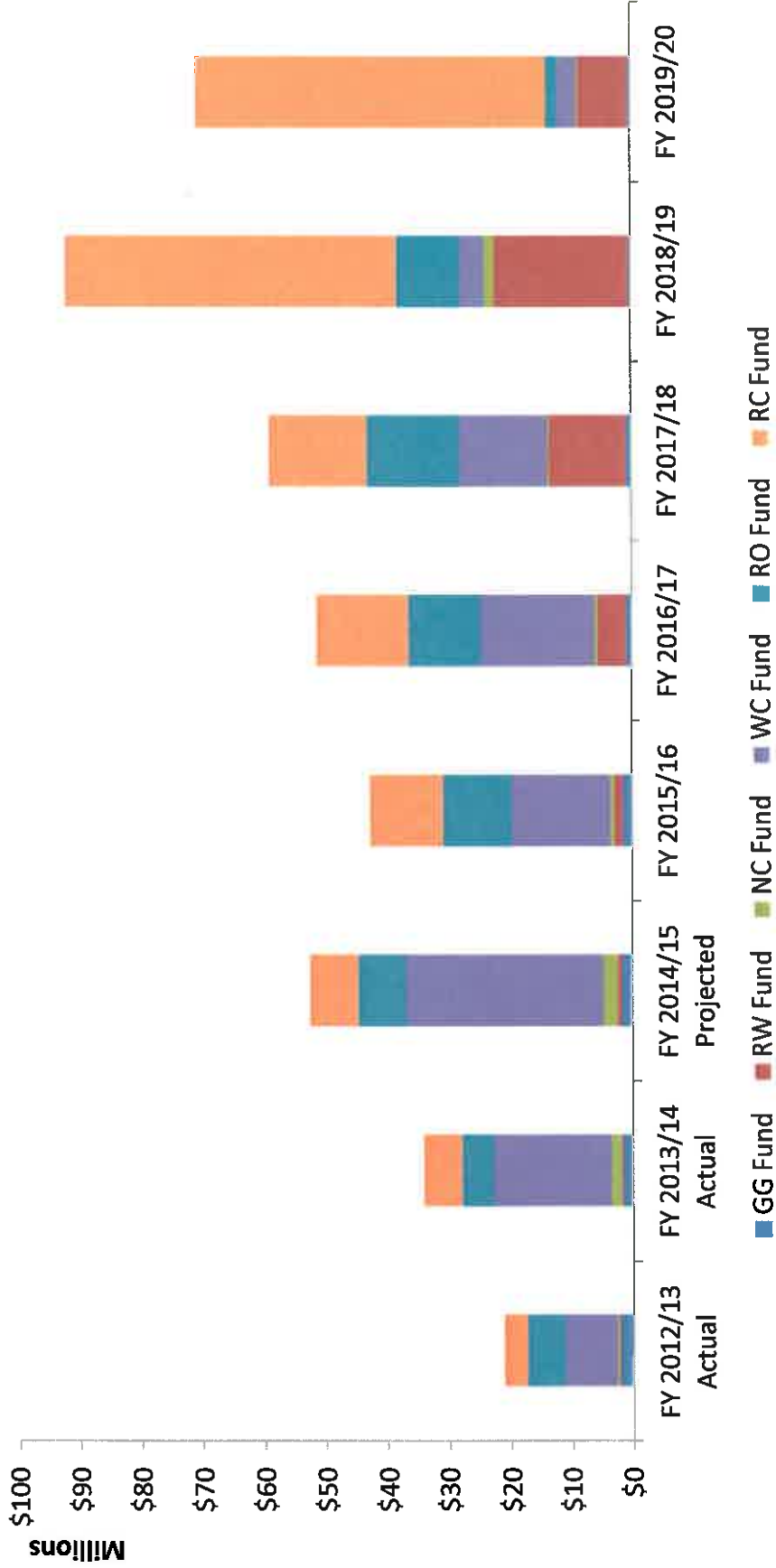
FY 2015/16 CIP Funding Sources



FY 2016/17 CIP Funding Sources



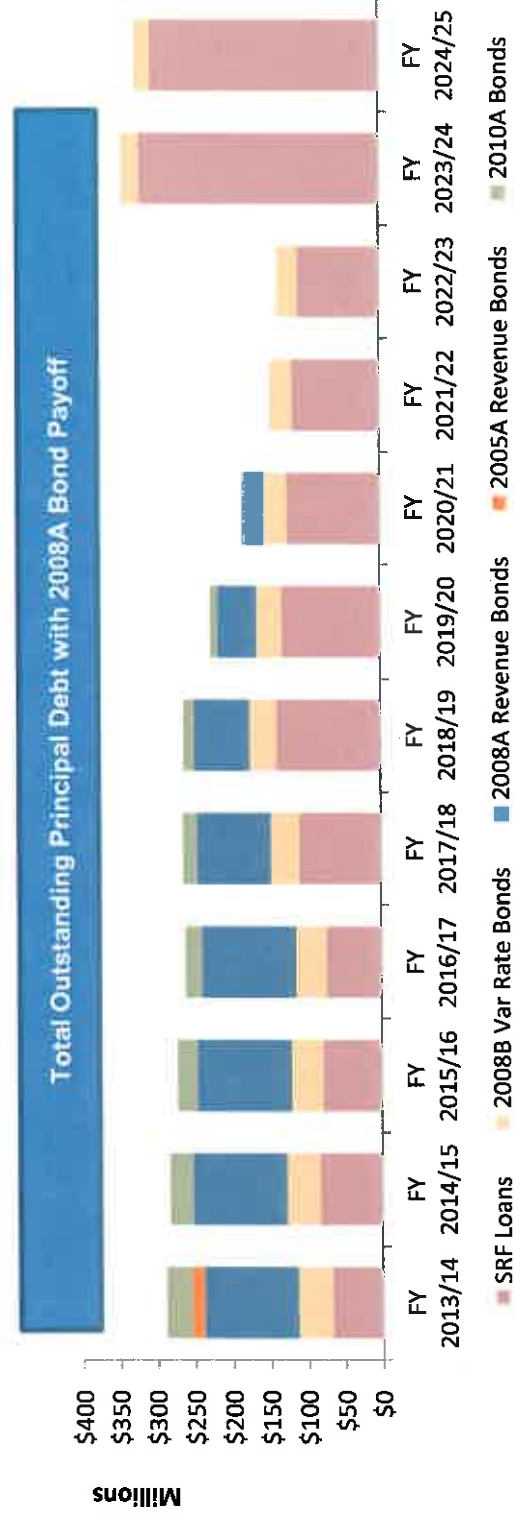
FYs 2015/16 & 2016/17 Capital Improvement Plan



Total Outstanding Debt

- ❖ FY 2014/15 inter-fund loan increase from \$5.5M to \$10.5M
- ❖ SRF loans projected to increase to \$304M by FY 2025
- ❖ Pay down \$125M of 2008A bonds starting FY 2017/18 through FY 2021/22

Inter Fund Loans Issued	Due from Recycled Water (WC) Fund to:	Loan Amount
FY 2007/08	Non-Reclaimable Wastewater (NRW) Fund	\$9
FY 2007/08	Regional Wastewater Capital (RC) Fund	3
FY 2009/10	Non-Reclaimable Wastewater (NRW) Fund	6
FY 2014/15	Regional Wastewater Capital Improvement (RC) Fund	10.5
Sub total:		\$28.5
Due from Water Resources Fund to:		
FY 2014/15	Administrative Services (GG) Fund	\$4.3
Total:		\$32.8



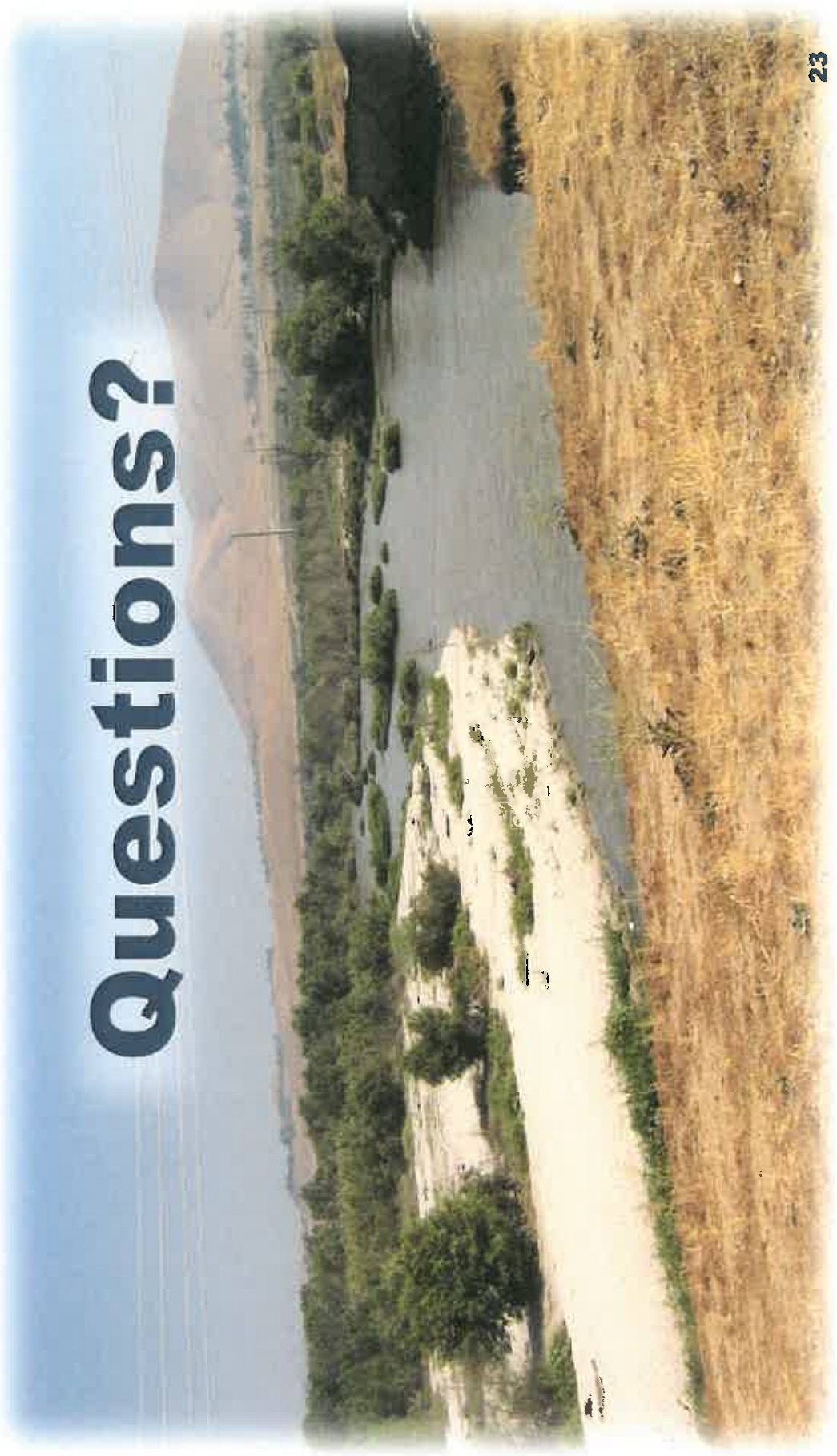
Recommendations

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

Key Dates

Board/Committee/Other	Item	Date
Cost of Service Workshops #1 - #4	Connection Fees and Water Rates Discussion	Nov. 2014 thru May 2015
Joint Technical Committee/Water Manager Meeting	Water Rates and Connection Fee Discussion	1/28/15
Regional Technical Committee	Draft 5 Year Rates, Budget and TFCP	1/29/15
Special Joint Meeting IEUA Board/Regional Policy Committee	Proposed Rates	2/4/15
Regional Technical / Policy Committee	Proposed Multi-Year EDU Volumetric Rates	3/27/15 R. 2/5/15
IEUA Board of Directors	5 Year EDU Volumetric Rate Adoption	3/18/15
Member Agency Meetings	Proposed Rates	January-May
Special Joint Meeting IEUA Board/Regional Policy Committee	Proposed Rates	4/1/15
Regional Technical & Policy Committees	Regional Wastewater Recycled Water, and Recharge Water Biennial Budget, Rates/Fees	April 30/May 14, 2015
IEUA Board of Directors	Adoption of Rates/Fees for Regional Wastewater, Recycled Water, Recharge Water, and Water Resource Programs	May 20, 2015
IEUA Finance, Legal and Administration Committee	Final Review of Biennial Budget for All Funds, Rates for Water Resources and Non-Reclaimable Funds	June 10, 2015
IEUA Board of Directors	Adoption of Biennial Budget for All Funds and Rates for Water Resources and Non-Reclaimable Funds	June 17, 2015

Questions?



**ACTION
ITEM**

3B



Date: May 20, 2015

To: The Honorable Board of Directors

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

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

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

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

Subject: Commercial, Industrial, Institutional (CII) Turf Rebate Program Policy Principles

RECOMMENDATION

It is recommended that the Board of Directors:

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

BACKGROUND

The CII Turf Removal Rebate Program promotes the removal of high water-consuming turf, encourages participants to install climate appropriate plants, and to convert overhead sprinklers to more efficient technologies such as micro-spray or drip system irrigation. Over 65 percent of the region's water is used to irrigate landscape with outdoor water use representing a major source of waste.

As a part of regional water use efficiency planning and programming, the Agency works with its member agencies to develop an annual budget. A component of that budget includes allocating funding to enhance rebates for Residential and CII customers. Metropolitan Water District (MWD) provides water use efficiency rebates with a base rate. The Agency, in partnership with its members, augments those rebates to increase the base rate and attract greater participation.

In response to the Governor’s Drought Declaration and call for an immediate reduction in water use, on July 1, 2014, the Agency and its members increased the regional CII Turf Removal Rebate by adding \$1 to MWD’s base rebate rate of \$2, for a total enhanced incentive of \$3 per square foot. To expand program participation, on July 10, 2014, the Agency issued a press release notifying the public of the \$1 increase to the rebate and encouraged southern Californians to significantly reduce outdoor water use during this exceptional period of drought.

On August 6, 2014, staff reported to the Board that after the issuance of the CII Turf Removal Rebate press release that the program experienced a considerable increase in participant interest, and that it was anticipated customer demand would significantly exceed the existing budget. On October 15, 2014, staff recommended that the Board approve an inter-fund transfer and loan of \$3,000,000 from the Administrative Services (GG) Fund to the Water Resources (WW) Fund in order to honor current and future requests.

The following table represents the total number of CII turf removal applications that are in-process through MWD’s Socialwater\$mart rebate program from July 1, 2014 through April 20, 2015. A total of 47 applications have been paid to date, representing Agency sponsored funding of \$538,516 (\$1 per square foot). The remaining applications are in-progress.

IEUA CII TURF REMOVAL (Total Turf Project Applications In-Process through 4-20-15)										
Agency	# of Projects	Square Footage	Public		Private		HOA		IEUA Supplemental TOTAL	TOTAL REBATE AMOUNT
			# of Projects	IEUA Supplemental	# of Projects	IEUA Supplemental	# of Projects	IEUA Supplemental		
City of Chino	11	1,640,447	3	\$9,985	4	\$200,834	4	\$87,247	\$298,066.00	\$3,578,960.00
City of Chino Hills	25	575,221	21	\$499,893	1	\$42,259	3	\$17,069	\$559,221.00	\$1,709,663.00
Cucamonga Valley WD	35	1,495,259	13	\$96,562	18	\$146,269	4	\$32,748	\$275,579.00	\$3,266,097.00
Fontana Water Co.	5	177,511	0	\$0	5	\$177,512	0	\$0	\$177,511.80	\$537,415.40
Monte Vista WD	8	162,884	0	\$0	3	\$17,346	5	\$145,538	\$162,884.00	\$488,652.00
Ontario Municipal	17	532,597	2	\$32,050	11	\$421,126	4	\$41,229	\$494,405.00	\$1,559,599.00
City of Upland	12	128,179	0	\$0	5	\$37,452	7	\$90,727	\$128,179.00	\$384,537.00
TOTALS	113	4,712,098	39	\$638,490	47	\$1,042,798	27	\$414,558	\$2,095,845.80	\$11,524,923.40

*Note: Totals are subject to change after Post-Inspection

The program continues to be very popular with a high demand from the CII sector. Agency supplemental funding of \$2,095,845.80 has been committed to date with \$1,094,124.20 remaining in Agency approved funding. In order to ensure that Agency supplemental funding is equitably disbursed; staff is recommending that the Board approve several policy principles:

1. Principle: Set a maximum application funding level for Agency approved supplemental funding (\$1 per square foot):
 - a. **Option 1:** No maximum application funding limit – this would allow very large projects to consume the entire Agency provided supplemental funding.
 - b. **Option 2:** Set a maximum application funding level at \$50,000 or a maximum project size of 50,000 square feet. Total projects under 50,000 square feet represent 100 sites.

- c. **Option 3:** Set a maximum application funding level at \$100,000 or a maximum project size of 100,000 square feet. Total projects between 50,000 – 100,000 square feet represent 8 sites.
- d. **Option 4:** Set a maximum application funding level at \$250,000 or a maximum project size of 250,000 square feet. Total projects between 100,000 – 250,000 square feet represent 3 sites. There are 2 projects over 250,000 square feet that represent two golf courses (Red Hill Country Club and El Prado Golf Course)

Staff has reviewed all applications submitted from July 1, 2014 through April 20, 2015 and has determined the average size of CII turf projects to be approximately 21,238 square feet with the majority of projects below 50,000 square foot. Setting a funding level maximum will prevent a few larger CII turf projects from consuming the entire supplemental funding budget while limiting the opportunity for HOAs, smaller public agency projects, or smaller commercial properties from participating in the program. *Staff recommends the Board approve a maximum application funding level set at \$100,000 or 100,000 square feet per project.*

2. **Principle:** Staff recommends allowing eligibility for CII customers who utilize groundwater supplies for irrigation by allowing CII groundwater users to participate, it will reduce irrigation use and increase available supplies for other uses.
3. **Principle:** Staff recommends allowing eligibility for CII customers who utilize recycled water for irrigation by allowing CII recycled water users to participate, it allows the Agency to utilize additional recycled water supplies for groundwater recharge and assists in reducing peaking demands during the summer months when irrigation usage is at its highest.

While the Agency's supplemental funding is available to accommodate all requests, a modification is necessary to achieve the following objectives in a sustainable manner:

- Increase public awareness regarding use of water efficiency landscaping.
- Transforming the market towards use of more efficient outdoor water use practices.
- Accelerating the region's ability to comply with 20 percent water use reduction by 2020.
- Achieving increased water savings during this critical period of drought.

In addition, Agency staff is currently working with the Santa Ana Watershed Project Authority (SAWPA) on the Department of Water Resources (DWR) Proposition 84 Integrated Regional Water Management (IRWM) Drought Emergency Grant and has confirmed that the Agency is anticipated to receive approximately \$813,000 in reimbursements for CII turf removal, specifically related to public sector and homeowner's association projects. To date, the Agency has already met that obligation for grant reimbursement and will be submitting invoicing once an SAWPA and DWR have an executed agreement.

MWD is in the process of considering changes to their turf removal program. This will be considered at their May 12, 2015 Board Meeting. In the event that MWD staff make adjustments

to their program that affect the proposed policy principles, a revised recommendation will be brought to the Committee on May 13, 2015.

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

PRIOR BOARD ACTION

On October 15, 2014, the Board of Directors approved an inter-fund transfer and loan of \$3,000,000 from the Administrative Services Fund to the Water Resources Fund in order to honor current and future CII turf removal application requests.

IMPACT ON BUDGET

The \$2,095,845.80 in supplemental rebates committed to date is supported by the approved funding budgeted in the Agency's Water Resources (WW) fund.

Commercial, Institutional & Industrial Turf Rebate Update May 2015



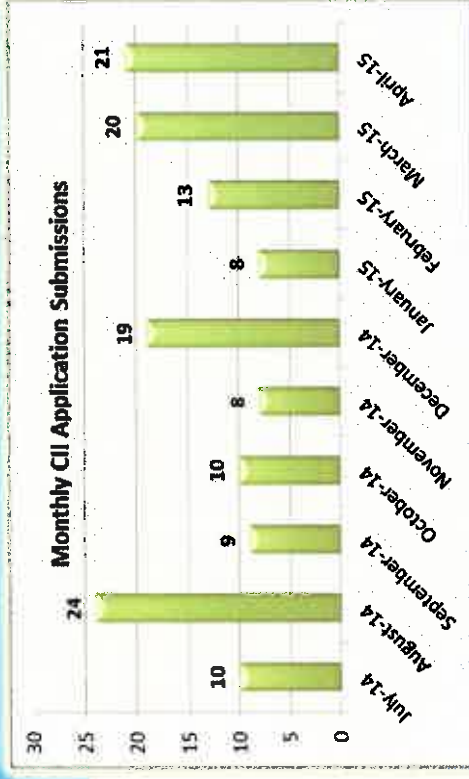
Lisa Morgan-Perales
Water Resources Analyst II

Project Scope

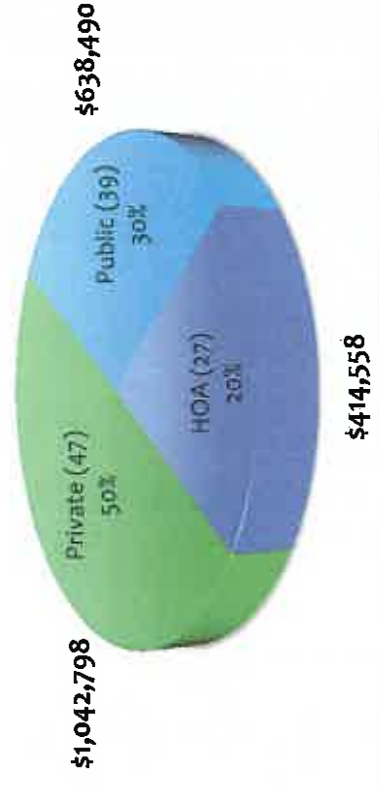
IEUA Supplemental Funding

July 1, 2014 – April 20, 2015

- * 113 applications in-process (4.7 M sq. ft.)
- * Funding committed (\$2 M)
- * 47 applications paid (\$0.5 M)



CII Supplemental Turf Funding by Sector (July 1, 2014 - April 20, 2015)



Program Budget

\$1 / Square Foot Supplemental Funding

Description	Budget
Revised FY 2014-2015 Budget	\$3,189,970
IEUA supplemental funding - reserved to date	\$2,095,846
IEUA supplemental funding - paid to date	\$ 538,516
IEUA supplemental funding – uncommitted	\$1,094,124



Program Scopes

- * Total Projects under 50,000 sq. ft. = **100**
- * Total Projects between 50,000 – 99,000 sq. ft. = **8**
- * Total Projects between 100,000 - 250,000 sq. ft. = **3**
- * Total Projects over 250,000 sq. ft. = **2**



Legend

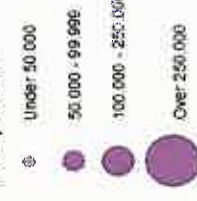
HOA

Total Square Feet



Public

Total Square Feet



Private

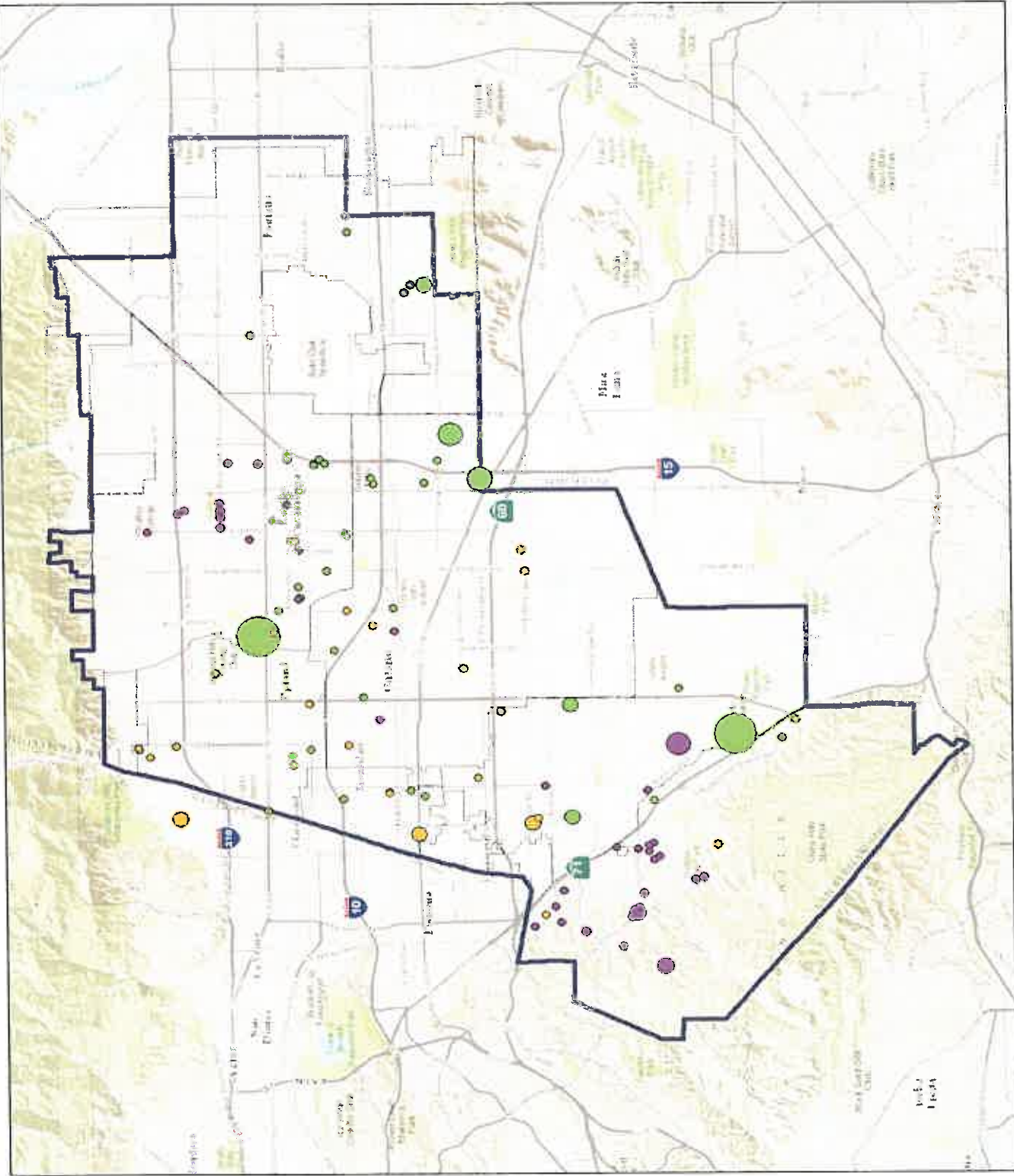
Total Square Feet



IEUA Service Area



Prepared by IEUA
City of Carson, California



Policy Principles

- * **Principle:** Set a maximum application funding level for Agency approved supplemental funding (\$1 per square foot):
 - **Option 1:** No maximum application funding limit – this would allow very large projects to consume the entire Agency provided supplemental funding.
 - **Option 2:** Set a maximum application funding level at \$50,000 or a maximum project size of 50,000 square feet per project.
 - **Option 3:** Set a maximum application funding level at \$100,000 or a maximum project size of 100,000 square feet per project.
 - **Option 4:** Set a maximum application funding level at \$250,000 or a maximum project size of 250,000 square feet per project.
- * **Principle:** Allowing eligibility for CII customers who utilize groundwater supplies for irrigation.
- * **Principle:** Allow eligibility for CII customers who utilize recycled water for irrigation.

Recommendation

- ❖ Approve Staff Recommended Policy Principles, and
- ❖ Approve a maximum application funding level at \$100,000 (\$1 / sq. ft.) for Agency approved supplemental funding

Consistent with the Agency's business goal of increasing Water Reliability by promoting water use efficiency and education to enhance water supplies within the region and meeting the region's need to develop reliable and diverse local water resources in order to reduce dependence on imported water supplies.

Discussion?

**ACTION
ITEM**

3C



Date: May 20, 2015

To: The Honorable Board of Directors

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

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

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

for Sylvie Lee *Old*
Manager of Planning and Environmental Resources

Subject: Adoption of Resolution No. 2015-5-8, Calling for Support of the Governor's Executive Order B-29-15

RECOMMENDATION

It is recommended the Board of Directors adopt Resolution No. 2015-5-8, calling for support of the Governor's Executive Order B-29015; Statewide Mandatory Water Reductions to sustain regional water supplies in the Chino Basin.

BACKGROUND

The State of California is currently experiencing unprecedented drought conditions with the distinct possibility that current water supply challenges will continue into a fifth straight year in 2016 and beyond. On January 17, 2014, Governor Edmund G. Brown, Jr. declared a drought state of emergency, and urged Californians to voluntarily reduce water use by 20 percent.

On April 25, 2014, the Governor issued a second Executive Order calling upon all water suppliers to redouble efforts to conserve water. Among other things, the Executive Order directed the State Water Resources Control Board (SWRCB) to adopt emergency regulations to ensure that urban water suppliers implemented drought response plans to limit outdoor irrigation and other wasteful water practices.

Under the directive from the Governor, on July 15, 2014, the SWRCB adopted an emergency regulation for water conservation to prevent waste and unreasonable use. Prohibited water use included three mandatory requirements: 1) a prohibition on certain types of water use; 2) an order for all urban water suppliers to implement mandatory conservation measures consistent

with their drought contingency plans, and 3) monthly water production reporting by all water suppliers to the SWRCB.

With the Emergency Regulation set to expire on April 25, 2015, the SWRCB took action to extend and expand it on March 17, 2015. The expanded portion includes: 1) prohibiting irrigation of turf or ornamental landscapes during and 48 hours following measurable precipitation; 2) serving water only on request at restaurants and other food service providers, and 3) establishing an option for guests of hotels and motels to choose not to launder towels and linens daily.

For the first time in California's history, the Governor issued Executive Order B-29-15; calling for statewide mandatory water reductions to reduce water usage across the State by 25% from 2013 levels to safeguard the State's remaining water supplies. Other Provisions in the Order include: 1) reductions in potable water use at commercial, industrial and institutional properties (P5); 2) prohibition on using potable water for irrigation of ornamental turf in street medians (P6); 3) prohibition on using potable water for irrigation outside of new home construction without drip or microspray systems (P7), and 4) rate structures and other pricing mechanisms (Provision 8) that will be developed separately from Provisions 2, 5, 6 & 7.

The Metropolitan Water District (MWD) responding to the Governor's Order and historically dry conditions, approved the implementation of a Water Supply Allocation Plan Level 3, declaring a Regional Shortage Level and reducing Tier 1 Allocations by 15%.

Since the Governor's first Executive Order, the Agency has been aggressively accelerating water use efficiency efforts to preserve regional supplies, including working closely with member agencies and MWD to improve programming and outreach actions that produce increased public response to reduce their water use.

The Agency's major initiatives to respond to the drought include the following:

- The Agency adopted Resolution 2014-4-3 on April 16, 2014, supporting the Governor's call for voluntary 20% reduction in water use and committing the Agency to do its part in helping to reduce water use during this extraordinary drought.
- The Agency adopted Resolution 2014-8-2 on August 6, 2014, calling for support of the Emergency Regulations to sustain regional water supplies.
- Since July 1, 2014, the Agency significantly increased participation in the commercial, industrial, and institutional turf removal rebate program by providing supplemental funding to enhance the rebate.
- The Agency substantially increased funding within the FY 14/15 Water Conservation Budget to further fund and expanded local programs and activities in support of the member agencies.

Adoption of Resolution 2015-5-8, Calling for Support
of the Governor's Executive Order B-29-15

May 20, 2015

Page 3

- Since July 1, 2014, the Agency expanded the residential turf removal program by doubling the program budget from previous years.
- The Agency, along with regional agencies within the Santa Ana Watershed Project Authority (SAWPA) area, was awarded a \$12 million Prop. 84 Drought Grant to support Commercial Turf Removal, Customer Outreach, and tools to support the development of conservation based rate structures.
- The Agency covers a variety of rebates through MWD's So Cal Water Smart Program for Turf Removal, On-Site Recycled Water Conversions and an array of other high efficiency devices. Drought funds from the Agency's water resources program are used to support landscape water reduction programs, sustainable rate structures, and other initiatives.

In response to the new emergency water conservation prohibitions, staff will continue to develop comprehensive and coordinated actions with our member agencies to support them in attaining their state mandated water use reductions requirements. Proposed actions include the following:

- Launch a Residential Turf Removal Rebate Program in May 2015.
- Provide financial support for targeted outreach activities such as programming that provides information tailored specifically to individual water customers, customized information based on their water use, and water use relative to reasonable use.
- Develop a coordinated regional communication strategy to emphasize the severity of the drought and support local compliance with the mandatory conservation measures.
- Work to develop partnerships with public agencies, such as school districts within the service area to remove non-functional high-water using turf and replace with climate appropriate landscaping or alternative materials.
- Encourage additional measures and local investments to enhance conservation, increase and maximize use of recycled water (connect medians, streetscapes and potential customers), and enhance groundwater recharge capacity (recycled water and capture of storm water).
- Encourage and support the development of sustainable rate structures by member agencies that support long term reductions resulting in efficient water usage.
- Provide additional funding to member agencies to assist with the implementation of water shortage contingency plans.

The MWD Water Supply Allocation Plan (WSAP) will be effective July 1, 2015. As a result, the Agency will be implementing the Level 3 WSAP with the member agencies. Cucamonga Valley Water District (CVWD), Fontana Water Company (FWC), and Water Facilities Authority (WFA) Tier 1 allocation will be reduced proportionally based on their baseline purchases which established the Agency's WSAP. Penalties rates will be assessed consistent with the MWD penalty rates only if the Agency exceeds the level 3 allocation at the end of the fiscal year, as a pass through to CVWD, FWC, and WFA.

In response to these needs, Resolution 2015-5-8 recommends the following:

- The Inland Empire Utilities Agency supports a Level 3 reduction in imported water supplies as proposed by the Metropolitan Water District of Southern California in its Water Supply Allocation Plan, which will require a 15 percent reduction of wholesale imported water within the Agency's service area and will contribute to achieving the water use reductions required under the Governor's Executive Order; and,
- The Inland Empire Utilities Agency will coordinate with its member agencies, cities and communities to develop a unified regional message and significantly accelerate its outreach efforts in order to communicate the urgent need to reduce all water use, especially water used for lawns and other outdoor landscaping, immediately to Inland Empire public officials, residents and businesses; and
- The Inland Empire Utilities Agency will offer additional financial resources to support member agencies in expediting actions needed to accelerate the enforcement of mandatory conservation levels, including the development of conservation-based rate structures that will protect member agency revenues while helping to permanently reduce excessive water use; and
- The Inland Empire Utilities Agency encourages cities, agencies and businesses to accelerate the implementation of recycled water projects and new connections and use available recycled water in place of drinking water supplies for outdoor irrigation, industrial process water, dust control and other uses wherever possible.

PRIOR BOARD ACTION

On August 6, 2014, the Board adopted Resolution 2014-8-2, Calling for Support of Emergency Regulations to Sustain Regional Water Supplies.

On April 16, 2014, the Board adopted Resolution 2014-4-3, Calling for Enhanced Water Use Efficiency Efforts to Extend Regional Water Supplies for Inland Empire Residents and Business.

On April 15, 2009, the IEUA Board adopted the IEUA Drought Plan with a level 2 Shortage (10%) Allocation.

Adoption of Resolution 2015-5-8, Calling for Support
of the Governor's Executive Order B-29-15
May 20, 2015
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IMPACT ON BUDGET

None.

Attachment: Resolution 2015-5-8

RESOLUTION NO. 2015-5-8

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, CALLING FOR SUPPORT OF THE GOVERNOR'S EXECUTIVE ORDER B-29-15; STATEWIDE MANDATORY WATER REDUCTIONS TO SUSTAIN REGIONAL WATER SUPPLIES IN THE CHINO BASIN.

WHEREAS, the Inland Empire Utilities Agency ("Agency") is a California Special District, created to serve as the water wholesale agency for seven cities, serving approximately 830,000 people, in southwestern San Bernardino County; and

WHEREAS, the Agency relies on imported water from Northern California provided through the Metropolitan Water District of Southern California ("MWD") to meet approximately 30% of its supply demand; with the balance of the service area's demand being met by local groundwater via the Chino Basin and surface water, and through local water recycling and water use efficiency; and

WHEREAS, the state of California is experiencing unprecedented drought conditions, with a distinct possibility that current water supply challenges will stretch into a fifth straight year in 2016 and beyond; and

WHEREAS, additional aggressive actions to reduce outdoor water use are needed to preserve remaining water supplies and to reduce significant impacts to the region from water shortages; and

WHEREAS, on January 17, 2014, Governor Edmund G. Brown Jr. declared a State of Emergency due to drought conditions and asked for a voluntary 20 percent water use reduction by everyone in California; and

WHEREAS, on July 15, 2014, the State Water Resources Control Board adopted Emergency Water Conservation Regulations to prevent the waste, unreasonable use, unreasonable method of use, and to promote water conservation and recycling to reduce outdoor urban water use; and

WHEREAS, on March 17, 2015, the State Water Resources Control Board adopted the expansion and extension of Emergency Water Conservation Regulations to safeguard the State's remaining water supplies; and

WHEREAS, on April 1, 2015, the Governor issued Executive Order B-29-15, declaring a State of Emergency throughout the State of California due to severe drought conditions and ongoing drought; and

WHEREAS, on April 14, 2015, MWD approved the implementation of a Water Supply Allocation Plan Level 3, declaring a Regional Shortage Level and reducing Tier 1 Allocations by 15 percent; and

WHEREAS, over the past 21 years, the Agency has invested more than \$275 million in the region to enhance groundwater recharge, infrastructure improvements, recycled water, and water use efficiency programs; and

WHEREAS, the cities and agencies providing service within the Agency's boundaries have worked collaboratively to develop water-management strategies and to implement comprehensive water use efficiency programs that have prepared the region to cope with extended periods of drought; and

WHEREAS, the Agency and its member agencies are expanding conservation efforts that focus on outdoor water use reduction immediately to support the region in meeting its water needs now and in the future; and

WHEREAS, the Agency and its member agencies are increasing their public outreach and messaging activities to heighten public awareness and trigger a "call for action" to respond to the Governor's Executive Order, the severe statewide drought and the urgency for everyone to do their part to implement extraordinary conservation measures to reduce water use and preserve existing regional supplies; and

WHEREAS, there are numerous resources and programs to assist us in our region-wide water use efficiency efforts, including rebates for turf removal, landscape equipment upgrades, indoor water saving devices, free landscape evaluations, and information on water-saving strategies at www.ieua.org, and www.bewaterwise.com.

NOW, THEREFORE BE IT RESOLVED BY the Board of Directors that:

- The Inland Empire Utilities Agency recognizes that the State of California is in a state of emergency due to the unprecedented drought conditions and the possibility that this drought could extend into 2016 and beyond;
- The Inland Empire Utilities Agency urges every member agency, public agency, resident and business to take the necessary actions to reduce their water usage to achieve the statewide 25 percent water use reduction goal set by Governor Brown in Executive Order B-29-15 and implemented through the State Water Resources Control Board's (Emergency Drought Regulations); and,
- The Inland Empire Utilities Agency supports a Level 3 reduction in imported water supplies as proposed by the Metropolitan Water District of Southern California in its Water Supply Allocation Plan, which will require a 15 percent reduction of wholesale imported water within the Agency's service area and will contribute to achieving the water use reductions required under the Governor's Executive Order; and,
- The Inland Empire Utilities Agency will coordinate with its member agencies, cities and communities to develop a unified regional message and significantly accelerate its outreach efforts in order to communicate the urgent need to reduce all water use, especially water used for lawns and other outdoor landscaping, immediately to Inland Empire public officials, residents and businesses; and

- The Inland Empire Utilities Agency will offer additional financial resources to support member agencies in expediting actions needed to accelerate the enforcement of mandatory conservation levels, including the development of conservation-based rate structures that will protect member agency revenues while helping to permanently reduce excessive water use;, and
- The Inland Empire Utilities Agency encourages cities, agencies and businesses to accelerate the implementation of recycled water projects and new connections and use available recycled water in place of drinking water supplies for outdoor irrigation, industrial process water, dust control and other uses wherever possible.

ADOPTED this 20th day of May, 2015.

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

ATTEST:

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

*A Municipal Water District

STATE OF CALIFORNIA)
) SS
 COUNTY OF SAN BERNARDINO)

I, Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency*, DO
 HEREBY CERTIFY that the foregoing Resolution being No. 2015-5-8, was adopted at a regular
 Board Meeting on May 20, 2015, of said Agency by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Steven J. Elie
 Secretary/Treasurer

*A Municipal Water District

Immediate Actions to Cut Water Use
Examples of Practical and Common-Sense
Water Use Efficiency Best Practices

- Remove non-functional lawns now and replace with drought tolerant landscapes when the drought emergency is over;
- Install high efficiency irrigation technologies such as drip irrigation, micro-bubblers/sprays, and pressure regulated sprinkler nozzles to keep trees and non-lawn landscapes alive;
- Install a weather based irrigation controller and program it correctly to ensure that water used for irrigation is not wasteful;
- Do not allow irrigation water to runoff or overspray onto sidewalks, driveways and streets;
- Turn off landscape irrigation systems during rain events and no irrigation for a minimum of 48 hours after rain events;
- Limit the number of days per week that customers can irrigate outdoors;
- Turn-off decorative water features such as fountains;
- Repair indoor and outdoor leaks quickly within 48 hours;
- Use hoses with automatic shut-off valves for watering areas that aren't on an automated irrigation system;
- Wash cars, trailers, boats and other types of mobile equipment at a commercial carwash equipped with a water recycling system;
- Wash paved areas for health and safety purposes only with the use of a waterbroom or water-efficient pressure washer;
- Restaurants serve and refill water only upon request; and
- Hotels offering guests the option of not laundering their linens and towels daily.

Statewide Mandatory Water Reductions

May 2015



Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

Topics of Discussion

- * Adopt Resolution 2015-5-8 in support of the Governor's Executive Order for Statewide Mandatory Water Reductions
 - o Governor's Executive Order
 - o Water Supply Allocation Plan
 - o Drought Response

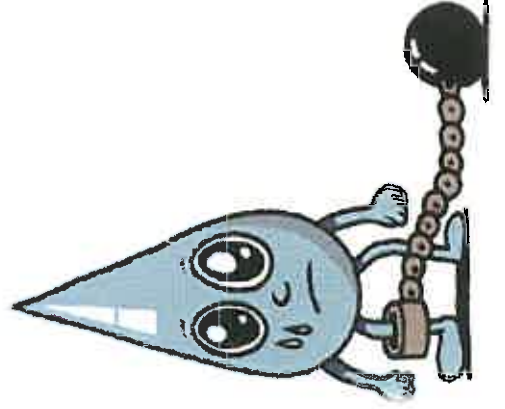


CALIFORNIA'S SO DRY...

Governor's Executive Order

- Statewide Mandatory Reductions - 25% (Provision 2)
- IEUA Member Agency Proposed Conservation Standard

Agency	4.1.2015	4.18.2015
Chino	25%	24%
Chino Hills	25%	28%
CVWD	35%	32%
FWC	25%	28%
MVWD	25%	24%
Ontario	25%	24%
Upland	35%	36%



New Proposed Emergency Regulation

- * Reductions in potable water use at commercial, industrial and institutional properties
- * Prohibition on using potable water for irrigation of ornamental turf in street medians
- * Prohibition on using potable water for irrigation outside of new home construction without drip or microspray systems
- * Rate structures and other pricing mechanisms to be addressed separately



Water Supply Allocation Plan (WSAP)

Level 3 – 15% Reduction

Effective July 1, 2015

Agency	2012-13	2013-14	% IW Delivery	Baseline	Level 2	Level 3	Level 4	Level 6	Level 8	Level 10
CVWD	25,845	28,825	43%	28,069	27,677	26,640	25,602	23,526	21,450	19,374
WFA	27,954	28,438	45%	28,953	28,549	27,479	26,408	24,267	22,126	19,984
FWC	5,215	9,792	12%	7,705	7,597	7,313	7,028	6,458	5,888	5,318
TOTAL	59,014	67,055	100%	64,726	63,824	61,431	59,038	54,251	49,464	44,677

• Note: Data is in AF

- Baseline for MWD WSAP formula: FY12/13 and FY13/14
- Values are estimates and are subject to change. Final allocations expected from MWD by end April or early May.
- Penalty rates for exceeding level 3 allocation will be assessed consistent with the MWD penalty rate structures, only if the Agency exceeds its allocation, at the end of the assessment period.

Regional Drought Response

* Major Initiatives

- Adoption of Resolution 2014-4-3 – Support Governor’s call for voluntary 20% reduction in water use (April 16, 2014)
- Adoption of Resolution 2014-8-14 – Support of Emergency Regulation for Water Conservation (August 6, 2014)
- Significantly increased commercial turf removal by enhancing rebate with supplemental funding
- Doubled residential turf removal budget from previous years



Regional Drought Response

* **Current Drought Responses**

- Adopt Resolution 2015-5-8 – Supporting the Governor's call for mandatory 25% reduction in statewide water use
- Residential Turf Removal Rebate Program Launch (May 2015)
- Provide additional financial support for targeted outreach activities and the acceleration of water conservation efforts
- Develop a new coordinated regional communication strategy
- Develop public agency partnerships to target the removal of non-functional high-water using turf
- Development of tools that will establish an efficiency standard for indoor/outdoor water use



Recommendations

- * Support a Level 3 – Tier 1 (15%) reduction in imported water supplies
- * Support the coordination of regional unified messaging and outreach that triggers a “call for action”
- * Support the Agency’s ability to provide additional funding to support increasing conservation efforts
- * Support the acceleration of recycled water conversions and new connections



Questions?

Consistent with the Agency's business goal of increasing Water Reliability by promoting water use efficiency and education to enhance water supplies within the region and meeting the region's need to develop reliable and diverse local water resources in order to reduce dependence on imported water supplies.

**ACTION
ITEM**

3D



Date: May 20, 2015

To: The Honorable Board of Directors

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

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

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

Majid Karim *MK*
Acting Manager of Engineering

Subject: Consulting Engineering Services Contract Award for the New Water Quality Laboratory

RECOMMENDATION

It is recommended that the Board of Directors:

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

BACKGROUND

A preliminary evaluation of the existing laboratory facility was performed by Lisa Ohlund of RCM Consulting Engineers in December 2005. This review concluded that the existing laboratory facility at Regional Water Recycling Plant No. 1 (RP-1) presents several challenges including inadequate ventilation, lack of building insulation, numerous structural and storage space issues, in addition to being crowded and putting a limit on the annual number of samples

analyzed. Lack of insulation creates inadequate heating and cooling of the facility; which presents a challenge in maintaining conditions for bioassay and other tests to be performed successfully.

The Agency retained The Austin Company on April 19, 2006 to conduct a feasibility study for a new laboratory facility. In addition to considering all the challenges aforementioned, the Austin Company evaluated the future needs of the new laboratory and provided four alternatives for the location of the new facility supported by a Business Case Evaluation. The preferred alternative was to build the new laboratory facility on the RP-5 campus. In November 2009, the Agency has assembled a "Technical Panel" comprised of leading experts in laboratory design to review and discuss the feasibility study and prioritize items to be included in the new laboratory.

On May 19, 2010, the Agency retained The Austin Company via competitive solicitation process to provide consulting engineering services for the new main laboratory under Project No. EN08009. The Austin Company completed and delivered the 50 percent design submittal for Agency review; however, before it was reviewed the project was put on hold on October 26, 2010 as part of the Agency's cost containment plan.

In December 2013, the Agency decided to move forward with the New Water Quality Laboratory under a new Project No. EN15008, which was set to start in Fiscal Year (FY) 2015/16 upon Board approval. The New Water Quality Laboratory project's consultant scope will include the following major activities:

- Update the original 50 percent design to include necessary code changes
- Update the 50 percent design to include revisions of Leadership in Energy & Environmental Design (L.E.E.D), which is a green building certification program that recognizes best-in-class building strategies and practices
- Perform geotechnical investigation to ensure land stability at the New Lab site
- Expand the existing HVAC System for the buildings to include all necessary cooling for the Laboratory Building
- Finalize designs for the New Water Quality Laboratory and HVAC System
- Provide construction administration services throughout the project
- Provide necessary commissioning, testing and start-up services
- Retain a panel of experts to help review the major activities throughout the project

Since The Austin Company was selected through a formal solicitation and evaluation process to perform the initial design phase, Agency staff determined the most cost effective approach is to continue with The Austin Company to complete the project. Staff requested an updated proposal from The Austin Company based on the updated scope provided above. On April 13, 2015, the Agency received The Austin Company's proposal for comprehensive consulting engineering services for the not-to-exceed amount of \$1,273,900. The Austin Company committed to provide

the same project team to complete the design. The staff carefully reviewed, evaluated, and negotiated the said proposal with The Austin Company.

The New Water Quality Laboratory's original State Revolving Fund (SRF) financing Agreement with California State Water Resources Control Board (SWRCB) was revised in December 2013 upon the Agency's decision to resume the project to reflect updated construction milestones. The said Agreement will be revised again after receiving the construction bids (per State's instructions) to reflect the new project scope, costs and milestones. Current SRF loan financing Agreement by SWRCB includes 2.1 percent interest rate per annum and contingent principal forgiveness of \$1,050,337 (based on Recipient's performance under Agreement).

The Engineering and Construction project management approach to implement all design efforts for this project will utilize the Engineering Project Manager, Construction Manager, and designated staff from Operations and Laboratory. Additionally, the Agency will retain a panel of technical advisers with laboratory experience for quality assurance during design and construction. Due to the nature of this project, this will provide consistent coordination and retain centralized decision making in the project's execution.

Staff is requesting a budget reallocation of \$100,000 from FY 2015/16 to the current FY 2014/15 to cover consultant and IEUA staff costs until the beginning of FY 2015/16.

Following is the requested amended FY budget allocations:

	FY 2014/15	FY 2015/16
Current Allocation	\$0	\$1,800,000
Requested Allocation	\$100,000	\$1,700,000

The total projected costs are as follows:

PROJECT PHASE	PROJECTED COSTS
Total Project Budget (FY 2014/15)	\$17,100,000
Original Project Expenditure (consultant and IEUA labor – 50% Design)	\$650,000
Consultant Engineering Services	\$1,273,900
Design (IEUA Labor)	\$750,000
Technical Experts Panel/Support	\$200,000
Construction Management	\$1,800,000
Estimated Construction Cost	\$14,026,100
Contingency (~15%)	\$2,200,000
Total	\$20,900,000
Total Project Budget (FY 2015/16)	\$20,900,000

The following is the projected project schedule:

PROJECT PHASE	DATE
Consulting Engineering Services Contract Award	May 20, 2015
Design Kickoff	June 1, 2015
Design Completion	January 2016
Advertise Bid	February 2016
Construction Contract Award	April 20, 2016
Project Completion	May 2019

The New Water Quality Laboratory Project is part of the Agency's Wastewater Management Capacity Business Goal to maintain capacity within systems and facilities to meet essential service demands and to protect public health and environment.

PRIOR BOARD ACTION

On May 19, 2010, the Board awarded the consulting engineering contract to The Austin Company.

On April 19, 2006, the Board awarded a contract for the Performance Needs Assessment and Feasibility Study for a New IEUA Laboratory to The Austin Company.

IMPACT ON BUDGET

If approved, the consulting engineering services contract for the New Water Quality Laboratory Project No. EN15008, for the not-to exceed amount of \$1,273,900 in the Regional Wastewater O&M (RO) fund is within the total project budget of \$17,100,000. The FY 2014/15 appropriation will be \$100,000 and \$1,700,000 for FY 2015/16.

PJG:CB:MK:jz

New Water Quality Laboratory Consulting Engineering Services Contract Award

Project No. EN15008
May 2015



Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

Majid Karim, P.E.,
Acting Manager of Engineering
Jamal Zughbi, P.E.
Project Manager

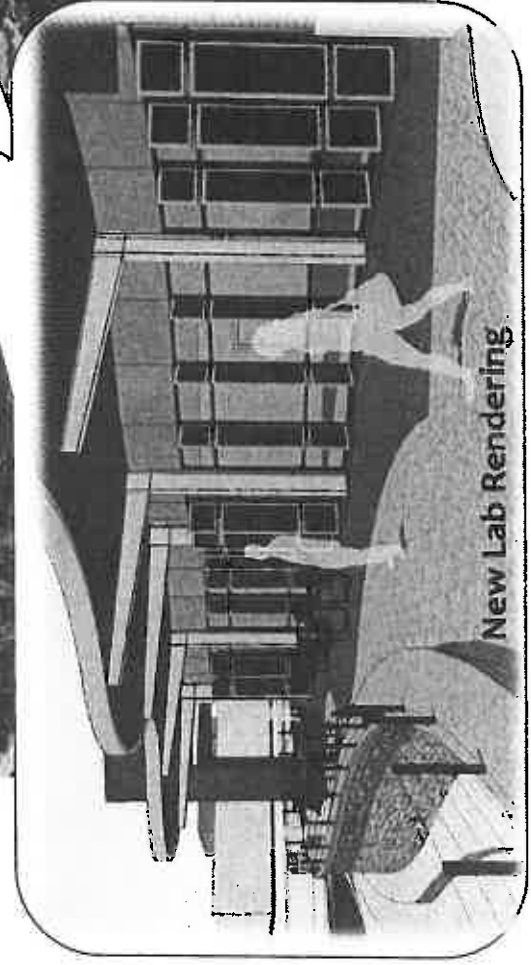
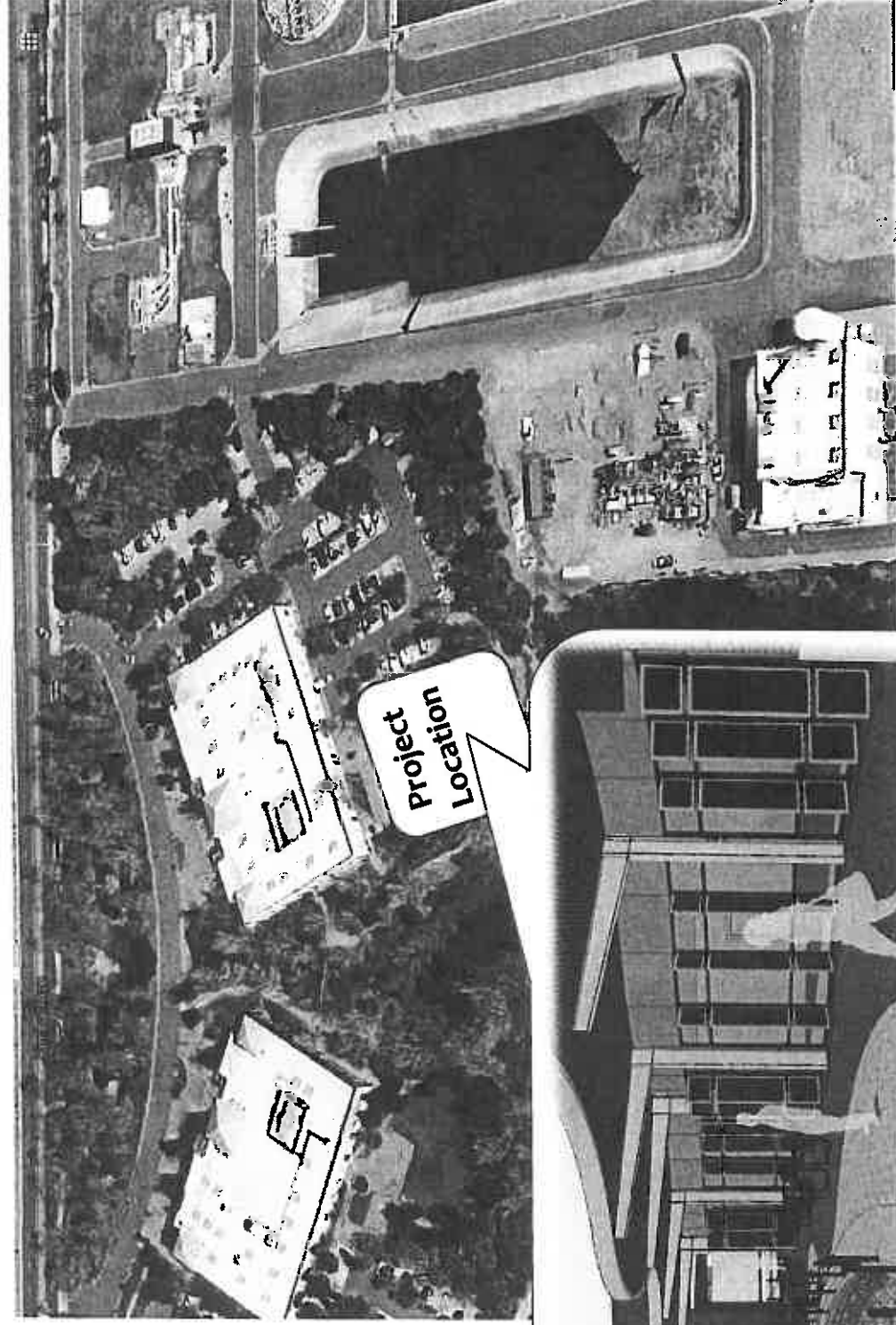
Project Request/Background

- Consulting Engineering Contract Award to The Austin Company (Austin)
- Current condition of RP-1 Laboratory:
 - Old and crowded (6,200 sq.ft.)
 - Limited expandability for future needs
 - Inadequate ventilation
 - Poor building insulation
 - Numerous Structural and storage issues
 - Limits on annual number of samples analyzed



Existing Lab

Headquarters Aerial View (New Lab Location)



Project Progress

2005
 Existing Laboratory Preliminary Evaluation By RCM Consulting Identified Challenges Recommended Feasibility Study

Apr. 2006
 Performance Needs Assessment & Feasibility Study By Austin Quality Work Complete Report Good Firm

May 2010
 Retained Austin for Consulting Engineering Services
Oct. 2010
 Project Put on Hold at 50% design Level

Dec. 2013
 Decision to resume project SRF Loan/Grant SRF Agreement Updated Funds allocated in TYCIP

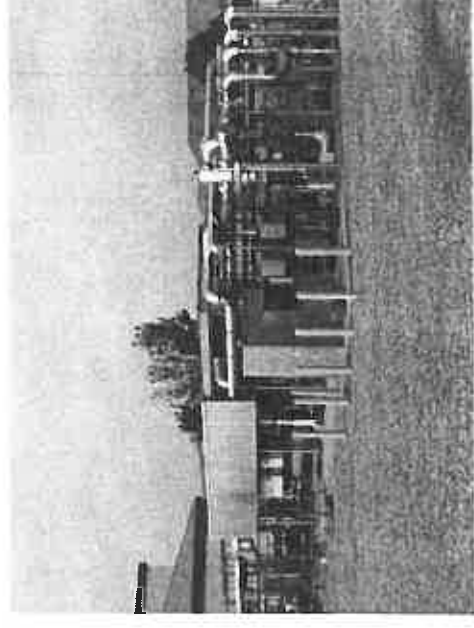
Feb. 2015
 Decision to re-hire Austin Most Qualified/Cost Effective Same Design Team Project Discussion Resumed with Austin

Mar-Apr. 2015
 RFP sent out to Austin Received Austin's Proposal Scope Negotiation Accepted Austin's Proposal



Project Scope

- New 16,000 sq.ft. laboratory
- Update design for L.E.E.D and code changes
- Expand existing HVAC/Chiller System
- Geotechnical investigations
- Complete project design
- Construction administration services
- Startup and testing services



Central Chiller Plant

Project Cost Summary

Project Phase	Projected Cost
Total Project Budget (FY2014/15)	\$17,100,000
Original Project Expenditure (consultant and IEUA labor – 50% Design)	\$650,000
Consultant Engineering Services	\$1,273,900
Design (IEUA Labor)	\$750,000
Technical Experts Panel/Support	\$200,000
Construction Management	\$1,800,000
Estimated Construction Cost	\$14,026,100
Contingency (~15%)	\$2,200,000
Total	\$20,900,000
Total Project Budget (FY2015/16)	\$20,900,000

Project Schedule

Project Phase	Date
Consulting Engineering Services Contract Award	May 20, 2015
Design Kickoff	June 1, 2015
Design Completion	January 2016
Advertise Bid	February 2016
Construction Contract Award	April 20, 2016
Project Completion	May 2019

Agency Goal/Recommendation

Staff recommends that the Board of Directors approve the consulting engineering services contract award to The Austin Company for the New Water Quality Laboratory, Project No. EN15008, for the not-to-exceed amount of \$1,273,900, and also approve Fiscal Year (FY) 2014/15 budget appropriation in the amount of \$100,000.

Project is part of the Agency's Wastewater Management Capacity Business Goal to maintain capacity within facilities to meet essential service demands and to protect public health and environment

Questions?



DRAFT



CONTRACT NUMBER: 4600001869

FOR

NEW WATER QUALITY LABORATORY

THIS CONTRACT (the "Contract"), is made and entered into this _____ day of _____, 2015, by and between the Inland Empire Utilities Agency, a Municipal Water District, organized and existing in the County of San Bernardino under and by virtue of the laws of the State of California (hereinafter referred to interchangeably as "IEUA" and "Agency"), and Austin Building and Design, Inc. dba The Austin Company of Irvine, California (hereinafter referred to as "Consultant"), to provide comprehensive consulting engineering services, bid period, and construction administration assistance of the New Water Quality Laboratory, Project EN15008.00.

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

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

Project Manager: Jamal Zughbi, P.E., Senior Engineer
Address: 6075 Kimball Avenue, Building B
Chino, CA 91708
Telephone: (909) 993-1698
Email: jzughbi@ieua.org

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

Consultant's Principal: Gregory S. Clamp, AIA, LEED AP
Address: 6410 Oak Canyon, Suite 150
Irvine, California 92618-5213
Telephone: (949) 451-9011
Email: Greg.Clamp@theaustin.com

Consultant's Project Manager: James S. Robinson, AIA, LEED AP BD+C
Address: 6410 Oak Canyon, Suite 150
Irvine, California 92618-5213
Telephone: (949) 451-9034
Email: Jim.Robinson@theaustin.com

3. **ORDER OF PRECEDENCE:** The documents referenced below represent the Contract Documents. Where any conflicts exist between the General Terms and Conditions, or addenda attached, then the governing order of precedence shall be as follows:
 1. Amendments to Contract number 4600001869;
 2. Contract number 4600001869 General Terms and Conditions;
 3. Project Manager's Request for Proposals and all germane Addenda and correspondence, incorporated herein and made a part hereof by this reference;
 4. Consultant's original proposal dated April 13, 2015, Consultant's revised schedule of work in hours dated April 17, 2015, and Consultant's revised fee proposal dated April 17, 2015, incorporated herein and made a part hereof by this reference.
4. **SCOPE OF WORK AND SERVICES:** Consultant services and responsibilities shall include and be in accordance with the Project Manager's Request for Proposal, which is incorporated herein and made a part hereof by this reference. Consultant shall ensure that the project design and construction shall be in accordance with the California State Water Resource Control Board, Clean Water State Revolving Fund requirements included in **Exhibit C**.
5. **TERM:** The term of this Contract shall extend from the date of the Notice to Proceed, and terminate upon acceptance of the design's construction by the Agency's Board of Directors, unless agreed to by both parties, reduced to writing, and amended to this Contract.
6. **PAYMENT, INVOICING AND COMPENSATION:** Agency shall pay Consultant's properly-executed once-monthly invoice approved by the Project Manager within thirty (30) days following receipt of the invoice. Payment will be withheld for any service which does not meet or exceed Agency requirements or have proven unacceptable until such service is revised, resubmitted, and accepted by the Project Manager. All invoices shall be submitted electronically with all required back-up to apgroup@ieua.org.

Agency may at any time make changes to the Work including additions, reductions, and changes to any or all of the Work, as directed in writing by the Agency. Such changes shall be made by an Amendment to the Contract. The NOT-TO-EXCEED Amount and Work Schedule shall be equitably adjusted, if required, to account for such changes and shall be set forth in the Amendment.

In compensation for the work represented by this Contract, Agency shall pay Consultant a **NOT-TO-EXCEED maximum total of \$1,273,900.00** for all services provided in accordance with the Agency's Request for Proposal, Consultant's Revised Fee Proposal, and Consultant's Revised Schedule of Work in Hours, both referenced herein, attached hereto, and made a part hereof as **Exhibit A**. Consultant's invoice must be submitted according to milestones achieved by Consultant and accepted by the Agency's Project Manager, and shall include a breakdown by items completed, referencing State Prevailing Wages, all associated labor categories provided, labor hours supplied and associated hourly rates, dates worked, the current monthly amount due, and the cumulative amount invoiced to-date against this Contract, using the Agency's standard Excel-based invoicing template **Exhibit B**. Invoice shall not be submitted in advance and shall not be dated earlier than the actual date of submittal.

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

A. Minimum Scope of Insurance:

1. **General Liability**: \$1,000,000 combined single limit per occurrence for bodily injury, personal injury and property damage. Coverage shall be at least as broad as Insurance Services Office form number GL 0001-87 covering Comprehensive General Liability. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location, or the general aggregate limit shall be twice the required occurrence limit.
2. **Automobile Liability**: \$1,000,000 combined single limit per accident for bodily injury and property damage. Coverage shall be at least as broad as Insurance Services Office form number CA 00 01 87, covering Automobile Liability, including "any auto."
3. **Workers' Compensation and Employers Liability**: Workers' compensation limits as required by the Labor Code of the State of California and employers Liability limits of \$1,000,000 per accident.
4. **Professional Liability insurance** in the amount of \$1,000,000 per claim.

B. Deductibles and Self-Insured Retention: Any deductibles or self-insured retention must be declared to and approved by the Agency. At the option of the Agency, either: the insurer shall reduce or eliminate such deductibles or self-insured retention (as respects the Agency), its officers, officials, employees, volunteers, property owners and engineers under contract to the Agency; or the Consultant shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.

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

1. **General Liability and Automobile Liability Coverage**

- a. The Agency, its officers, officials, employees, volunteers, property owners and any engineers under contract to the Agency are to be covered as insureds, endorsement CG2010 1185, as respects: liability arising out of activities performed by or on behalf of the Consultant, products and completed operations of the Consultant, premises owned, occupied or used by the Consultant, or automobiles owned, leased, hired or borrowed by the Consultant. The coverage shall contain no special limitations on the scope of protection afforded to the Agency, its officers, officials, employees, volunteers, property owners or engineers under contract to the Agency.
- b. The Consultant's insurance coverage shall be primary insurance as respects the Agency, its officer, officials, employees, volunteers, property owners or engineers under contract to the Agency. Any insurance or self-insurance

maintained by the Agency, its officers, officials, employees, volunteers, property owners or engineers under contract to the Agency shall be excess of the Consultant's insurance and shall not contribute with it.

- c. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the Agency, its officers, officials, employees, volunteers, property owners or engineers under contract to the Agency
- d. The Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
- e. The Consultant may satisfy the limit requirements in a single policy or multiple policies. Any Such additional policies written as excess insurance shall not provide any less coverage than that provided by the first or primary policy.

2. **Workers' Compensation and Employers Liability Coverage**

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

3. **All Coverages**

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

- D. Acceptability of Insurers: Insurance is to be placed with insurers with a Best's rating of no less than A:VII, and who are admitted insurers in the State of California.
- E. Verification of Coverage: Consultant shall furnish the Agency with certificates of insurance and with original endorsements effecting coverage required by the Agency for themselves and all subConsultants prior to commencing work or allowing any subConsultant to commence work under any subcontract. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. All certificates and endorsements are to be approved by the Agency before work commences. The Agency reserves the right to review the policies of all required insurance at Consultant's offices during regular business hours.
- F. Submittal of Certificates: Consultant shall submit all required certificates and endorsements to the following:

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

8. CONTROL OF THE WORK: Consultant shall perform the Work in compliance with the Work Schedule. If performance of the Work falls behind schedule, the Consultant shall accelerate the

performance of the Work to comply with the Work Schedule as directed by the Project Manager. If the nature of the Work is such that Consultant is unable to accelerate the Work, Consultant shall promptly notify the Project Manager of the delay, the causes of the delay, and submit a proposed revised Work Schedule.

9. LEGAL RELATIONS AND RESPONSIBILITIES

- A. Professional Responsibility: The Consultant shall be responsible, to the level of competency presently maintained by other practicing professionals performing the same or similar type of work.
- B. Status of Consultant: The Consultant is retained as an independent Consultant only, for the sole purpose of rendering the services described herein, and is not an employee of the Agency.
- C. Observing Laws and Ordinances: The Consultant shall keep itself fully informed of all existing and future state and federal laws and all county and city ordinances and regulations which in any manner affect the conduct of any services or tasks performed under this Contract, and of all such orders and decrees of bodies or tribunals having any jurisdiction or Agency over the same. The Consultant shall at all times observe and comply with all such existing and future laws, ordinances, regulations, orders and decrees, and shall protect and indemnify, as required herein, the Agency, its officers, employees and agents against any claim or liability arising from or based on the violation of any such law, ordinance, regulation, order or decree, whether by the Consultant or its employees.
- D. Grant-Funded Projects: This is a grant-funded (e.g., State Revolving Funds) project. The Consultant shall be responsible to comply with all grant requirements related to the project as outlined in **Exhibit C**, attached hereto and made a part hereof. These may include, but shall not be limited to: Davis-Bacon Act, Endangered Species Act, Executive Order 11246 (Affirmative Action Requirements), Equal Opportunity, Competitive Solicitation, Record Retention and Public Access to Records, and Compliance Review. Federal funding of any portion of this project will have separate, additional reporting accountability on the use of funds.
- E. Subcontract Services: Any subcontracts for the performance of any services under this Contract shall be subject to the written approval of the Project Manager.
- F. Hours of Labor: The Consultant shall comply with all applicable provisions of California Labor Code Sections 1810 to 1817 relating to working hours. The Consultant shall, as a penalty to the Agency, forfeit \$25.00 for each worker employed in the execution of the Contract by the Consultant or by any subConsultant for each calendar day during which such worker is required or permitted to work more than eight hours in any one calendar day and forty (40) hours in any one calendar week in violation of the provisions of the Labor Code.
- G. Travel and Subsistence Pay: The Consultant shall make payment to each worker for travel and subsistence payments which are needed to execute the work and/or service, as such travel and subsistence payments are defined in the applicable collective bargaining agreements with the worker.
- H. Liens: Consultant shall pay all sums of money that become due from any labor, services, materials or equipment furnished to Consultant on account of said services to be rendered or said materials to be furnished under this Contract and that may be secured by any lien

against the Agency. Consultant shall fully discharge each such lien at the time performance of the obligation secured matures and becomes due, provided Consultant has been paid in full.

- I. Indemnification: Consultant shall indemnify the Agency, its directors, employees and assigns, and shall defend and hold them harmless from all liabilities, demands, actions, claims, losses and expenses, including reasonable attorneys' fees, which arise out of or are related to the negligence, recklessness or willful misconduct of the Consultant, its directors, employees, agents and assigns, in the performance of work under this Contract, to the extent caused by Consultant's negligence or willful misconduct. Consultant shall not defend the Agency, but rather shall reimburse the Agency for its attorneys' fee and costs of defense in proportion to Consultant's percentage of fault as determined by the court or arbitrator.
- J. Conflict of Interest: No official of the Agency who is authorized in such capacity and on behalf of the Agency to negotiate, make, accept or approve, or to take part in negotiating, making, accepting or approving this Contract, or any subcontract relating to services or tasks to be performed pursuant to this Contract, shall become directly or indirectly personally interested in this Contract.
- K. Equal Opportunity: During the performance of this Contract, the Consultant shall not unlawfully discriminate against any employee or employment applicant because of race, color, religion, sex, age, marital status, ancestry, physical or mental disability, sexual orientation, veteran status or national origin.
- L. Disputes:
 - 1. All disputes arising out of or in relation to this Contract shall be determined in accordance with this section. The Consultant shall pursue the work to completion in accordance with the instruction of the Agency's Project Manager notwithstanding the existence of dispute. By entering into this Contract, both parties are obligated, and hereby agree, to submit all disputes arising under or relating to the Contract which remain unresolved after the exhaustion of the procedures provided herein, to independent arbitration. Except as otherwise provided herein, arbitration shall be conducted under California Code of Civil Procedure Sections 1280, et. seq, or their successor.
 - 2. Any and all disputes during the pendency of the work shall be subject to resolution by the Agency Project Manager and the Consultant shall comply, pursuant to the Agency Project Manager instructions. If the Consultant is not satisfied with any such resolution by the Agency Project Manager, they may file a written protest with the Agency Project Manager within seven (7) calendar days after receiving written notice of the Agency's decision. Failure by Consultant to file a written protest within seven (7) calendar days shall constitute waiver of protest, and acceptance of the Agency Project Manager's resolution. The Agency's Project Manager shall submit the Consultant's written protests to the General Manager, together with a copy of the Agency Project Manager's written decision, for his or her consideration within seven (7) calendar days after receipt of said protest(s). The General Manager shall make his or her determination with respect to each protest filed with the Agency Project Manager within ten (10) calendar days after receipt of said protest(s). If

Consultant is not satisfied with any such resolution by the General Manager, they may file a written request for arbitration with the Project Manager within seven (7) calendar days after receiving written notice of the General Manager's decision.

3. In the event of arbitration, the parties hereto agree that there shall be a single neutral Arbitrator who shall be selected in the following manner:
 - a. The Demand for Arbitration shall include a list of five names of persons acceptable to the Consultant to be appointed as Arbitrator. The Agency shall determine if any of the names submitted by Consultant are acceptable and, if so, such person will be designated as Arbitrator.
 - b. In the event that none of the names submitted by Consultant are acceptable to Agency, or if for any reason the Arbitrator selected in Step (a) is unable to serve, the Agency shall submit to Consultant a list of five names of persons acceptable to Agency for appointment as Arbitrator. The Consultant shall, in turn, have seven (7) calendar days in which to determine if one such person is acceptable.
 - c. If after Steps (a) and (b), the parties are unable to mutually agree upon a neutral Arbitrator, the matter of selection of an Arbitrator shall be submitted to the San Bernardino County Superior Court pursuant to Code of Civil Procedure Section 1281.6, or its successor. The costs of arbitration, including but not limited to reasonable attorneys' fees, shall be recoverable by the party prevailing in the arbitration. If this arbitration is appealed to a court pursuant to the procedure under California Code of Civil Procedure Section 1294, et. seq., or their successor, the costs of arbitration shall also include court costs associated with such appeals, including but not limited to reasonable attorneys' fees which shall be recoverable by the prevailing party.
4. Joinder in Mediation/Arbitration: The Agency may join the Consultant in mediation or arbitration commenced by a Consultant on the Project pursuant to Public Contracts Code Sections 20104 et seq. Such joinder shall be initiated by written notice from the Agency's representative to the Consultant.
- M. Workers' Legal Status: For performance against this Contract, Supplier shall only utilize employees and/or subConsultants that are authorized to work in the United States pursuant to the Immigration Reform and Control Act of 1986.
- N. Prevailing Wage Requirements: Pursuant to Section 1770 and following, of the California Labor Code, the Consultant shall not pay less than the general prevailing wage rates, as determined by the Director of the State of California Department of Industrial Relations for the locality in which the work is to be performed and for each craft or type of worker needed to execute the work contemplated under the Contract. The Consultant or any subConsultant performing part of said work shall strictly adhere to all provisions of the Labor Code, including, but not limited to, minimum wages, work days, nondiscrimination, apprentices, maintenance and availability of accurate payroll

records and any other matters required under all Federal, State and local laws related to labor.

10. FITNESS FOR DUTY:

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

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

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

11. OWNERSHIP OF MATERIALS AND DOCUMENTS/CONFIDENTIALITY: The Agency retains ownership of any and all partial or complete reports, drawings, plans, notes, computations, lists, and/or other materials, documents, information, or data prepared by the Consultant and/or the Consultant's subConsultant(s) pertaining to this Contract. Said materials and documents are confidential and shall be available to the Agency from the moment of their preparation, and the Consultant shall deliver same to the Agency whenever requested to do so by the Project Manager and/or Agency. The Consultant agrees that same shall not be made available to any individual or organization, private or public, without the prior written consent of the Agency. Agency shall indemnify, defend, and hold harmless Consultant for any Agency reuse of materials or documents for any purpose other than originally intended. Agency shall defend, indemnify, and hold harmless Consultant for any claims or actions resulting from changes to a reuse of such materials.

12. TITLE AND RISK OF LOSS:

Documentation: Title to the Documentation shall pass to Agency when prepared; however, a copy may be retained by Consultant for its records and internal use Consultant shall retain such Documentation in a controlled access file, and shall not reveal, display or disclose the contents of the Documentation to others without the prior written authorization of Agency or for the performance of Work related to the project.

Material: Title to all Material, field or research equipment, and laboratory models, procured or fabricated under the Contract shall pass to Agency when procured or fabricated, and such title

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

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

13. PROPRIETARY RIGHTS:

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

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

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

If the Work or Documentation includes the Proprietary Rights of others, Consultant shall procure, at no additional cost to Agency, all necessary licenses regarding such Proprietary Rights so as to allow Agency the complete enjoyment of the Work and Documentation, including the right to reproduce, correct, repair, replace, maintain, translate, publish, use, modify, copy or dispose of any or all of the Work and Documentation and grant sublicenses to others with respect to the Work and Documentation. All such licenses shall be in writing and shall be irrevocable and royalty-free to Agency. Agency shall defend indemnify and hold harmless Consultant for any claims or actions resulting from changes to a reuse of such materials.

B. No Additional Compensation: Nothing Set forth in this Contract shall be deemed to require payment by Agency to Consultant of any compensation specifically for the assignments and assurances required hereby, other than the payment of expenses as may be actually incurred by Consultant in complying with this Contract.

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

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

other Proprietary Rights. Consultant shall, at its expense and at Agency's option, refund any amount paid by Agency under the Contract, or exert its best efforts to procure for Agency the right to use the Work and Documentation, to replace or modify the Work and Documentation as approved by Agency so as to obviate any such claim of infringement, or to put up a satisfactory bond to permit Agency's continued use of the Work and Documentation.

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

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

16. **NON-CONFORMING WORK AND WARRANTY:** Consultant represents and warrants that the Work shall be in conformance with the specifications provided herein and shall serve the purposes described. For a period of not less than one (1) year after acceptance of the completed Work, Consultant shall, at no additional cost to Agency, correct any and all errors or shortcomings of the Work, regardless of whether any such errors or shortcomings is brought to the attention of the Consultant by Agency, or any other person or entity.

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

Agency: Attn: Mr. Warren T. Green, Manager of Contracts and Facilities Services
c/o Inland Empire Utilities Agency
P.O. Box 9020
Chino Hills, California 91709-0902

Consultant: Attn: Curtis D. Miller, Vice President & General Manager
c/o Austin Building and Design, Inc. dba The Austin Company
6410 Oak Canyon, Suite 150
Irvine, California 92618-5213

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

18. **SUCCESSORS AND ASSIGNS:** All of the terms, conditions and provisions of this Contract shall inure to the benefit of and be binding upon the Agency, the Consultant, and their respective successors and assigns. Notwithstanding the foregoing, no assignment of the duties or benefits

of the Consultant under this Contract may be assigned, transferred or otherwise disposed of without the prior written consent of the Agency; and any such purported or attempted assignment, transfer or disposal without the prior written consent of the Agency shall be null, void and of no legal effect whatsoever.

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

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

INLAND EMPIRE UTILITIES AGENCY:

AUSTIN BUILDING AND DESIGN, INC. DBA THE
AUSTIN COMPANY:

P. Joseph Grindstaff
General Manager

(Date)

Curtis D. Miller
Vice President & General Manager

(Date)

Exhibit A



6410 Oak Canyon, Suite 150
Irvine, California 92618
www.theaustin.com

PH 949.451.9000 FX 949.451.9011

April 17, 2015

Mr. Jamal Zughbi, P.E.
Inland Empire Utilities Agency
Engineering & Construction Management Department
6075 Kimball Avenue
Building "B"
Chino Hills, California 91708

Re: **Consulting Engineering Services for the New Water Quality Laboratory &
Central Chiller Plant Expansion**
Project No. 15008
Fee Proposal (revised)

Dear Jamal,

In accordance with the Request for Proposal, the fees for The Austin Company's proposal dated April 13, 2015 are provided below. A Lump Sum fee for the Scope of work is defined, along with a breakdown for individual work phases. Fees are inclusive of customary reimbursable expenses.

Austin's fee proposal is as follows:

New Water Quality Laboratory:

Update 50% Lab Design	\$84,900
50%/85%/100% Lab Design workshops	16,900
Lab CD's	427,700
Lab LEED effort	83,400
3D CADD	27,200

Subconsultants Work:

Civil Lab (Penco)	61,700
Civil Central Plant (Penco)	30,000
Landscape (Brandow)	14,600
Commissioning Authority Central Plant	33,800
Geotechnical (Ninyo & Moore)	15,700
Potholing (Penco)	19,900

Central Plant:

Preliminary Design Central Plant	51,600
30%/50%/85%/100% CP Design workshops	13,900
Central Plant CD's	118,400



Construction Assistance:

Bid assistance	7,700
Shop Drwg/RFI/	104,100
Weekly Meetings	107,200
O&M/Startup Assistance	34,800
Record Drawings/Training	20,400

Total Design Fee **\$1,273,900**

Qualifiers

1. It is Austin's anticipation that Austin will manage the survey services, but the contract will be between sub-consultant and IEUA.
2. Per our April 16 meeting, it is agreed the contract language stating: "The Consultant will reimburse the Agency for any additional costs that may result from inadequate existing utility research or detailing" refers to 'professional services standard of care'. This clause will not be enforced providing Austin meets this 'standard of care'.

Please contact me at 949.451.9900 or by e-mail at greg.clamp@theaustin.com if you require any additional information or clarification regarding this proposal.

Sincerely,

Gregory S. Clamp, AIA LEED AP



**CONSULTING ENGINEERING SERVICES, NEW WATER
QUALITY LABORATORY & CENTRAL CHILLER PLANT EXPANSION**

Inland Empire Utilities Agency, Chino Hills, CA

EN15008.00

SCHEDULE OF WORK IN HOURS

The table below shows Austin's estimate of labor by discipline and by task. The task numbers used in the column headings relate to the following:

Lab Construction Docs

- 1 Update 50% Lab Design
- 2 50%/85%/100% Lab Design Workshops
- 3 Lab CD's
- 4 Lab LEED® Effort
- 19 3D CADD

Central Plant Construction Docs

- 10 Preliminary Design Central Plant (CP)
- 11 30%/50%/85%/100% CP Design Workshops
- 12 Central Plant CD's

Subconsultant Services

- 5 Civil Lab (Penco)
- 6 Civil CP (Penco)
- 7 Geotechnical (Ninyo & Moore)
- 8 Landscape (Brandow)
- 9 Potholing (Penco)
- 18 Commissioning Authority for CP

Construction Administration

- 13 Bid Assistance
- 14 Shop Dwg/RFI
- 15 Weekly Meetings
- 16 O&M/Startup Assistance
- 17 Record Drawings/Training

Task	Arch	Struc	Civil	HVAC	Plumb/FP	Elec	Support	PM	Accnt	Mgmt	Est	Totals
1	180	64		140	80	180	80	80	24	32	0	860
2	24	24	0	24	0	24	0	24	4	16	0	140
3	680	420	0	720	400	820	160	360	100	80	120	3860
4	200	0	0	140	40	240	40	56	16	24	0	756
5	0	56	310	0	0	0	0	0	0	0	0	366
6	0	24	355	0	0	0	0	0	0	0	0	379
7	0	0	237	0	0	0	0	0	0	0	0	237
8	12	12	100	0	0	0	0	12	0	0	0	136
9	0	0	150	0	0	0	0	0	0	0	0	150
10	56	40	0	200	0	64	40	40	12	16	0	468
11	24	0	0	24	0	24	0	24	0	12	0	108
12	80	240	0	430	0	180	0	0	0	0	120	1050
13	8	4	0	8	4	8	4	24	2	2	0	64
14	160	120	0	160	120	160	48	128	24	24	0	944
15	20	20	0	20	0	20	0	600	20	20	0	720
16	24	4	0	72	40	56	48	48	10	12	0	314
17	36	8	0	52	20	28	4	20	4	6	0	178
18	0	0	0	24	0	16	0	24	2	2	0	68
19	100	24	0	40	40	32	0	12	4	4	0	256
Totals	1604	1060	1152	2054	744	1852	424	1452	222	250	240	11054



Exhibit B

Exhibit B CONSULTING SERVICES INVOICE

Consultant:	Pay Estimate No.:	Contract Date:	Invoice Date:
Address:	Project No.:	IEUA Project Manager:	This Period:
	Contract No.:		From:
			To:
Project Name and Location: j	Account No.:	Consultant Reference No.:	

ORIGINAL CONTRACT:

Task No.	Item Description	Original Contract Value	Total This Period From: 1/0/2015 To: 1/0/2015		Total to Date From: 1/0/2015 To: 1/0/2015		Progress to Date
		Amount (\$)	% Complete	Amount (\$)	% Complete	Amount (\$)	% Complete
				\$0.00		\$0.00	0%
				\$0.00		\$0.00	0%
				\$0.00		\$0.00	0%
				\$0.00		\$0.00	0%
Subtotal Original Contract:		\$0.00		\$0.00		\$0.00	

CONTRACT AMENDMENTS:

Amend No.	Amendment Description	Amended Contract Value	Total This Period From: 1/0/2015 To: 1/0/2015		Total to Date From: 1/0/2015 To: 1/0/2015		Progress to Date
		Amount (\$)	% Complete	Amount (\$)	% Complete	Amount (\$)	% Complete
				\$0.00		\$0.00	0%
				\$0.00		\$0.00	0%
				\$0.00		\$0.00	0%
				\$0.00		\$0.00	0%
				\$0.00		\$0.00	0%
Subtotal Contract Amendments:		\$0.00		\$0.00		\$0.00	
Total Contract with Amendments:		\$0.00		\$0.00		\$0.00	

PAYMENT SUMMARY FOR THIS PERIOD:

	Total This Period From: 1/0/2015 To: 1/0/2015
Amount Earned Original Contract	\$0.00
Amount Earned Amendments	\$0.00
Back Charges	\$0.00
Amount Due This Period	\$0.00

PRIOR PAYMENT SUMMARY:

	Total to Date From: 1/0/2015 To: 1/0/2015
Amount Earned Original Contract	\$0.00
Amount Earned Amendments	\$0.00
Back Charges	\$0.00
Prior Payments	\$0.00

TOTAL PAYMENT SUMMARY:

	Total Contract
Total Original Contract	\$0.00
Total Contract Amendments	\$0.00
Total Adjusted Contract	\$0.00
Total Payments to Date	\$0.00
Back Charges	\$0.00
Balance of Contract	\$0.00

CONTRACT SCHEDULE SUMMARY:

Contract Start Date:	1/0/2015
Contract Duration:	0
Contract Completion Date:	
Authorized Time Extension:	0
Revised Completion Date:	

PROJECT COMPLETION SUMMARY:

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

APPROVALS:

Consultant Approval:

Title: _____ Signature: _____ Date: _____

Inland Empire Utilities Agency Approvals:

Project Manager/Engineer: _____ Date: _____ Executive Manager: _____

Date: _____

Supervising Engineer: _____ Date: _____

General Manager/CEO: _____

Department Manager: _____ Date: _____

Date: _____

Exhibit C

IEUA Regional Water Quality Laboratory Project Agreement Requirements

The IEUA Regional Water Quality Laboratory Project (Project) will be funded by a State Water Resources Control Board State Revolving Fund Loan (Agreement.)

The Agreement has regulatory requirements that the Inland Empire Utilities Agency is required to include in all contracts for work related to the performance of the Agreement. The consultants and contractors must assist IEUA in meeting the federal and state requirements that apply to the scope stated in their contracts. These requirements include, but are not limited to, the State Prevailing Wages, Federal Davis-Bacon requirements, Federal Disadvantaged Business Enterprise (DBE), Audit, and Record Retention and Review, etc. If a sub is hired, the Agreement requirement language must be included in the sub's contract in its entirety. The follow attachments provide more details about the specific requirements and must be included in all contracts for this Project:

- 1. Article V - Miscellaneous Provisions**
- 2. Exhibit E - Federal Conditions & Cross-Cutters**
- 3. Exhibit G - Davis-Bacon Labor Compliance Requirements**
- 4. DBE instructions/forms**
- 5. Signage on Construction Site**
- 6. Records**

ARTICLE V MISCELLANEOUS PROVISIONS

5.1 Covenants.

- (a) **Tax Covenant.** Notwithstanding any other provision hereof, the Recipient covenants and agrees that it will comply with the Tax Covenants set forth in Article IV attached hereto if any portion of the Project Funds is derived from proceeds of Bonds.
- (b) **Disclosure of Financial Information, Operating Data, and Other Information.** The Recipient covenants to furnish such financial, operating and other data pertaining to the Recipient as may be requested by the State Water Board to: (i) enable the State Water Board to cause the issuance of Bonds and provide for security therefor; or (ii) enable any underwriter of Bonds issued for the benefit of the State Water Board to comply with Rule 15c2-12(b)(5). The Recipient further covenants to provide the State Water Board with copies of all continuing disclosure reports and materials concerning the Recipient required by the terms of any financing other than this Agreement and to submit such reports to the State Water Board at the same time such reports are submitted to any dissemination agent, trustee, nationally recognized municipal securities information repository, the Municipal Securities Rulemaking Board's Electronic Municipal Market Access (EMMA) website or other person or entity.

5.2 Assignability.

The Recipient agrees and consents to any pledge, sale, or assignment to the Bank or a trustee for the benefit of the owners of the Bonds, if any, at any time of any portion of the State Water Board's estate, right, title, and interest and claim in, to and under this Agreement and the right to make all related waivers and agreements in the name and on behalf of the State Water Board, as agent and attorney-in-fact, and to perform all other related acts which are necessary and appropriate under this Agreement, if any, and the State Water Board's estate, right, title, and interest and claim in, to and under this Agreement to Installment Payments (but excluding the State Water Board's rights to Additional Payments and to notices, opinions and indemnification under each Obligation). This Agreement is not assignable by the Recipient, either in whole or in part, without the consent of the State Water Board in the form of a formal written amendment to this Agreement.

5.3 State Reviews and Indemnification.

The parties agree that review or approval of Project plans and specifications by the State Water Board is for administrative purposes only and does not relieve the Recipient of its responsibility to properly plan, design, construct, operate, and maintain the Project. To the extent permitted by law, the Recipient agrees to indemnify, defend, and hold harmless the State Water Board, the Bank, and any trustee, and their officers, employees, and agents for the Bonds, if any (collectively, "Indemnified Persons"), against any loss or liability arising out of any claim or action brought against any Indemnified Persons from and against any and all losses, claims, damages, liabilities, or expenses, of every conceivable kind, character, and nature whatsoever arising out of, resulting from, or in any way connected with (1) the System or the Project or the conditions, occupancy, use, possession, conduct, or management of, work done in or about, or the planning, design, acquisition, installation, or construction, of the System or the Project or any part thereof; (2) the carrying out of any of the transactions contemplated by this Agreement or any related document; (3) any violation of any applicable law, rule or regulation, any environmental law (including, without limitation, the Federal Comprehensive Environmental Response, Compensation and Liability Act, the Resource Conservation and Recovery Act, the California Hazardous Substance Account Act, the Federal Water Pollution Control Act, the Clean Air Act, the Toxic Substances Control Act, the Occupational Safety and Health Act, the Safe Drinking Water Act, the California Hazardous Waste Control Law, and California Water Code Section 13304, and any successors to said laws), rule or regulation or the release of any toxic substance on or near the System; or (4) any untrue statement or alleged untrue statement of any material fact or omission or alleged omission to state a material fact necessary to make the statements required to be stated therein, in light of the circumstances under which

they were made, not misleading with respect to any information provided by the Recipient for use in any disclosure document utilized in connection with any of the transactions contemplated by this Agreement. To the fullest extent permitted by law, the Recipient agrees to pay and discharge any judgment or award entered or made against Indemnified Persons with respect to any such claim or action, and any settlement, compromise or other voluntary resolution. The provisions of this section shall survive the discharge of the Recipient's Obligation hereunder.

5.4 Termination; Immediate Repayment; Interest.

- (a) This Agreement may be terminated by written notice during construction of the Project, or thereafter at any time prior to complete repayment by the Recipient, at the option of the State Water Board, upon violation by the Recipient of any material provision of this Agreement after such violation has been called to the attention of the Recipient and after failure of the Recipient to bring itself into compliance with the provisions of this Agreement within a reasonable time as established by the Division.
- (b) In the event of such termination, the Recipient agrees, upon demand, to immediately repay to the State Water Board an amount equal to Installment Payments due hereunder, including accrued interest, and all penalty assessments due. In the event of termination, interest shall accrue on all amounts due at the highest legal rate of interest from the date that notice of termination is mailed to the Recipient to the date of full repayment by the Recipient.
- (c) Where the Recipient is a private entity that has been determined to have violated an applicable prohibition in the Prohibition Statement below or has an employee who is determined by USEPA to have violated an applicable prohibition in the Prohibition Statement below that is either associated with performance under this aware or imputed to the Recipient using the standards and due process for imputing the conduct of an individual to an organization pursuant to 2 CFR Part 180, the Recipient acknowledges and agrees that this Obligation may become immediately due and payable and that penalties up to \$175 million may be due by the Recipient to the State Water Board, in addition to any other criminal or civil penalties that may become due. The Recipient, its employees, its contractors, and any subrecipients or subcontractors may not engage in trafficking in persons, procure a commercial sex act, or use forced labor.

5.5 Income Restrictions.

The Recipient agrees that any refunds, rebates, credits, or other amounts (including any interest thereon) accruing to or received by the Recipient under this Agreement shall be paid by the Recipient to the State, to the extent that they are properly allocable to costs for which the Recipient has been reimbursed by the State under this Agreement.

5.6 Prevailing Wages.

The Recipient agrees to be bound by all the provisions of State Labor Code Section 1771 regarding prevailing wages. The Recipient shall monitor all agreements subject to reimbursement from this Agreement to assure that the prevailing wage provisions of State Labor Code Section 1771 are being met.

5.7 Timeliness.

Time is of the essence in this Agreement.

5.8 Governing Law.

This contract is governed by and shall be interpreted in accordance with the laws of the State of California.

5.9 Amendment.

No amendment or variation of the terms of this Agreement shall be valid unless made in writing, signed by the parties and approved as required. No oral understanding or agreement not incorporated in this Agreement is binding on any of the parties.

5.10 Bonding.

Where contractors are used, the Recipient shall not authorize construction to begin until each contractor has furnished a performance bond in favor of the Recipient in the following amounts: faithful performance (100%) of contract value; labor and materials (100%) of contract value. This requirement shall not apply to any contract for less than \$20,000.00.

5.11 Compliance with Law, Regulations, etc.

- (a) The Recipient agrees that it will, at all times, comply with and require its contractors and subcontractors to comply with all applicable federal and state laws, rules, guidelines, regulations, and requirements. Without limitation of the foregoing, the Recipient agrees that, to the extent applicable, the Recipient will:
- (1) Comply with the provisions of the adopted environmental mitigation plan for the term of this Agreement;
 - (2) Comply with the State Water Board's "Policy for Implementing the Clean Water State Revolving Fund," dated May 7, 2013;
 - (3) Comply with and require its contractors and subcontractors on the Project to comply with federal DBE requirements; and
 - (4) Comply with and require its contractors and subcontractors to comply with the list of federal laws attached as Exhibit E.

5.12 Conflict of Interest.

The Recipient certifies that it is in compliance with applicable state and/or federal conflict of interest laws.

5.13 Damages for Breach Affecting Tax Exempt Status or Federal Compliance

In the event that any breach of any of the provisions of this Agreement by the Recipient shall result in the loss of tax exempt status for any bonds of the State or any subdivision or agency thereof, including Bonds issued on behalf of the State Water Board, or if such breach shall result in an obligation on the part of the State or any subdivision or agency thereof to reimburse the federal government by reason of any arbitrage profits, the Recipient shall immediately reimburse the State or any subdivision or agency thereof in an amount equal to any damages paid by or loss incurred by the State or any subdivision or agency thereof due to such breach.

In the event that any breach of any of the provisions of this Agreement by the Recipient shall result in the failure of Project Funds to be used pursuant to the provisions of this Agreement, or if such breach shall result in an obligation on the part of the State or any subdivision or agency thereof to reimburse the federal government, the Recipient shall immediately reimburse the State or any subdivision or agency thereof in an amount equal to any damages paid by or loss incurred by the State or any subdivision or agency thereof due to such breach.

5.14 Disputes.

- (a) An applicant or recipient may appeal a staff decision within 30 days to the Deputy Director of the Division or designee, for a final Division decision. An applicant or recipient may appeal a final Division decision to the State Water Board within 30 days. The Office of the Chief Counsel of the State Water Board will prepare a summary of the dispute and make recommendations relative to its final resolution, which will be provided to the State Water Board's Executive Director and each State Water Board Member. Upon the motion of any State Water Board Member, the State Water Board will review and resolve the dispute in the manner determined by the State Water Board. Should the State Water Board determine not to review the final Division decision, this decision will represent a final agency action on the dispute.
- (b) This clause does not preclude consideration of legal questions, provided that nothing herein shall be construed to make final the decision of the State Water Board, or any official or representative thereof, on any question of law.
- (c) Recipient shall continue with the responsibilities under this Agreement during any dispute.

5.15 Independent Actor.

The Recipient, and its agents and employees, if any, in the performance of this Agreement, shall act in an independent capacity and not as officers, employees, or agents of the State Water Board.

5.16 Non-Discrimination Clause.

- (a) During the performance of this Agreement, Recipient and its contractors and subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, sexual orientation, physical disability (including HIV and AIDS), mental disability, medical condition (cancer), age (over 40), marital status, and denial of family care leave.
- (b) The Recipient, its contractors, and subcontractors shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment.
- (c) The Recipient, its contractors, and subcontractors shall comply with the provisions of the Fair Employment and Housing Act and the applicable regulations promulgated thereunder. (Gov. Code, §12990, subds. (a)-(f) et seq.; Cal. Code Regs., tit. 2, § 7285 et seq.) Such regulations are incorporated into this Agreement by reference and made a part hereof as if set forth in full.
- (d) The Recipient, its contractors, and subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.
- (e) The Recipient shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the Agreement.

5.17 No Third Party Rights.

The parties to this Agreement do not create rights in, or grant remedies to, any third party as a beneficiary of this Agreement, or of any duty, covenant, obligation, or undertaking established herein.

5.18 Operation and Maintenance; Insurance.

The Recipient agrees to sufficiently and properly staff, operate and maintain all portions of the Project during its useful life in accordance with all applicable state and federal laws, rules and regulations.

The Recipient will procure and maintain or cause to be maintained insurance on the System with responsible insurers, or as part of a reasonable system of self-insurance, in such amounts and against such risks (including damage to or destruction of the System) as are usually covered in connection with systems similar to the System. Such insurance may be maintained by the maintenance of a self-insurance plan so long as any such plan provides for (i) the establishment by the Recipient of a separate segregated self-insurance fund funded in an amount determined (initially and on at least an annual basis) by an independent insurance consultant experienced in the field of risk management employing accepted actuarial techniques and (ii) the establishment and maintenance of a claims processing and risk management program.

In the event of any damage to or destruction of the System caused by the perils covered by such insurance, the net proceeds thereof shall be applied to the reconstruction, repair or replacement of the damaged or destroyed portion of the System. The Recipient shall begin such reconstruction, repair or replacement as expeditiously as possible, and shall pay out of such net proceeds all costs and expenses in connection with such reconstruction, repair or replacement so that the same shall be completed and the System shall be free and clear of all claims and liens. If such net proceeds are insufficient to enable the Recipient to pay all remaining unpaid principal portions of the Installment Payments, the Recipient shall provide additional funds to restore or replace the damaged portions of the System.

5.19 Permits, Subcontracting, and Remedies.

The Recipient shall comply in all material respects with all applicable federal, state and local laws, rules and regulations. Recipient shall procure all permits, licenses and other authorizations necessary to accomplish the work contemplated in this Agreement, pay all charges and fees, and give all notices necessary and incidental to the due and lawful prosecution of the work. Signed copies of any such permits or licenses shall be submitted to the Division before construction begins.

5.20 Recipient's Responsibility for Work.

The Recipient shall be responsible for all work and for persons or entities engaged in work performed pursuant to this Agreement, including, but not limited to, contractors, subcontractors, suppliers, and providers of services. The Recipient shall be responsible for any and all disputes arising out of its contracts for work on the Project. The State Water Board will not mediate disputes between the Recipient and any other entity concerning responsibility for performance of work.

5.21 Related Litigation.

Under no circumstances may a Recipient use funds from any disbursement under this Agreement to pay costs associated with any litigation the Recipient pursues against the State Water Board or any Regional Water Quality Control Board. Regardless of the outcome of any such litigation, and notwithstanding any conflicting language in this Agreement, the Recipient agrees to complete the Project funded by this Agreement or to repay all of the disbursed funds plus interest.

5.22 Rights in Data.

The Recipient agrees that all data, plans, drawings, specifications, reports, computer programs, operating manuals, notes, and other written or graphic work produced in the performance of this Agreement are subject to the rights of the State as set forth in this section. The State shall have the right to reproduce, publish, and use all such work, or any part thereof, in any manner and for any purposes whatsoever and to authorize others to do so. If any such work is copyrightable, the Recipient may copyright the same, except that, as to any work which is copyrighted by the Recipient, the State reserves a royalty-free,

nonexclusive, and irrevocable license to reproduce, publish, and use such work, or any part thereof, and to authorize others to do so, and to receive electronic copies from the Recipient upon request. (40 CFR 31.34, 31.36)

5.23 State Water Board Action; Costs and Attorney Fees.

The Recipient agrees that any remedy provided in this Agreement is in addition to and not in derogation of any other legal or equitable remedy available to the State Water Board as a result of breach of this Agreement by the Recipient, whether such breach occurs before or after completion of the Project, and exercise of any remedy provided by this Agreement by the State Water Board shall not preclude the State Water Board from pursuing any legal remedy or right which would otherwise be available. In the event of litigation between the parties hereto arising from this Agreement, it is agreed that each party shall bear its own costs and attorney fees.

5.24 Unenforceable Provision.

In the event that any provision of this Agreement is unenforceable or held to be unenforceable, then the parties agree that all other provisions of this Agreement have force and effect and shall not be affected thereby.

5.25 Useful Life.

The economic useful life of the Project, commencing at Project Completion, is at least equal to the term of this Agreement, as set forth in Exhibit B hereto.

5.26 Venue.

The State Water Board and the Recipient hereby agree that any action arising out of this Agreement shall be filed and maintained in the Superior Court in and for the County of Sacramento, California.

5.27 Waiver and Rights of the State Water Board.

Any waiver of rights by the State Water Board with respect to a default or other matter arising under the Agreement at any time shall not be considered a waiver of rights with respect to any other default or matter.

Any rights and remedies of the State Water Board provided for in this Agreement are in addition to any other rights and remedies provided by law.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

INLAND EMPIRE UTILITIES AGENCY:

By: _____

Name: P. Joseph Grindstaff

Title: General Manager

Date: _____

STATE WATER RESOURCES CONTROL BOARD:

By: _____

Name:

Title: Deputy Director

Division of Financial Assistance

Date: _____

EXHIBIT E — FEDERAL CONDITIONS & CROSS-CUTTERS

The Recipient agrees to comply with the following conditions required by USEPA:

1. No Recipient or subrecipient may receive funding under this Agreement unless it has provided its DUNS number to the State Water Board. (2011 Cap Grant)
2. **Executive Compensation.** Where the Recipient received 80 percent or more of its annual gross revenues from federal procurement contracts (and subcontracts) and \$25,000,000 or more in annual gross revenues from federal procurement contracts (and subcontracts), the Recipient agrees to notify the State Water Board. The Recipient agrees to provide information regarding executive compensation to the State Water Board upon request, in order for the State Water Board to comply with USEPA requirements.
3. **Trafficking in Persons.** The Recipient, its employees, contractors and subcontractors and their employees may not engage in severe forms of trafficking in persons during the term of this Agreement, procure a commercial sex act during the term of this Agreement, or use forced labor in the performance of this Agreement. The Recipient must include this provision in its contracts and subcontracts under this Agreement. The Recipient must inform the State Water Board immediately of any information regarding a violation of the foregoing. The Recipient understands that failure to comply with this provision may subject the State Water Board to loss of federal funds in the amount of \$101,065,000. The Recipient agrees to compensate the State Water Board for any such funds lost due to its failure to comply with this condition, or the failure of its contractors or subcontractors to comply with this condition. The State Water Board may unilaterally terminate this Agreement and full repayment will be due immediately, if a subrecipient that is a private entity is determined to have violated the foregoing. Trafficking Victims Protection Act of 2000.
4. **Contractors, Subcontractors, Debarment and Suspension, Executive Order 12549; 2 CFR Part 180; 2 CFR Part 1532.** The Recipient shall not subcontract with any party who is debarred or suspended or otherwise excluded from or ineligible for participation in federal assistance programs under Executive Order 12549, "Debarment and Suspension". The Recipient shall not subcontract with any individual or organization on USEPA's List of Violating Facilities. (40 CFR, Part 31.35, Gov. Code 4477)

The Recipient certifies to the best of its knowledge and belief, that it and its principals:

- (a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any federal department or agency;
- (b) Have not within a three (3) year period preceding this Agreement been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
- (c) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (federal, state or local) with commission of any of the offenses enumerated in paragraph (b) of this certification; and
- (d) Have not within a three (3) year period preceding this application/proposal had one or more public transactions (federal, state or local) terminated for cause or default.

EXHIBIT E — FEDERAL CONDITIONS & CROSS-CUTTERS

Suspension and debarment information can be accessed at <http://www.sam.gov>. The Recipient represents and warrants that it has or will include a term or conditions requiring compliance with this provision in all of its contracts and subcontracts under this Agreement. The Recipient acknowledges that failing to disclose the information as required at 2 CFR 180.335 may result in the termination, delay or negation of this Agreement, or pursuance of legal remedies, including suspension and debarment.

5. Anti-Lobbying Provisions (40 CFR Part 34) & Anti-Litigation Provisions (2 CFR 220, 225, or 230). The Recipient shall ensure that no funds under this Agreement are used to engage in lobbying of the federal government or in litigation against the United States unless authorized under existing law. The Recipient shall abide by 2 CFR 225 (OMB Circular A-87) (or, if not applicable, other parallel requirements), which prohibits the use of federal grant funds for litigation against the United States or for lobbying or other political activities. The Recipient agrees to comply with 40 CFR Part 24, New Restrictions on Lobbying. The Recipient agrees to submit certification and disclosure forms in accordance with these provisions. In accordance with the Byrd Anti-Lobbying Amendment, any Recipient who makes a prohibited expenditure under 40 CFR Part 34 or fails to file the required certification or lobbying forms shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such expenditure. The Recipient shall abide by its respective 2 CFR 200, 225, or 230, which prohibits the use of federal grant funds for litigation against the United States or for lobbying or other political activities.
6. Disadvantaged Business Enterprises. 40 CFR Part 33. The Recipient agrees to comply with the requirements of USEPA's Program for Utilization of Small, Minority and Women's Business Enterprises. The DBE rule can be accessed at www.epa.gov/osbp. The Recipient shall comply with, and agrees to require its prime contractors to comply with 40 CFR Section 33.301, and retain all records documenting compliance with the six good faith efforts.
7. The Recipient agrees to comply with the Davis-Bacon provisions attached as Exhibit G.

The Recipient agrees to comply with the following federal laws, as applicable to recipients of CWSRF funding:

Environmental Authorities

1. Archeological and Historical Preservation Act of 1974, Pub. L. 86-523, as amended, Pub. L. 93-291 16 USC § 469a-1.
2. Clean Air Act, Pub. L. 84-159, as amended.
3. Coastal Barrier Resources Act, Pub. L. 97-348, 96 Stat. 1653; 16 USC § 3501 et seq.
4. Coastal Zone Management Act, Pub. L. 92-583, as amended; 16 USC § 1451 et seq.
5. Endangered Species Act, Pub. L. 93-205, as amended; 16 USC § 1531 et seq..
6. Environmental Justice, Executive Order 12898.
7. Floodplain Management, Executive Order, 11988 as amended by Executive Order 12148.
8. Protection of Wetlands, Executive Order 11990, as amended by Executive Order No. 12608.

EXHIBIT E — FEDERAL CONDITIONS & CROSS-CUTTERS

9. Farmland Protection Policy Act, Pub. L. 97-98; 7 USC § 4201 et seq.
10. Fish and Wildlife Coordination Act, Pub. L. 85-624, as amended.
11. National Historic Preservation Act of 1966, Pub. L. 89-665, as amended, 80 Stat. 917 (1966) 16 USC § 470 et seq.
12. Safe Drinking Water Act, Pub. L. 93-523, as amended; 42 USC § 300f et seq.
13. Wild and Scenic Rivers Act, Pub. L. 90-542, as amended, 82 Stat. 913; 16 USC § 1271 et seq.
14. Essential Fish Habitat Consultation. Pub. L. 94-265, as amended, 16 USC § 1801 et seq.
15. Recycled Materials. Executive Order 13101; Section 6002 Resource Conservation and Recovery Act – 42 USC § 6962.

Economic and Miscellaneous Authorities

1. Demonstration Cities and Metropolitan Development Act of 1966, Pub. L. 89-754, as amended, Executive Order 12372/ 42 USC § 3331 et seq.
2. Procurement Prohibitions under Section 306 of the Clean Air Act and Section 508 of the Clean Water Act, including Executive Order 11738, Administration of the Clean Air Act and the Federal Water Pollution Control Act with Respect to Federal Contracts, Grants, or Loans; 42 USC § 7606; 33 USC § 1368; 40 CFR Part 31.
3. Uniform Relocation and Real Property Acquisition Policies Act, Pub. L. 91-646, as amended; 42 USC §§4601-4655
- 4.. Preservation of Open Competition and Government Neutrality Towards Government Contractors' Labor Relations on Federal and Federally Funded Construction Projects, EO 13202, as amended by EO 13208.
6. Hotel and Motel Fire Safety Act of 1990 (PL 101-391, as amended). All conference, meeting, convention, or training funded in whole or in part with federal funds shall comply with the protection and control guidelines of this act. Recipients may search <http://www.usfa.dhs.gov/applications/hotel/>.
7. Records and financial reporting requirements. 40 CFR Part 31.
8. Copyright requirements. 40 CFR Part 31.

Social Policy Authorities

1. Age Discrimination Act of 1975, Pub. L. 94-135; 42 USC § 6102.
2. Race Discrimination. Title VI of the Civil Rights Act of 1964, Pub. L. 88-352.1; 42 USC § 2000d; 40 CFR Part 7.
3. Sex Discrimination. Section 13 of the Federal Water Pollution Control Act Amendments of 1972, Pub. L. 92-500 (the Clean Water Act); 33 USC § 1251; 40 CFR Part 7.

Name of Recipient
Agreement No.: XX-XXX-550
Project No.: C-06-XXXX-XXX

EXHIBIT E — FEDERAL CONDITIONS & CROSS-CUTTERS

4. **Disability Discrimination.** Section 504 of the Rehabilitation Act of 1973, Pub. L. 93-112 (including Executive Orders 11914 and 11250); 29 USC § 794; 40 CFR Part 7.
5. **Equal Employment Opportunity,** Executive Order 11246.
6. **Section 129 of the Small Business Administration Reauthorization and Amendment Act of 1988,** Pub. L. 100-590.

EXHIBIT G – DAVIS BACON REQUIREMENTS

1. Contract and Subcontract provisions for Recipients

(a) The Recipient shall insert in full in any contract in excess of \$2,000 which is entered into for the actual construction, alteration and/or repair, including painting and decorating, of a treatment work under the CWSRF the following clauses:

(1) Minimum wages.

(i) All laborers and mechanics employed or working upon the site of the work will be paid unconditionally and not less often than once a week, and without subsequent deduction or rebate on any account (except such payroll deductions as are permitted by regulations issued by the Secretary of Labor under the Copeland Act (29 CFR part 3)), the full amount of wages and bona fide fringe benefits (or cash equivalents thereof) due at time of payment computed at rates not less than those contained in the wage determination of the Secretary of Labor which is attached hereto and made a part hereof, regardless of any contractual relationship which may be alleged to exist between the contractor and such laborers and mechanics.

Contributions made or costs reasonably anticipated for bona fide fringe benefits under section 1(b)(2) of the Davis-Bacon Act on behalf of laborers or mechanics are considered wages paid to such laborers or mechanics, subject to the provisions of paragraph (a)(1)(iv) of this section; also, regular contributions made or costs incurred for more than a weekly period (but not less often than quarterly) under plans, funds, or programs which cover the particular weekly period, are deemed to be constructively made or incurred during such weekly period. Such laborers and mechanics shall be paid the appropriate wage rate and fringe benefits on the wage determination for the classification of work actually performed, without regard to skill, except as provided in § 5.5(a)(4). Laborers or mechanics performing work in more than one classification may be compensated at the rate specified for each classification for the time actually worked therein: Provided, That the employer's payroll records accurately set forth the time spent in each classification in which work is performed. The wage determination (including any additional classification and wage rates conformed under paragraph (a)(1)(ii) of this section) and the Davis-Bacon poster (WH-1321) shall be posted at all times by the contractor and its subcontractors at the site of the work in a prominent and accessible place where it can be easily seen by the workers.

Subrecipients may obtain wage determinations from the U.S. Department of Labor's web site, www.dol.gov.

(ii)(A) The Recipient, on behalf of EPA, shall require that any class of laborers or mechanics, including helpers, which is not listed in the wage determination and which is to be employed under the contract shall be classified in conformance with the wage determination. The State award official shall approve a request for an additional classification and wage rate and fringe benefits therefore only when the following criteria have been met:

(1) The work to be performed by the classification requested is not performed by a classification in the wage determination; and

EXHIBIT G – DAVIS BACON REQUIREMENTS

- (2) The classification is utilized in the area by the construction industry; and
 - (3) The proposed wage rate, including any bona fide fringe benefits, bears a reasonable relationship to the wage rates contained in the wage determination.
- (B) If the contractor and the laborers and mechanics to be employed in the classification (if known), or their representatives, and the Recipient agree on the classification and wage rate (including the amount designated for fringe benefits where appropriate), documentation of the action taken and the request, including the local wage determination shall be sent by the Recipient to the State award official. The State award official will transmit the request, to the Administrator of the Wage and Hour Division, Employment Standards Administration, U.S. Department of Labor, Washington, DC 20210 and to the EPA DB Regional Coordinator concurrently. The Administrator, or an authorized representative, will approve, modify, or disapprove every additional classification request within 30 days of receipt and so advise the State award official or will notify the State award official within the 30-day period that additional time is necessary.
- (C) In the event the contractor, the laborers or mechanics to be employed in the classification or their representatives, and Recipient do not agree on the proposed classification and wage rate (including the amount designated for fringe benefits, where appropriate), the award official shall refer the request and the local wage determination, including the views of all interested parties and the recommendation of the State award official, to the Administrator for determination. The request shall be sent to the EPA DB Regional Coordinator concurrently. The Administrator, or an authorized representative, will issue a determination within 30 days of receipt of the request and so advise the contracting officer or will notify the contracting officer within the 30-day period that additional time is necessary.
- (D) The wage rate (including fringe benefits where appropriate) determined pursuant to paragraphs (a)(1)(ii)(B) or (C) of this section, shall be paid to all workers performing work in the classification under this contract from the first day on which work is performed in the classification.
- (iii) Whenever the minimum wage rate prescribed in the contract for a class of laborers or mechanics includes a fringe benefit which is not expressed as an hourly rate, the contractor shall either pay the benefit as stated in the wage determination or shall pay another bona fide fringe benefit or an hourly cash equivalent thereof.
 - (iv) If the contractor does not make payments to a trustee or other third person, the contractor may consider as part of the wages of any laborer or mechanic the amount of any costs reasonably anticipated in providing bona fide fringe benefits under a plan or program, Provided, That the Secretary of Labor has found, upon the written request of the contractor, that the applicable standards of the Davis-Bacon Act have been met. The Secretary of Labor may require the contractor to set aside in a separate account assets for the meeting of obligations under the plan or program.

EXHIBIT G – DAVIS BACON REQUIREMENTS

- (2) **Withholding.** The Recipient, shall upon written request of the EPA Award Official or an authorized representative of the Department of Labor, withhold or cause to be withheld from the contractor under this contract or any other Federal contract with the same prime contractor, or any other federally-assisted contract subject to Davis-Bacon prevailing wage requirements, which is held by the same prime contractor, so much of the accrued payments or advances as may be considered necessary to pay laborers and mechanics, including apprentices, trainees, and helpers, employed by the contractor or any subcontractor the full amount of wages required by the contract. In the event of failure to pay any laborer or mechanic, including any apprentice, trainee, or helper, employed or working on the site of the work, all or part of the wages required by the contract, the (Agency) may, after written notice to the contractor, sponsor, applicant, or owner, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds until such violations have ceased.
- (3) **Payrolls and basic records.**
- (i) Payrolls and basic records relating thereto shall be maintained by the contractor during the course of the work and preserved for a period of three years thereafter for all laborers and mechanics working at the site of the work. Such records shall contain the name, address, and social security number of each such worker, his or her correct classification, hourly rates of wages paid (including rates of contributions or costs anticipated for bona fide fringe benefits or cash equivalents thereof of the types described in section 1(b)(2)(B) of the Davis-Bacon Act), daily and weekly number of hours worked, deductions made and actual wages paid. Whenever the Secretary of Labor has found under 29 CFR 5.5(a)(1)(iv) that the wages of any laborer or mechanic include the amount of any costs reasonably anticipated in providing benefits under a plan or program described in section 1(b)(2)(B) of the Davis-Bacon Act, the contractor shall maintain records which show that the commitment to provide such benefits is enforceable, that the plan or program is financially responsible, and that the plan or program has been communicated in writing to the laborers or mechanics affected, and records which show the costs anticipated or the actual cost incurred in providing such benefits. Contractors employing apprentices or trainees under approved programs shall maintain written evidence of the registration of apprenticeship programs and certification of trainee programs, the registration of the apprentices and trainees, and the ratios and wage rates prescribed in the applicable programs.
- (ii)(A) The contractor shall submit weekly, for each week in which any contract work is performed, a copy of all payrolls to the Recipient, that is, the entity that receives the sub-grant or loan from the State capitalization grant recipient. Such documentation shall be available on request of the State or EPA. As to each payroll copy received, the Recipient shall provide written confirmation in a form satisfactory to the State indicating whether or not the project is in compliance with the requirements of 29 CFR 5.5(a)(1) based on the most recent payroll copies for the specified week. The payrolls shall set out accurately and completely all of the information required to be maintained under 29 CFR 5.5(a)(3)(i), except that full social security numbers and home addresses shall not be included on the weekly payrolls. Instead the payrolls shall only need to include an individually identifying number for each employee (e.g., the last four digits of the employee's social security number). The required weekly payroll information may be submitted in any form desired. Optional Form WH-347 is available for this purpose from the Wage and Hour Division Web site at <http://www.dol.gov/esa/whd/forms/wh347instr.htm> or its successor site. The prime

EXHIBIT G – DAVIS BACON REQUIREMENTS

contractor is responsible for the submission of copies of payrolls by all subcontractors. Contractors and subcontractors shall maintain the full social security number and current address of each covered worker, and shall provide them upon request to the Recipient for transmission to the State Water Board or EPA if requested by EPA, the State Water Board, the contractor, or the Wage and Hour Division of the Department of Labor for purposes of an investigation or audit of compliance with prevailing wage requirements. It is not a violation of this section for a prime contractor to require a subcontractor to provide addresses and social security numbers to the prime contractor for its own records, without weekly submission to the Recipient.

- (B) Each payroll submitted shall be accompanied by a "Statement of Compliance," signed by the contractor or subcontractor or his or her agent who pays or supervises the payment of the persons employed under the contract and shall certify the following:
- (1) That the payroll for the payroll period contains the information required to be provided under § 5.5 (a)(3)(ii) of Regulations, 29 CFR part 5, the appropriate information is being maintained under § 5.5 (a)(3)(i) of Regulations, 29 CFR part 5, and that such information is correct and complete;
 - (2) That each laborer or mechanic (including each helper, apprentice, and trainee) employed on the contract during the payroll period has been paid the full weekly wages earned, without rebate, either directly or indirectly, and that no deductions have been made either directly or indirectly from the full wages earned, other than permissible deductions as set forth in Regulations, 29 CFR part 3;
 - (3) That each laborer or mechanic has been paid not less than the applicable wage rates and fringe benefits or cash equivalents for the classification of work performed, as specified in the applicable wage determination incorporated into the contract.
- (C) The weekly submission of a properly executed certification set forth on the reverse side of Optional Form WH-347 shall satisfy the requirement for submission of the "Statement of Compliance" required by paragraph (a)(3)(ii)(B) of this section.
- (D) The falsification of any of the above certifications may subject the contractor or subcontractor to civil or criminal prosecution under section 1001 of title 18 and section 231 of title 31 of the United States Code.
- (iii) The contractor or subcontractor shall make the records required under paragraph (a)(3)(i) of this section available for inspection, copying, or transcription by authorized representatives of the State, EPA or the Department of Labor, and shall permit such representatives to interview employees during working hours on the job. If the contractor or subcontractor fails to submit the required records or to make them available, the Federal agency or State may, after written notice to the contractor, sponsor, applicant, or owner, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds. Furthermore, failure to submit the required

EXHIBIT G – DAVIS BACON REQUIREMENTS

records upon request or to make such records available may be grounds for debarment action pursuant to 29 CFR 5.12.

- (4) Apprentices and trainees.
- (i) Apprentices. Apprentices will be permitted to work at less than the predetermined rate for the work they performed when they are employed pursuant to and individually registered in a bona fide apprenticeship program registered with the U.S. Department of Labor, Employment and Training Administration, Office of Apprenticeship Training, Employer and Labor Services, or with a State Apprenticeship Agency recognized by the Office, or if a person is employed in his or her first 90 days of probationary employment as an apprentice in such an apprenticeship program, who is not individually registered in the program, but who has been certified by the Office of Apprenticeship Training, Employer and Labor Services or a State Apprenticeship Agency (where appropriate) to be eligible for probationary employment as an apprentice. The allowable ratio of apprentices to journeymen on the job site in any craft classification shall not be greater than the ratio permitted to the contractor as to the entire work force under the registered program. Any worker listed on a payroll at an apprentice wage rate, who is not registered or otherwise employed as stated above, shall be paid not less than the applicable wage rate on the wage determination for the classification of work actually performed. In addition, any apprentice performing work on the job site in excess of the ratio permitted under the registered program shall be paid not less than the applicable wage rate on the wage determination for the work actually performed. Where a contractor is performing construction on a project in a locality other than that in which its program is registered, the ratios and wage rates (expressed in percentages of the journeyman's hourly rate) specified in the contractor's or subcontractor's registered program shall be observed. Every apprentice must be paid at not less than the rate specified in the registered program for the apprentice's level of progress, expressed as a percentage of the journeymen hourly rate specified in the applicable wage determination. Apprentices shall be paid fringe benefits in accordance with the provisions of the apprenticeship program. If the apprenticeship program does not specify fringe benefits, apprentices must be paid the full amount of fringe benefits listed on the wage determination for the applicable classification. If the Administrator determines that a different practice prevails for the applicable apprentice classification, fringes shall be paid in accordance with that determination. In the event the Office of Apprenticeship Training, Employer and Labor Services, or a State Apprenticeship Agency recognized by the Office, withdraws approval of an apprenticeship program, the contractor will no longer be permitted to utilize apprentices at less than the applicable predetermined rate for the work performed until an acceptable program is approved.
- (ii) Trainees. Except as provided in 29 CFR 5.16, trainees will not be permitted to work at less than the predetermined rate for the work performed unless they are employed pursuant to and individually registered in a program which has received prior approval, evidenced by formal certification by the U.S. Department of Labor, Employment and Training Administration. The ratio of trainees to journeymen on the job site shall not be greater than permitted under the plan approved by the Employment and Training Administration. Every trainee must be paid at not less than the rate specified in the approved program for the trainee's level of progress, expressed as a percentage of the journeyman hourly rate specified in the applicable wage determination. Trainees shall be paid fringe

EXHIBIT G – DAVIS BACON REQUIREMENTS

- benefits in accordance with the provisions of the trainee program. If the trainee program does not mention fringe benefits, trainees shall be paid the full amount of fringe benefits listed on the wage determination unless the Administrator of the Wage and Hour Division determines that there is an apprenticeship program associated with the corresponding journeyman wage rate on the wage determination which provides for less than full fringe benefits for apprentices. Any employee listed on the payroll at a trainee rate who is not registered and participating in a training plan approved by the Employment and Training Administration shall be paid not less than the applicable wage rate on the wage determination for the classification of work actually performed. In addition, any trainee performing work on the job site in excess of the ratio permitted under the registered program shall be paid not less than the applicable wage rate on the wage determination for the work actually performed. In the event the Employment and Training Administration withdraws approval of a training program, the contractor will no longer be permitted to utilize trainees at less than the applicable predetermined rate for the work performed until an acceptable program is approved.
- (iii) Equal employment opportunity. The utilization of apprentices, trainees and journeymen under this part shall be in conformity with the equal employment opportunity requirements of Executive Order 11246, as amended, and 29 CFR part 30.
- (5) Compliance with Copeland Act requirements. The contractor shall comply with the requirements of 29 CFR part 3, which are incorporated by reference in this contract.
- (6) Subcontracts. The contractor or subcontractor shall insert in any subcontracts the clauses contained in 29 CFR 5.5(a)(1) through (10) and such other clauses as the EPA determines may be appropriate, and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for the compliance by any subcontractor or lower tier subcontractor with all the contract clauses in 29 CFR 5.5.
- (7) Contract termination; debarment. A breach of the contract clauses in 29 CFR 5.5 may be grounds for termination of the contract, and for debarment as a contractor and a subcontractor as provided in 29 CFR 5.12.
- (8) Compliance with Davis-Bacon and Related Act requirements. All rulings and interpretations of the Davis-Bacon and Related Acts contained in 29 CFR parts 1, 3, and 5 are herein incorporated by reference in this contract.
- (9) Disputes concerning labor standards. Disputes arising out of the labor standards provisions of this contract shall not be subject to the general disputes clause of this contract. Such disputes shall be resolved in accordance with the procedures of the Department of Labor set forth in 29 CFR parts 5, 6, and 7. Disputes within the meaning of this clause include disputes between the contractor (or any of its subcontractors) and Recipient, State, EPA, the U.S. Department of Labor, or the employees or their representatives.
- (10) Certification of eligibility.
- (i) By entering into this contract, the contractor certifies that neither it (nor he or she) nor any person or firm who has an interest in the contractor's firm is a person or

EXHIBIT G – DAVIS BACON REQUIREMENTS

firm ineligible to be awarded Government contracts by virtue of section 3(a) of the Davis-Bacon Act or 29 CFR 5.12(a)(1).

- (ii) No part of this contract shall be subcontracted to any person or firm ineligible for award of a Government contract by virtue of section 3(a) of the Davis-Bacon Act or 29 CFR 5.12(a)(1).
- (iii) The penalty for making false statements is prescribed in the U.S. Criminal Code, 18 U.S.C. 1001.

2. Contract Provision for Contracts in Excess of \$100,000.

(a) **Contract Work Hours and Safety Standards Act.** The Recipient shall insert the following clauses set forth in paragraphs (a)(1), (2), (3), and (4) of this section in full in any contract in an amount in excess of \$100,000 and subject to the overtime provisions of the Contract Work Hours and Safety Standards Act. These clauses shall be inserted in addition to the clauses required by Section 1, above or 29 CFR 4.6. As used in this paragraph, the terms laborers and mechanics include watchmen and guards.

- (1) **Overtime requirements.** No contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any such laborer or mechanic in any workweek in which he or she is employed on such work to work in excess of forty hours in such workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-half times the basic rate of pay for all hours worked in excess of forty hours in such workweek.
- (2) **Violation; liability for unpaid wages; liquidated damages.** In the event of any violation of the clause set forth in paragraph (a)(1) of this section the contractor and any subcontractor responsible therefore shall be liable for the unpaid wages. In addition, such contractor and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory), for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic, including watchmen and guards, employed in violation of the clause set forth in paragraph (a)(1) of this section, in the sum of \$10 for each calendar day on which such individual was required or permitted to work in excess of the standard workweek of forty hours without payment of the overtime wages required by the clause set forth in paragraph (a)(1) of this section.
- (3) **Withholding for unpaid wages and liquidated damages.** The Recipient, upon written request of the EPA Award Official or an authorized representative of the Department of Labor, shall withhold or cause to be withheld, from any moneys payable on account of work performed by the contractor or subcontractor under any such contract or any other Federal contract with the same prime contractor, or any other federally-assisted contract subject to the Contract Work Hours and Safety Standards Act, which is held by the same prime contractor, such sums as may be determined to be necessary to satisfy any liabilities of such contractor or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in paragraph (b)(2) of this section.
- (4) **Subcontracts.** The contractor or subcontractor shall insert in any subcontracts the clauses set forth in paragraph (a)(1) through (4) of this section and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The

EXHIBIT G – DAVIS BACON REQUIREMENTS

prime contractor shall be responsible for compliance by any subcontractor or lower tier subcontractor with the clauses set forth in paragraphs (a)(1) through (4) of this section.

- (b) In addition to the clauses contained in Section 1, above, in any contract subject only to the Contract Work Hours and Safety Standards Act and not to any of the other statutes cited in 29 CFR 5.1, the Recipient shall insert a clause requiring that the contractor or subcontractor shall maintain payrolls and basic payroll records during the course of the work and shall preserve them for a period of three years from the completion of the contract for all laborers and mechanics, including guards and watchmen, working on the contract. Such records shall contain the name and address of each such employee, social security number, correct classifications, hourly rates of wages paid, daily and weekly number of hours worked, deductions made, and actual wages paid. Further, the Recipient shall insert in any such contract a clause providing that the records to be maintained under this paragraph shall be made available by the contractor or subcontractor for inspection, copying, or transcription by authorized representatives of the United States Environmental Protection Agency, the Department of Labor, or the State Water Resources Control Board, and the contractor or subcontractor will permit such representatives to interview employees during working hours on the job.

3. Compliance Verification

- (a) The Recipient shall periodically interview a sufficient number of employees entitled to DB prevailing wages (covered employees) to verify that contractors or subcontractors are paying the appropriate wage rates. As provided in 29 CFR 5.6(a)(6), all interviews must be conducted in confidence. The subrecipient must use Standard Form 1445 (SF 1445) or equivalent documentation to memorialize the interviews. Copies of the SF 1445 are available from EPA on request.
- (b) The Recipient shall establish and follow an interview schedule based on its assessment of the risks of noncompliance with DB posed by contractors or subcontractors and the duration of the contract or subcontract. At a minimum, the Recipient should conduct interviews with a representative group of covered employees within two weeks of each contractor or subcontractor's submission of its initial weekly payroll data and two weeks prior to the estimated completion date for the contract or subcontract. The Recipient must conduct more frequent interviews if the initial interviews or other information indicates that there is a risk that the contractor or subcontractor is not complying with DB. The Recipient shall immediately conduct necessary interviews in response to an alleged violation of the prevailing wage requirements. All interviews shall be conducted in confidence.
- (c) The Recipient shall periodically conduct spot checks of a representative sample of weekly payroll data to verify that contractors or subcontractors are paying the appropriate wage rates. The Recipient shall establish and follow a spot check schedule based on its assessment of the risks of noncompliance with DB posed by contractors or subcontractors and the duration of the contract or subcontract. At a minimum, if practicable, the Recipient should spot check payroll data within two weeks of each contractor or subcontractor's submission of its initial payroll data and two weeks prior to the completion date the contract or subcontract. The Recipient must conduct more frequent spot checks if the initial spot check or other information indicates that there is a risk that the contractor or subcontractor is not complying with DB. In addition, during the examinations the Recipient shall verify evidence of fringe benefit plans and payments thereunder by contractors and subcontractors who claim credit for fringe benefit contributions.
- (d) The Recipient shall periodically review contractors and subcontractors use of apprentices and trainees to verify registration and certification with respect to apprenticeship and training programs approved by either the U.S Department of Labor or a state, as appropriate, and that

EXHIBIT G – DAVIS BACON REQUIREMENTS

contractors and subcontractors are not using disproportionate numbers of, laborers, trainees and apprentices. These reviews shall be conducted in accordance with the schedules for spot checks and interviews described in Item 5(b) and (c) above.

- (e) The Recipient must immediately report potential violations of the DB prevailing wage requirements to the EPA DB contact listed above and to the appropriate DOL Wage and Hour District Office listed at <http://www.dol.gov/esa/contacts/whd/america2.htm>.

California State Water Resources Control Board
Division of Financial Assistance (Division)
1001 I Street • Sacramento, California 95814 • (916) 341-5700 FAX (916) 341-5707
Mailing Address: P. O. Box 944212 • Sacramento, California • 94244-2120
Internet Address: <http://www.waterboards.ca.gov>

Guidelines for Meeting the Clean Water State Revolving Fund (CWSRF) Program
Disadvantaged Business Enterprise (DBE) Requirements

The DBE Program is an outreach, education, and objectives program designed to increase the participation of DBEs in the CWSRF Program.

How to Achieve the Purpose of the Program

Recipients of CWSRF financing are required to seek, and are encouraged to use, DBEs for their procurement needs. Financial assistance recipients should award a "fair share" of sub-agreements to DBEs. This applies to all sub-agreements for equipment, supplies, construction, and services.

The key functional components of the DBE Program are as follows.

- Fair Share Objectives
- DBE Certification
- Six Good Faith Efforts
- Contract Administration Requirements
- DBE Reporting

Disadvantaged Business Enterprise's are:

- entities owned and/or controlled by socially and economically disadvantaged individuals as described by Title X of the Clean Air Act Amendments of 1990 (42 U.S.C. 7601 note) (10% statute), and Public Law 102-389 (42 U.S.C. 4370d) (8% statute), respectively;
- a Minority Business Enterprise (MBE) are entities that are at least 51% owned and/or controlled by a socially and economically disadvantaged individual as described by Title X of the Clean Air Act Amendments of 1990 (42 U.S.C. 7601 note), and Public Law 102-389 (42 U.S.C. 4370d), respectively.
- a Women Business Enterprise (WBE) are entities that are at least 51% owned and/or controlled by women.
- a Small Business Enterprise (SBE);
- a Small Business in a Rural Area (SBRA);
- a Labor Surplus Area Firm (LSAF); or
- an Historically Underutilized Business (HUB) Zone Small Business Concern or a concern under a successor program.

Certifying DBE Firms:

Under the DBE Program, entities can no longer self-certify and contractors and sub-contractors must be certified at bid opening. Contractors and sub-contractors must provide to the CWSRF recipient proof of DBE certification. Certifications will be accepted from the following:

- The US Environmental Protection Agency (USEPA)
- The Small Business Administration(SBA);
- The Department of Transportation's State implemented DBE Certification Program (with U.S. citizenship);
- Tribal, State and Local governments;
- Independent private organization certifications.

If an entity holds one of these certifications, it is considered acceptable for establishing status under the DBE Program.

Six Good Faith Efforts (GFE)

All CWSRF financing recipients are required to complete and ensure that the prime contractor complies with the GFE below to ensure that DBEs have the opportunity to compete for financial assistance dollars.

1. Ensure DBEs are made aware of contracting opportunities to the fullest extent practical through outreach and recruitment activities. For Tribal, State and Local Government Recipients, this will include placing DBEs on solicitation lists and soliciting them whenever they are potential sources.
2. Make information on forthcoming opportunities available to DBEs. Posting solicitations for bids or proposals for a minimum of 30 calendar days before the bid opening date.
3. Consider in the contracting process whether firms competing for large contracts could subcontract with DBEs.
4. Encourage contracting with a group of DBEs when a contract is too large for one firm to handle individually.
5. Use the services and assistance of the SBA and Minority Business Development Agency (MBDA) of the US Department of Commerce.
6. If the prime contractor awards subcontracts, require the prime contractor to take the above steps.

The forms listed in the table below and attached to these guidelines; must be completed and submitted with the GFE:

FORM NUMBER	FORM NAME	REQUIREMENT	PROVIDED BY	COMPLETED BY	SUBMITTED TO
1	DBE Contractor/Subcontractor Certification	Proof of DBE certification	Recipient	Prime Contractor and Sub-Contractor	SWRCB by Recipient
2	DBE Selected Prime Contractor and Sub-Contractors	List selected DBEs	Recipient	Prime Contractor	SWRCB by Recipient

The completed forms should be submitted with each Bid or Proposal. The recipient shall review the bidder's documents closely to determine that the GFE was performed prior to bid or proposal opening date. Failure to complete the GFE and to substantiate completion of the GFE before the bid opening date could jeopardize CWSRF financing for the project. The following situations and circumstances require action as indicated:

1. If the apparent successful low bidder was rejected, a complete explanation must be provided;
2. Failure of the apparent low bidder to perform the GFE prior to bid opening constitutes a non-responsive bid. The construction contract may then be awarded to the next low, responsive, and responsible bidder that meets the requirements or the Recipient may re-advertise the project.
3. If there is a bid dispute, all disputes shall be settled prior to submission of the Final Budget Approval Form.

Administration Requirements

- A recipient of CWSRF financing must require entities receiving funds to create and maintain a Bidders List if the recipient of the financing agreement is subject to, or chooses to follow, competitive bidding requirements;
- The Bidders list must include all firms that bid or quote on prime contracts, or bid or quote on subcontracts, including both DBEs and non-DBEs;

- Information retained on the Bidder's List must include the following:
 1. Entity's name with point of contact;
 2. Entity's mailing address and telephone number;
 3. The project description on which the entity bid or quoted and when;
 4. Amount of bid/quote; and
 5. Entity's status as a DBE or non-DBE.
- The Bidders List must be kept until the recipient is no longer receiving funding under the agreement.
- The recipient shall include Bidders List as part of the Final Budget Approval Form.
- A recipient must require its prime contractor to pay its subcontractor for satisfactory performance no more than 30 days from the prime contractor's receipt of payment from the Recipient.
- A recipient must be notified in writing by its prime contractor prior to any termination of a DBE subcontractor by the prime contractor.
- If a DBE subcontractor fails to complete work under the subcontract for any reason, the recipient must require the prime contractor to employ the six GFEs if soliciting a replacement subcontractor.
- A recipient must require its prime contractor to employ the six GFEs even if the prime contractor has achieved its fair share objectives.

Reporting Requirements

For the duration of the construction contract(s), the recipient is required to submit to the State Water Resources Control Board DBE reports semi-annually by April 10 and October 10 of each fiscal year on the attached Utilization Report form (UR-334). Failure to provide this information as stipulated in the financial agreement language may be cause for withholding disbursements.

CONTACT FOR MORE INFORMATION

SWRCB – CWSRF Barbara August (916) 341-6952 barbara.august@waterboards.ca.gov
 SWRCB – CWSRF Susan Damian (916) 341-5494 susan.damian@waterboards.ca.gov.
 US-EPA Region 9 – Joe Ochab (415) 972-3761 ochab.joe@epa.gov.

**DISADVANTAGED BUSINESS ENTERPRISE (DBE)
CONTRACTOR/SUBCONTRACTOR CERTIFICATION**

Entity Name:	Phone:
Address:	
Principal Service or Product:	Bid Amount \$

PLEASE INDICATE PERCENTAGE OF OWNERSHIP BELOW

<input type="checkbox"/> DBE _____% Ownership	
<input type="checkbox"/> Prime Contractor	<input type="checkbox"/> Supplier of Material/Service
<input type="checkbox"/> Subcontractor	
<input type="checkbox"/> Sole Ownership	<input type="checkbox"/> Corporation
<input type="checkbox"/> Partnership	<input type="checkbox"/> Joint Venture
Certified by:	Title:

Name:	Date:
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Contractors can no longer self-certify. They must be certified by USEPA, Small Business Administration (SBA), Department of Transportation (DOT) or by State, Local, Tribal or private entities whose certification criteria match USEPA's. Proof of Certification must be provided. A copy of the contractor certification must be submitted with this form.

NOTE: This form shall be completed prior to Bid or Proposal Opening.

DISADVANTAGED BUSINESS ENTERPRISE (DBE)
SELECTED PRIME CONTRACTOR/RECIPIENT

ENTITY NAME		CONTRACT NO. OR SPECIFICATION NO.	
PROJECT DESCRIPTION		PROJECT LOCATION	
PRIME CONTRACTOR DBE INFORMATION			
DBE Qualifying Status: <input type="checkbox"/> NONE <input type="checkbox"/> MBE <input type="checkbox"/> WBE <input type="checkbox"/> OTHER DBE		NAME AND ADDRESS (Include ZIP Code, Phone)	
AMOUNT OF CONTRACT \$		Federal Employer Tax ID #	
SUB-CONTRACTOR DBE INFORMATION			
DBE Qualifying Status: <input type="checkbox"/> NONE <input type="checkbox"/> MBE <input type="checkbox"/> WBE <input type="checkbox"/> OTHER DBE		NAME AND ADDRESS (Include ZIP Code,)	
<input type="checkbox"/> SUBCONTRACTOR <input type="checkbox"/> JOINT VENTURE	<input type="checkbox"/> SUPPLIER/SERVICE		
AMOUNT OF CONTRACT \$		PHONE	
WORK TO BE PERFORMED			
DBE Qualifying Status: <input type="checkbox"/> NONE <input type="checkbox"/> MBE <input type="checkbox"/> WBE <input type="checkbox"/> OTHER DBE		NAME AND ADDRESS (Include ZIP Code)	
<input type="checkbox"/> SUBCONTRACTOR <input type="checkbox"/> JOINT VENTURE	<input type="checkbox"/> SUPPLIER/SERVICE		
AMOUNT OF CONTRACT \$		PHONE	
WORK TO BE PERFORMED			
DBE Qualifying Status: <input type="checkbox"/> NONE <input type="checkbox"/> MBE <input type="checkbox"/> WBE <input type="checkbox"/> OTHER DBE		NAME AND ADDRESS (Include ZIP Code,)	
<input type="checkbox"/> SUBCONTRACTOR <input type="checkbox"/> JOINT VENTURE	<input type="checkbox"/> SUPPLIER/SERVICE		
AMOUNT OF CONTRACT \$		PHONE	
WORK TO BE PERFORMED			
TOTAL DBE AMOUNT: \$			
SIGNATURE OF PERSON COMPLETING FORM:			
TITLE:	PHONE:	DATE:	

NOTE: Negative reports (those with no DBE's listed) are required. Original signature and date are required. Failure to complete and submit this form with the bid or proposal will cause the bid to be rejected as non-responsive.

**STATE WATER RESOURCES CONTROL BOARD – DIVISION OF FINANCIAL ASSISTANCE
DISADVANTAGED BUSINESS ENTERPRISE (DBE) UTILIZATION
CLEAN WATER STATE REVOLVING FUND (CWSRF)
FORM UR-334**

1. Grant/Finance Agreement Number:		2. Semi-Annual Reporting Period 04/10/___ through 09/30/___ 10/1/___ through 03/30/___		3. Purchase Period of Financing Agreement:	
4. Total Payments Paid to Prime Contractor or Sub-Contractors During Current Reporting Period: \$					
5. Recipients Name and Address:				6. Recipient's Contact Person and Phone Number:	
7. List All DBE Payments Paid by Recipient or Prime Contractor During Current Reporting Period:					
Payment or Purchase Paid by Recipient or Prime Contractor	Amount Paid to Any DBE Contractor or Sub-Contractor For Service Provided to Recipient		Date of Payment (MM/DD/YY)	Procurement Type Code** (see below)	Name and Address of DBE Contractor of Sub-Contractor or Vendor
	MBE	WBE			
8. Initial here if no DBE contractors or sub-contractors paid during current reporting period:					
9. Initial here if all procurements for this contract are completed:					
10. Comments:					
11. Signature and Title of Recipient's Authorized Representative				12. Date	

Return to:
Barbara August
Division of Financial Assistance
SWRCB
PO Box 944212
Sacramento, CA 94244-2120

Barbara.August@waterboards.ca.gov
Phone: (916) 341-6952
Fax: (916) 327-7469

Procurement Type:

1. Construction
2. Supplies
3. Services (includes business services; professional services; repair services and personnel services)
4. Equipment

**STATE WATER RESOURCES CONTROL BOARD - DIVISION OF FINANCIAL ASSISTANCE
DISADVANTAGED BUSINESS ENTERPRISE (DBE) UTILIZATION
CLEAN WATER STATE REVOLVING FUND
INSTRUCTIONS FOR COMPLETING FORM UR-334**

- Box 1** Grant or Financing Agreement Number.
- Box 2** Semi-annual reporting period. Choose one semi-annual period and enter the correct years.
- Box 3** Enter the dates between which you made procurements under this financing agreement or grant.
- Box 4** Enter the total amount of payments paid to the contractor or sub-contractors during this reporting period.
- Box 5** Enter Recipient's Name and Address.
- Box 6** Enter Recipient's Contact Name and Phone Number.
- Box 7** Enter details for the **DBE purchases only** and be sure to limit them to the current period. 1) Use either an "R" or a "C" to represent "Recipient" or "Contractor." 2) Enter a dollar total for DBE and total the two columns at the bottom of the section. 3) Provide the payment date. 4) Enter a product type choice from those at the bottom of the page. 5) List the vendor name and address in the right-hand column
- Box 8** Initial here if no DBE contractors or sub-contractors were paid during this reporting period.
- Box 9** Initial this box only if all purchases under this financing agreement or grant have been completed during this reporting period or a previous period. If you initial this box, we will no longer send you a survey.
- Box 10** This box is for explanatory information or questions.
- Box 11** Provide an authorized representative signature.
- Box 12** Enter the date form completed.

2.20 Signage.

The Recipient shall place a sign at least four feet tall by eight feet wide made of ¾ inch thick exterior grade plywood or other approved material in a prominent location on the Project site and shall maintain the sign in good condition for the duration of the construction period. The sign shall include the following color logos (available from the Division) and the following disclosure statement:



“Funding for this project has been provided in full or in part by the Clean Water State Revolving Fund through an agreement with the State Water Resources Control Board. California’s Clean Water State Revolving Fund is capitalized through a variety of funding sources, including grants from the United States Environmental Protection Agency and state bond proceeds.”

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

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

“Funding for this project has been provided in full or in part through an agreement with the State Water Resources Control Board. The contents of this document do not necessarily reflect the views and policies of the State Water Resources Control Board, nor does mention of trade names or commercial products constitute endorsement or recommendation for use. (Gov. Code § 7550, 40 CFR § 31.20.)”

The Recipient shall be required to maintain separate books, records and other material relative to the Project. The Recipient shall also be required to retain such books, records, and other material for itself and for each contractor or subcontractor who performed work on this project for a minimum of thirty-six (36) years after Project Completion. The Recipient shall require that such books, records, and other material be subject at all reasonable times (at a minimum during normal business hours) to inspection, copying, and audit by the State Water Board, the Bureau of State Audits, the United States Environmental Protection Agency (USEPA), the Office of Inspector General, the Internal Revenue Service, the Governor, or any authorized representatives of the aforementioned, and shall allow interviews during normal business hours of any employees who might reasonably have information related to such records. The Recipient agrees to include a similar right regarding audit, interviews, and records retention in any subcontract related to the performance of this Agreement. The provisions of this section shall survive the discharge of the Recipient's Obligation hereunder and shall survive the term of this Agreement.