



**FINANCE, LEGAL, AND ADMINISTRATION  
COMMITTEE MEETING  
OF THE BOARD OF DIRECTORS  
INLAND EMPIRE UTILITIES AGENCY\*  
AGENCY HEADQUARTERS, CHINO, CALIFORNIA**

**WEDNESDAY, MAY 13, 2015  
11:00 A.M.**

*Or immediately following the  
Engineering, Operations, and Biosolids Management  
Committee Meeting*

**CALL TO ORDER**

**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 is 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. ACTION ITEMS**

**A. MINUTES**

The Committee will be asked to approve the Finance, Legal, and Administration Committee meeting minutes of April 8, 2015.

**B. TREASURER'S REPORT ON GENERAL DISBURSEMENTS**

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

**C. 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 Committee/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 (FY) 2015/16 equipment rental rates and laboratory fees.

**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 Committee/Board adopt Resolution No. 2015-5-1, pertaining to the procedures for records retention, destruction, and amendment of the records retention schedules.

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

It is recommended that the Committee/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.

**F. SANTA ANA RIVER CONJUNCTIVE USE PROGRAM**

It is recommended that the Committee/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 for \$60-million in funding from SAWPA and DWR for projects totaling \$125-million.

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

It is recommended that the Committee/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 Vaughn'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.

**H. AGENCY-WIDE ELECTRICAL TRANSFORMER TESTING SERVICE CONTRACT**

It is recommended that the Committee/Board:

1. Award Contract No. 4600001860 to Transformer Testing and Repairs, Inc. for the provision of testing 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 Committee/Board:

1. Approve the 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 amendment.

**2. INFORMATION ITEMS**

**A. TREASURER'S REPORT OF FINANCIAL AFFAIRS (WRITTEN/ POWERPOINT)**

- B. FY 2015/16 PROPOSED BUDGET FOR INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY (WRITTEN)
  - C. ORDINANCE NO. 103, ESTABLISHING WATER CONNECTION FEES, CLASSES OF WATER SERVICE AND REGULATING THE SALE AND DELIVERY OF IMPORTED WATER (WRITTEN)
- 3. GENERAL MANAGER'S COMMENTS
  - 4. COMMITTEE MEMBER COMMENTS
  - 5. COMMITTEE MEMBER REQUESTED FUTURE AGENDA ITEMS
  - 6. ADJOURN

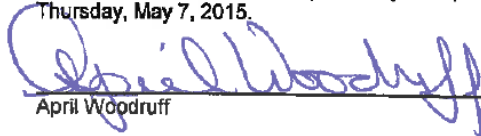
\*A Municipal Water District

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

**DECLARATION OF POSTING**

Proofed by: \_\_\_\_\_

I, April Woodruff, Board Secretary/Office Manager of the Inland Empire Utilities Agency, A Municipal Water District, hereby certify that a copy of the agenda has been posted by 5:30 p.m. in the foyer at the Agency's main office, 6075 Kimball Ave., Building A, Chino, CA on Thursday, May 7, 2015.

  
\_\_\_\_\_  
April Woodruff

**ACTION  
ITEM**

**1G**



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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 *Joe*  
General Manager

Submitted by: *for* Ernest Yeboah *Ernie*  
Executive Manager of Operations/Assistant General Manager

Subject: Agency-Wide Contract Services for the Repair, Rebuild, or Refurbishment  
of Rotating Machinery

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### **RECOMMENDATION**

It is recommended that the Board of Directors:

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.

### **BACKGROUND**

The Agency has rotating equipment such as pumps, blowers, gearboxes, compressors, mixers, etc. that periodically require major overhaul. Having a three-year contract with a reputable and highly-qualified service provider ensures that the majority of the contract terms (e.g., shop rates, evidence of insurance, indemnification language, warranty provision, etc.) are established up front. In addition, having a contract with multiple vendors allows the Agency to have the

flexibility of acquiring an expedited repair process should one of the vendors experience a limited availability. Staff will issue a task order for any work required.

On March 16, 2015 staff issued a Request for Proposal RFP-RH-15-004 through the BidNet Network online solicitation system. Five proposals were received, with Superior Electric Motor Service, Inc. of Vernon, California and Vaughan's Industrial Repair, Inc. of Paramount, California as the two lowest responsive bidders. Maintenance staff conducted a tour of both vendors' facilities and verified they had the proper tools and capabilities to perform the repair and rebuild requirements for the type of machineries the Agency owns.

RFP-RH-15-004 bid results are as follows:

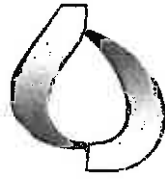
Bidder	Pickup and Delivery Cost (\$)	Equipment Failure Report (\$)	Machining Labor Rate (\$/Hr.)	Repair Labor Rate (\$/Hr.)
Superior Electric Motor Service, Inc.	No Charge	\$25.00	\$60.00	\$50.00
Vaughan's Industrial Repair, Inc.	No Charge	No Charge	\$75.00	\$75.00
RLS Industries	\$70.00	\$80.00 (minimum)	\$80.00	\$80.00
Pamco Machine Works	No Charge	No Charge	\$90.00	\$90.00
MMC, Inc.	\$350.00	\$250.00	\$90.00	\$90.00

**PRIOR BOARD ACTION**

On December 19, 2012, the Board of Directors approved the award of Contract No. 4600001340 to Pamco Machine Works, Inc. to provide repair, rebuild, or refurbishment services of rotating machinery for a total aggregate not-to-exceed amount of \$300,000 over a two-year period, which expired on December 30, 2014.

**IMPACT ON BUDGET**

If approved, sufficient funds are available in Fiscal Year 2015/16 through Fiscal Year 2017/18 Regional Operations and Maintenance (RO), Recycled Water (WC), and Non-Reclaimable Wastewater (NC) Funds, Professional Fees and Services Budget, to support the contract services related to the repair, rebuild, and refurbishments of rotating machinery.



**Inland Empire**  
UTILITIES AGENCY

**CONTRACT No. 4600001864**

**For**

**Mechanical Equipment Repair and/or Rebuild Projects**

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 as "Agency") and Vaughan's Industrial Repair Company, Inc., (hereinafter referred to as "Contractor") in order to establish the terms and conditions which will govern various "as needed / as requested" mechanical equipment repair and/or rebuild projects that may arise during the term of this contract.

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: Albert Van Breukelen  
Address: 2662 E. Walnut Street  
Ontario, CA 91761  
Telephone: (909) 993-1628  
E-mail: avanbreukelen@ieua.org

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

Contractor's Project Manager: Jack Wilber  
Address: 16224 Garfield Ave., Paramount, CA 90723  
Paramount, CA 90723  
Telephone: (562) 822-2387  
Facsimile: (562) 633-1504  
E-mail: jack@virc1.com

3. **ORDER OF PRECEDENCE:** The documents referenced below represent the Contract Documents; each of which is hereby incorporated as an integral part of this Contract. 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 No. 4600001864
2. Contract No. 4600001864 including Exhibit A - Statement of Work
3. Agency Request for Proposal No. RFP-RH-15-004
4. Contractor's Proposal, dated March 13, 2015



4. **SCOPE OF WORK AND ORDERING PROTOCOL:** Contractor services and responsibilities shall include and be in accordance with the descriptions and content listed within Exhibit A - Statement of Work which appears at the end of this Contract.

On an "as needed / as requested" basis, the Agency's assigned Project Manager may contact the Contractor, discuss the particulars of a given equipment repair project and (once agreement is reached as to the appropriate level-of-effort, not-to-exceed price involved and the associated repair schedule) request via e-mail (not verbally) the Contractor to travel to the appropriate IEUA location, pick-up the designated equipment in need of repair, and proceed with the agreed-upon repair or rebuild task(s). IEUA will be responsible for disconnecting, removing and palletizing (if feasible) the designated equipment prior to the Contractor's arrival on-site for equipment pick-up, as well as for re-installation of the repaired equipment subsequent to the Contractor's return delivery. The IEUA Project Manager's e-mail authorization shall/must convey a separate and discrete billing purchase order number which is to be referenced on the Contractor's associated invoice.

5. **TERM:** The term of this Contract shall extend from the date of its bi-lateral execution and terminate June 30, 2018, unless an extension is agreed to by both parties, reduced to writing and incorporated as a formal amendment to this Contract.

6. **PAYMENT, INVOICING AND COMPENSATION:** Contractor may invoice subsequent to completion of each equipment repair/rebuild job authorized under this Contract. The Contractor's ~~monthly~~ invoices shall be formulated consistent with the Schedule of Rates shown below. *RH*

<u>Item Description</u>	<u>Invoiceable Rate</u>
Pick-up/Delivery R/T Chrg	No Charge
Failure Analysis Reports	No Charge
Hourly Machining Rate	\$ 75.00
Hourly In-Shop Labor Rate	\$ 75.00
Replacement Parts	(@ actual costs plus Contractor mark-up)
Subcontracted Services	(@ actual costs plus Contractor mark-up)
Contractor Mark-Up %	15.0 %

Agency shall pay Contractor's properly executed 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 the requirements of this Contract, until such service is revised, the invoice resubmitted and accepted by the Project Manager.

Contractor's invoices shall be submitted as follows: Inland Empire Utilities Agency  
Attention: Accounts Payable Department  
P.O. Box 9020  
Chino Hills, CA 91709

OR e-mail invoice submittal via: APGroup@ieua.org

Concurrent with submittal of the original invoice to the Agency's Accounts Payable Department, the Contractor shall e-mail a copy of said invoice to the Agency's designated Project Manager identified on page 1 of this Contract.

As compensation for the work performed under this Contract, Agency shall pay Contractor, on a fixed price level-of-effort basis, a total aggregate price not-to-exceed \$ 240,000.00 for all work/services satisfactorily provided hereunder.

7. **LIQUIDATED DAMAGES:** Liquidated damages are not applicable to this contract.
8. **CONTROL OF THE WORK:** Contractor shall perform the Work in compliance with the Work Schedule established by the Agency's Project Manager. If performance of the Work falls behind schedule, the Contractor 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 Contractor is unable to accelerate the Work, Contractor shall promptly notify the Project Manager of the delay, the causes of the delay, and submit a proposed revised Work Schedule.
9. **FITNESS FOR DUTY:**
- A. **Fitness:** Contractor and its Subcontractor personnel on the Jobsite:
1. shall report for work in a manner fit to do their job;
  2. shall not be under the influence of or in possession of any alcoholic beverages or of any controlled substance (except a controlled substance as prescribed by a physician so long as the performance or safety of the Work is not affected thereby); and
  3. shall not have been convicted of any serious criminal offense which, by its nature, may have a discernible adverse impact on the business or reputation of Agency.
- B. **Compliance:** Contractor shall advise all contractor and subcontractor personnel and associated third parties of the requirements of this Contract ("Fitness for Duty Requirements") before they enter on the Jobsite and shall immediately remove from the Jobsite any employee determined to be in violation of these requirements. Contractor shall impose these requirements on its Subcontractors. Agency may cancel the Contract if Contractor violates these Fitness for Duty Requirements.
10. **INSURANCE:** During the term of this Contract, the Contractor shall maintain at Contractor'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 00 01 10 01 covering Commercial 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.
  2. **Automobile Liability:** \$ 300,000 combined single limit per accident for bodily injury and property damage. Coverage shall be at least as broad as Insurance Services Office form number CA 00 01 10 01, covering Automobile Liability, including "any auto."

3. **Workers' Compensation and Employers Liability:** Workers' compensation limits as required by the Labor Code of the State of California and employers Liability limits of \$1,000,000 per accident.
- B. **Deductibles and Self-Insured Retention:** Any deductibles or self-insured retention must be declared to and approved by the Agency. At the option of the Agency, either: the insurer shall reduce or eliminate such deductibles or self-insured retention as respects the Agency, its officers, officials, employees and volunteers; or the Consultant shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.
  - C. **Other Insurance Provisions:** The policies are to contain, or be endorsed to contain, the following provisions:
    1. **General Liability and Automobile Liability Coverage**
      - a. The Agency, its officers, officials, employees, volunteers, property owners and any engineers under contract to the Agency are to be covered as insureds, endorsements 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 or volunteers. If Form CG 2010 10 93 or CG 2010 03 97 are issued in place of the CG 2010 11 85 form, then it is necessary to issue Form CG 2037 10 01 in addition to the 10 93 or 03 97 Forms.
      - b. The Consultant's insurance coverage shall be primary insurance as respects the Agency, its officer, officials, employees and volunteers. Any insurance or self-insurance maintained by the Agency, its officers, officials, employees, or volunteers shall be excess of the Consultant's insurance and shall not contribute with it.
      - c. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the Agency, its officers, officials, employees or volunteers.
      - d. The Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
      - e. The Consultant may satisfy the limit requirements in a single policy or multiple policies. Any Such additional policies written as excess insurance shall not provide any less coverage than that provided by the first or primary policy.
    2. **Workers' Compensation and Employers Liability Coverage**

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

### 3. All Coverages

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

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

Roger Hughbanks, Contracts Administrator  
Inland Empire Utilities Agency (via)  
E-mail address: rhughbanks@ieua.org

## 11. LEGAL RELATIONS AND RESPONSIBILITIES

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

- E. **Hours of Labor:** The Contractor shall comply with all applicable provisions of California Labor Code Sections 1810 to 1817 relating to working hours. The Contractor shall, as a penalty to the Agency, forfeit \$25.00 for each worker employed in the execution of the Contract by the Contractor or by any subcontractor 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.
- F. **Travel and Subsistence Pay:** The Contractor shall make payment to each worker for travel and subsistence payments which are needed to execute the work and/or service, as such travel and subsistence payments are defined in the applicable collective bargaining agreements with the worker.
- G. **Liens:** Contractor shall pay all sums of money that become due from any labor, services, materials or equipment furnished to Contractor on account of said services to be rendered or said materials to be furnished under this Contract and that may be secured by any lien against the Agency. Contractor shall fully discharge each such lien at the time performance of the obligation secured matures and becomes due.
- H. **Conflict of Interest:** No official of the Agency who is authorized in such capacity and on behalf of the Agency to negotiate, make, accept or approve, or to take part in negotiating, making, accepting or approving this Contract, or any subcontract relating to services or tasks to be performed pursuant to this Contract, shall become directly or indirectly personally interested in this Contract.
- I. **Equal Opportunity and Unlawful Discrimination:** During the performance of this Contract, the Contractor shall not unlawfully discriminate against any employee or employment applicant because of race, color, religion, sex, age, marital status, ancestry, physical or mental disability, sexual orientation, veteran status or national origin. The Agency is committed to creating and maintaining an environment free from harassment and discrimination. To accomplish these goals the Agency has established procedures regarding the implementation and enforcement of the Agency's Harassment Prohibition and Equal Employment Opportunity commitments. Please refer to Agency Policies A-29 (Equal Employment Opportunity) and A-30 Harassment Prohibition for detailed information or contact the Agency's Human Resources Administrator. A copy of either of these Policies can be obtained by contacting the Project Manager for your respective Contract. Please advise any of your staff that believes they might have been harassed or discriminated against while on Agency property, to report said possible incident to either the Project Manager, or the Agency's Human Resources Administrator. Please be assured that any possible infraction will be thoroughly investigated by the Agency.
- J. **Non-Conforming Work and Warranty:** Contractor represents and warrants that the Work and Documentation shall be adequate to serve the purposes described in the Contract. For a period of not less than one (1) year after acceptance of the completed Work, Contractor shall, at no additional cost to Agency, correct any and all errors in and shortcomings of the Work or Documentation, regardless of whether any such errors or shortcoming is brought to the attention of Contractor by Agency, or any other person or entity. Contractor shall within three (3) calendar days, correct any error or shortcoming that renders the Work or Documentation unusable and shall correct other errors within thirty (30) calendar days after Contractor's receipt of notice of the error. Upon request of Agency, Contractor shall correct any such error deemed important by Agency in its sole discretion to Agency's continued use of the Work or Documentation within seven (7) calendar days after Contractor's receipt of notice of the error. If the Project Manager rejects all or any part of the Work or Documentation as unacceptable and agreement to correct such Work or Documentation cannot be reached without

modification to the Contract, Contractor shall notify the Project Manager, in writing, detailing the dispute and reason for the Contractor's position. Any dispute that cannot be resolved between the Project Manager and Contractor shall be resolved in accordance with the provisions of this Contract.

**K. Disputes:**

1. All disputes arising out of or in relation to this Contract shall be determined in accordance with this section. The Contractor shall pursue the work to completion in accordance with the instruction of the Agency's Project Manager notwithstanding the existence of dispute. By entering into this Contract, both parties are obligated, and hereby agree, to submit all disputes arising under or relating to the Contract, which remain unresolved after the exhaustion of the procedures provided herein, to independent arbitration. Except as otherwise provided herein, arbitration shall be conducted under California Code of Civil Procedure Sections 1280, et. seq, or their successor.
2. Any and all disputes during the pendency of the work shall be subject to resolution by the Agency Project Manager and the Contractor shall comply, pursuant to the Agency Project Manager instructions. If the Contractor is not satisfied with any such resolution by the Agency Project Manager, they may file a written protest with the Agency Project Manager within seven (7) calendar days after receiving written notice of the Agency's decision. Failure by Contractor to file a written protest within seven (7) calendar days shall constitute waiver of protest, and acceptance of the Agency Project Manager's resolution. The Agency's Project Manager shall submit the Contractor's written protests to the General Manager, together with a copy of the Agency Project Manager's written decision, for his or her consideration within seven (7) calendar days after receipt of said protest(s). The General Manager shall make his or her determination with respect to each protest filed with the Agency Project Manager within ten (10) calendar days after receipt of said protest(s). If Contractor is not satisfied with any such resolution by the General Manager, they may file a written request for 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 Contractor to be appointed as Arbitrator. The Agency shall determine if any of the names submitted by Contractor are acceptable and, if so, such person will be designated as Arbitrator.
  - b. In the event that none of the names submitted by Contractor are acceptable to Agency, or if for any reason the Arbitrator selected in Step (a) is unable to serve, the Agency shall submit to Contractor a list of five names of persons acceptable to Agency for appointment as Arbitrator. The Contractor shall, in turn, have seven (7) calendar days in which to determine if one such person is acceptable.
  - c. If after Steps (a) and (b), the parties are unable to mutually agree upon a neutral Arbitrator, the matter of selection of an Arbitrator shall be submitted to the San Bernardino County Superior Court pursuant to Code of Civil

Procedure Section 1281.6, or its successor. The costs of arbitration, 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 Contractor in mediation or arbitration commenced by a contractor on the Project pursuant to Public Contracts Code Sections 20104 et seq. Such joinder shall be initiated by written notice from the Agency's representative to the Contractor.

L. **Workers' Legal Status:** For performance against this Contract, Contractor shall only utilize employees and/or subcontractors that are authorized to work in the United States pursuant to the Immigration Reform and Control Act of 1986.

12. **INDEMNIFICATION:** Contractor shall indemnify and hold harmless and defend as permitted by law, the Agency, its directors, officers, employees, or authorized volunteers, each of them from and against:

- A. Any and all claims, demands, causes of action, damages, costs, expenses, losses or liabilities, in law or in equity, of every kind or nature whatsoever for, but not limited to, injury to or death of any person including Agency and/or Contractor, or any directors, officers, employees, or authorized volunteers of Agency or Contractor, and damages to or destruction of property of any person, including but not limited to, Agency and/or Contractor or their directors, officers, employees, or authorized volunteers, arising out of or in any manner directly or indirectly connected with the work to be performed under this agreement, however caused, except for the sole negligence or willful misconduct or active negligence of the Agency or its directors, officers, employees, or authorized volunteers;
- B. Any and all actions, proceedings, damages, costs, expenses, penalties or liabilities, in law or equity, of every kind or nature whatsoever, arising out of, resulting from, or on account of the violation of any governmental law or regulation, compliance with which is the responsibility of the Contractor;
- C. Any and all losses, expenses, damages (including damages to the work itself), attorneys' fees, and other costs, including all costs of defense, which any of them may incur with respects to the failure, neglect, or refusal of Contractor to faithfully perform the work and all of the Contractor's obligations under the agreement. Such costs, expenses, and damages shall include all costs, including attorneys' fees, incurred by the indemnified parties in any lawsuit to which they are a party.

13. **OWNERSHIP OF MATERIALS AND DOCUMENTS/CONFIDENTIALITY:** The Agency retains ownership of any and all partial or complete reports, drawings, plans, notes, computations, lists, and/or other materials, documents, information, or data prepared by the Contractor and/or the Contractor's subcontractor(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 Contractor shall deliver same to the Agency whenever requested to do so by the Project Manager and/or Agency. The Contractor agrees that same shall not be made available to any individual or organization, private or public, without the prior written consent of the Agency.

14. TITLE AND RISK OF LOSS:

- A. Documentation: Title to any/all Documentation shall pass to Agency when prepared; however, a copy may be retained by Contractor for its records and internal use. Contractor shall retain such Documentation in a controlled access file, and shall not reveal, display or disclose the contents of the Documentation to others without the prior written authorization of Agency or for the performance of Work related to the Project.
- B. Material: Title to all Material, equipment, procured or fabricated under the Contract shall pass to Agency when delivered to the Agency's job-site and such title shall be free and clear of any and all encumbrances. Contractor shall have risk of loss of any Material or Agency-owned equipment of which it has custody.
- C. Disposition: Contractor shall dispose of items to which Agency has title as directed in writing by the Agency.

15. PROPRIETARY RIGHTS:

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



16. **INFRINGEMENT:** Contractor 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.

Contractor 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.

Contractor 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.

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

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

Contractor: Keven Vaughan  
Vice President  
Vaughan's Industrial Repair Co., Inc.  
P.O. Box 1898  
Paramount, CA 90723

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

18. **SUCCESSORS AND ASSIGNS:** All of the terms, conditions and provisions of this Contract shall inure to the benefit of and be binding upon the Agency, the Contractor, and their respective successors and assigns. Notwithstanding the foregoing, no assignment of the duties or benefits of the Contractor under this Contract may be assigned, transferred or otherwise disposed of without the prior written consent of the Agency; and any such purported or attempted assignment, transfer or disposal without the prior written consent of the Agency shall be null, void and of no legal effect whatsoever.
19. **PUBLIC RECORDS POLICY:** Information made available to the Agency may be subject to the California Public Records Act (Government Code Section 6250 et seq.) The Agency's use and disclosure of its records are governed by this Act. The Agency shall use its best efforts to notify Contractor of any requests for disclosure of any documents pertaining to Contractor.

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

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

20. **RIGHT TO AUDIT:** The Agency reserves the right to review and/or audit all Contractor's records related to the Work. The option to review and/or audit may be exercised during the term of the Contract, upon termination, upon completion of the Contract, or at any time thereafter up to twelve (12) months after final payment has been made to Contractor. The Contractor shall make all records and related documentation available within three (3) working days after said records are requested by the Agency.
21. **INTEGRATION:** The Contract Documents represent the entire Contract of the Agency and the Contractor as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered by the Contract Documents. This Contract may not be modified, altered or amended except by written mutual agreement by the Agency and the Contractor.
22. **GOVERNING LAW:** This Contract is to be governed by and interpreted in accordance with the laws of the State of California.
23. **TERMINATION FOR CONVENIENCE:** The Agency reserves and has the right to immediately suspend, cancel or terminate this Contract at any time upon written notice to the Contractor. In the event of such termination, the Agency shall pay Contractor for all authorized and Contractor-invoiced services up to the date of such termination.
24. **FORCE MAJEURE:** Neither party shall hold the other responsible for the effects of acts occurring beyond their control; e.g., war, riots, strikes, natural disasters, etcetera.
25. **CHANGES:** The Agency may, at any time, make changes to this Contract's Scope of Work; including additions, reductions and other alterations to any or all of the work. However, such changes shall only be made via written amendment to this Contract. The Contract Price and Work Schedule shall be equitably adjusted, if required, to account for such changes and shall be set forth within the Contract Amendment.
26. **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 separate billing purchase order number has been relayed to the Contractor for each job/project authorized under this contract.

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:**

**VAUGHAN'S INDUSTRIAL REPAIR Co., Inc.**

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

(Date)

\_\_\_\_\_  
Keven Vaughan  
Vice President

4-15-15  
(Date)

## EXHIBIT A

### STATEMENT OF WORK

#### SUMMARY:

On an "as needed / as requested" basis, the Agency's assigned Project Manager may contact the Contractor, discuss the particulars of a given equipment repair project and (once agreement is reached as to the appropriate level-of-effort, not-to-exceed price involved and the associated repair schedule) request via e-mail (not verbally) the Contractor to travel to the appropriate IEUA location, pick-up the designated equipment in need of repair, and proceed with the agreed-upon repair or rebuild task(s). IEUA will be responsible for disconnecting, removing and palletizing (if feasible) the designated equipment prior to the Contractor's arrival on-site for equipment pick-up, as well as for re-installation of the repaired equipment subsequent to the Contractor's return delivery. The IEUA Project Manager's e-mail authorization shall/must convey a separate and discrete billing purchase order number which is to be referenced on the Contractor's associated invoice. **Note: The Agency reserves the right to send staff to Contractor's facility in order to witness final inspection/test of the repaired equipment prior to return shipment to the Agency.** Contractor services and responsibilities shall include and be in accordance with the below-detailed descriptions, information, scope of work statements and specifications.

#### PROJECT DESCRIPTION

This Statement of Work is intended to support the solicitation of proposals for a three (3) year master agreement covering repair and service of IEUA pumps, mixers, blowers and/or compressors.

#### PROJECT LOCATIONS

Potentially, any/all Agency water and waste water equipment locations.

#### SCOPE OF WORK

The selected contractor shall provide service and repairs on an "as needed / as requested basis" for the Agency's pumps, mixers, blowers and/or compressors. Contractor must be able to provide on-site pick-up service and subsequent return delivery service of repaired equipment to any of the Agency's waste water treatment facilities and/or other equipment locations (e.g. lift stations, well sites, etc.).

Optimally, the selected contractor can provide the following:

1. Must be capable of machining parts if required.
2. Following are the different types of equipment the Agency uses and what the selected contractor may be asked to provide service to.
  - a) Centrifugal pumps
  - b) Vertical Turbine pumps
  - c) Horizontal split case pumps
  - d) Trash pumps
  - e) Multi-stage pumps
  - f) Well pumps
  - g) Positive displacement pumps
  - h) Lobe pumps
  - i) Gear pumps
  - j) Progressive cavity pumps
  - k) Piston pumps

- l) Blowers
- m) Compressors
- n) Gearboxes
- o) Mixers
- p) Conveyor systems (Screw & Belt types)
- q) Grinders (i.e. Muffin Monsters)
- r) Submersible pumps

3. Below is a list of manufacturers that are commonly used but it may not be all inclusive. Contractor may be asked to provide service, support and OEM parts.

- a) Fairbanks Morse
- b) Flo-way
- c) Moyno
- d) Alfweiler
- e) ABS
- f) Peabody
- g) Vaughn
- h) Leeson
- i) Wemco
- j) Goman-Rupp
- k) Aurora
- l) Peerless
- m) Paco
- n) Myers
- o) Netzsch
- p) Monoflo
- q) Seepex
- r) Gould
- s) Aerzen
- t) SEW Eurodrive
- u) Clearstream

#### **PROJECT SCHEDULE**

All services to be provided on an "as needed / as requested basis" as required by the Agency throughout the duration of the anticipated three year master agreement.

#### **ASSUMPTIONS & APPLICABLE SPECIFICATIONS**

1. For each piece of equipment repaired, contractor must provide a repair completion report with analysis of equipment failure as found.
  - a) Documentation shall include pictures and a description of repairs performed.
  - b) Report shall include "as-found" conditions and corrective actions performed.
  - c) Contractor must have the capability to provide functionality report related to:
    - I. Pressure testing
    - II. Head Flow profile verification.
    - III. ~~Laser alignments after installation.~~ *SW, KTV, RYH*
2. Contractor shall provide pick-up and return delivery as part of its service.
3. Contractor shall provide the following services: pick-up of designated equipment at Agency location, perform failure analysis and associated report generation & submittal, repair/rebuild the designated equipment, return delivery of repaired equipment to Agency location. Contractor shall provide all equipment and tools to accomplish the above tasks.
4. Contractor shall provide a one year warranty on all parts and labor.
5. Contractor must be able to provide emergency response within 24hrs notice.
6. Contractor must be able to prove capability in terms of:

- a) A local facility available for tour with Agency's representatives prior to award.
- b) Must be able to provide minimum of five (5) references, including company or agency information.

7. All repairs shall receive OEM parts only unless otherwise approved by authorized maintenance representatives.



**MASTER CONTRACT No. 4600001868**

**For**

**Mechanical Equipment Repair and/or Rebuild Projects**

THIS CONTRACT (the "Contract") is made and entered into this 15 day of April, 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 as "Agency") and Superior Electric Motor Service, Inc., of Los Angeles, California (hereinafter referred to as "Contractor") in order to establish the terms and conditions which will govern various "as needed / as requested" mechanical equipment repair and/or rebuild projects that may arise during the term of this contract.

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: Albert Van Breukelen  
Address: 2662 E. Walnut Street  
Ontario, CA 91761  
Telephone: (909) 993-1628  
E-mail: avanbreukelen@ieua.org

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

Contractor's Project Manager: Chris Marachelian  
Address: 4623 Hampton Street  
Los Angeles, CA 90058  
Telephone: (323) 583-1040  
Facsimile: (323) 583-9266  
E-mail: ChrisM@superiorelectricmotors.com

3. **ORDER OF PRECEDENCE:** The documents referenced below represent the Contract Documents; each of which is hereby incorporated as an integral part of this Contract. 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 No. 4600001868
2. Contract No. 4600001868 including Exhibit A - Statement of Work
3. Agency Request for Proposal No. RFP-RH-15-004
4. Contractor's Proposal, dated March 6, 2015

4. **SCOPE OF WORK AND ORDERING PROTOCOL:** Contractor services and responsibilities shall include and be in accordance with the descriptions and content listed within Exhibit A - Statement of Work which appears at the end of this Contract.

On an "as needed / as requested" basis, the Agency's assigned Project Manager may contact the Contractor, discuss the particulars of a given equipment repair project and (once agreement is reached as to the appropriate level-of-effort, not-to-exceed price involved and the associated repair schedule) request via e-mail (not verbally) the Contractor to travel to the appropriate IEUA location, pick-up the designated equipment in need of repair, and proceed with the agreed-upon repair or rebuild task(s). IEUA will be responsible for disconnecting, removing and palletizing (if feasible) the designated equipment prior to the Contractor's arrival on-site for equipment pick-up, as well as for re-installation of the repaired equipment subsequent to the Contractor's return delivery. The IEUA Project Manager's e-mail authorization shall/must convey a separate and discrete billing purchase order number which is to be referenced on the Contractor's associated invoice.

5. **TERM:** The term of this Contract shall extend from the date of its bi-lateral execution and terminate June 30, 2018, unless an extension is agreed to by both parties, reduced to writing and incorporated as a formal amendment to this Contract.
6. **PAYMENT, INVOICING AND COMPENSATION:** Contractor may invoice subsequent to completion and return delivery of each equipment repair/rebuild job authorized under this Contract. The Contractor's invoices shall be formulated consistent with the Schedule of Rates shown below.

<u>Item Description</u>	<u>Invoiceable Rate</u>
Pick-up/Delivery R/T Charge	No Charge
Failure Analysis Reports	\$ 25.00
Hourly Machining Rate	\$ 60.00
Hourly In-Shop Labor Rate	\$ 50.00
Replacement Parts	(@ actual costs plus Contractor mark-up)
Subcontracted Services	(@ actual costs plus Contractor mark-up)
Contractor Mark-Up %	25.0 %

Agency shall pay Contractor's properly executed 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 the requirements of this Contract, until such service is revised, the invoice resubmitted and accepted by the Project Manager.

Contractor's invoices shall be submitted as follows:

Inland Empire Utilities Agency  
Attention: Accounts Payable Department  
P.O. Box 9020  
Chino Hills, CA 91709

OR e-mail invoice submittal via: [APGroup@ieua.org](mailto:APGroup@ieua.org)

Concurrent with submittal of the original invoice to the Agency's Accounts Payable Department, the Contractor shall e-mail a copy of said invoice to the Agency's designated Project Manager identified on page 1 of this Contract.

As compensation for the work performed under this Contract, Agency shall pay Contractor, on a **fixed price level-of-effort basis**, a total aggregate price **not-to-exceed \$240,000.00** for all work/services satisfactorily provided hereunder.

7. LIQUIDATED DAMAGES: Liquidated damages are not applicable to this contract.
8. CONTROL OF THE WORK: Contractor shall perform the Work in compliance with the Work Schedule established by the Agency's Project Manager. If performance of the Work falls behind schedule, the Contractor 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 Contractor is unable to accelerate the Work, Contractor shall promptly notify the Project Manager of the delay, the causes of the delay, and submit a proposed revised Work Schedule.
9. FITNESS FOR DUTY:
- A. Fitness: Contractor and its Subcontractor personnel on the Jobsite:
1. shall report for work in a manner fit to do their job;
  2. shall not be under the influence of or in possession of any alcoholic beverages or of any controlled substance (except a controlled substance as prescribed by a physician so long as the performance or safety of the Work is not affected thereby); and
  3. shall not have been convicted of any serious criminal offense which, by its nature, may have a discernible adverse impact on the business or reputation of Agency.
- B. Compliance: Contractor shall advise all contractor and subcontractor personnel and associated third parties of the requirements of this Contract ("Fitness for Duty Requirements") before they enter on the Jobsite and shall immediately remove from the Jobsite any employee determined to be in violation of these requirements. Contractor shall impose these requirements on its Subcontractors. Agency may cancel the Contract if Contractor violates these Fitness for Duty Requirements.
10. INSURANCE: During the term of this Contract, the Contractor shall maintain at Contractor'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 00 01 10 01 covering Commercial 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.
  2. **Automobile Liability**: \$ 300,000 combined single limit per accident for bodily injury and property damage. Coverage shall be at least as broad as Insurance Services Office form number CA 00 01 10 01, covering Automobile Liability, including "any auto."
  3. **Workers' Compensation and Employers Liability**: Workers' compensation limits as required by the Labor Code of the State of California and employers Liability limits of \$1,000,000 per accident.



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

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

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

- a. The Agency, its officers, officials, employees, volunteers, property owners and any engineers under contract to the Agency are to be covered as insureds, endorsements 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 or volunteers. If Form CG 2010 10 93 or CG 2010 03 97 are issued in place of the CG 2010 11 85 form, then it is necessary to issue Form CG 2037 10 01 in addition to the 10 93 or 03 97 Forms.
- b. The Consultant's insurance coverage shall be primary insurance as respects the Agency, its officer, officials, employees and volunteers. Any insurance or self-insurance maintained by the Agency, its officers, officials, employees, or volunteers shall be excess of the Consultant's insurance and shall not contribute with it.
- c. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the Agency, its officers, officials, employees or volunteers.
- d. The Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
- e. The Consultant may satisfy the limit requirements in a single policy or multiple policies. Any Such additional policies written as excess insurance shall not provide any less coverage than that provided by the first or primary policy.

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

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

3. **All Coverages**

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

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

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

Roger Hughbanks, Contracts Administrator  
Inland Empire Utilities Agency (via)  
E-mail address: rhughbanks@ieua.org

#### 11. LEGAL RELATIONS AND RESPONSIBILITIES

- A. Professional Responsibility: The Contractor shall be responsible, to the level of competency presently maintained by other practicing professionals performing the same or similar type of work.
- B. Status of Contractor: The Contractor is retained as an independent Contractor only, for the sole purpose of rendering the services described herein, and is not an employee of the Agency.
- C. Observing Laws and Ordinances: The Contractor shall keep itself fully informed of all existing state and federal laws and all county and city ordinances and regulations which in any manner affect the conduct of any services or tasks performed under this Contract, and of all such orders and decrees of bodies or tribunals having any jurisdiction or authority over the same. The Contractor 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 Contractor or its employees.
- D. Subcontract Services: Any subcontracts for the performance of any services under this Contract shall be subject to the written approval of the Agency's Project Manager.
- E. Hours of Labor: The Contractor shall comply with all applicable provisions of California Labor Code Sections 1810 to 1817 relating to working hours. The Contractor shall, as a penalty to the Agency, forfeit \$25.00 for each worker employed in the execution of the Contract by the Contractor or by any subcontractor 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.

- F. Travel and Subsistence Pay: The Contractor shall make payment to each worker for travel and subsistence payments which are needed to execute the work and/or service, as such travel and subsistence payments are defined in the applicable collective bargaining agreements with the worker.
- G. Liens: Contractor shall pay all sums of money that become due from any labor, services, materials or equipment furnished to Contractor on account of said services to be rendered or said materials to be furnished under this Contract and that may be secured by any lien against the Agency. Contractor shall fully discharge each such lien at the time performance of the obligation secured matures and becomes due.
- H. Conflict of Interest: No official of the Agency who is authorized in such capacity and on behalf of the Agency to negotiate, make, accept or approve, or to take part in negotiating, making, accepting or approving this Contract, or any subcontract relating to services or tasks to be performed pursuant to this Contract, shall become directly or indirectly personally interested in this Contract.
- I. Equal Opportunity and Unlawful Discrimination: During the performance of this Contract, the Contractor shall not unlawfully discriminate against any employee or employment applicant because of race, color, religion, sex, age, marital status, ancestry, physical or mental disability, sexual orientation, veteran status or national origin. The Agency is committed to creating and maintaining an environment free from harassment and discrimination. To accomplish these goals the Agency has established procedures regarding the implementation and enforcement of the Agency's Harassment Prohibition and Equal Employment Opportunity commitments. Please refer to Agency Policies A-29 (Equal Employment Opportunity) and A-30 Harassment Prohibition for detailed information or contact the Agency's Human Resources Administrator. A copy of either of these Policies can be obtained by contacting the Project Manager for your respective Contract. Please advise any of your staff that believes they might have been harassed or discriminated against while on Agency property, to report said possible incident to either the Project Manager, or the Agency's Human Resources Administrator. Please be assured that any possible infraction will be thoroughly investigated by the Agency.
- J. Non-Conforming Work and Warranty: Contractor represents and warrants that the Work and Documentation shall be adequate to serve the purposes described in the Contract. For a period of not less than one (1) year after acceptance of the completed Work, Contractor shall, at no additional cost to Agency, correct any and all errors in and shortcomings of the Work or Documentation, regardless of whether any such errors or shortcoming is brought to the attention of Contractor by Agency, or any other person or entity. Contractor shall within three (3) calendar days, correct any error or shortcoming that renders the Work or Documentation unusable and shall correct other errors within thirty (30) calendar days after Contractor's receipt of notice of the error. Upon request of Agency, Contractor shall correct any such error deemed important by Agency in its sole discretion to Agency's continued use of the Work or Documentation within seven (7) calendar days after Contractor's receipt of notice of the error. If the Project Manager rejects all or any part of the Work or Documentation as unacceptable and agreement to correct such Work or Documentation cannot be reached without modification to the Contract, Contractor shall notify the Project Manager, in writing, detailing the dispute and reason for the Contractor's position. Any dispute that cannot be resolved between the Project Manager and Contractor shall be resolved in accordance with the provisions of this Contract.

**K. Disputes:**

1. All disputes arising out of or in relation to this Contract shall be determined in accordance with this section. The Contractor shall pursue the work to completion in accordance with the instruction of the Agency's Project Manager notwithstanding the existence of dispute. By entering into this Contract, both parties are obligated, and hereby agree, to submit all disputes arising under or relating to the Contract, which remain unresolved after the exhaustion of the procedures provided herein, to independent arbitration. Except as otherwise provided herein, arbitration shall be conducted under California Code of Civil Procedure Sections 1280, et. seq, or their successor.
2. Any and all disputes during the pendency of the work shall be subject to resolution by the Agency Project Manager and the Contractor shall comply, pursuant to the Agency Project Manager instructions. If the Contractor is not satisfied with any such resolution by the Agency Project Manager, they may file a written protest with the Agency Project Manager within seven (7) calendar days after receiving written notice of the Agency's decision. Failure by Contractor to file a written protest within seven (7) calendar days shall constitute waiver of protest, and acceptance of the Agency Project Manager's resolution. The Agency's Project Manager shall submit the Contractor's written protests to the General Manager, together with a copy of the Agency Project Manager's written decision, for his or her consideration within seven (7) calendar days after receipt of said protest(s). The General Manager shall make his or her determination with respect to each protest filed with the Agency Project Manager within ten (10) calendar days after receipt of said protest(s). If Contractor is not satisfied with any such resolution by the General Manager, they may file a written request for 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 Contractor to be appointed as Arbitrator. The Agency shall determine if any of the names submitted by Contractor are acceptable and, if so, such person will be designated as Arbitrator.
  - b. In the event that none of the names submitted by Contractor are acceptable to Agency, or if for any reason the Arbitrator selected in Step (a) is unable to serve, the Agency shall submit to Contractor a list of five names of persons acceptable to Agency for appointment as Arbitrator. The Contractor shall, in turn, have seven (7) calendar days in which to determine if one such person is acceptable.
  - c. If after Steps (a) and (b), the parties are unable to mutually agree upon a neutral Arbitrator, the matter of selection of an Arbitrator shall be submitted to the San Bernardino County Superior Court pursuant to Code of Civil Procedure Section 1281.6, or its successor. The costs of arbitration, 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 Contractor in mediation or arbitration commenced by a contractor on the Project pursuant to Public Contracts Code Sections 20104 *et seq.* Such joinder shall be initiated by written notice from the Agency's representative to the Contractor.
  - L. **Workers' Legal Status:** For performance against this Contract, Contractor shall only utilize employees and/or subcontractors that are authorized to work in the United States pursuant to the Immigration Reform and Control Act of 1986.
12. **INDEMNIFICATION:** Contractor shall indemnify and hold harmless and defend as permitted by law, the Agency, its directors, officers, employees, or authorized volunteers, each of them from and against:
- A. Any and all claims, demands, causes of action, damages, costs, expenses, losses or liabilities, in law or in equity, of every kind or nature whatsoever for, but not limited to, injury to or death of any person including Agency and/or Contractor, or any directors, officers, employees, or authorized volunteers of Agency or Contractor, and damages to or destruction of property of any person, including but not limited to, Agency and/or Contractor or their directors, officers, employees, or authorized volunteers, arising out of or in any manner directly or indirectly connected with the work to be performed under this agreement, however caused, except for the sole negligence or willful misconduct or active negligence of the Agency or its directors, officers, employees, or authorized volunteers;
  - B. Any and all actions, proceedings, damages, costs, expenses, penalties or liabilities, in law or equity, or every kind or nature whatsoever, arising out of, resulting from, or on account of the violation of any governmental law or regulation, compliance with which is the responsibility of the Contractor;
  - C. Any and all losses, expenses, damages (including damages to the work itself), attorneys' fees, and other costs, including all costs of defense, which any of them may incur with respects to the failure, neglect, or refusal of Contractor to faithfully perform the work and all of the Contractor's obligations under the agreement. Such costs, expenses, and damages shall include all costs, including attorneys' fees, incurred by the indemnified parties in any lawsuit to which they are a party.
13. **OWNERSHIP OF MATERIALS AND DOCUMENTS/CONFIDENTIALITY:** The Agency retains ownership of any and all partial or complete reports, drawings, plans, notes, computations, lists, and/or other materials, documents, information, or data prepared by the Contractor and/or the Contractor's subcontractor(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 Contractor shall deliver same to the Agency whenever requested to do so by the Project Manager and/or Agency. The Contractor agrees that same shall not be made available to any individual or organization, private or public, without the prior written consent of the Agency.
14. **TITLE AND RISK OF LOSS:**
- A. **Documentation:** Title to any/all Documentation shall pass to Agency when prepared; however, a copy may be retained by Contractor for its records and internal use. Contractor shall retain such Documentation in a controlled access file, and shall not

reveal, display or disclose the contents of the Documentation to others without the prior written authorization of Agency or for the performance of Work related to the Project.

- B. **Material:** Title to all Material, equipment, procured or fabricated under the Contract shall pass to Agency when delivered to the Agency's job-site and such title shall be free and clear of any and all encumbrances. Contractor shall have risk of loss of any Material or Agency-owned equipment of which it has custody.
- C. **Disposition:** Contractor shall dispose of items to which Agency has title as directed in writing by the Agency.

15. **PROPRIETARY RIGHTS:**

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

16. **INFRINGEMENT:** Contractor 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.

Contractor 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.

Contractor 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.

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

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

Contractor: Chris Marachelian  
Vice President  
Superior Electric Motor Service, Inc.  
4623 Hampton Street  
Los Angeles, CA 90058

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

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

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

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

20. **RIGHT TO AUDIT:** The Agency reserves the right to review and/or audit all Contractor's records related to the Work. The option to review and/or audit may be exercised during the term of the Contract, upon termination, upon completion of the Contract, or at any time thereafter up to twelve (12) months after final payment has been made to Contractor. The Contractor shall make all records and related documentation available within three (3) working days after said records are requested by the Agency.
21. **INTEGRATION:** The Contract Documents represent the entire Contract of the Agency and the Contractor as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered by the Contract Documents. This Contract may not be modified, altered or amended except by written mutual agreement by the Agency and the Contractor.
22. **GOVERNING LAW:** This Contract is to be governed by and interpreted in accordance with the laws of the State of California.
23. **TERMINATION FOR CONVENIENCE:** The Agency reserves and has the right to immediately suspend, cancel or terminate this Contract at any time upon written notice to the Contractor. In the event of such termination, the Agency shall pay Contractor for all authorized and Contractor-invoiced services up to the date of such termination.
24. **FORCE MAJEURE:** Neither party shall hold the other responsible for the effects of acts occurring beyond their control; e.g., war, riots, strikes, natural disasters, etcetera.
25. **CHANGES:** The Agency may, at any time, make changes to this Contract's Scope of Work; including additions, reductions and other alterations to any or all of the work. However, such changes shall only be made via written amendment to this Contract. The Contract Price and Work Schedule shall be equitably adjusted, if required, to account for such changes and shall be set forth within the Contract Amendment.
26. **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 separate billing purchase order number has been relayed to the Contractor for each job/project authorized under this contract.

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:**

**SUPERIOR ELECTRIC MOTOR SERVICE, Inc.**

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

(Date)

  
\_\_\_\_\_  
Chris Marachelian  
Vice President

4/15/15  
\_\_\_\_\_  
(Date)



## EXHIBIT A

### STATEMENT OF WORK

#### SUMMARY:

On an "as needed / as requested" basis, the Agency's assigned Project Manager may contact the Contractor, discuss the particulars of a given equipment repair project and (once agreement is reached as to the appropriate level-of-effort, not-to-exceed price involved and the associated repair schedule) request via e-mail (not verbally) the Contractor to travel to the appropriate IEUA location, pick-up the designated equipment in need of repair, and proceed with the agreed-upon repair or rebuild task(s). IEUA will be responsible for disconnecting, removing and palletizing (if feasible) the designated equipment prior to the Contractor's arrival on-site for equipment pick-up, as well as for re-installation of the repaired equipment subsequent to the Contractor's return delivery. The IEUA Project Manager's e-mail authorization shall/must convey a separate and discrete billing purchase order number which is to be referenced on the Contractor's associated invoice. **Note: The Agency reserves the right to send staff to Contractor's facility in order to witness final inspection/test of the repaired equipment prior to return shipment to the Agency.** Contractor services and responsibilities shall include and be in accordance with the below-detailed descriptions, information, scope of work statements and specifications.

#### PROJECT DESCRIPTION

This Statement of Work is intended to support the solicitation of proposals for a three (3) year master agreement covering repair and service of IEUA pumps, mixers, blowers and/or compressors.

#### PROJECT LOCATIONS

Potentially, any/all Agency water and waste water equipment locations.

#### SCOPE OF WORK

The selected contractor shall provide service and repairs on an "as needed / as requested basis" for the Agency's pumps, mixers, blowers and/or compressors. Contractor must be able to provide on-site pick-up service and subsequent return delivery service of repaired equipment to any of the Agency's waste water treatment facilities and/or other equipment locations (e.g. lift stations, well sites, etc.).

Optimally, the selected contractor can provide the following:

1. Must be capable of machining parts if required.
2. Following are the different types of equipment the Agency uses and what the selected contractor may be asked to provide service to.
  - a) Centrifugal pumps
  - b) Vertical Turbine pumps
  - c) Horizontal split case pumps
  - d) Trash pumps
  - e) Multi-stage pumps
  - f) Well pumps
  - g) Positive displacement pumps
  - h) Lobe pumps
  - i) Gear pumps
  - j) Progressive cavity pumps
  - k) Piston pumps

- l) Blowers
- m) Compressors
- n) Gearboxes
- o) Mixers
- p) Conveyor systems (Screw & Belt types)
- q) Grinders (i.e. Muffin Monsters)
- r) Submersible pumps

3. Below is a list of manufacturers that are commonly used but it may not be all inclusive. Contractor may be asked to provide service, support and OEM parts.

- a) Fairbanks Morse
- b) Flo-way
- c) Moyno
- d) Allweiler
- e) ABS
- f) Peabody
- g) Vaughn
- h) Leeson
- i) Wemco
- j) Gorman-Rupp
- k) Aurora
- l) Peerless
- m) Paco
- n) Myers
- o) Netzsch
- p) Monoflo
- q) Seepex
- r) Gould
- s) Aerzen
- t) SEW Eurodrive
- u) Clearstream

#### **PROJECT SCHEDULE**

All services to be provided on an "as needed / as requested basis" as required by the Agency throughout the duration of the anticipated three year master agreement.

#### **ASSUMPTIONS & APPLICABLE SPECIFICATIONS**

1. For each piece of equipment repaired, contractor must provide a repair completion report with analysis of equipment failure as found.
  - a) Documentation shall include pictures and a description of repairs performed.
  - b) Report shall include "as-found" conditions and corrective actions performed.
  - c) Contractor must have the capability to provide functionality report related to:
    - I. Pressure testing
    - II. Head Flow profile verification.
    - III. Laser alignments after installation.
2. Contractor shall provide pick-up and return delivery as part of its service.
3. Contractor shall provide the following services: pick-up of designated equipment at Agency location, perform failure analysis and associated report generation & submittal, repair/rebuild the designated equipment, return delivery of repaired equipment to Agency location. Contractor shall provide all equipment and tools to accomplish the above tasks.
4. Contractor shall provide a one year warranty on all parts and labor.
5. Contractor must be able to provide emergency response within 24hrs notice.
6. Contractor must be able to prove capability in terms of:

- a) A local facility available for tour with Agency's representatives prior to award.
- b) Must be able to provide minimum of five (5) references, including company or agency information.

7. All repairs shall receive OEM parts only unless otherwise approved by authorized maintenance representatives.

**ACTION  
ITEM  
1H**

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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 *OK*  
General Manager

Submitted by: Ernest Yeboah *OK*  
*for* Executive Manager of Operations/Assistant General Manager

Subject: Agency-Wide Electrical Transformer Testing Service Contract

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### **RECOMMENDATION**

It is recommended that the Board:

1. Award Contract No. 4600001860 to Transformer Testing and Repairs, Inc. for the provision of testing 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.

### **BACKGROUND:**

The Agency has 55 electrical transformers throughout its facilities that require annual testing and oil analyses to ensure optimum equipment operation and reliability. Having a five-year contract with a reputable and highly qualified service provider ensures that the majority of the contract terms (e.g., shop rates, evidence of insurance, indemnification language, warranty provision, etc.) are established up front, will expedite the testing and analysis process. Staff will issue a task order for any work required.

A Request for Proposal RFP-RH-15-002 was issued through the BidNet Network for the oil analysis of the Agency's electrical transformers. Three proposals were received, with Transformer Testing & Repairs, Inc. of Suisun City, California being the lowest responsive bidder. RFP-RH-15-002 bid results are as follows:

<b>Bidder</b>	<b>Annual Transformer Testing Proposal</b>
Transformer Testing & Repairs, Inc.	\$ 29,535
Industrial Oil Recovery	\$ 41,484
ABM Electrical Power	\$ 128,700

**PRIOR BOARD ACTION**

None.

**IMPACT ON BUDGET**

If approved, the not-to exceed amount of \$147,685 will be funded from the O&M contract labor account included in the Fiscal Year 2015/16 through Fiscal Year 2019/20 budgets of Regional Wastewater Operations and Maintenance (RO) fund.



**CONTRACT NUMBER: 4600001860**

**For Provision of**

**TRANSFORMER TESTING SERVICES**

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 as "Agency") and Transformer Testing & Repairs, Inc., (hereinafter referred to as "Contractor") to provide transformer testing services at various Agency facility locations.

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: Joseph King  
Address: 14950 Telephone Ave.  
Chino, CA 91708  
Telephone: (909) 993-11734  
Facsimile: (909) 393-4826  
E-mail: jdking@ieua.org

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

Contractor: Michael Ducharme  
Address: P.O. Box 2219  
Suisun City, CA 94585-5219  
Telephone: (707) 421-9398  
Facsimile: (707) 421-9662  
E-mail: mducharme@transformerservices.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 No. 4600001860
2. Contract No. 4600001860 general terms and conditions

3. Exhibit A – Statement of Work
4. Agency Request for Proposal No. RFP-RH-15-002
5. Contractor's proposal 2015-8037, dated January 22, 2015

4. **SCOPE OF WORK AND SERVICES:** Contractor services and responsibilities shall include and be in accordance with the tasks, requirements and specifications detailed within Exhibit A – Statement of Work, which appears at the end of this document.
5. **TERM OF CONTRACT:** The term of this Contract shall extend from the date of its bi-lateral execution through May 31, 2020, unless a change in the Contract period of performance is agreed to by both parties, reduced to writing, and amended to this Contract.
6. **PAYMENT, INVOICING AND COMPENSATION:** Subsequent to submittal of each deliverable test report, the Contractor may invoice for the agreed-upon test price(s) and other charges, as shown in the Rate Schedule below, multiplied by the total number of each test performed and documented with the submitted report. Agency shall pay Contractor's properly executed 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 the requirements of this Contract, until such service is revised, the invoice resubmitted and accepted by the Project Manager.

Contractor's invoices shall be submitted as follows: Inland Empire Utilities Agency  
Attention: Accounts Payable Dept.  
P.O. Box 9020  
Chino Hills, CA 91709

OR, alternatively, invoices may be submitted via e-mail to: [APGroup@ieua.org](mailto:APGroup@ieua.org)

Concurrent with submittal of each original invoice to the Agency's Accounts Payable Department, the Contractor shall e-mail a copy of said invoice to the Agency's designated Project Manager identified on page 1 of this Contract.

As compensation for the work performed under this Contract, Agency shall pay Contractor, **on a fixed unit price basis, a total not-to-exceed price of \$155,058.75** during the five year term of this Contract for all work/ services/products satisfactorily provided hereunder.



### Rate Schedule

<u>Item / Test Description</u>	<u>Year One Estimate Quantities</u>	<u>Unit Price</u>
Waiver of Subrogation Charge	-	5 % of inv. value
Technician Mobilization Charge *	1 Lot*	\$ 385.00*
Furan analysis	As Ordered	\$ 55.00
Nitrogen gas pressurization service	As Ordered	\$ 40.00
Resistivity test	As Ordered	\$ 45.00
Corrosive sulfur test	As Ordered	\$ 50.00
Power factor test at 100 degrees C	As Ordered	\$ 45.00
Particle counts	As Ordered	\$ 45.00
D1816 dielectric test	As Ordered	\$ 40.00
PCB content in insulating fluid	As Ordered	\$ 45.00
5 Star fluid essential testing package, including**:	As Ordered	\$ 165.00

\* based on 1 contiguous mobilization schedule per year

\*\*oil quality analyses including dielectric strength test, interfacial tension test (excluding silicone), acid test, specific gravity analysis, color analysis and visual analysis

\*\*water content analysis for moisture content in ppm (parts per million) using Karl Fischer Method

\*\*gas chromatography for dissolved gas to check for combustibles and other detrimental conditions within the transformers

\*\*power loss analyses in insulating fluid, tested at 25 degrees Celsius

\*\*oxidation inhibitor content analyses

7. INSURANCE: During the term of this Contract, the Contractor shall maintain at Contractor'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: \$500,000 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.
- a. Deductibles and Self-Insured Retention: Contractor shall maintain self-insurance in the amount of \$25 million per occurrence throughout the term of this Contract.
- b. 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 are to be covered as additional insureds, to the extent of Contractor's negligence, as respects: liability arising out of activities performed by or on behalf of the Contractor, products and completed operations of the Contractor, premises owned, occupied or used by the Contractor, or automobiles owned, leased, hired or borrowed by the Contractor. Except as stated herein, the coverage shall contain no special limitations on the scope of protection afforded to the Agency, its officers, officials, employees or volunteers.
    - b. The Contractor's insurance coverage shall be primary insurance as respects the Agency, its officer, officials, employees to the extent of Contractor's negligence. Any insurance or self-insurance maintained by the Agency, its officers, officials, employees, or volunteers shall be excess of the Contractor's insurance and shall not contribute with it, except to the extent of the Agency's negligence.
    - c. (This section has been intentionally deleted.)
    - d. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the Agency, its officers, officials, employees or volunteers.
    - e. (This section has been intentionally deleted.)
    - f. The Contractor may satisfy the limit requirements in a single policy or multiple policies. Any Such additional policies written as excess insurance shall not provide any less coverage than that provided by the first or primary policy.
  2. Workers' Compensation and Employers Liability Coverage

The insurer shall agree to waive all rights of subrogation against the Agency, its officers, officials, employees for losses arising from work performed by the Contractor for the Agency, to the extent of the Contractor's negligence.
  3. All Coverages

Each insurance policy required by this contract shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the Agency.
- D. Acceptability of Insurers: All insurance is to be placed with insurers with a Best's rating of no less than A minus:VII, and who are admitted insurers in the State of California.

- E. Verification of Coverage: Contractor shall furnish the Agency with certificates of insurance and with original endorsements effecting coverage required by the Agency for themselves and all subcontractors prior to commencing work or allowing any subcontractor to commence work under any subcontract. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. All certificates and endorsements are to be approved by the Agency before work commences.
- F. Submittal of Certificates: Contractor shall submit all required certificates and endorsements to the following:

Attention: Roger Hughbanks (e-mail: rhughbanks@ieua.org)  
Inland Empire Utilities Agency  
P.O. Box 9020  
Chino Hills, California 91709

8. CONTROL OF THE WORK: Contractor shall perform the Work in compliance with the Work Schedule. If performance of the Work falls behind schedule, the Contractor 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 Contractor is unable to accelerate the Work, Contractor shall promptly notify the Project Manager of the delay, the causes of the delay, and submit a proposed revised Work Schedule.

9. LEGAL RELATIONS AND RESPONSIBILITIES

- A. Professional Responsibility: The Contractor shall be responsible, to the level of competency presently maintained by other practicing professionals performing the same or similar type of work.
- B. Status of Contractor: The Contractor is retained as an independent Contractor only, for the sole purpose of rendering the services described herein, and is not an employee of the Agency.
- C. Observing Laws and Ordinances: The Contractor shall keep itself fully informed of all existing and future state and federal laws and all county and city ordinances and regulations which in any manner affect the conduct of any services or tasks performed under this Contract, and of all such orders and decrees of bodies or tribunals having any jurisdiction or authority over the same. The Contractor 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 Contractor or its employees.
- D. Confined Space Work: Work requiring confined space entry must follow Cal-OSHA Regulation 8 CCR, Sections 5157 - 5158. This regulation requires the following to be submitted to IEUA for approval prior to entry:

A written plan that includes identification of confined spaces within the construction site, alternate procedures where appropriate, contractor provisions, specific procedures for permit-required and non-permit required spaces, a

rescue plan, and monthly status of each confined space defining any changes to the space.

Proof of training on confined space procedures, as defined in Cal-OSHA Regulation 8 CCR, Section 5157, must also be submitted to IEUA for approval prior to confined space entry.

- 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 Contractor shall comply with all applicable provisions of California Labor Code Sections 1810 to 1817 relating to working hours. The Contractor shall, as a penalty to the Agency, forfeit \$25.00 for each worker employed in the execution of the Contract by the Contractor or by any subcontractor 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 Contractor 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:** Contractor shall pay all sums of money that become due from any labor, services, materials or equipment furnished to Contractor on account of said services to be rendered or said materials to be furnished under this Contract and that may be secured by any lien against the Agency. Contractor shall fully discharge each such lien at the time performance of the obligation secured matures and becomes due.
- I. **Indemnification:** Contractor shall indemnify and hold harmless and defend as permitted by law, the Agency, its directors, officers, employees, or authorized volunteers, each of them from and against:
  - A. Any and all claims, demands, causes of action, damages, costs, expenses, losses or liabilities, in law or in equity, of every kind or nature whatsoever for, but not limited to, injury to or death of any person including Agency and/or Consultant, or any directors, officers, employees, or authorized volunteers of Agency or Consultant, and damages to or destruction of property of any person, including but not limited to, Agency and/or Consultant or their directors, officers, employees, or authorized volunteers, arising out of or in any manner directly or indirectly connected with the work to be performed under this agreement, however caused, except for the sole negligence or willful misconduct or active negligence of the Agency or its directors, officers, employees, or authorized volunteers;
  - B. Any and all actions, proceedings, damages, costs, expenses, penalties or liabilities, in law or equity, or every kind or nature whatsoever, arising out of, resulting from, or on account of the violation of any governmental law or regulation, compliance with which is the responsibility of the Consultant;
  - C. Any and all losses, expenses, damages (including damages to the work itself), attorneys' fees, and other costs, including all costs of defense, which any of them may incur with respects to the failure, neglect, or refusal or Consultant to faithfully perform the work and all of the Consultant's

obligations under the agreement. Such costs, expenses, and damages shall include all costs, including attorneys' fees, incurred by the indemnified parties in any lawsuit to which they are a party.

- 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 Contractor shall not unlawfully discriminate against any employee or employment applicant because of race, color, religion, sex, age, marital status, ancestry, physical or mental disability, sexual orientation, veteran status or national origin.
- L. Disputes:
1. All disputes arising out of or in relation to this Contract shall be determined in accordance with this section. The Contractor shall pursue the work to completion in accordance with the instruction of the Agency's Project Manager notwithstanding the existence of dispute. By entering into this Contract, both parties are obligated, and hereby agree, to submit all disputes arising under or relating to the Contract which remain unresolved after the exhaustion of the procedures provided herein, to independent arbitration. Except as otherwise provided herein, arbitration shall be conducted under California Code of Civil Procedure Sections 1280, et. seq, or their successor.
  2. Any and all disputes during the pendency of the work shall be subject to resolution by the Agency Project Manager and the Contractor shall comply, pursuant to the Agency Project Manager instructions. If the Contractor is not satisfied with any such resolution by the Agency Project Manager, they may file a written protest with the Agency Project Manager within seven (7) calendar days after receiving written notice of the Agency's decision. Failure by Contractor to file a written protest within seven (7) calendar days shall constitute waiver of protest, and acceptance of the Agency Project Manager's resolution. The Agency's Project Manager shall submit the Contractor's written protests to the General Manager, together with a copy of the Agency Project Manager's written decision, for his or her consideration within seven (7) calendar days after receipt of said protest(s). The General Manager shall make his or her determination with respect to each protest filed with the Agency Project Manager within ten (10) calendar days after receipt of said protest(s). If Contractor is not satisfied with any such resolution by the General Manager, they may file a written request for 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 Contractor to be appointed as Arbitrator. The Agency shall determine if any of the names submitted by Contractor are acceptable and, if so, such person will be designated as Arbitrator.
- b. In the event that none of the names submitted by Contractor are acceptable to Agency, or if for any reason the Arbitrator selected in Step (a) is unable to serve, the Agency shall submit to Contractor a list of five names of persons acceptable to Agency for appointment as Arbitrator. The Contractor shall, in turn, have seven (7) calendar days in which to determine if one such person is acceptable.
- c. If after Steps (a) and (b), the parties are unable to mutually agree upon a neutral Arbitrator, the matter of selection of an Arbitrator shall be submitted to the San Bernardino County Superior Court pursuant to Code of Civil Procedure Section 1281.6, or its successor. The costs of arbitration, 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 Contractor in mediation or arbitration commenced by a contractor on the Project pursuant to Public Contracts Code Sections 20104 et seq. Such joinder shall be initiated by written notice from the Agency's representative to the Contractor.

M. Attorney Fees: In the event an action is commenced by a party to this Contract against the other to enforce its rights or obligations arising from this Contract, the prevailing party in such action, in addition to any other relief and recovery ordered by the court or arbitration, shall be entitled to recover all statutory costs, plus reasonable attorneys' fees.

N. Workers' Legal Status: For performance against this Contract, Supplier shall only utilize employees and/or subcontractors that are authorized to work in the United States pursuant to the Immigration Reform and Control Act of 1986.

O. Prevailing Wage Requirements: Not applicable to this contract.

10. FITNESS FOR DUTY:

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

- 1. shall report for work in a manner fit to do their job;
- 2. shall not be under the influence of or in possession of any alcoholic beverages or of any controlled substance (except a controlled substance as prescribed by a

physician so long as the performance or safety of the Work is not affected thereby); and

3. shall not have been convicted of any serious criminal offense which, by its nature, may have a discernible adverse impact on the business or reputation of Agency.
- B. **Inspection:** Searches by Agency authorized personnel may be made of lockers, storage areas, vehicles, persons or personal effects on Agency-owned, or leased property at various times without prior announcement. Such facility inspections may be conducted using detection dog teams to search work areas and other common areas in order to detect evidence of unlawful drug use or the presence of pyrotechnics, explosives, firearms, weapons, or facsimiles thereof, alcoholic beverages and illegal drugs ("Prohibited Items"). Prohibited Items must not be brought onto, or kept on, Agency property.
- C. **Compliance:** Consultant shall advise all contractor and subcontractor personnel and associated third parties of the requirements of this Contract ("Fitness for Duty Requirements") before they enter on the Jobsite and shall immediately remove from the Jobsite any employee determined to be in violation of these requirements. Consultant shall impose these requirements on its Subcontractors. Agency may cancel the Contract if Consultant violates these Fitness for Duty Requirements.
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 Contractor and/or the Contractor's subcontractor(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 Contractor shall deliver same to the Agency whenever requested to do so by the Project Manager and/or Agency. The Contractor agrees that same shall not be made available to any individual or organization, private or public, without the prior written consent of the Agency.
12. **PUBLIC RECORDS POLICY:** Information made available to the Agency may be subject to the California Public Records Act (Government Code Section 6250 et seq.) The Agency's use and disclosure of its records are governed by this Act. The Agency shall use its best efforts to notify Contractor of any requests for disclosure of any documents pertaining to Contractor.
- In the event of litigation concerning disclosure of information Contractor considers exempt from disclosure; (e.g., Trade Secret, Confidential, or Proprietary) Agency shall act as a stakeholder only, holding the information until otherwise ordered by a court or other legal process. If Agency is required to defend an action arising out of a Public Records Act request for any of the information Contractor has marked "Confidential," "Proprietary," or "Trade Secret," Contractor shall defend and indemnify Agency from all liability, damages, costs, and expenses, including attorneys' fees, in any action or proceeding arising under the Public Records Act.
13. **NON-CONFORMING WORK AND WARRANTY:** Contractor 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, Contractor 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 Contractor by Agency, or any other person or entity.

14. **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: Inland Empire Utilities Agency  
Attn: Warren Green  
Manager Contracts/Procurement & Facilities Services  
P.O. Box 9020  
Chino Hills, California 91709

Contractor: Transformer Testing & Repairs, Inc.  
Attn: Michael Ducharme  
P.O. Box 2219  
Suisun City, CA 94585-5219

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.

15. **SUCCESSORS AND ASSIGNS:** All of the terms, conditions and provisions of this Contract shall inure to the benefit of and be binding upon the Agency, the Contractor, and their respective successors and assigns. Notwithstanding the foregoing, no assignment of the duties or benefits of the Contractor under this Contract may be assigned, transferred or otherwise disposed of without the prior written consent of the Agency; and any such purported or attempted assignment, transfer or disposal without the prior written consent of the Agency shall be null, void and of no legal effect whatsoever.
16. **INTEGRATION:** The Contract Documents represent the entire Contract of the Agency and the Contractor as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered by the Contract Documents. This Contract may not be modified, altered or amended except by written mutual agreement by the Agency and the Contractor.
17. **GOVERNING LAW:** This Contract is to be governed by and constructed in accordance with the laws of the State of California.
18. **TERMINATION FOR CONVENIENCE:** The Agency reserves and has the right to immediately suspend, cancel or terminate this Contract at any time upon written notice to the Contractor. In the event of such termination, the Agency shall pay Contractor for all authorized and Contractor-invoiced services up to the date of such termination.
19. **RIGHT TO AUDIT:** The Agency reserves the right to review and/or audit all Contractor's records related to the Work. The option to review and/or audit may be exercised during the term of the Contract, upon termination, upon completion of the Contract, or at any time thereafter up to twelve (12) months after final payment has been made to Contractor. The Contractor shall make



all records and related documentation available within three (3) working days after said records are requested by the Agency.

20. **FORCE MAJEURE:** Neither party shall hold the other responsible for the effects of acts occurring beyond their control; e.g., war, riots, strikes, natural disasters, etcetera.
21. **CHANGES:** The Agency may, at any time, make changes to this Contract's Scope of Work; including additions, reductions and other alterations to any or all of the work. However, such changes shall only be made via written amendment to this Contract. The Contract Price and Work Schedule shall be equitably adjusted, if required, to account for such changes and shall be set forth within the Contract Amendment.
22. **NOTICE TO PROCEED:** No services shall be performed or furnished under this Contract unless and until this document has been properly signed by all responsible parties and a Notice to Proceed order has been issued to the Contractor.

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:

TRANSFORMER TESTING & REPAIRS,  
Inc.:

\_\_\_\_\_  
P. Joseph Grindstaff (Date)  
General Manager

Michael J. Ducharme 4/13/15  
Michael Ducharme (Date)  
Authorized Representative

**ACTION  
ITEM**

**11**

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 *Chief*  
General Manager

Submitted by: *for* Ernest Yeboah *Chief*  
Executive Manager of Operations/Assistant General Manager

Subject: Contract Amendment to Polydyne Inc.

---

### **RECOMMENDATION**

It is recommended that the Board of Directors:

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 amendment.

### **BACKGROUND**

During the dewatering process, struvite (a combination of various minerals in wastewater that deposit on surfaces) can form. Without treatment, RP-1 experiences substantial struvite build-up. Struvite build-up is a common problem in sludge dewatering processes within the wastewater industry. Agency Operations and Maintenance staff have been challenged by struvite formation on sludge dewatering equipment for many years. Some of the equipment have experienced clogging and failures due to struvite build-up. The addition of Flosperse 30S has provided significant benefits in the form of reduced struvite deposits in the dewatering process, fewer disruptions to dewatering operations, and the need for less frequent cleaning of discharge lines.

In 2010 staff researched the manufacturing market for anti-struvite chemicals. Based on that research, Contracts and Facilities staff issued invitations to participate in a chemical trial to seven prospective candidates. Only one firm, Polydyne, Inc., elected to pursue this business opportunity by submitting the required product pre-qualifying information. Staff then decided to

Contract Amendment to Polydyne Inc.

May 20, 2015

Page 2 of 2

forego the balance of the chemical trials process and immediately initiate negotiations with Polydyne, Inc. Following the negotiations, the Board approved a five-year contract with Polydyne Inc. to supply the chemical. Polydyne, Inc, has been the source for all anti-struvite chemical products purchased and used by the Agency for the last eight years and staff has a high degree of confidence in the effectiveness of their product, Flosperse 30S.

The five-year contract awarded to Polydyne Inc. in 2010 is expiring on June 30, 2015. Contracts and Facilities staff negotiated with Polydyne Inc. to extend the contract for an additional year at the same current price of \$0.919/pound including tax and delivery. Staff considers these terms to be favorable and requests the Board's approval to extend the contract for an additional year. During this one year extension, staff will be researching the current market to determine if any significant changes have occurred or if any new suppliers may be available. If new options have become available, staff will attempt to conduct trials and bid a long term contract. If not, staff will attempt to establish a new long term contract with Polydyne Inc. for the continued supply of Flosperse.

#### **PRIOR BOARD ACTION**

On June 16, 2010, the Board of Directors awarded a five-year contract to Polydyne Inc.

#### **IMPACT ON BUDGET**

If approved, the anticipated chemical expenditures will be funded from the Fiscal Year 2015/16 Regional Wastewater Operations and Maintenance (RO) Flosperse budget.



**AMENDMENT NUMBER: 460000676-005  
TO  
CONTRACT NO. 460000676  
FOR  
SUPPLY OF FLOSPERSE 30S**

THIS AMENDMENT, Number 460000676-005, to Contract No. 460000676, between the Inland Empire Utilities Agency (IEUA) and Polydyne, Inc. (Supplier), for supply and delivery of Flospersse 30S, revises the Contract as follows:

Section E, **TERM OF CONTRACT AND OPTIONS**, is revised to read:

- E. **TERM OF CONTRACT AND OPTIONS**: The term of this Contract is hereby extended through a revised expiration date of June 30, 2016, or as mutually agreed to between Supplier and Agency in any subsequent written amendment to this Contract.

Section G, **PAYMENT, INVOICING AND COMPENSATION**, is amended to read:

- G. **PAYMENT, INVOICING AND COMPENSATION**: The Agency shall pay Supplier's properly prepared invoice(s) within thirty (30) calendar days following receipt of the invoice(s). Payment will be withheld for any product which does not meet the Contract requirements or has proven unacceptable until such time as the non-compliant product is removed and replacement product is accepted by the Agency.

Supplier's invoices shall be mailed to: Inland Empire Utilities Agency  
Attn: Accounts Payable Dept.  
P.O. Box 9020  
Chino Hills, CA 91709

Or alternatively, submitted via e-mail to: APGroup@ieua.org

Effective July 1, 2015 through June 30, 2016, as compensation for product delivered against this Contract, Agency shall pay Supplier in accordance with the following price schedule:

PRODUCT PRICE (delivered)	\$ .851 / lb.
SALES TAX @ 8.0%	\$ .068 / lb.
TOTAL NET PRICE (delivered)	\$ .919 / lb.

ALL OTHER PROVISIONS OF CONTRACT NUMBER 460000676 REMAIN UNCHANGED.

As evidenced by the signatures below, the Parties hereto mutually agree and covenant as to the above-stated amendment item(s), and in doing so have incorporated this Amendment as an integral part of the Contract documents.

INLAND EMPIRE UTILITIES AGENCY:

POLYDYNE, Inc.:

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

  
\_\_\_\_\_  
Boyd Stanley                                      Date  
Business Manager                                      4/21/2015



*Inland Empire Utilities Agency*  
A MUNICIPAL WATER DISTRICT

# Contract Amendment to Polydyne Inc.

*May 2015*

**Matthew Melendrez**  
**Deputy Manager of Operations**

# Struvite Control

- **Flosperser 30S is used to control struvite deposits in dewatering processes**
- **Struvite is a phosphate mineral containing several constituents commonly found in wastewater.**





# Struvite Control

- Struvite deposits restrict and plug flow in pipelines, valves, pumps, etc.



**Pump Impeller**



# Contract Extension

- **Staff requests Board approval to extend the Polydyne Inc. contract for one year at the current price**
- **\$.919/pound including tax and delivery**





*Inland Empire Utilities Agency*  
A MUNICIPAL WATER DISTRICT

Questions?

**INFORMATION  
ITEM**

**2A**



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Date: May 20, 2015

To: The Honorable Board of Directors

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

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

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

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

Subject: Treasurer's Report of Financial Affairs

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### **RECOMMENDATION**

The Treasurer's Report of Financial Affairs for the month ended March 31, 2015, is an informational item for the Board of Director's review. The monthly report denotes investment transactions that have been executed in accordance with the criteria stated in the Agency's Investment Policy (Resolution No. 2014-6-11).

### **BACKGROUND**

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

Total cash, investments, and restricted deposits of \$128,717,875, reflects an increase of \$305,567 compared to the total reported for February 2015. The slight increase was attributed mainly due to CCRA deposits held by member agencies. On the other hand, the average days of cash on hand for the month ended March 31, 2015 decreased from 159 days to 153 days due to increase in the restricted cash. Average days of cash on hand is calculated using the monthly ending balance of unrestricted cash and cash equivalents divided by disbursements associated with operating expenses, debt service, and capital expenditures as recorded in the Agency's cash flow.

The Agency's investment portfolio average rate of return in March 2015 was 0.593%, an increase of 0.015% compared to the average yield of 0.578% reported in February 2015. The average rate of return increase was attributed to increase in LAIF and U.S. Government Sponsored Entities yields.

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

**PRIOR BOARD ACTION**

The Board reviewed the Financial Affairs Report for the month of February 2015 on April 15, 2015.

**IMPACT ON BUDGET**

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

Attachment: March 2015 Treasurer's Report of Financial Affairs





*Inland Empire Utilities Agency*  
A MUNICIPAL WATER DISTRICT

# **Treasurer's Report of Financial Affairs for March 31, 2015**

**May 2015**

**Board Meeting**

# Report of Financial Affairs

## Liquidity

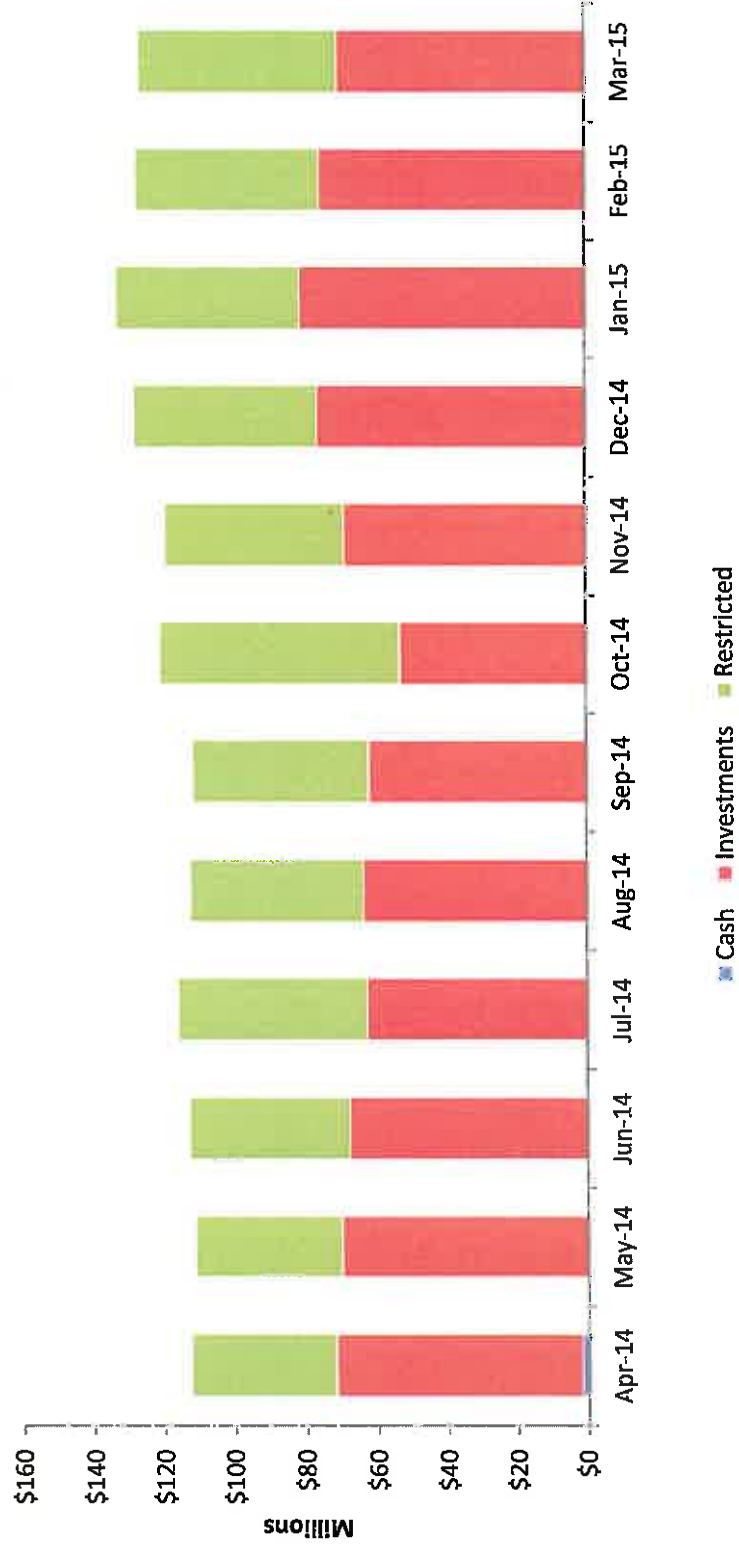
Description	March 2015	February 2015	Increase (Decrease)
Cash, Investments, Restricted Deposits	\$128.7M	\$128.4M	\$0.3M
Investment Portfolio Yield	0.593%	0.578%	0.015%
Average Days Cash on Hand	153 Days	159 Days	(6 Days)

## Portfolio

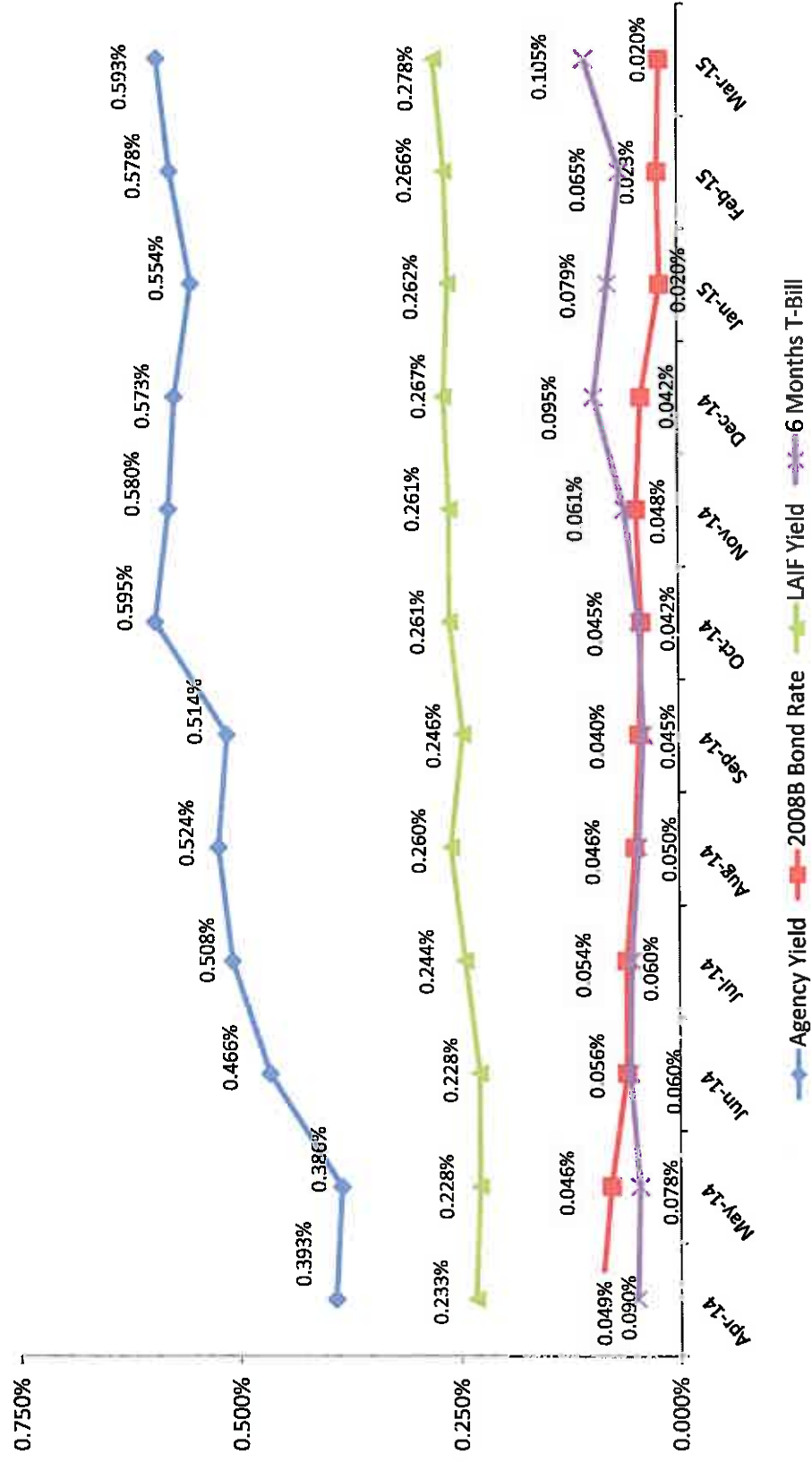
Description	Allowable Threshold	Investment Value (\$ million)	Yield	Current Portfolio %
<b>Short Term, Under 1 Year:</b>				
LAIF	\$50M	\$24.8	0.278%	35%
CalTrust	\$20M	\$3.5	0.40%	5%
Citizens Business –Sweep	40%	\$15.4	0.25%	22%
CBB – Certificate of Deposit	20%	\$4.2	0.45%	6%
Bank of the West – MMA	20%	\$1.1	0.18%	2%
State and Local Municipal Bonds	9%	\$2.5	1.44%	4%
Medium Term Notes	20%	\$5.0	0.82%	7%
CBB Checking	40%	(\$1.0)	0.00%	(1%)
<b>1 to 3 Years:</b>				
Medium Term Notes	20%	\$1.0	1.11%	1%
US Treasury Note	n/a	\$1.0	0.64%	1%
US Government Securities	n/a	\$6.0	0.89%	8%
<b>Over 3 Years:</b>				
US Government Securities	n/a	\$7.6	1.42%	10%



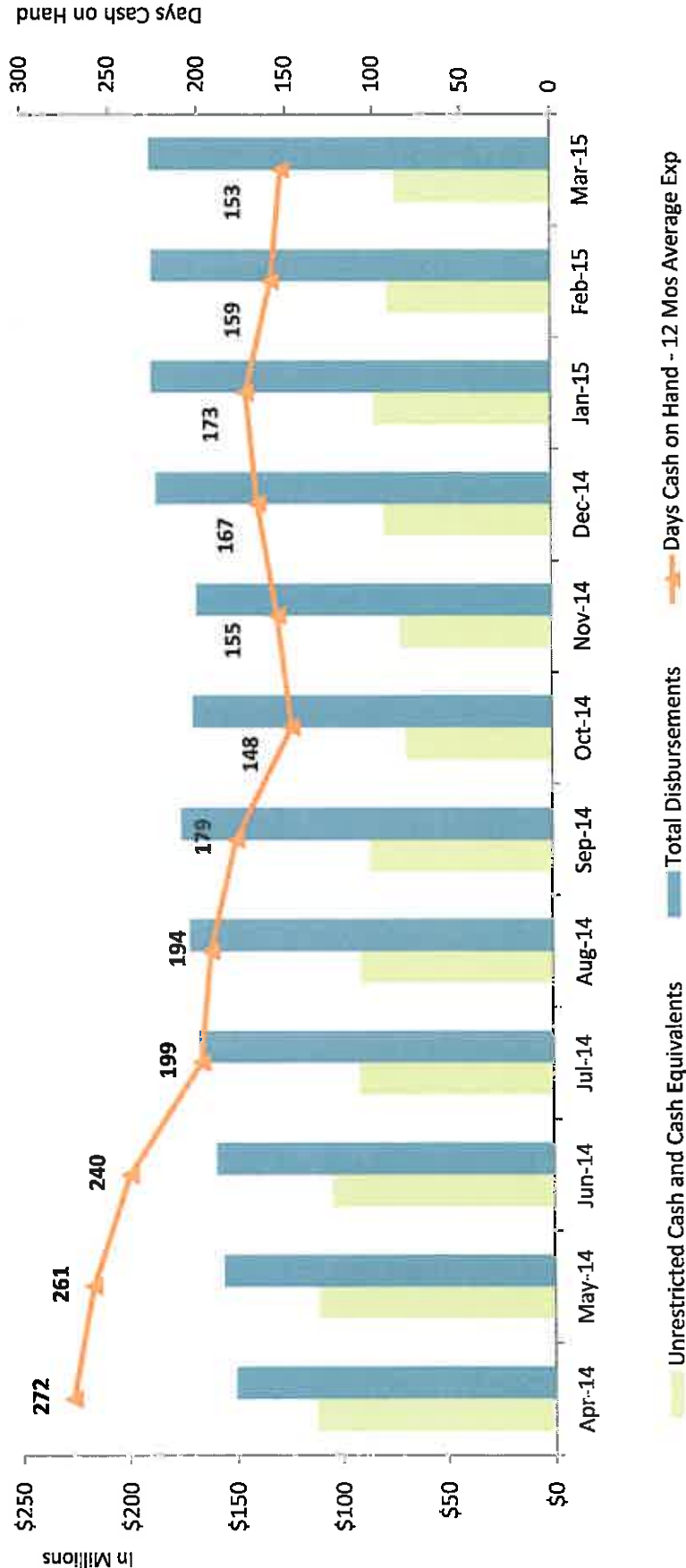
# Cash, Investments and Restricted Deposits



# Month End Portfolio Yield Comparison



# Day Cash On Hand 12 Months Rolling Average





Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

# Questions?

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

# TREASURER'S REPORT OF FINANCIAL AFFAIRS

For the Month Ended March 31, 2015



*Inland Empire Utilities Agency*

A MUNICIPAL WATER DISTRICT

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

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

\* A Municipal Water District

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

Month Ended  
 March 31, 2015

	<b>March</b>	<b>February</b>
<b>Cash, Bank Deposits, and Bank Investment Accounts</b>	<b>\$1,711,263</b>	<b>\$520,185</b>
<b>Investments</b>		
CBB Repurchase (Sweep)	\$15,417,350	\$22,357,989
Local Agency Investment Fund (LAIF)	24,819,768	24,819,768
CalTrust	3,539,064	3,534,204
Certificates of Deposit	4,172,210	4,172,210
Municipal Bonds	2,515,049	2,522,094
Medium Term Notes	6,001,846	6,001,581
U.S. Treasury Notes	999,692	999,677
U.S. Government Sponsored Entities	13,579,366	11,579,860
<b>Total Investments</b>	<b>\$71,044,346</b>	<b>\$75,987,383</b>
<b>Total Cash and Investments Available to the Agency</b>	<b>\$72,755,609</b>	<b>\$76,507,568</b>
<b>Restricted Deposits</b>		
Debt Service Accounts	\$2,544,713	\$2,544,712
CCRA Deposits Held by Member Agencies	42,174,333	37,070,259
OPEB (CERBT) Account	7,123,318	7,147,727
Escrow Deposits	4,119,903	5,142,042
<b>Total Restricted Deposits</b>	<b>\$55,962,267</b>	<b>\$51,904,740</b>
<b>Total Cash, Investments, and Restricted Deposits</b>	<b>\$128,717,875</b>	<b>\$128,412,308</b>

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

*Month Ended  
 March 31, 2015*

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

Citizens Business Bank Demand Account (Offset by CBB Sweep Balance)	(\$968,368)
Citizens Business Bank Workers' Compensation Account	79,650
Bank of America Payroll Account	1,452,582
Bank of America Payroll Taxes Account	53,030
Subtotal Demand Deposits	<u>\$616,894</u>
<b>Other Cash and Bank Accounts</b>	
Petty Cash	\$2,250
Subtotal Other Cash	<u>\$2,250</u>
<b>Bank of the West Money Market Account</b>	\$1,050,648
<b>US Bank Pre-Investment Money Market Account</b>	\$41,471
<b>Total Cash and Bank Accounts</b>	<u>\$1,711,263</u>

**Investments**

<b>CBB Repurchase (Sweep) Investments</b>	
Fannie Mae Bonds	\$1,569,999
Fannie Mae Bonds	13,847,351
Subtotal CBB Repurchase (Sweep)	<u>\$15,417,350</u>
<b>Local Agency Investment Fund (LAIF)</b>	
LAIF Non-Restricted Fund	\$18,909,684
LAIF Insurance Sinking Fund	5,910,084
Subtotal Local Agency Investment Fund	<u>\$24,819,768</u>
<b>CalTrust</b>	
Short Term	\$3,539,064
Subtotal CalTrust	<u>\$3,539,064</u>
<b>Certificates of Deposit</b>	
Citizens Business Bank	\$4,172,210
Subtotal Certificates of Deposit	<u>\$4,172,210</u>

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

*Month Ended*  
*March 31, 2015*

**Investments Continued**

**Municipal Bonds**

State and Local Municipal Bonds  
 Subtotal State Municipal Bonds

\$2,515,049  
\$2,515,049

**Medium Term Notes**

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

\$1,000,718  
 998,791  
 3,000,230  
1,002,107  
\$6,001,846

**U.S. Treasury Notes**

Treasury Note  
 Subtotal U.S. Treasury Notes

\$999,692  
\$999,692

**U.S. Government Sponsored Entities**

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

\$2,999,864  
 2,580,000  
 7,999,502  
\$13,579,366

***Total Investments***

\$71,044,346

**Restricted Deposits**

**Debt Service Reserves**

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

\$2,544,710  
 3  
\$2,544,713



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

*Month Ended*  
*March 31, 2015*

<b>CCRA Deposits Held by Member Agencies</b>	
City of Chino	\$11,571,041
Cucamonga Valley Water District	7,663,672
City of Fontana	6,633,068
City of Montclair	2,559,335
City of Ontario	7,948,522
City of Chino Hills	2,986,104
City of Upland	2,812,591
Subtotal CCRA Deposits Held by Member Agencies	<u>\$42,174,333</u>
<b>CalPERS</b>	
OPEB (CERBT) Account	<u>\$7,123,318</u>
Subtotal CalPERS Accounts	<u>\$7,123,318</u>
<b>Escrow Deposits</b>	
Chicago Title (Forestar/IEUA Holding Escrow)	\$3,489,261
Community Bank ( MNR Construction)	630,642
Subtotal Escrow Deposits	<u>\$4,119,903</u>
<b>Total Restricted Deposits</b>	<u>\$55,962,267</u>
<b>Total Cash, Investments, and Restricted Deposits as of February 28, 2015</b>	<u><u>\$128,717,875</u></u>
Total Cash, Investments, and Restricted Deposits as of 3/31/15	\$128,717,875
Less: Total Cash, Investments, and Restricted Deposits as of 2/28/15	128,412,308
<b>Total Monthly Increase (Decrease)</b>	<u><u>\$305,567</u></u>

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

Month Ended  
 March 31, 2015

	Credit Rating @ Purchase		CHANGES IN Credit Rating		Par Amount	Cost Basis Amount	Term (Days)	March Amortization	March		% Yield to Maturity	Maturity Date	Market Value
	S&P	Moody's	S&P	Moody's					Value	Value			
<b>Cash, Bank Deposits, and Bank Investment Accounts</b>													
<b>Citizens Business Bank</b>													
Demand Account*					(\$968,368)	(\$968,368)	N/A	N/A	(\$968,368)	(\$968,368)	0.25%	N/A	(\$968,368)
Subtotal CBB					(\$968,368)	(\$968,368)			(\$968,368)	(\$968,368)	0.25%		(\$968,368)
<b>Workers' Compensation Account</b>													
Subtotal CBB					\$79,650	\$79,650	N/A	N/A	\$79,650	\$79,650	N/A		\$79,650
<b>Bank of America</b>													
Payroll Checking					\$1,452,582	\$1,452,582	N/A	N/A	\$1,452,582	\$1,452,582	N/A		\$1,452,582
Payroll Tax Checking					53,030	53,030	N/A	N/A	53,030	53,030	N/A		53,030
Subtotal B of A					\$1,505,612	\$1,505,612	N/A	N/A	\$1,505,612	\$1,505,612	N/A		\$1,505,612
<b>Bank of the West</b>													
Money Market Plus - Business Account					\$1,050,648	\$1,050,648	N/A	N/A	\$1,050,648	\$1,050,648	0.18%		\$1,050,648
Subtotal Bank of the West Money Market					\$1,050,648	\$1,050,648			\$1,050,648	\$1,050,648	0.18%		\$1,050,648
<b>US Bank</b>													
Federated Automated MMA					\$41,471	\$41,471	N/A	N/A	\$41,471	\$41,471	0.01%		\$41,471
Subtotal USB Money Market					\$41,471	\$41,471			\$41,471	\$41,471	0.01%		\$41,471
<b>Petty Cash</b>					\$2,250	\$2,250	N/A	N/A	\$2,250	\$2,250	N/A		\$2,250
<b>Total Cash, Bank Deposits and Bank Investment Accounts</b>					<b>\$1,711,264</b>	<b>\$1,711,264</b>			<b>\$1,711,264</b>	<b>\$1,711,264</b>			<b>\$1,711,264</b>
<i>*Negative demand checking balance if offset by the Daily Repurchase (Sweep) Account balance</i>													
<b>Investments</b>													
<b>CBB Daily Repurchase (Sweep) Accounts</b>													
Federal Home Loan Bank					\$1,569,999	\$1,569,999	N/A	N/A	\$1,569,999	\$1,569,999	0.25%		\$1,569,999
Fannie Mae Bond					13,847,351	13,847,351	N/A	N/A	13,847,351	13,847,351	0.25%		13,847,351
Subtotal CBB Repurchase Accounts					\$15,417,350	\$15,417,350			\$15,417,350	\$15,417,350	0.25%		\$15,417,350
<b>LAIF Accounts</b>													
Non-Restricted Funds					\$18,909,684	\$18,909,684	N/A	N/A	\$18,909,684	\$18,909,684	0.278%		\$18,909,684
LAIF Sinking Fund					5,910,084	5,910,084	N/A	N/A	5,910,084	5,910,084	0.278%		5,910,084
Subtotal LAIF Accounts					\$24,819,768	\$24,819,768			\$24,819,768	\$24,819,768	0.278%		\$24,819,768
<b>CALTRUST Accounts</b>													
Short-Term					\$3,539,064	\$3,539,064	N/A	N/A	\$3,539,064	\$3,539,064	0.40%		\$3,539,064
Subtotal CalTrust Accounts					\$3,539,064	\$3,539,064			\$3,539,064	\$3,539,064	0.40%		\$3,539,064
<b>Certificates of Deposit</b>													
CBB Certificate of Deposit					\$4,172,210	\$4,172,210	425	N/A	\$4,172,210	\$4,172,210	0.45%	09/19/15	\$4,172,210
Subtotal Certificate of Deposits					\$4,172,210	\$4,172,210			\$4,172,210	\$4,172,210	0.45%		\$4,172,210

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

Month Ended  
 March 31, 2015

	Credit Rating @ Purchase		CHANGES IN Credit Rating		Par Amount	Cost Basis Amount	Term (Days)	March Amortization	March Value	% Coupon	% Yield to Maturity	Maturity Date	Market Value
	S&P	Moody's	S&P	Moody's									
<b>Investments (continued)</b>													
<b>US Treasury Note</b>													
US Treasury Note	N/A	AAA			\$1,000,000	\$999,463		15	\$999,692	0.63%	0.64%	12/15/16	\$1,002,340
Subtotal Treasuries					\$1,000,000	\$999,463		15	\$999,692		0.64%		\$1,002,340
<b>U.S. Government Sponsored Entities</b>													
(As of August 2011, all US GSE's have been downgraded to AA+ Rating by S&P)													
Freddie Mac Bond	AA+	AAA			\$1,000,000	\$1,000,000	1,080		\$1,000,000	0.75%	0.75%	12/19/16	\$1,000,980
Federal Home Loan Bank	AA+	AAA			2,000,000	2,000,000	1,080		2,000,000	0.63%	1.25%	08/28/17	2,001,140
Fannie Mae Bond	AA+	AAA			1,000,000	999,750	1,800	4	999,864	0.75%	1.18%	12/18/17	998,180
Federal Home Loan Bank	AA+	AAA			2,000,000	2,000,000	1,260		2,000,000	1.33%	1.33%	01/16/18	2,000,880
Federal Home Loan Bank	AA+	AAA			1,000,000	999,800	1,096	1	999,801	1.00%	1.50%	03/26/18	1,001,280
Federal Home Loan Bank	AA+	AAA			1,000,000	999,700	1,459	1	999,701	1.38%	1.39%	03/26/18	1,001,810
Fannie Mae Bond	N/A	AAA			2,000,000	2,000,000	1,459		2,000,000	1.63%	1.63%	12/28/18	2,016,940
Federal Home Loan Bank	AA+	AAA			2,000,000	2,000,000	1,800		2,000,000	1.25%	2.08%	04/24/19	2,001,440
Freddie Mac Bond	AA+	AAA			1,580,000	1,580,000	1,804		1,580,000	1.13%	2.13%	05/28/19	1,582,022
Subtotal U.S. Gov't Sponsored Entities					\$13,580,000	\$13,579,250		6	\$13,579,366		1.316%		\$13,604,672
<b>Municipal Bonds</b>													
California State General Obligation Bond	A-	A1	A+	AA3	\$1,500,000	\$1,673,955		(4,898)	\$1,500,158	5.45%	1.50%	04/01/15	\$1,500,000
California State General Obligation Bond	A-	A1	A+	AA3	1,000,000	1,099,000		(2,147)	1,014,891	3.95%	1.35%	11/01/15	1,021,250
Subtotal State and Local Municipal Bonds					\$2,500,000	\$2,762,955		(\$7,045)	\$2,515,049		1.44%		\$2,521,250
<b>Medium Term Notes</b>													
JP Morgan Securities	A	A2		A3	\$2,000,000	\$1,993,460	668	304	\$1,999,775	0.80%	0.98%	04/23/15	\$2,000,200
Toyota Motor Credit Corp	AA-	AA3			1,000,000	1,006,293	946	(206)	1,000,718	0.88%	0.63%	07/17/15	1,001,620
General Electric Floating Rate	AA+	AA2	AA+	A1	1,000,000	988,500	1,265	282	998,791	1.26%	1.26%	08/11/15	1,002,410
(75 bp over Libor -1% floor)	A	A2	A3	A3	1,000,000	1,001,500	1,094	(43)	1,000,455	1.125%	1.07%	02/26/16	1,002,420
JP Morgan Securities	A	A2			1,000,000	1,004,000	1,754	(71)	1,002,107	1.85%	1.11%	10/10/17	1,001,130
John Deere Capital Corp	A	A2											
Subtotal Medium Term Notes					\$6,000,000	\$5,993,753		\$265	\$6,001,847		1.01%		\$6,007,780
<b>Total Investments</b>					<b>\$71,028,393</b>	<b>\$71,283,814</b>			<b>\$71,044,347</b>				<b>\$71,084,435</b>

Source of Investment Market Value: US Bank

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

Month Ended  
 March 31, 2015

	Credit Rating @ Purchase		CHANGES IN Credit Rating		Par Amount	Cost Basis Amount	Term (Days)	March Amortization	March Value	% Coupon	% Yield to Maturity	Maturity Date	Market Value
	S&P	Moody's	S&P	Moody's									
<b>Restricted Deposits</b>													
<b>Debt Service and Arbitrage Accounts</b>													
<b>08B Debt Service Accounts</b>													
US Bank Debt Serv. Accounts					\$2,544,710	\$2,544,710	N/A	N/A	\$2,544,710		0.00%	N/A	\$2,544,710
Subtotal '08B Debt Service Accts					\$2,544,710	\$2,544,710			\$2,544,710		0.00%		\$2,544,710
<b>10A Debt Service Accounts</b>													
US Bank Debt Serv. Accounts					\$3	\$3	N/A	N/A	\$3		0.00%	N/A	\$3
Subtotal '10A Debt Service Accts					\$3	\$3			\$3		0.00%		\$3
<b>Total Debt Service Accounts</b>					<b>\$2,544,713</b>	<b>\$2,544,713</b>			<b>\$2,544,713</b>				<b>\$2,544,713</b>
<b>CCRA Deposits Held by Member Agencies</b>													
City of Chino					\$11,571,041	\$11,571,041	N/A	N/A	\$11,571,041		N/A	N/A	\$11,571,041
Cucamonga Valley Water District					7,663,672	7,663,672	N/A	N/A	7,663,672		N/A	N/A	7,663,672
City of Fontana					6,633,068	6,633,068	N/A	N/A	6,633,068		N/A	N/A	6,633,068
City of Montclair					2,559,335	2,559,335	N/A	N/A	2,559,335		N/A	N/A	2,559,335
City of Ontario					7,948,522	7,948,522	N/A	N/A	7,948,522		N/A	N/A	7,948,522
City of Chino Hills					2,986,104	2,986,104	N/A	N/A	2,986,104		N/A	N/A	2,986,104
City of Upland					2,812,591	2,812,591	N/A	N/A	2,812,591		N/A	N/A	2,812,591
Subtotal CCRA Deposits Held by Member Agencies					\$42,174,331	\$42,174,331			\$42,174,331				\$42,174,331
(Totals as reported through January 31, 2015)													
<b>CalPERS Deposits</b>													
OPBB (CERBT) Account					\$7,000,000	\$7,000,000	N/A	N/A	\$7,123,318		N/A	N/A	\$7,123,318
Subtotal CalPERS Deposits					\$7,000,000	\$7,000,000			\$7,123,318				\$7,123,318
<b>Escrow Deposits</b>													
Forestar/IEUA Holding Escrow (RP-1. Outfall)					\$3,489,261	\$3,489,261	N/A	N/A	\$3,489,261		N/A	N/A	\$3,489,261
MNR Construction					630,642	630,642	N/A	N/A	630,642		N/A	N/A	630,642
Subtotal Escrow Deposits					\$4,119,903	\$4,119,903			\$4,119,903				\$4,119,903
<b>Total Restricted Deposits</b>					<b>\$55,838,947</b>	<b>\$55,838,947</b>			<b>\$55,962,265</b>				<b>\$55,962,265</b>
<b>Total Cash, Investments, and Restricted Deposits as of March 31, 2015</b>					<b>\$128,578,604</b>	<b>\$128,834,025</b>			<b>\$128,717,876</b>				<b>\$128,757,964</b>

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

*Month Ended*  
 March 31, 2015

**March Purchases**

No.	Date	Transaction	Investment Security	Par Amount Purchased	Investment Yield
1	03/26/15	Purchase	Federal Home Loan Bank	\$ 1,000,000	1.000%
2	03/26/15	Purchase	Federal Home Loan Bank	\$ 1,000,000	1.370%
<b>Total Purchases</b>				<b>\$ 2,000,000</b>	

**March Investment Maturities, Calls & Sales**

No.	Date	Transaction	Investment Security	Par Amount Matured/Sold	Investment Yield to Maturity
<b>Total Maturities, Calls &amp; Sales</b>				<b>\$ -</b>	

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

*Month Ended*  
*March 31, 2015*

<u>Directed Investment Category</u>	<u>Amount Invested</u>	<u>Yield</u>
CBB Repurchase (Sweep)	\$15,417,350	0.250%
Local Agency Investment Fund	24,819,768	0.278%
CalTrust	3,539,064	0.400%
Medium Term Notes	6,001,847	1.007%
Municipal Bonds	2,515,049	1.440%
US Treasury Notes	999,692	0.640%
U.S. Government Sponsored Entities	13,579,366	1.316%
	<b>\$66,872,137</b>	<b>0.603%</b>
<b>Bank Deposit and Investment Accounts</b>		
Citizens Business Bank - Demand Account	(\$968,368)	0.250%
Citizens Business Bank - Certificate of Deposit	4,172,210	0.450%
Bank of the West Money Market Account	1,050,648	0.180%
	<b>\$4,254,490</b>	<b>0.429%</b>

**Total Portfolio**

**Investment Portfolio Rate of Return**

**\$71,126,627**  
**0.593%**

**Restricted/Transitory/Other Demand Accounts**

<u>Restricted/Transitory/Other Demand Accounts</u>	<u>Amount Invested</u>	<u>Yield</u>
US Bank - 2008B Debt Service Accounts	\$2,544,710	0.000%
US Bank - 2010A Debt Service Accounts	3	0.000%
CCRA Deposits Held by Member Agencies	42,174,331	N/A
Citizens Business Bank - Workers' Compensation Account	79,650	N/A
US Bank - Pre-Investment Money Market Account	41,471	0.010%
CalPERS OPEB (CERBT) Account	7,123,318	N/A
Other Accounts*	1,507,862	N/A
	<b>\$53,471,345</b>	<b>0.000%</b>

**Total Other Accounts**

**Average Yield of Other Accounts**

**\$124,597,972**

**Total Agency Directed Deposits**

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

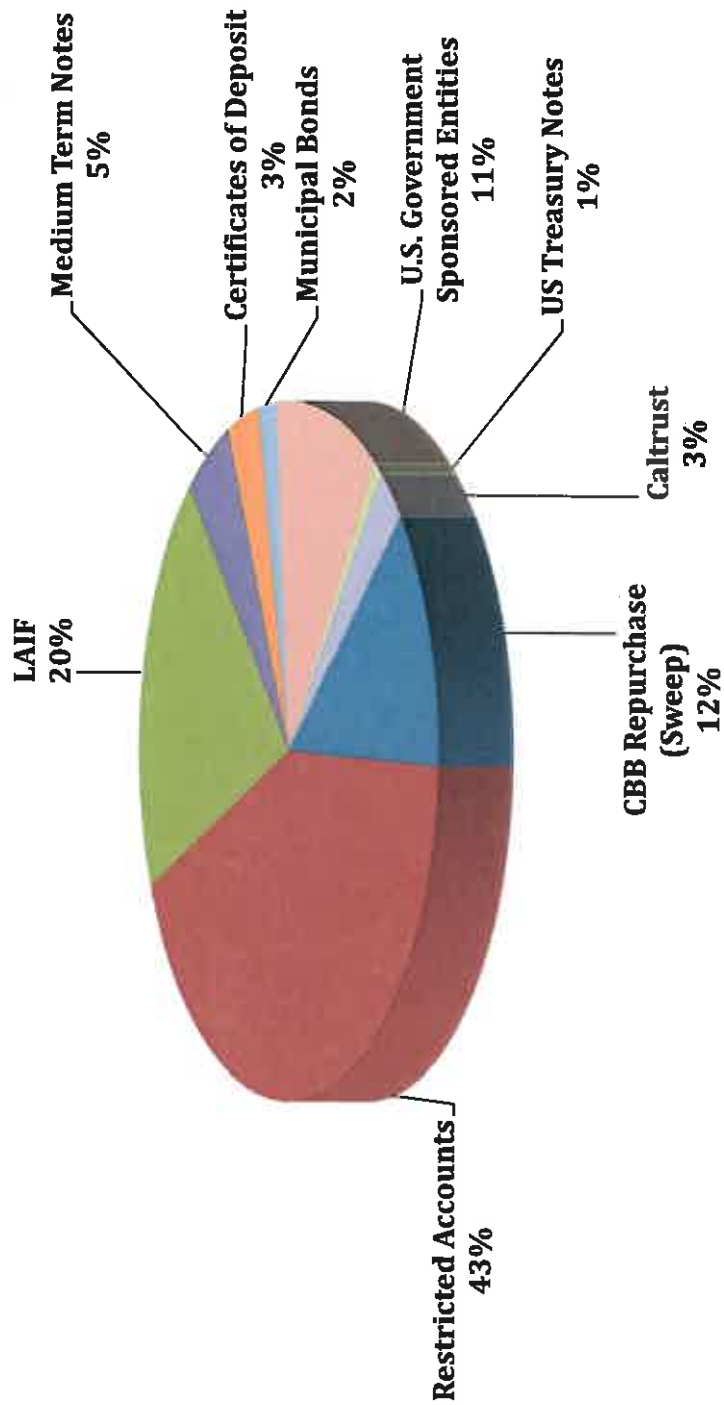
# ***Inland Empire Utilities Agency***

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

**For the Month Ended March 31, 2015**

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

**\$124,597,972**

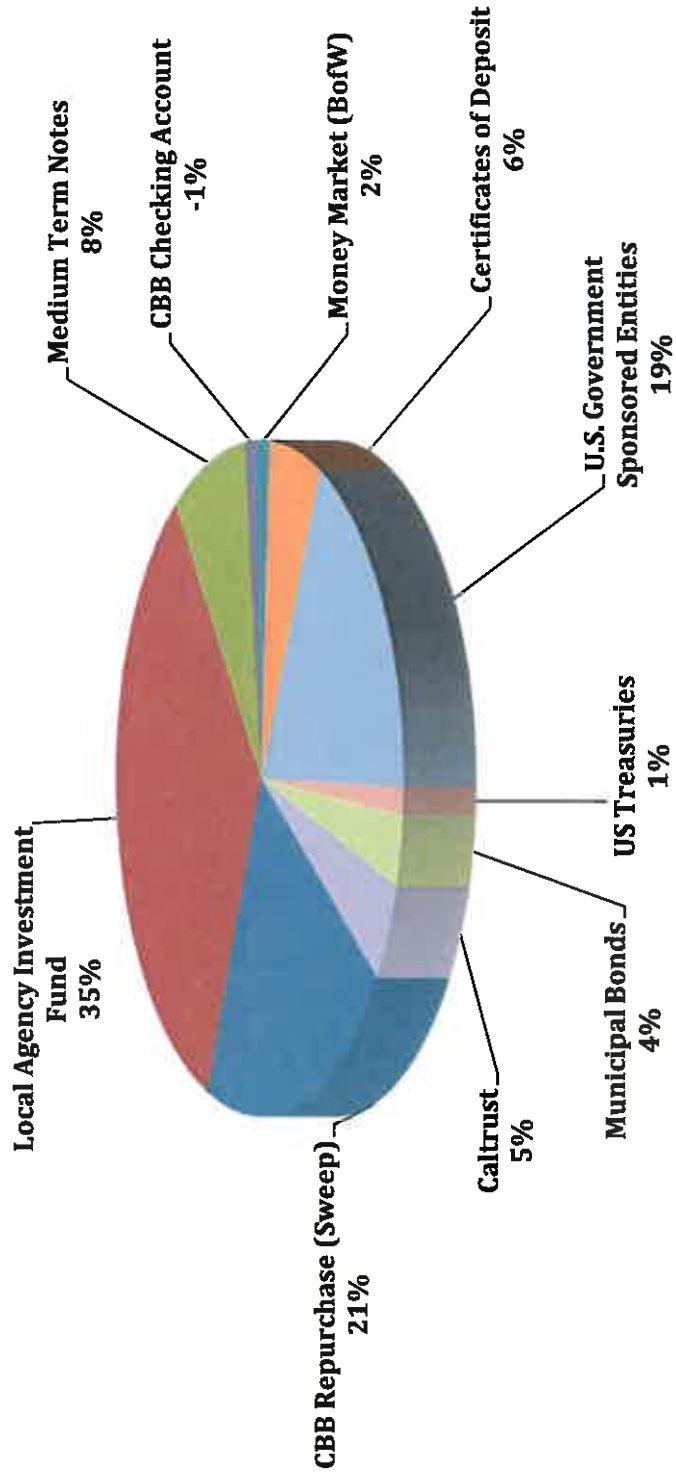


***Inland Empire Utilities Agency***  
**Treasurer's Report of Financial Affairs**  
**For the Month Ended March 31, 2015**  
**U.S. Government Sponsored Entities Portfolio**  
**\$13,579,366**

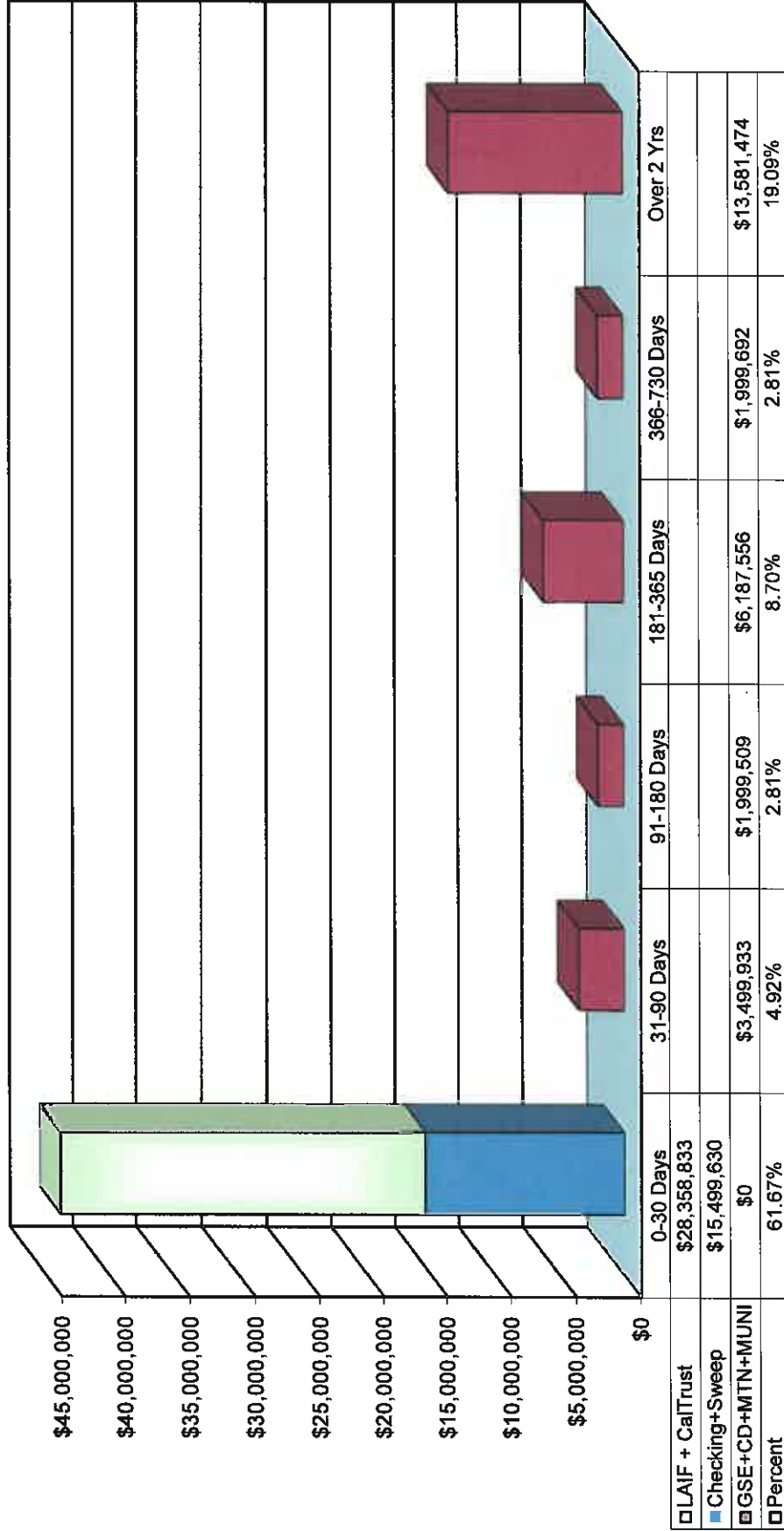




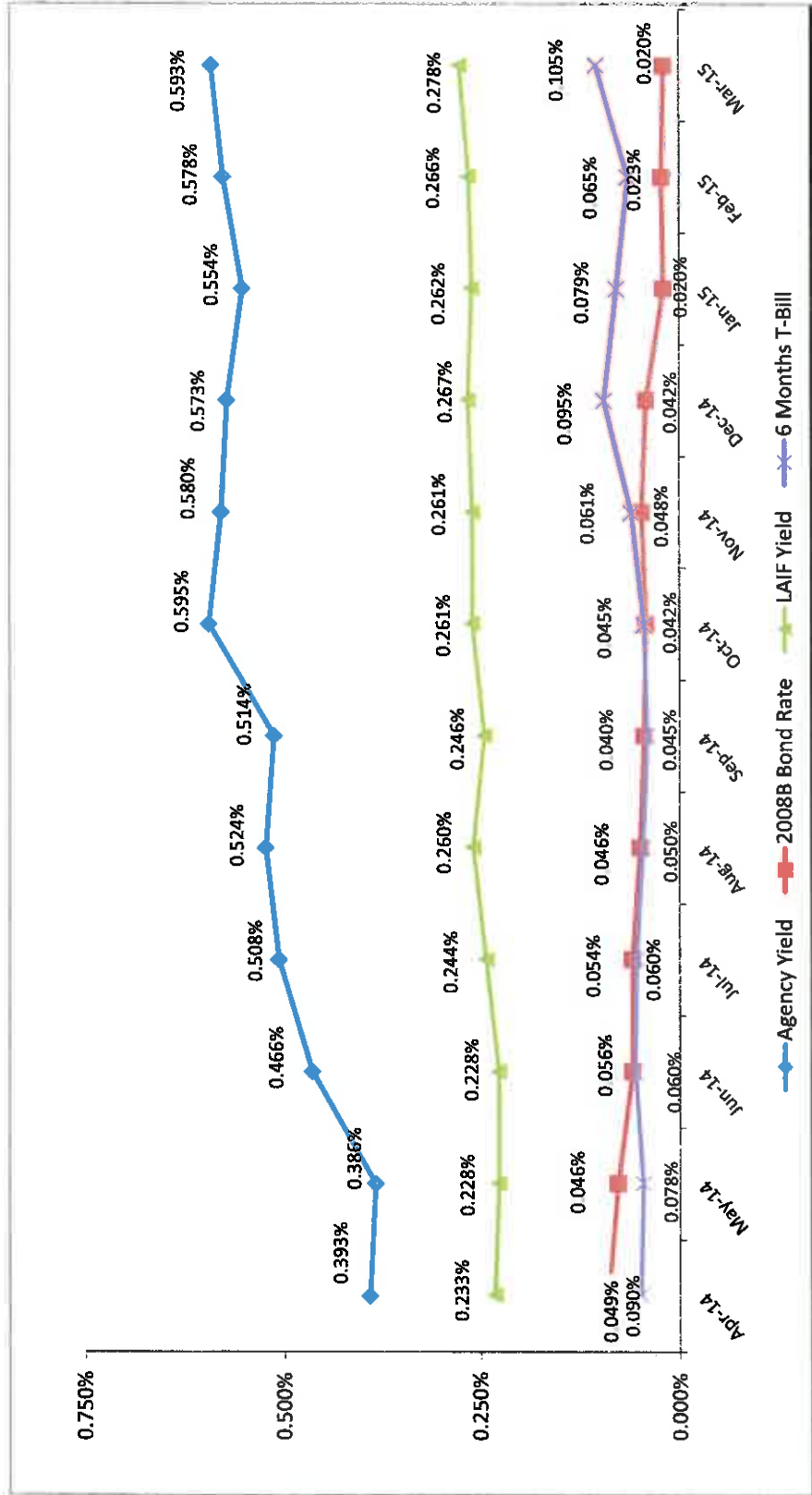
**Inland Empire Utilities Agency**  
**Treasurer's Report of Financial Affairs**  
**For the Month Ended March 31, 2015**  
**Unrestricted Agency Investment Portfolio**  
**\$71,126,627**



**Inland Empire Utilities Agency**  
**Treasurer's Report of Financial Affairs**  
**For the Month Ended March 31, 2015**  
**Directed Investment Portfolio Maturity Distribution**  
**\$71,126,627**



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



**INFORMATION  
ITEM  
2B**

Date: May 20, 2015

To: The Honorable Board of Directors

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

From: P. Joseph Grindstaff  
General Manager

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

Javier Chagoyen- Lazaro  
Manager of Finance and Accounting

Subject: FY 2015/16 Proposed Budget for Inland Empire Regional Composting Authority

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### **RECOMMENDATION**

This is an informational item regarding the FY 2015/16 Proposed Budget for the Inland Regional Composting Authority for the Board to review and file.

### **BACKGROUND**

Annually, the Inland Empire Regional Composting Authority (IERCA) prepares a budget for operating expenses and capital expenditures. The budget is presented to the IERCA Board for adoption prior to June 30 of each year, pursuant to the Joint Powers Agreement (JPA).

#### **Revenues**

No change in the tipping fee of \$54 per wet ton of biosolids is proposed for FY 2015/16. Total revenues and other funding sources are budgeted at \$8.4 million. An increase in total wet tons from 142,500 to 145,000 is projected to result in tipping fees of \$7.8 million. Compost sales and deliveries are estimated at \$580,000, equal to the current fiscal year projections.

#### **Expenses**

Total operating expenses are budgeted at \$7.3 million, slightly lower than the \$7.6 million projected for the current fiscal year which includes full replacement of the biofilter media

completed every five years. Employment costs comprise nearly 50% of total operating costs. An increase in the total staffing level from 24 to 25 full time equivalent (FTE) positions is included in FY 2015/16. A schedule change of the facility's operations to a total of five days a week has been requested. If approved, one additional compost worker will be needed to assist in operations. Total employment costs are budgeted at \$3.5 million, equal to the projected amount in the current fiscal year. A lower allocation of administrative support from IEUA and LACSD offset the increase in staffing level. IEUA labor costs of \$3.35 million are budgeted in the Regional Wastewater Operations and Maintenance (RO) fund. Other significant operating costs include: utilities \$1.3 million, materials and supplies \$1.1 million, and professional fees and services \$770,100.

**Reserves**

Total fund balance is estimated to increase slightly from \$3.9 million projected at the end of the current fiscal year to \$4.0 million at the end of FY 2015/16. The estimated ending fund balance is designated as follows: \$1.1 million for capital replacement and construction, \$2.3 million for operating contingency (based on a minimum of 4 months of budgeted operating costs), \$403,000 bio-filter media replacement, and \$200,000 for liability insurance.

**PRIOR BOARD ACTION**

None.

**IMPACT ON BUDGET**


None.

- Attachment A – IERCA Board Letter dated May 4, 2015
- Attachment B – Schedules 1A – C, FY 2015/16 IERCA Proposed Budget
- Attachment C – FY 2015/16 IERCA Budget Presentation



**Date:** May 4, 2015

**To:** Honorable Board of Directors

**From:**  Christina Valencia  
Treasurer

**Subject:** Adoption of IERCA Budget for Fiscal Year 2015/16

**RECOMMENDATION**

It is recommended that the Board of Directors adopt the Inland Empire Regional Composting Authority (IERCA) budget for fiscal year 2015/16 and the tipping fees rate of \$54 per wet ton;

**BACKGROUND**

Per the Inland Empire Regional Composting Authority Joint Powers Agreement (JPA), an annual operating and capital budget is to be presented and adopted by the JPA Board prior to June 30 each year. The proposed FY 2015/16 budget is based on the following key assumptions:

**Revenues**

- No change in the tipping fee of \$54 per wet ton.
- Increase in the estimated compost sales and delivery receipts of 2,500 tons, from 142,500 to 145,000 tons.

**O&M Expenses**

- Increase authorized staffing from 24 to 25 full time equivalent (FTEs) positions; additional compost worker.
- \$0.125/kWh rate assumed for electricity purchased from the grid.
- \$0.161/kWh rate for solar power.

**Capital Improvement Plan (CIP)**

- \$1.025 million CIP budget primarily supported by designated fund reserves.

(\$ Millions)	Actuals	Adopted Budget	Amended Budget	Projected Actual	Proposed
	2013/14	2014/15	2014/15	2014/15	2015/16
<b>Total Capital/O&amp;M Projects</b>	\$3.5	\$3.0	\$5.0	\$3.0	\$1.0

Projects' encumbrances carry-forward from FY 2013/14 and budget amendments approved by the Board during FY 2014/15 accounted for the increase of \$2 million from the Adopted Budget of \$3 million to \$5 million for the Amended Budget. Cumulative project costs for the FY 2014/15 projects are within the respective projects' total project budget.

**FY 2015/16 Budget Summary**

The following section summarizes the FY 2015/16 budget for total revenues, expenses, and capital projects:

<b>REVENUES</b>	<b>\$ 000's</b>	<b>%Ton</b>	<b>Assumptions</b>
<b>Tipping Fees</b>	\$7,830	\$54	Based on 145,000 wet tons per year @ a rate of \$54.00/ton
<b>Compost Sales/ Organics Waste Recycling/Compost Deliveries</b>	580		100% sales of compost products Compost delivery service
<b>Energy Rebates</b>	15		
<b>Interest Revenue</b>	18		Assumes 1.0% annual interest rate
<b>Other Non-Operating Revenues</b>	5		Miscellaneous credits
<b>Total Revenues</b>	<b>\$8,448</b>		

<b>OPERATING EXPENSES</b>	<b>\$ 000's</b>	<b>Assumptions</b>
<b>Labor &amp; Benefits</b>	\$3,482	25 FTEs and administrative support provided by IEUA/LACSD
<b>Utilities</b>	1,263	Includes power purchases from the grid and solar renewable energy
<b>Materials &amp; Supplies</b>	1,341	Includes biofilter media replacement, facility maintenance supplies, and diesel fuel
<b>Professional Services</b>	770	Includes compost transport and contracted services
<b>Office &amp; Administration</b>	54	Includes liability and casualty insurance costs
<b>Other Expenses</b>	363	Includes leases/rental and financial expenses, insurance, operating fees (Non-Reclaimable Wastewater charges, permits and licenses.)
<b>Total Expenses</b>	<b>\$7,273</b>	

<b>CAPITAL PROJECTS</b>	<b>\$ 000's</b>	<b>Project Description</b>
<b>Capital Replacement</b>	\$500	Unplanned facility and equipment rehabilitation and replacement.
<b>Receiving Pit</b>	250	Installation of drainage and pumping system to remove water from the



<b>Baghouse Improvements</b>	200	receiving pit and fan corridors. Modification of additional ducting to prevent dust accumulation and make the ducting system homogeneous throughout.
<b>Fire Sprinkler Improvements</b>	75	Replacement of the exposed fire sprinkler system that has been corroded by the IERCF atmosphere.
<b>Total Capital Project Budget</b>	<b>\$1,025</b>	

Total fund balance is projected to increase by \$150 thousand from \$3.87 to \$4.02 million at June 30, 2016. Included in the estimated ending balance of \$4.02 million is approximately \$2.3 million designated for operating contingencies (based on a minimum of 4 months of budgeted O&M costs); \$403,000 bio-filter media replacement; \$200,000 liability insurance; and \$1.1 million for capital replacement and construction.

**PRIOR BOARD ACTION**

The Board adopted the FY 2014/15 budget on June 9, 2014.

**IMPACT ON BUDGET**

None.







Inland Empire Regional Composting Authority  
Schedule B Detail

Cost Center	Cost Element	Actual 2012/12	Actual 2013/14	Approved Budget 2014/15	Prop. Budget 2014/15	Prop. Budget 2014/15	Proposed 2015/16	2016/17	2017/18	2018/19	2019/20
	211112 521220 Laboratory Services - Outside	8,906	16,160	13,000	13,000	5,000	5,000	5,000	5,500	5,305	5,464
	211112 521410 Computer Systems Maintenance		13,500								
	Prof. fees & services	3,616,400	3,748,200	4,014,229	4,376,449	4,271,498	4,252,417	4,495,431	4,618,554	4,730,161	4,839,626
<b>Operating Fees</b>											
	211112 519310 Operating Permits, Licenses & Fees	29,280	18,231	35,000	35,000	35,000	35,000	36,000	37,080	38,192	39,338
	211112 540110 Wastewater-Volumetric Fees	8,936	9,699	6,778	6,778	9,000	9,000	9,500	9,785	10,079	10,381
	211112 540210 Strength Charges-90D/COD	5,895	8,338	11,224	11,224	6,500	7,000	7,200	7,416	7,638	7,868
	211112 540220 Strength Charges-TSS	1,432	1,720	9,117	9,117	13,000	13,000	13,000	13,990	13,792	14,205
	211112 540223 Strength Charges-TSS Discrepancy Charge					3,000	3,000	3,000	3,000	3,000	3,000
	211112 540320 Monthly Capacity Charge-Regional	3,999	4,211	14,238	14,238	17,500	18,000	18,600	19,158	19,733	20,325
	211112 540330 Capital Improv Prof (CIP) Fees		1,080	16,180	16,180	2,556	2,556	2,556	2,633	2,712	2,793
	Operating Fees	49,542	43,279	92,537	92,537	86,556	87,556	89,856	92,462	95,146	97,910
<b>Utilities</b>											
	211112 546110 Electricity	953,994	982,941	1,260,000	900,000	770,682	1,000,000	1,100,000	1,133,000	1,165,990	1,202,000
	211112 546220 Solar Power	225,274	233,775	221,170	221,170	221,170	225,675	230,180	237,085	244,198	251,524
	211112 546310 Cell Phone Accessories			500	500	200	250	250	250	250	250
	211112 546311 Cell Phone Expenses	12,412	7,294	8,500	8,500	6,500	6,700	6,900	7,107	7,320	7,540
	211112 546320 Telephone	1,073	1,134	1,751	1,751	1,751	1,800	1,800	1,854	1,910	1,967
	211112 546360 Disposal Service	27,888	26,883	30,900	30,900	31,000	25,000	15,000	15,450	15,914	16,391
	211112 546370 Water	3,011	3,243	3,296	3,296	4,000	4,000	4,000	4,000	4,000	4,000
	Utilities	1,223,651	1,255,181	1,526,117	1,166,117	1,035,303	1,263,425	1,358,130	1,398,746	1,440,951	1,483,671
<b>Leases / Rentals</b>											
	211112 512730 Equipment Rental (Non Lease)	31,962	71,085	30,900	30,900	26,500	30,000	30,000	30,900	31,827	32,782
	211112 547110 Building / Trailer Leases	70,770	72,958	75,705	75,705	80,000	82,000	85,000	87,550	90,177	92,882
	Lease/Rentals	102,731	144,043	106,605	106,605	106,500	112,000	115,000	118,450	122,004	125,664
	Operating Expenses	6,286,794	6,259,568	6,030,229	7,932,839	7,498,938	7,273,014	7,659,653	8,163,788	8,174,611	9,053,746
<b>Financial Expenses</b>											
	211112 551010 Bank Service Charges / Fees	227	55			100	100	100	100	100	100
	211112 580020 Loss on Sale of Asset	183,979	16,629	6,000	6,000	110,331					
	211112 580050 Bad Debt Expense	19,050	16,684								
	Financial Expenses	203,256	16,684	6,000	6,000	110,431					
<b>Interest Expenses - Other</b>											
	211112 555910 Interest Expense - Other		16,684	6,000	6,000	110,431					
<b>Interest Expenses</b>											
	Interest Expenses	203,256	16,684	6,000	6,000	110,431					
<b>Non-Operating Expenses</b>											
	211112 555910 Interest Expense - Other		16,684	6,000	6,000	110,431					
<b>Capital Projects</b>											
	211112 551010 Bank Service Charges / Fees	1,683,532	3,481,326	2,785,000	4,968,716	2,927,257	1,025,000	1,200,000	1,450,000	900,000	1,300,000
	211112 580020 Loss on Sale of Asset	8,173,882	9,727,778	10,821,129	12,907,956	10,359,626	8,289,114	8,859,783	9,613,688	9,074,711	10,353,848
	211112 580050 Bad Debt Expense										
	Financial Expenses	8,173,882	9,727,778	10,821,129	12,907,956	10,359,626	8,289,114	8,859,783	9,613,688	9,074,711	10,353,848
	Capital Projects	1,683,532	3,481,326	2,785,000	4,968,716	2,927,257	1,025,000	1,200,000	1,450,000	900,000	1,300,000
<b>TOTAL EXPENSES</b>											
	211112 551010 Bank Service Charges / Fees	227	55			100	100	100	100	100	100
	211112 580020 Loss on Sale of Asset	183,979	16,629	6,000	6,000	110,331					
	211112 580050 Bad Debt Expense	19,050	16,684								
	Financial Expenses	203,256	16,684	6,000	6,000	110,431					
	Interest Expenses	203,256	16,684	6,000	6,000	110,431					
	Interest Expenses	203,256	16,684	6,000	6,000	110,431					
	Non-Operating Expenses	203,256	16,684	6,000	6,000	110,431					
	Capital Projects	1,683,532	3,481,326	2,785,000	4,968,716	2,927,257	1,025,000	1,200,000	1,450,000	900,000	1,300,000
	TOTAL EXPENSES	8,173,882	9,727,778	10,821,129	12,907,956	10,359,626	8,289,114	8,859,783	9,613,688	9,074,711	10,353,848
	Net Profit/(Loss)	(438,185)	(1,407,575)	(1,083,429)	(3,010,056)	(1,103,507)	148,386	640,647	(801,516)	899,207	(216,804)

Inland Empire Regional Composting Authority  
Schedule C Projects

Project No.	Project Title	Actual		Adopted Budget	Amended Budget	Proj. Actual	Proposed	Forecast				
		2012/13	2013/14					2014/15	2015/16	2016/17	2017/18	2018/19
<b>Capital Projects</b>												
RA11001	RCA Capital Replacement	1,120,034	349,975	500,000	503,040	179,286	500,000	500,000	500,000	500,000	500,000	500,000
RA11004	IERCF Process Improvements	99,835	2,721,777	900,000	2,227,297	1,064,968	-	-	-	-	-	-
RA13007	UPS Replacement	-	20,321	-	9,000	-	-	-	-	-	-	-
RA14002	IERCF Locker Room AC	-	80,257	-	2,009	3,875	-	-	-	-	-	-
RA14003	IERCF Receiving Pit	-	9,793	300,000	300,000	293	250,000	-	-	-	-	-
RA14004	IERCF Harmonic Filter	-	14,817	5,000	12,894	12,893	-	-	-	-	-	-
RA14007	IERCF Column E-8 Repair	-	48,964	-	-	45	-	-	-	-	-	-
RA15001	IERCF Baghouse Improvements	-	15,144	450,000	1,284,856	1,049,309	200,000	-	-	-	-	-
RA15002	IERCA Processor Replacement/Redundancy Modules	-	-	45,000	53,000	52,843	-	-	-	-	-	-
RA15005	IERCA Trommel Screen Conversion to Compact Logix PLC	-	-	18,000	10,000	7,124	-	-	-	-	-	-
RA15006	Wheel Loader Replacement	-	-	567,000	566,621	566,621	-	-	-	-	100,000	-
RA19001	IERCF Pugmill Improvements	-	-	-	-	-	-	-	-	-	-	-
RA20001	IERCF Amendment Hopper Improvements	-	-	-	-	-	-	-	-	-	-	100,000
RA20002	Biosolids Hopper Improvements	-	-	-	-	-	-	-	-	-	-	100,000
RA20003	IERCF Belt Conveyor Improvements	-	-	-	-	-	-	-	-	-	-	300,000
RA20004	IERCF Misc Fan Improvements	-	-	-	-	-	-	-	-	500,000	750,000	300,000
RA17001	IERCF Transition Air Duct Improvements	-	-	-	-	-	-	-	200,000	200,000	-	-
RA16001	Fire Sprinkler Improvements	-	-	-	-	-	-	-	-	-	-	-
RA19002	IERCF Trommel Screen Improvements	-	-	-	-	-	75,000	-	-	-	-	-
<b>Total Capital Projects</b>		<b>1,683,532</b>	<b>3,451,526</b>	<b>2,785,000</b>	<b>4,968,716</b>	<b>2,927,257</b>	<b>1,025,000</b>	<b>1,200,000</b>	<b>1,450,000</b>	<b>900,000</b>	<b>1,300,000</b>	<b>1,300,000</b>
<b>O&amp;M Projects</b>												
RA12009	IERCF Structure Protection	-	19,191	25,000	25,490	25,490	-	-	25,000	25,000	25,000	25,000
RA12011	IERCF Lighting Syste	93,545	7,938	200,000	100,000	154	-	-	200,000	-	-	-
<b>Total O&amp;M Projects (Included in Materials &amp; Supplies)</b>		<b>93,545</b>	<b>27,130</b>	<b>225,000</b>	<b>125,490</b>	<b>25,644</b>	<b>-</b>	<b>-</b>	<b>225,000</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>
<b>Total Projects:</b>		<b>1,777,077</b>	<b>3,478,656</b>	<b>3,010,000</b>	<b>5,094,206</b>	<b>2,952,901</b>	<b>1,025,000</b>	<b>1,200,000</b>	<b>1,675,000</b>	<b>925,000</b>	<b>1,325,000</b>	<b>1,325,000</b>





INLAND EMPIRE REGIONAL

**COMPOSTING**  
A U T H O R I T Y



# FY 2015/16 PROPOSED BUDGET

MAY 4, 2015



# FY 2015/16 Proposed Budget



(\$ in Thousands)	FY 2013/14 Actuals	FY 2014/15 Projected	FY 2015/16 Proposed	FY 2016/17 Forecast
Tippling fee per wet ton	\$52.00	\$54.00	\$54.00	\$54.00
Operating Revenues	\$8,302	\$8,411	\$8,425	\$8,477
Operating Expenses	6,259	7,499	7,273	7,660
Net Operating Increase (Decrease)	2,043	912	1,152	817
Other Funding Sources	18	1,023	23	1,023
Other Uses of Funds	3,468	3,037	1,025	1,200
Net Non-Operating Increase (Decrease)	(3,450)	(2,014)	(1,002)	(177)
Total Net Change	(1,407)	(1,102)	150	640
Beginning Reserve Balance	6,381	4,974	3,872	4,022
<b>Ending Reserve Balance</b>	<b>\$4,974</b>	<b>\$3,872</b>	<b>\$4,022</b>	<b>\$4,662</b>





# Capital Improvement Plan

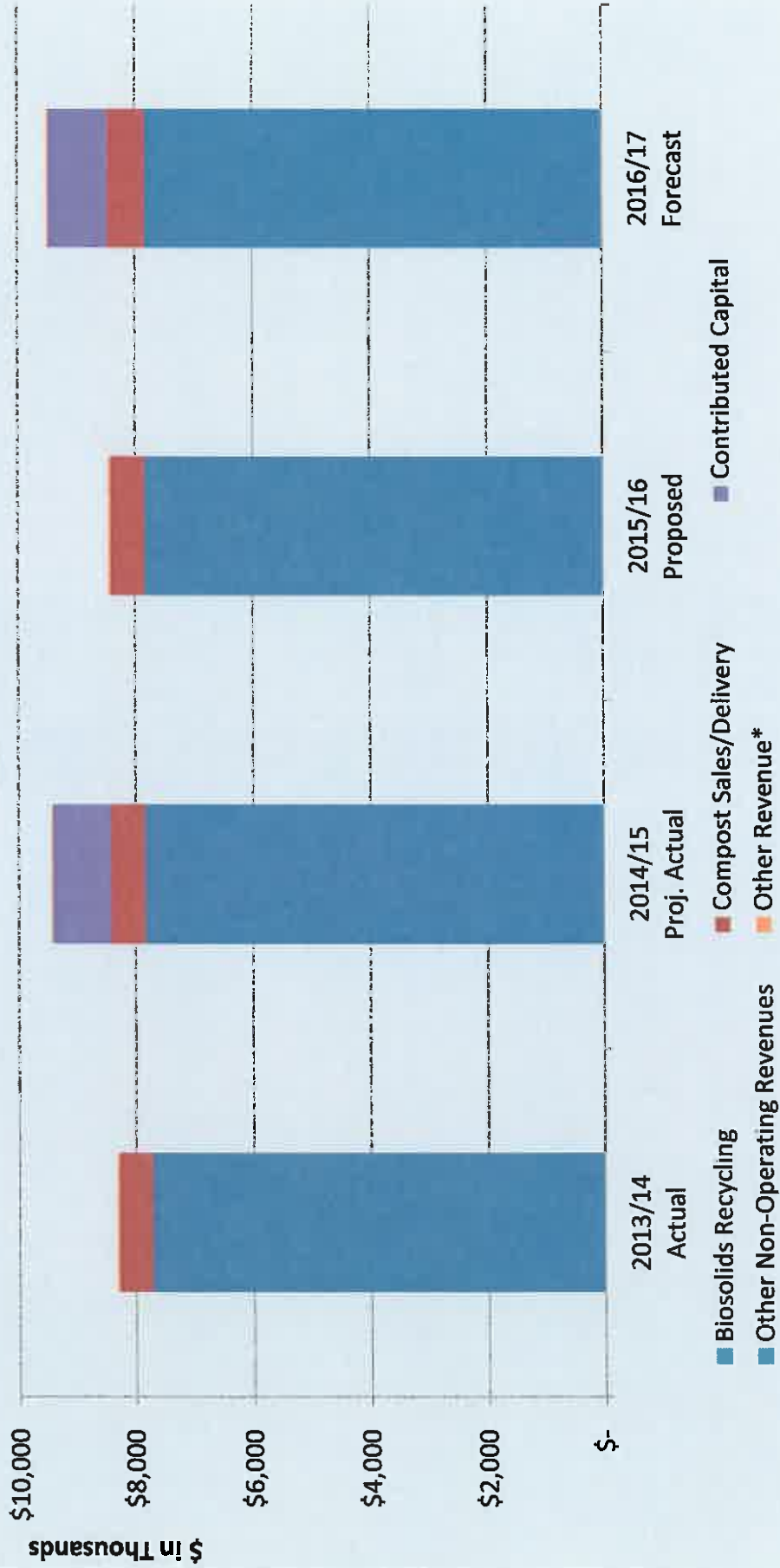


Project Description (\$ in Thousands)	FY 2013/14 Actual	FY 2014/15 Projected	FY 2015/16 Proposed	FY 2016/17 Forecast
Capital Replacement & Rehabilitation (R&R)	\$350	\$179	\$500	\$500
Process Improvement	2,722	1,055	0	0
Transition Air Duct Improvements	0	0	0	500
Fire Sprinkler Improvements	0	0	75	200
Receiving Pit	10	0	250	0
Baghouse Improvements	15	1,049	200	0
Loader Purchase (2 units), excludes trade-in*	0	567	0	0
Processor Replacement/Redundancy Modules	0	53	0	0
IERCA Trommel Screen Conversion to Compact Logix PLC	0	7	0	0
Harmonic Filter	15	13	0	0
Locker Room	80	4	0	0
Purch Emission	108	0	0	0
Other Projects	152	0	0	0
<b>Total Capital</b>	<b>\$3,452</b>	<b>\$2,927</b>	<b>\$1,025</b>	<b>\$1,200</b>

\*Trade in value \$440,000



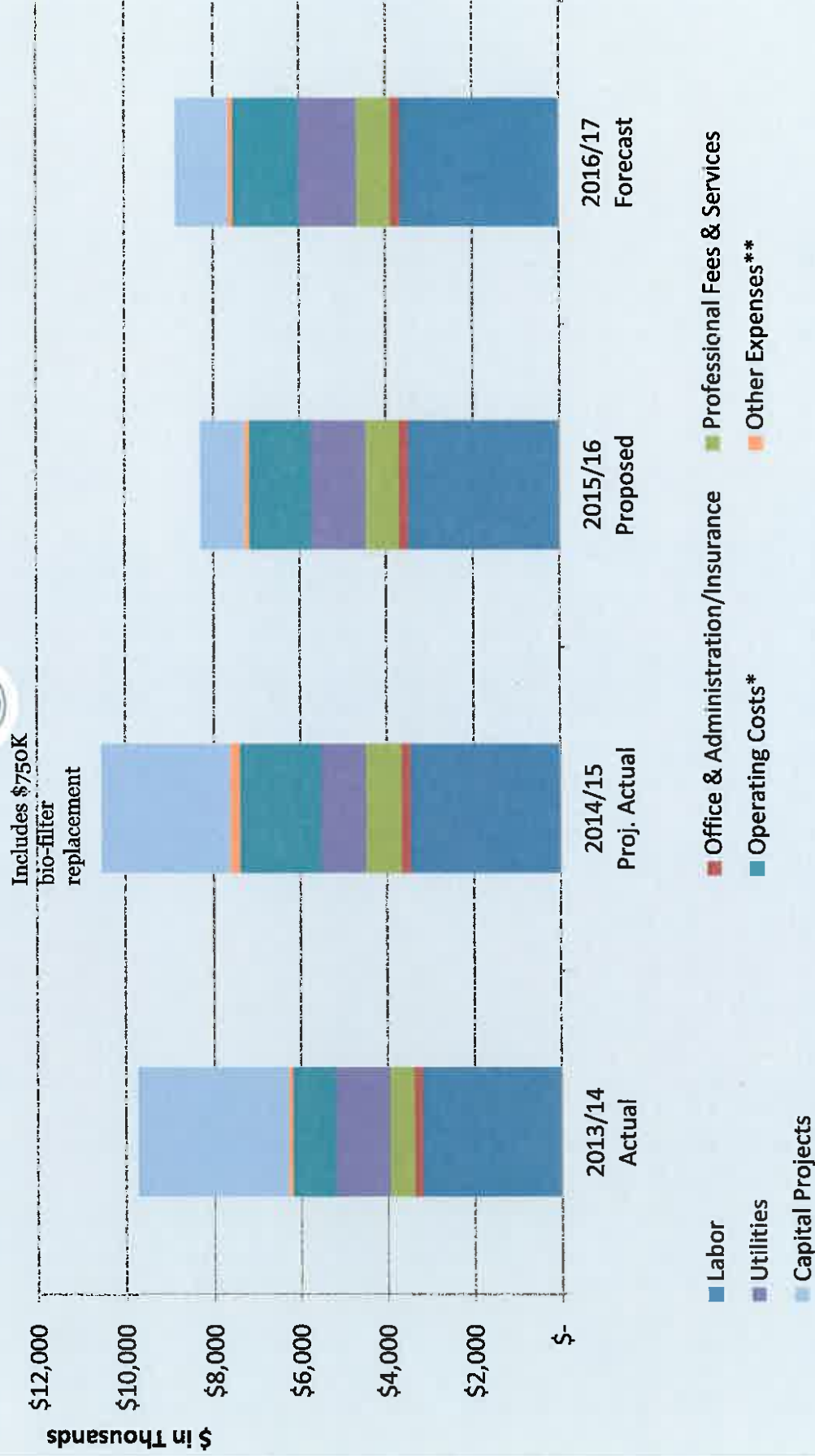
# Revenue



\* Other Revenues include: Interest Income; Energy Cap Rebate; Proceeds from Sales of Assets; Draw on Biofilter Reserve



# Expenses

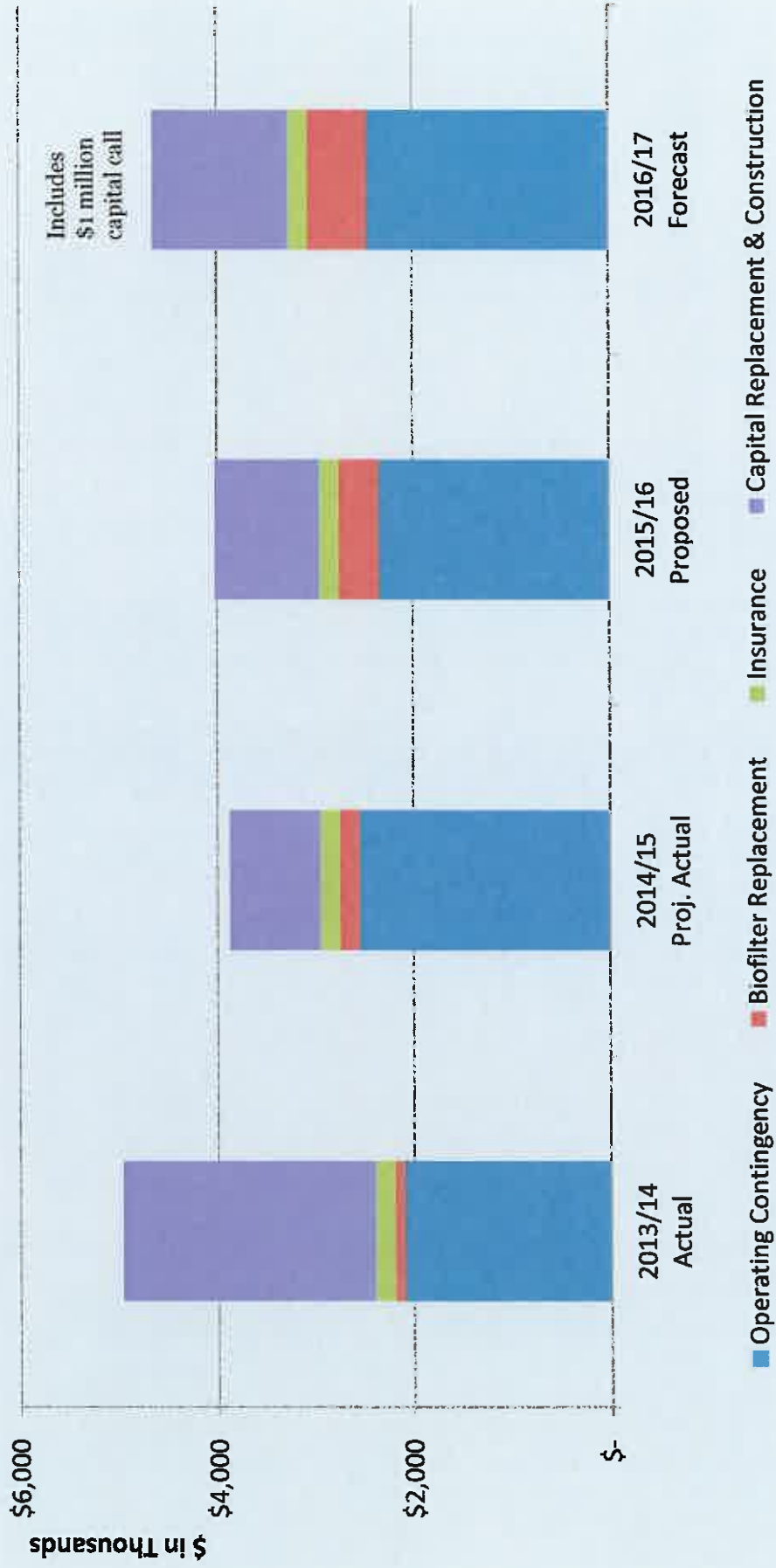


\*Operating Costs include: Operating Fees; Biofilter Reserve Funding; Biofilter Replacement; Materials & Supplies

\*\* Other Expenses include: Leases & Rentals; Financial Expenses



# Total Fund Balance





INLAND EMPIRE REGIONAL

**COMPOSTING**  
A U T H O R I T Y



# QUESTIONS?

**INFORMATION  
ITEM**

**2C**



Date: May 20, 2015

To: Public, Legislative Affairs, and Water Resources Committee (05/13/15)  
Finance, Legal, and Administration Committee (05/13/15)

From: *for* P. Joseph Grindstaff *AWA*  
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: Ordinance No. 103, Establishing Water Connection Fees, Classes of Water Service and Regulating the Sale and Delivery of Imported Water

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### **RECOMMENDATION**

Ordinance No. 103, establishing Water Connection Fees, Classes of Water Service and Regulating the Sale and Delivery of Imported Water, is an informational item for the Board to receive and file.

### **BACKGROUND**

The Agency's current Ordinance No. 100, was adopted by the Board of Directors on June 14, 2014. The purpose of this Ordinance is to establish classes of water service, rates, and charges for the delivery of imported and supplemental water within the IEUA service area, to promote the conservation and reuse of water resources, and to provide procedures for complying with requirements placed upon the IEUA by the Metropolitan Water District of Southern California.

During the process of the Cost of Service Study, Agency staff identified revisions needed in Ordinance No. 100 to include for water connection fees and ensure that the Agency adopts resolutions in compliance with the approved legislation pursuant to the authority contained in the Municipal Water District Law of 1911, California Water Code, §71616. Ordinance No. 103 has been developed to include these revisions and upon approval, shall supersede Ordinance No. 100. The Agency's General Counsel has also reviewed the proposed revisions to Ordinance No. 103. Some of the key proposed revisions are summarized below:

Part I, Section 102 – Purpose and Objectives

- Revise objective of Ordinance to include provisions for establishing water connection fees 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.

Part I, Section 107 – Definition of Terms

- Included Connection Fee to define a one-time charge imposed on any new retail water connection or upsized connection, based upon the connected capacity, to any water system within the Agency's service area.
- Deleted Connection Maintenance Charge, Local Agency New Demand Charge Base and Local Agency New Demand Charge Rolling Average as these are redundant and defined in Part III, Section 301 of Ordinance 103.

Added Part II, Section 202 – Connection Fees: to include language needed to establish and collect by IEUA water connection fees in order to proportionally recover the costs to create regional supplies that are available to meet the water demands of the future development.

Added Part II, Section 203 – Right to Inspect Documents and Property: to include language for IEUA to retain rights, upon reasonable notice, to audit all public records and accounts of any local agency, to ensure ongoing compliance and enforcement of this ordinance.

Added Part II, Section 204 – Lien for Charges: to include language to allow the charges fixed by IEUA to be a lien on all the property benefitted thereby as provided in California Water Code 71637 and shall have the same force and effect as other liens for taxes and may be enforced by the same means as provided for the enforcement of liens for state and county taxes.

Part III, Division III, Section 104 – Rates of Flow

- Deleted subparagraphs (B) for rate of flow monitoring and (C) for minimum and maximum service connection charges as these are not administered by the Agency. Minimum and maximum service charges will be assessed by MWD and the Agency will pass-through these charges as they occur.

Part III, Division III, Section 108 – Delinquent Payment

- Revised the delinquent in payments penalty from two (2) to ten (10) percent of unpaid bills for water rates and charges per California Government Code Section 926.10.
- Added delinquent payment penalty for connection fees of ten (10) percent.

The Connection Fee, Classes of Water Service and Regulating the Sale and Delivery of Imported Water Ordinance No. 103 is consistent with the Agency's Business Goal of *Customer Service* by applying ethical, fiscally responsible and environmentally sustainable principles to all aspects of business and organizational conduct.



**PRIOR BOARD ACTION**

On June 14, 2014, the Agency's Board of Directors approved the Classes of Water Service and Regulating the Sale and Delivery of Imported Water Ordinance No. 100 to supersede Ordinance No. 70.

On November 15, 2000, the Agency's Board of Directors approved the Classes of Water Service and Regulating the Sale and Delivery of Imported Water Ordinance No. 70;

**IMPACT ON BUDGET**

None.

Attachment: 1. Ordinance No. 103 – Establishing Connection Fees, Classes of Water Service and Regulating the Sale and Delivery of Imported Water

**ORDINANCE NO. 103**

**AN ORDINANCE OF THE BOARD OF DIRECTORS OF INLAND EMPIRE UTILITIES AGENCY\*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING WATER CONNECTION FEES, CLASSES OF WATER SERVICE AND REGULATING THE SALE AND DELIVERY OF WATER WITHIN THE INLAND EMPIRE UTILITIES AGENCY\* SERVICE AREA**

**BE IT ORDAINED** by the Board of Directors of the Inland Empire Utilities Agency\* (“Agency”) as follows:

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## **DIVISION 1 – GENERAL**

### **PART I - ADMINISTRATION**

#### **SECTION 101 -AUTHORIZATION:**

This Ordinance is enacted pursuant to the authority contained in the Municipal Water District Law of 1911, California Water Code, §71616- et. seq., as amended, and California Government Code §66013 and §54999.

#### **SECTION 102 - PURPOSE AND OBJECTIVES:**

The purpose of this Ordinance is to establish classes of water service, rates, and charges for the delivery of imported and supplemental water within the Inland Empire Utilities Agency service area, to promote the conservation and reuse of water resources, and to provide procedures for complying with requirements placed upon the Inland Empire Utilities Agency by the Metropolitan Water District of Southern California.

Inland Empire Utilities Agency is a member agency of the Metropolitan Water District of Southern California.

The objectives of this Ordinance are:

- (A) To establish water connection fees to cover IEUA's cost of water infrastructure and supplies and other related expenses and financial requirements.
- (B) To adopt terms and conditions for the fixing of water connection fees from time to time by resolution by the Board of Directors.
- (C) To define classifications of water service and establish water rates and charges for the sale of imported water sufficient to cover IEUA's cost of water and other operating expenses and financial requirements.
- (D) To adopt terms and conditions for the provision of the various classes of water and to provide for the fixing of water rates and charges from time to time by resolution of the Board of Directors.
- (E) To establish water connection fees 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.
- (F) To provide for the collection from each IEUA Local Agency, those charges imposed by Metropolitan on IEUA as a condition of receiving water deliveries from Metropolitan, including but not limited to, a Readiness-to-Serve Charge, a New Demand Charge, a Retail Meter Charge, and a Connection Maintenance Charge.

- (G) To encourage the use of recycled water to supplement existing surface and underground water supplies to assist in meeting the future water requirements within the service area. To encourage the efficient use of water and affect change in water-use habits to reduce imported water demand.
- (H) To establish provisions for obtaining funds for capital projects necessary to support supplemental water supply sources, development and implementation of conservation and water use efficiency programs to increase supply reliability and meet future water demands within the service area.

**SECTION 103 – SEVERABILITY:**

If any section, subsection, sentence, clause or phrase of this Ordinance is for any reason found to be invalid or unconstitutional by any court of competent jurisdiction, such decision shall not affect the remaining portion of this Ordinance. The Inland Empire Utilities Agency Board of Directors declares that it would have approved this Ordinance by section, subsection, sentence, clause, or phrase irrespective of the fact that any one or more of the sections, subsections, sentences, clauses or phrases be declared invalid or unconstitutional.

**SECTION 104 - SERVICE AREA:**

This Ordinance pertains to Local Agencies within the boundaries of the IEUA service area unless otherwise stated.

**SECTION 105 – ADMINISTRATOR:**

Except as otherwise provided herein, the General Manager shall administer, implement, and enforce the provision of this Ordinance. The General Manager may, at his discretion, delegate any or all of these powers and duties.

**SECTION 106 - RIGHT OF REVISION:**

IEUA reserves the right to amend this Ordinance, as it deems appropriate.

**SECTION 107 - DEFINITION OF TERMS:**

- (A) **AGRICULTURAL PURPOSES:** the growing or raising in conformity with recognized practices of husbandry, for the purposes of commerce, trade, or industry, or for use by public educational or correctional institutions, of agricultural, horticultural, or floricultural products, and produced (1) for human consumption or for the market, or (2) for the feeding of fowl or livestock produced for human consumption or for the market, or (3) for the feeding of fowl or livestock for the purpose of obtaining their products for

human consumption or for the market, such products to be grown or raised on a parcel of land having an area of not less than one acre utilized exclusively therefor.

- (B) BOARD OF DIRECTORS: the Board of Directors of the Inland Empire Utilities Agency.
- (C) GENERAL MANAGER: the General Manager or a duly Authorized Representative of the Inland Empire Utilities Agency.
- (D) CONNECTED CAPACITY: a measure of the size of the service connection to the Metropolitan System or to any water system within the Agency's service area, which will be used for purposes of determining the fixed operation and maintenance charges among the Service Connections.
- (E) CONNECTION FEE: a one-time charge imposed on any new retail water connection or upsized connection, based upon the connected capacity, to any water system within the Agency's service area..
- (F) CONSERVATION CHARGE: the charge for capital projects necessary to support water conservation program development within the service area.
- (G) DOMESTIC AND MUNICIPAL PURPOSES: the use of water for all domestic, municipal, commercial, industrial and recreational purposes commonly, but not exclusively, serviced by the water supply of a city, town, or other similar population group, but shall not include water use for agricultural purposes.
- (H) DROUGHT CHARGE: the charge for the programs needed to meet the reduced water supply made available to the region.
- (I) FISCAL YEAR: the time period which commences July 1 of each calendar year and ends June 30 of the following calendar year.
- (J) FULL SERVICE: service of Metropolitan water that does not meet the criteria for other classes of service or special programs.
- (K) GROUNDWATER BASIN: any groundwater basin located entirely or partially within the boundaries of Inland Empire Utilities Agency.
- (L) GROUNDWATER REPLENISHMENT: the act of spreading, injecting, or causing to be spread or injected, water for the purpose of replenishing natural groundwater basins, without regard to subsequent use of the water.
- (M) IMPORTED WATER: water which is acquired by IEUA from Metropolitan and other Agencies or Entities, except for recycled water.
- (N) IEUA: Inland Empire Utilities Agency or its officers or representatives when in the exercise of their official business.

- (O) IEUA READINESS-TO-SERVE (RTS) CHARGE SHARE or RTS SHARE: a pass-through of Metropolitan's annual percent share of RTS charge imposed on the IEUA service area.
- (P) IEUA RETAIL METER CHARGE: 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. The charge shall be established at a level which will yield revenues sufficient to cover the Net RTS charge by Metropolitan, Program Charge and costs incurred for the Water Conservation Program, including the Conservation and Drought Charges.
- (Q) IN-LIEU GROUNDWATER REPLENISHMENT: maintenance or replenishment of water supplies in groundwater basins by reduction or elimination of extraction therefrom through the substitution of deliveries of water to IEUA local agencies from surface distribution facilities in-lieu of such extraction.
- (R) LONG-TERM SEASONAL STORAGE (LTSS): delivery of imported water by IEUA to an IEUA Local Agency, for storage, by direct or in-lieu methods, beyond the 12-month Seasonal Storage Service program period. Local production is reduced over the winter period and IEUA deliveries are increased under this program. LTSS may be made available at other times based on terms and conditions established by the General Manager.
- (S) LOCAL AGENCY: any individual, partnership, association, corporation, governmental entity or agency, mutual water company, water company, or any other organization and users of water in such quantity as to merit being considered for an individual service connection from IEUA.
- (T) METROPOLITAN: Metropolitan Water District of Southern California.
- (U) METROPOLITAN CONNECTION MAINTENANCE CHARGE (CMC): the monetary charge imposed by Metropolitan to recover a portion of the cost associated with operating and maintaining service connections and other connection related costs.
- (V) METROPOLITAN NEW DEMAND CHARGE BASE: the water demand measured in acre-feet allocated by Metropolitan to IEUA as the basis for determining whether IEUA or its local agencies will incur a charge and the amount of the charge under Metropolitan's New Demand Charge.
- (W) METROPOLITAN WATER DISTRICT FACILITIES: those facilities of Metropolitan that can provide water service to IEUA.
- (X) METROPOLITAN READINESS-TO-SERVE CHARGE or RTS CHARGE: the total monetary RTS charge, as determined by the RTS Share, imposed by Metropolitan on IEUA to cover fixed costs associated with the water quality and reliability benefits provided by Metropolitan's system.

- (Y) **NET METROPOLITAN READINESS-TO-SERVE CHARGE or NET RTS CHARGE:** portion of the Metropolitan RTS charge which is not collected as a standby charge on property within IEUA's boundaries and is billed by Metropolitan directly to IEUA.
- (Z) **PROGRAM CHARGE:** the charge levied by the IEUA on imported water deliveries to offset administration, operation, maintenance, depreciation expenses, and debt service incurred by the IEUA in association with the water resources program.
- (AA) **RECYCLED WATER;** as defined in Title 22, Division 4, of the California Administrative Code, as amended from time to time, is water which as a result of treatment of wastewater, is suitable for direct beneficial use or a controlled use that otherwise would not occur.
- (BB) **RESERVOIR STORAGE:** the act of storing water in surface reservoirs or the maintenance of reservoir storage by reduction or elimination of reservoir withdrawals through substitution of surface deliveries of water to consumers from surface distribution facilities in lieu of such withdrawals.
- (CC) **SEASONAL STORAGE SERVICE:** additional summer production of local water supply sources by the IEUA Local Agency that is offset by equivalent IEUA imported winter water deliveries to the Local Agency within a 12-month period.
- (DD) **SERVICE CONNECTION:** outlet pipe together with a shutoff valve and a meter to record the flow of water.
- (EE) **SEASONAL SHIFT STORAGE:** deliveries of water by IEUA to an IEUA local agency in the winter period for groundwater replenishment by spreading or injecting or in-lieu deliveries of water which would have otherwise been produced from local sources, and which replaces local storage depleted by increased pumping from local sources during the preceding summer period to reduce, by an equivalent amount, the water deliveries from IEUA which would otherwise have been taken by the IEUA local agency during the preceding summer period, as calculated in their seasonal storage service certification form. Local production and IEUA deliveries remain the same for the combined summer and winter periods under this program.
- (FF) **STANDBY CHARGE:** revenue collected by Metropolitan on parcels of land within the IEUA service area to offset all or a portion of the RTS charge obligation.
- (GG) **SUPPLEMENTAL WATER:** includes recycled water, captured and treated stormwater, and water imported by IEUA which does not represent a delivery from Metropolitan to IEUA.
- (HH) **WATER CONSERVATION:** programs developed and implemented to achieve efficient use of water resources to help meet future water demands.



**SECTION 108 - DUTY TO COMPLY:**

All Local Agencies shall comply with all conditions of this Ordinance. Any Local Agency that is not in compliance with any provision of this Ordinance constitutes a violation of this Ordinance and is grounds for enforcement action as provided for in Division I, Part II of this Ordinance.

**SECTION 109- RECYCLED WATER:**

All Local Agencies are encouraged to promote the reuse of recycled water supplies in their service areas wherever technically and economically reasonable, and in compliance with the IEUA's Regional Reclamation Ordinance No. 63, as amended from time to time. Recycled water is available for the following uses: agricultural, recharge, wildlife habitat, recreational impoundments and any additional use provided for under Title 22, Division 4, of the California Administrative Code, as amended from time to time. To support the development of recycled water projects, IEUA may implement, from time to time, financial incentive programs, and levy additional imported water administrative charges to fund these incentive programs.

**SECTION 110- WATER CONSERVATION:**

All Local Agencies are encouraged to promote urban water conservation to supplement existing surface and underground water supplies and to assist in meeting the future water requirements of the region. To support the implementation of water conservation programs, IEUA may implement, from time to time, financial incentive programs and levy additional imported water administrative charges to fund these programs.

**PART II – ENFORCEMENT**

**SECTION 201 -PROTECTION FROM DAMAGE:**

No person, organization, or Local Agency shall maliciously, willfully, or negligently break, damage, destroy, impair the usefulness, uncover, deface, or tamper with any structure, appurtenance, or equipment which is a part of IEUA's Water Distribution System.

**SECTION 202 - PENALTY FOR VIOLATION:**

The IEUA shall have the right to assess such penalties as may be permitted by law and/or discontinue the water service to the connection, up to and including seizure of the service connection, of any Local Agency for failure to comply with any rule or regulation of the IEUA. A Local Agency will be notified of the IEUA's intention to discontinue service for non-compliance, with an explanation of the violation or infraction committed. A Local Agency shall have thirty (30) calendar days to respond before any action will be taken by the IEUA. However, no such notice to afford an opportunity to comply need be given in those instances in which the non-compliance may cause conditions dangerous and detrimental to public health, safety and

welfare, or are in violation of State law or applicable section of the California Penal Code. These violations include, but are not limited to trespass, assault, water theft, cross connection, and water system damage.

## **DIVISION II -SERVICE CLASSIFICATION, RATES AND CHARGES**

### **PART I – CLASSIFICATION**

#### **SECTION 101 -CLASSES OF SERVICE:**

The classes of service for water are as follows:

- (A) Full Service Untreated (for domestic and municipal purposes, including groundwater replenishment, in-lieu groundwater replenishment and reservoir storage).
- (B) Full Service Treated (for domestic and municipal purposes).
- (C) Interim Agricultural Untreated (for agricultural purposes without incidental domestic use for dwellings).
- (D) Seasonal Storage (for Long Term Seasonal Shift-Untreated and Seasonal Shift Storage-Untreated).
- (E) Recycled Water (recycled water delivered by the IEUA to the Local Agencies for selected non-potable uses).
- (F) Replenishment (untreated water for groundwater replenishment by spreading).
- (G) Supplemental Water (includes recycled water and water imported to the IEUA service area from outside the Chino Basin Watershed, other than imported water delivered from Metropolitan to IEUA).

### **PART II- WATER RATES**

#### **SECTION 201 –RATES:**

The water rate shall be established in an amount which in combination with revenues from other charges collected by IEUA will result in revenues sufficient for the purposes set forth in §71616 of the California Water Code, and shall include but not be limited to, components for:

- (A) the cost for the acquisition of water (e.g., for water acquired from Metropolitan the cost of acquisition would be Metropolitan's water rate for each class, including any penalties and other applicable charges); and

- (B) the cost incurred for the Program Charge by IEUA.
- (C) the cost incurred for the Water Conservation Program which includes the Conservation and Drought Charges.

The Board shall establish said rates by resolution and shall adjust said rates from time to time by resolution. Written notice of the proposed establishment of water rates or amendment of water rates shall be given to all local agencies not less than 45 days prior to the meeting at which such resolution will be considered.

### **SECTION 202 – CONNECTION FEES:**

The water connection fees shall be established and collected by IEUA in order to proportionally recover the costs to create regional supplies that are available to meet the water demands of future development. Any customer requesting a new connection to a water distribution system within IEUA service area, or requiring an additional connection as a result of any addition, improvement, modification, or change in use of an existing connection to a water distribution system shall pay a water connection fee. The connection fee may not be sold, traded, or conveyed in a manner to another site or customer. The connection does not convey or imply ownership in or of any facilities of the Agency's water system.

Customers subject to payment of the water connection fee shall pay 100% of the fee prior to issuance of the applicable permit to construct. Any plan changes may result in a revised connection fee payment. Assessment of the applicable connection fee will be based on the date that the General Manager receives the final permit application and building plans. If full payment of all fees and charges is not received in accordance with the General Manager's payment requirements, the new or additional water services will not be authorized.

The connection fees have been developed in accordance with California Government Code §66013 and California Water Code §71616 and shall include, but not be limited to components for:

- (A) The cost for the construction of capture, treatment, transmission, distribution, and injection facilities;
- (B) The cost incurred for the Water Conservation Program which includes the Conservation and Drought Charges;
- (C) Provide a reasonable surplus for improvements, extensions, and enlargements for operating contingency and debt services;
- (D) The cost to administer the program incurred by IEUA; and
- (E) Any other costs that are deemed appropriate and comply with governing laws.

The Board shall establish said connection fees by resolution and shall adjust said fees from time to time by resolution. Written notice of the proposed establishment of water rates or amendment of water rates shall be given to all local agencies not less than 15 days prior to the meeting at which such resolution will be considered.

**SECTION 203 – RIGHT TO INSPECT DOCUMENTS AND PROPERTY:**

IEUA retains the right, upon reasonable notice, to audit all public records and accounts of any local agency, to ensure ongoing compliance and enforcement of this ordinance. Additionally, pursuant to California Water Code 71601, IEUA may enter upon the private property of any person to investigate possible violations of this ordinance, including, but not limited to the verification of meter connections previously issued by IEUA to verify that no unauthorized or non-permitted meter change has occurred.

**SECTION 204 – LIEN FOR CHARGES:**

Charges fixed by IEUA shall be a lien on all the property benefitted thereby as provided in California Water Code 71637 and shall have the same force and effect as other liens for taxes and may be enforced by the same means as provided for the enforcement of liens for state and county taxes.

**PART III - OTHER CHARGES**

**SECTION 301 -OTHER CHARGES:**

In addition to the water rates provided in Division II, Part II, Section 201, this ordinance authorizes IEUA to levy on each IEUA Local Agency the following charges:

- (A) IEUA Readiness-to-Serve-Charge: a pass-through of Metropolitan's annual monetary charge imposed on IEUA which provides a firm revenue source to cover the fixed costs associated with the water quality and reliability benefits provided by Metropolitan's system.
- (B) IEUA New Demand Charge: a pass-through of Metropolitan's charge imposed on IEUA which shall be assessed to an IEUA Local Agency for each increment of water by which the IEUA Local Agency New Demand Charge Rolling Average exceeds the IEUA Local Agency's New Demand Charge Base allocated to that IEUA Local Agency.
- (C) IEUA Connection Maintenance Charge: a pass-through of Metropolitan's annual monetary charge which shall be assessed to each IEUA Local Agency based upon that IEUA Local Agency's connected capacity at each Metropolitan Service Connection.
- (D) The IEUA Readiness-to-Serve Charge, IEUA New Demand Charge, and IEUA Connection Maintenance Charge shall be set by the Board of IEUA by resolution and

shall be established at a level which will yield revenues sufficient to cover the charges imposed by Metropolitan upon IEUA under Metropolitan's Readiness-to-Serve Charge, New Demand Charge, and Connection Maintenance Charge, provided that IEUA charges may provide for collection in advance of expected invoice by Metropolitan and provide for a reasonable excess to cover variations in the amount of Metropolitan's charges which cannot be calculated in advance.

- (E) Retail Meter Charge: 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. The meter charge shall be set by the Board of IEUA by resolution and shall be established at a level which will 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.
- (F) Capacity Charge: a pass-through of Metropolitan's semiannual monetary charge imposed on IEUA based on the maximum summer day demand placed on Metropolitan's system between May 1 and September 30.
- (G) Any additional charges imposed on IEUA by Metropolitan shall be administered as a pass-through charge.

### **DIVISION III – REGULATIONS AS RELATED TO THE SALE OF IMPORTED WATER FROM METROPOLITAN**

#### **PART I- WATER SERVICE REGULATIONS**

##### **SECTION 101- OBLIGATION TO PAY FOR WATER DELIVERED:**

All water delivered through any service connection to an IEUA Local Agency for use within the Local Agency shall be supplied in accordance with the provisions of the Metropolitan Water District Act and the rules and regulations of IEUA. IEUA shall bill the Local Agency for all water delivered through the service connection, and the Local Agency shall pay IEUA for all water so delivered at the rate or rates fixed by the Board of Directors by Resolution.

##### **SECTION 102 - LIABILITY AND INDEMNIFICATION:**

All contracts for the delivery of water to others shall contain the following language: Neither IEUA nor any of its officers, agents, or employees shall be liable for the control, carriage, handling, use, disposal, or distribution of water supplied by IEUA to a Local Agency after such water has been delivered to such Local Agency; nor for claim of damage of any nature whatsoever, including but not limited to property damage, personal injury or death, arising out of or connected with the control, carriage, handling, use, disposal, or distribution of such water beyond the point of such delivery; and the Local Agency shall indemnify and hold harmless

IEUA and its officers, agents, and employees from any such damages or claims of damages, and shall reimburse IEUA for costs of repair of IEUA's facilities and other damages resulting from the operations of the Local Agency. Neither the Local Agency nor any of its officers, agents, or employees shall be liable for the control, carriage, handling, use, disposal, or distribution of water prior to such water being delivered to the Local Agency; nor for claim of damage of any nature whatsoever, including but not limited to property damage, personal injury or death, arising out of or connected with the control, carriage, handling, use, disposal, or distribution of such water prior to its delivery to such Local Agency, excepting, however, claims by IEUA for costs of repair to IEUA's facilities and other damages resulting from the operations of the Local Agency; and IEUA shall indemnify and hold harmless the Local Agency and its officers, agents, and employees from any such damages or claim of damages, except claims by IEUA for costs of repair of IEUA's facilities and other damages resulting from the operations of the Local Agency.

### **SECTION 103 - SUSPENSION OF DELIVERIES:**

Whenever repairs or maintenance of Metropolitan's and/or IEUA's system shall require suspension of delivery of water at any point or points, such delivery may be suspended without liability on the part of the IEUA; provided, that except in cases of emergency, as determined by the General Manager, notice of such suspension of service shall be given to the affected Local Agency in advance of such suspension.

Each Local Agency should have a seven (7) day supply of water in case of an interruption in Metropolitan deliveries. Except in cases of emergency, IEUA will notice long term (over seven days) shutdowns at least one year in advance and produce a shutdown schedule in September of each year for shutdowns less than seven days.

Seasonal Storage Service certifications will be adjusted for the reduction of credits that are accrued due to shutdowns that are greater than seven days. No adjustments will be made for shutdowns seven days or less.

### **SECTION 104 - RATES OF FLOW:**

- (A) IEUA shall have the right to regulate and prescribe the maximum and minimum quantities of water that shall be discharged or delivered through any service connection so as to assure equitable service to all Local Agencies, and maintain compliance with Metropolitan's rules and regulations as may be amended from time to time.

### **SECTION 105 - WATER REQUIREMENTS AND SCHEDULE OF DELIVERIES:**

- (A) Before January 31 of each year or at such time as the General Manager may specify, each IEUA Local Agency shall furnish IEUA, on form provided by IEUA, an estimate of the amounts of water to be furnished to such IEUA Local Agency by IEUA, and an estimate of the quantity of water anticipated to be obtained from local sources to meet IEUA Local Agency needs. The estimate shall constitute the Local Agency's request for deliveries for the first of the five (5) years covered therein.

- (B) Each estimate furnished by a Local Agency shall contain, as a minimum, for each service connection and for each month of the fiscal year beginning with the succeeding July 1, and for each month of the succeeding years, the following information:
- (1) The quantity of untreated water to be delivered by IEUA to the IEUA Local Agency in full service.
  - (2) The quantity of water to be delivered by IEUA to the IEUA Local Agency in Interim Agricultural Water Service.
  - (3) The quantity of water to be delivered by IEUA to IEUA Local Agency in Seasonal Storage Service.
  - (4) With regard to water estimated to be delivered in Seasonal Storage Service, the quantity of water to be used for:
    - (a) Domestic and municipal purposes, exclusive of groundwater replenishment by spreading or injecting;
    - (b) Groundwater replenishment by spreading or injecting;
    - (c) Direct Reservoir Storage.

#### **SECTION 106- METERING OF WATER:**

All water delivered by IEUA shall be metered. Meter readings shall be made on or about the last day of each calendar month for billing purposes. Any Local Agency may request that the meter through which its water is being furnished be examined and tested by IEUA for the purpose of checking its accuracy. Such requests shall be made in writing to the General Manager and shall be accompanied by a deposit of the estimated cost of such examination and test as determined by the General Manager. Such demands may not be made more often than once a year without evident cause.

Any Local Agency affected shall have the right to be represented by a qualified observer at and during any such tests. In the event that any such test shall disclose an error exceeding two (2) percent, an adjustment shall be made in charges made to the affected Local Agency, covering the known or estimated period of duration of such error, but in no event exceeding six months, and the deposit shall be refunded. In the event that any such test shall disclose an error below two (2) percent, the deposit shall be retained by IEUA and the water bill paid as rendered.

#### **SECTION 108 - DELINQUENT PAYMENT:**

- (A) In the event any IEUA Local Agency is delinquent in payment of bills for water rates and charges, a penalty of ten (10) percent of the original unpaid invoice amount shall be added to any fee or charge that becomes delinquent. Interest at the maximum rate provided by California Government Code Section 926.10 as may be amended from time

to time, shall accrue on the total of all delinquent fees or charges, commencing on the 25th calendar day after the postmark of the invoice, and shall be added to any fee or charge that becomes delinquent. Invoices for delinquencies, including additional charges, shall be mailed within five (5) business days of delinquency. Additional charges provided herein for delinquent payments may be waived by the Board upon written request by the IEUA Local Agency upon a finding that the delinquency was caused by excusable neglect or circumstances beyond the control of the IEUA Local Agency, provided that the delinquent Local Agency reimburses IEUA for all costs and penalties actually incurred by IEUA as a result of the delinquent payment. In the event that any IEUA Local Agency which receives deliveries of water from IEUA shall be delinquent for more than 25 calendar days in the payment of billings for IEUA's charges, the Board, at its discretion and upon other conditions as it may prescribe, after giving the IEUA Local Agency a 20 calendar day notice in writing of such delinquency and of the right to request a hearing on the matter, and after such hearing, if requested, may order the termination of water service to such agency until all delinquent payments, including additional charges, are made to IEUA, and may authorize such other action as may be appropriate.

In the event a mistake is discovered in a water sales record of IEUA, the General Manager shall initiate appropriate corrective action, except that no mistake made more than three (3) years prior to discovery shall be corrected. If an incorrect invoice has been issued to a Local Agency, the General Manager shall notify the affected Local Agency of any adjustment and the manner of making any required credit or charge, neither of which shall bear interest.

- (B) In the event that a retail water customer does not pay required connection fees in full, a penalty charge shall be imposed and must be paid in full prior to continued water service. The delinquent payment shall include any unpaid portion of the connection fee plus a penalty charge of ten (10) percent interest per annum beginning from the date of delinquency. All charges and penalties shall be assessed based on the connection fee that is in place at the time that full payment occurs.

#### **SECTION 109 - NOTICES:**

All notices and communications from Local Agencies to IEUA, relating to the service of water or the administration of these regulations by IEUA, shall be addressed to the General Manager, Post Office Box 697, Rancho Cucamonga, California 91729-0697, or such address as may be established by IEUA.

#### **SECTION 110 - WATER AVAILABILITY:**

All sales and deliveries of water at the rates established by Board resolution shall be subject to the ability of IEUA to sell and deliver such water under operating conditions determined by the General Manager.

- (A) IEUA may restrict the use of available water during any emergency caused by drought or other threatened or existing water shortages and during such periods prohibit wastage of



IEUA water or the use of available IEUA water for any purpose other than household uses or such other limited uses as may be determined by IEUA to be essential. IEUA shall prohibit use of water during such periods for specific uses which IEUA may deem to be nonessential.

- (B) IEUA shall have the right to turn off water from lines and pipes of the system in case of an emergency, without notice. However, when possible, advance notice will be given by IEUA whenever Metropolitan announces an impending temporary shut-down of service or if a need arises for IEUA to shut down temporarily for routine or emergency repairs.

### **SECTION 111 - ANNEXATIONS AND DETACHMENTS:**

IEUA makes available water to the people and land within its service area boundaries. A request for annexation of area to the IEUA shall be made in writing and executed on behalf of the Local Agency responsible for providing water service to the annexing area, the area which is or is proposed to be situated. Local Agency annexation proposals shall be evaluated according to the requirements set forth by IEUA, and in accordance with Metropolitan's Administrative Code, as amended from time to time.

## **PART II - SERVICE CONNECTIONS**

### **SECTION 201 -GENERAL AUTHORIZATION:**

The General Manager is authorized to construct, or have constructed, any service connection requested by a Local Agency, which, in the opinion of the General Manager, should be authorized and which is not specifically precluded by resolution of the Board; subject to the terms and conditions deemed reasonable and proper, and which shall include the following:

- (A) The IEUA shall cause a service connection to be constructed pursuant to a written request by a Local Agency in accordance with plans and specifications approved by the General Manager and by an authorized representative of the Local Agency.
- (B) The service connection shall include the facilities for diversion of water from Metropolitan's system and for delivery of such water into the pipeline distribution system of IEUA or of IEUA's Local Agency. The service connection up to and including the fitting connecting with the pipeline through which IEUA will receive water delivered through the service connection, which shall include metering instruments and a cabinet therefor, shall be the property of Metropolitan and shall be operated, maintained and controlled by Metropolitan.
- (C) All service connections shall be installed at the sole expense of the Local Agency. IEUA shall furnish the Local Agency with an estimated cost of the service connection. The Local Agency shall deposit with IEUA the amount of such estimate prior to the start of construction. Any difference between the deposit and the actual cost shall be refunded to

the Local Agency, if in excess of actual cost, or if the cost of the connection exceeds the estimate, the Local Agency shall be required to pay the difference.

- (D) Prior to the release of water by Metropolitan into the pipeline distribution system of IEUA or of IEUA's Local Agency, the Local Agency shall install its own flow control device or devices as a means of maintaining uniform flow. The flow control device shall be of a type approved by the General Manager and shall be accessible to and available for operation by representatives of IEUA when necessary. Tampering of the Local Agency's flow control device to take water at times not agreed upon with IEUA is forbidden under penalty of disconnection.
- (E) The number, design, and location of all service connections, meters, and the charges to be made therefore shall be as established by the Board of IEUA. Before any service connection shall be installed, the Local Agency desiring such connection shall execute an application on the form provided by IEUA and file the same with IEUA together with any and all deposits required, in accordance with IEUA rules and regulations as may be amended from time to time.

#### **SECTION 202 - DISCONTINUANCE OF SERVICE:**

- (A) A Local Agency's water service may be discontinued if a bill is not paid within twenty-five (25) days after the date of billing. The Board of Directors, in its discretion and upon such other conditions as it may prescribe after giving the Local Agency a reasonable opportunity to be heard, may order the termination of service to such Local Agency until all delinquent payments, including additional charges, are made to IEUA.
- (B) Whenever notice is given by IEUA to a Local Agency to discontinue service, the water may be shut off and the meter removed at the option of IEUA.
- (C) A Local Agency may have its water service discontinued by notifying IEUA thirty (30) days in advance of the date of discontinuance. The Local Agency shall be required to pay all water charges until the date of discontinuance.
- (D) If a Local Agency requests water service be restored, the meter shall be reinstalled at the sole expense of the Local Agency. If a Local Agency requests service be reinstated within a twenty-four (24) month period after discontinuance, the Local Agency shall be required to pay IEUA all outstanding charges up to the time of discontinuance.

#### **SECTION 203 - INTERFERENCE BY LOCAL AGENCIES:**

No Local Agency shall take or draw water from any water line or pipe of IEUA without paying the established charges therefore. Any Local Agency interference constitutes a violation of the Ordinance and is grounds for discontinuance of service.

**SECTION 204 – EFFECTIVE DATE:**

Upon the effective date of this Ordinance No. 103, Ordinance No. 100, including any amendments thereto, shall be repealed and superseded by this Ordinance. This Ordinance shall be in full force and effect immediately following its passage, approval, and publication, as provided by law.