



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

**WEDNESDAY, JUNE 10, 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 May 13, 2015.

B. TREASURER'S REPORT ON GENERAL DISBURSEMENTS

It is recommended that the Committee/Board approve the total disbursements for the month of April 2015 in the amount of \$15,881,432.46.

C. PUBLIC HEARING AND ADOPTION OF ORDINANCE NO. 102, ESTABLISHING FISCAL CONTROL

It is recommended that the Committee/Board:

1. Hold a public hearing to receive public comments on the proposed Ordinance No. 102, establishing fiscal control; and
2. After closing the public hearing, adopt, by roll call vote, Ordinance No. 102.

D. PUBLIC HEARING AND ADOPTION OF THE AGENCY'S BIENNIAL BUDGET FOR FISCAL YEARS (FYS) 2015/16 AND 2016/17

It is recommended that the Committee/Board:

1. Hold a public hearing to receive public comments on the proposed Agency's Biennial Budget for FY's 2015/16 and 2016/17;
2. After closing the public hearing, adopt Resolution No. 2015-6-1, approving the Agency's Biennial budget for FYs 2015/16 and 2016/17, including the Agency-wide departmental goals and objectives; an inter-fund loan from the Administrative Services (GG) fund to the Water Resources (WW) fund for a not-to-exceed amount of \$2 million in FY 2015/16, and Rate Resolution Nos. 2015-6-4 to 2015-6-7 for the Non-Reclaimable Wastewater System as outlined in the Biennial Budget;
3. Approve an annual allocation of property taxes from the GG fund to the WW fund in the amount of \$1.5 million beginning in FY 2014/15; and
4. Increase the \$5.5 million inter-fund loan from the Regional Wastewater Capital Improvement (RC) fund to the Recycled Water (WC) fund approved by the Board of Directors in FY 2013/14 for a not-to-exceed amount of \$10.5 million for FY 2014/15.

E. ADOPTION OF RESOLUTION NO. 2015-6-2, APPROVING THE SANTA ANA WATERSHED PROJECT AUTHORITY ADOPTED BUDGET FOR FY 2015/16 AND FY 2016/17

It is recommended that the Committee/Board:

1. Ratify the Santa Ana Watershed Project Authority (SAWPA) adopted budget for Fiscal Years (FYs) 2015/16 and 2016/17, as submitted; and

2. Adopt Resolution No. 2015-6-2, approving the SAWPA general and specific project budgets for FYs 2015/16 and 2016/17.

F. ADOPTION OF RESOLUTION NO. 2015-6-3, APPROVING THE BIENNIAL UPDATE OF THE AGENCY'S INVESTMENT POLICY

It is recommended that the Committee/Board adopt Resolution No. 2015-6-3, approving the biennial update of the Agency's Investment Policy for Fiscal Years (FYs) 2015/16 and 2016/17.

G. ADOPTION OF RESOLUTION NO. 2015-6-10, ESTABLISHING THE APPROPRIATION LIMITS FOR FISCAL YEAR 2015/16

It is recommended that the Committee/Board adopt Resolution No. 2015-6-10, establishing the Appropriation Limits for Fiscal Year (FY) 2015/16.

H. ADOPTION OF THE UPDATED RESERVE POLICY

It is recommended that the Committee/Board adopt the updated Reserve Policy as of June 2015 governing all Agency funds.

I. AMENDMENTS TO EXTEND THE CONTRACTS FOR FEDERAL LEGISLATIVE SERVICES

It is recommended that the Committee/Board:

1. Amend Contract No. 4600001343 with Innovative Federal Strategies (IFS) to provide federal legislative services from July 1, 2015 through June 30, 2016, at a monthly retainer fee of \$6,500 per month, plus reasonable business expenses, with no change in the current rate;
2. Amend Contract No. 4600001344 with Agricultural Resources to provide federal legislative services from July 1, 2015 through June 30, 2016, at a monthly retainer fee of \$6,000 per month, plus reasonable business expenses, with no change in the current rate; and
3. Authorize the General Manager to finalize and execute the amendments.

J. AMENDMENT TO EXTEND THE CONTRACT WITH WEST COAST ADVISORS

It is recommended that the Committee/Board:

1. Amend Contract No. 4600001846 with West Coast Advisors to provide state legislative consulting services from July 1, 2015 through June 30, 2016, at a monthly retainer fee of \$9,800 per month, plus reasonable business expenses, with no change in the current rate; and

2. Authorize the General Manager to finalize and execute the amendment.

K. AMENDMENT TO EXTEND THE CONTRACT WITH CALIFORNIA STRATEGIES, LLC

It is recommended that the Committee/Board:

1. Amend Contract No. 4600000419 with California Strategies, LLC to provide strategic local government consulting services from July 1, 2015 through June 30, 2016, at a monthly retainer fee of \$6,000 per month, plus reasonable business expenses, with no change in the current rate; and
2. Authorize the General Manager to finalize and execute the amendment.

2. INFORMATION ITEMS

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

B. FY 2014/15 THIRD QUARTER BUDGET VARIANCE, PERFORMANCE GOALS UPDATES, AND BUDGET TRANSFERS (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.

Proofed by: ORS

DECLARATION OF POSTING

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, June 4, 2015.


April Woodruff


**ACTION
ITEM**


1G


Date: June 17, 2015

To: The Honorable Board of Directors

Through: Finance, Legal and Administration Committee (06/10/15)

From:  P. Joseph Grindstaff
General Manager

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

 #882 Javier Chagoyen-Lazaro
Manager of Finance and Accounting

Subject: Adoption of Resolution No. 2015-6-10, Establishing the Appropriation Limits for Fiscal Year 2015/16

RECOMMENDATION

It is recommended that the Board of Directors adopt Resolution No. 2015-6-10, establishing the Appropriation Limits for Fiscal Year (FY) 2015/16.

BACKGROUND

A year after the adoption of Proposition 13 (People's Initiative to Limit Property Taxation), the State Legislation adopted Proposition 4 (Gann Limit Initiative) in November 1979 to limit the amount of property taxes that local governmental agencies can receive and appropriate each FY, and require any excess property taxes be returned to taxpayers within two years.

Pursuant to Proposition 4, an agency's annual appropriations limit is based on the amount of property taxes that were authorized to be spent in FY 1978/79 (base year) modified each subsequent year for changes in one of two factors; inflation, population, or per capita personal income tax (PIT) index. The Agency applies the population and PIT factors to its annual appropriations limit calculation. Both of these factors changed as follows: the San Bernardino County population changed from 0.78% to 1.09%, and the State of California PIT index changed from negative 0.23% to 3.82%, an increase of 4.05%.

Based on the increase in population and PIT index, the Agency's total appropriation limit increased to \$159.6 million for FY 2015/16; an increase of \$9.6 million compared to \$150

million for the current FY. The Agency's FY 2015/16 budget subject to the limit is \$41.2 million, equal to the projected amount of revenues related to property tax receipts for FY 2015/16, which is well below the \$159.6 million appropriation limit. Additional information on the statute and appropriation limit by Agency fund is provided under Exhibits I- VI.

Calculation of the appropriations limit for FY 2016/17 will be performed in June 2016 when the updated population and PIT factors are available.

Prior to June 17, 2015, the required notice of the Board's intention to adopt the Agency's Appropriation Limits was published in the Inland Valley Daily Bulletin, and documentation of staff's determinations has been available for public review since that date. The required minimum 15-day notice has now been met. No public comments or requests for review were received.

Establishing the appropriation limits for FY 2015/16 is consistent with the Agency's business goals of Fiscal Responsibility in funding and appropriation.

PRIOR BOARD ACTION

On June 18, 2014, the Board of Directors adopted Resolution No. 2014-6-10, establishing the Appropriation Limits for FY 2014/15.

IMPACT ON BUDGET

The Appropriation Limits will not affect the Agency's proposed spending level or reserves, as the proposed expenditures are projected to be supported primarily by non-ad valorem tax revenue sources, such as user fees and rates. Expenses that will utilize tax revenue are expected to be well below the FY 2015/16 Appropriation Limit.

Attachment:
Resolution No. 2015-6-10

RESOLUTION NO. 2015-6-10

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

WHEREAS, on November 6, 1979, Proposition 4 on the ballot for the Special Election added Article XIII B to the Constitution, effective July 1, 1980, placing various limits on the fiscal powers of state and local governments;

WHEREAS, implementing legislation, Chapter 1205 Statutes of 1980 (SB 1352) became effective January 1, 1981, wherein the appropriation may increase each year by an amount equal to the percentage change in population from January to January each year and the lower of two price changes, i.e., either the U.S. March to March Consumer Price Index (CPI), or the fourth quarter per Capita Personal Income Index;

WHEREAS, Article XIII B and its implementing legislation were modified by Proposition 111 and SB88 (Chapter 60/90) to establish new annual adjustment factors beginning with the 1990/91 Appropriation Limits;

WHEREAS, Inland Empire Utilities Agency*, as a local government, is required under Article XIII B to annually establish an appropriation limit for the following fiscal year;

WHEREAS, Resolution No. 81-6-7 was adopted on June 24, 1981, setting forth definitions, declarations, findings, and determinations concerning the applicability of Article XIII B to the individual funds of the Agency;

WHEREAS, those definitions, declarations, findings, and determinations are modified as specifically provided herein;

WHEREAS, it is Inland Empire Utilities Agency's* intent to establish this year's Appropriation Limits, following the California League of Cities Uniform Guidelines dated March, 1991; and

WHEREAS, except for data on non-residential assessed valuation due to new construction (since 1986/87), data concerning per capita personal income and population changes necessary for determining the Fiscal Year 2015/16 Appropriation Limits are now available.

NOW, THEREFORE, the Inland Empire Utilities Agency* does hereby RESOLVE and DETERMINE as follows:

Section 1. The Board of Directors has determined to select the State of California Per Capita Personal Income as its inflation adjustment factor, in the absence of up-to-date data on non-residential assessed valuation. The Board reserves the right to change its selection of the inflation adjustment factor once the assessment data are available.

Section 2. The Board has determined to select the San Bernardino County's population growth (since 1986/87) as its population adjustment factor.

Section 3. Appropriation Limits. That pursuant to Section 7910 of the Government Code and Exhibits I through IV attached hereto and made a part hereof, the Board of Directors does hereby establish the following Appropriation Limits for Fiscal Year 2015/16:

<u>EXHIBIT</u>	<u>FUND</u>	<u>APPROPRIATION LIMITS</u>
I	Administrative Service Fund	\$18,578,137
II	Regional Wastewater Capital Improvement Fund	\$109,484,589
III	Regional Wastewater Operations and Maintenance Fund	\$25,364,177
IV	Recycled Water Fund	\$4,215,341
V	Water Resources Fund	\$1,928,336
	Total	<u>\$159,570,580</u>

Section 4. Publication. Pursuant to Government Code Section 37200 the Appropriation Limits and the Total Appropriation Subject to Limitation will be published in the annual budget.

Section 5. Filing. That after a 45-day period to allow for public review and comment, the Board Secretary is hereby authorized and directed to file a certified copy of this Resolution with the State Auditor Controller.

Section 6. That upon the effective date of this Resolution, Resolution No. 2014-6-10 is hereby rescinded in its entirety.

Adopted this 17th day of June, 2015

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

ATTEST:

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

(SEAL)

*A Municipal Water District

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency*, DO HEREBY CERTIFY that the foregoing Resolution being No. 2015-6-10, was adopted at a regular meeting on June 17, 2015, of said Agency by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Steven J. Elie
Secretary/Treasurer

(SEAL)

* A Municipal Water District

**APPROPRIATION LIMITS UNDER
CALIFORNIA CONSTITUTION AMENDMENT XIII B
General Fund**

	1978-79 Base Year	
	<u>Proceeds of Tax</u>	<u>Non-Proceeds of Tax</u>
Appropriation Revenues	\$ 475,362	\$1,964,160
Appropriation Subject to Limitation		<u>(342,172)</u>
		<u>\$1,621,988*</u>

APPROPRIATION LIMITS

<u>Fiscal Year</u>	<u>At Beginning of Year</u>	<u>Factor #1</u>	<u>Factor #2</u>	<u>At End of Year</u>
1979-80	1,621,988	10.17%	5.97%	1,893,625
1980-81	1,893,625	12.11%	5.56%	2,240,979
1981-82	2,240,979	9.12%	5.50%	2,579,851
1982-83	2,579,851	6.79%	3.85%	2,861,055
1983-84	2,861,055	2.35%	3.17%	3,020,988
1984-85	3,020,988	4.74%	3.08%	3,261,640
1985-86	3,261,640	3.74%	3.66%	3,507,466
1986-87	3,507,466	2.30%	4.94%	3,765,392
1987-88	3,765,392	3.04%	5.19%	4,081,225
1988-89	4,081,225	3.93%	5.58%	4,478,299
1989-90	4,478,299	4.98%	6.18%	4,991,860
1990-91	4,991,860	4.21%	6.70%	5,550,552
1991-92	5,550,552	4.14%	5.46%	6,095,952
1992-93	6,095,952	<.64%>	3.92%	6,294,370
1993-94	6,294,370	2.72%	3.20%	6,672,475
1994-95	6,672,475	.71%	1.56%	6,824,679
1995-96	6,824,679	4.72%	1.62%	7,262,585
1996-97	7,262,585	5.21%	1.02%	7,718,904
1997-98	7,718,904	4.67%	.09%	8,086,648
1998-99	8,086,648	4.15%	.98%	8,504,782
1999-2000	8,504,782	4.53%	1.37%	9,011,740
2000-2001	9,011,740	4.91%	1.82%	9,626,414
2001-2002	9,626,414	7.82%	1.95%	10,581,194
2002-2003	10,581,194	<1.27%>	2.72%	10,730,595
2003-2004	10,730,595	2.31%	2.59%	11,262,814
2004-2005	11,262,814	3.28%	2.52%	11,925,225
2005-2006	11,925,225	5.26%	2.49%	12,864,859
2006-2007	12,864,859	3.96%	2.10%	13,655,168
2007-2008	13,655,168	4.42%	1.86%	14,523,939
2008-2009	14,523,939	4.29%	1.45%	15,366,648
2009-2010	15,366,648	0.62%	0.79%	15,584,070
2010-2011	15,584,070	<2.54%>	0.85%	15,317,335
2011-2012	15,317,335	2.51%	1.05%	15,866,669
2012-2013	15,866,669	3.77%	0.86%	16,606,373
2013-2014	16,606,373	5.12%	0.85%	17,605,080
2014-2015	17,605,080	<0.23%>	0.78%	17,701,556
2015-2016	17,701,556	3.82%	1.09%	18,578,137

Factor #1 -- The change in the California Per Capita Personal Income Index.

Factor #2 -- Percent of Increase in San Bernardino County population.

All factors provided by State Department of Finance, May 2015.

* Details for Base Year 1978-79 data are available as attachments to Resolution No. 81-6-7.

**APPROPRIATION LIMITS UNDER
CALIFORNIA CONSTITUTION AMENDMENT XIII B
Regional Wastewater Capital Improvement Fund (Improvement District C)**

	1978-79 Base Year	
	<u>Proceeds of Tax</u>	<u>Non-Proceeds of Tax</u>
Appropriation Revenues	\$ 2,578,964	\$17,954,195 (8,395,597)
Appropriation Subject to Limitation		<u>\$ 9,558,698*</u>

APPROPRIATION LIMITS

<u>Fiscal Year</u>	<u>At Beginning of Year</u>	<u>Factor #1</u>	<u>Factor #2</u>	<u>At End of Year</u>
1979-80	9,558,698	10.17%	5.97%	11,159,507
1980-81	11,159,507	12.11%	5.56%	13,206,531
1981-82	13,206,531	9.12%	5.50%	15,203,570
1982-83	15,203,570	6.79%	3.85%	16,860,759
1983-84	16,860,759	2.35%	3.17%	17,803,275
1984-85	17,803,275	4.74%	3.08%	19,221,482
1985-86	19,221,482	3.74%	3.66%	20,670,183
1986-87	20,670,183	2.30%	4.94%	22,190,190
1987-88	22,190,190	3.04%	5.19%	24,051,453
1988-89	24,051,453	3.93%	5.58%	26,391,490
1989-90	26,391,490	4.98%	6.18%	29,418,004
1990-91	29,418,004	4.21%	6.70%	32,710,488
1991-92	32,710,488	4.14%	5.46%	35,924,635
1992-93	35,924,635	<.64%>	3.92%	37,093,950
1993-94	37,093,950	2.72%	3.20%	39,322,198
1994-95	39,322,198	.71%	1.56%	40,219,167
1995-96	40,219,167	4.72%	1.62%	42,799,830
1996-97	42,799,830	5.21%	1.02%	45,489,004
1997-98	45,489,004	4.67%	.09%	47,656,192
1998-99	47,656,192	4.15%	.98%	50,120,336
1999-2000	50,120,336	4.53%	1.37%	53,107,938
2000-2001	53,107,938	4.91%	1.82%	56,730,335
2001-2002	56,730,335	7.82%	1.95%	62,357,043
2002-2003	62,357,043	<1.27%>	2.72%	63,237,491
2003-2004	63,237,491	2.31%	2.59%	66,373,962
2004-2005	66,373,962	3.28%	2.52%	70,277,680
2005-2006	70,277,680	5.26%	2.49%	75,815,128
2006-2007	75,815,128	3.96%	2.10%	80,472,573
2007-2008	80,472,573	4.42%	1.86%	85,592,409
2008-2009	85,592,409	4.29%	1.45%	90,558,656
2009-2010	90,558,656	0.62%	0.79%	91,839,969
2010-2011	91,839,969	<2.54%>	0.85%	90,268,045
2011-2012	90,268,045	2.51%	1.05%	93,505,378
2012-2013	93,505,378	3.77%	0.86%	97,864,598
2013-2014	97,864,598	5.12%	0.85%	103,750,175
2014-2015	103,750,175	<0.23%>	0.78%	104,318,726
2015-2016	104,318,726	3.82%	1.09%	109,484,589

Factor #1 – The change in the California Per Capita Personal Income Index.

Factor #2 – Percent of increase in San Bernardino County population.

All factors provided by State Department of Finance, May 2015.

* Data's for Base Year 1978-79 data are available as attachments to Resolution No. 81-6-7.

**APPROPRIATION LIMITS UNDER
CALIFORNIA CONSTITUTION AMENDMENT XIII B
Regional Wastewater Operations & Maintenance Fund**

	1978-79 Base Year	
	<u>Proceeds of Tax</u>	<u>Non-Proceeds of Tax</u>
Appropriation Revenues	\$ 935,780	\$2,260,247 (45,794)
Appropriation Subject to Limitation		<u>\$2,214,453*</u>

APPROPRIATION LIMITS

<u>Fiscal Year</u>	<u>At Beginning of Year</u>	<u>Factor #1</u>	<u>Factor #2</u>	<u>At End of Year</u>
1979-80	2,214,453	10.17%	5.97%	2,585,311
1980-81	2,585,311	12.11%	5.56%	3,059,543
1981-82	3,059,543	9.12%	5.50%	3,522,195
1982-83	3,522,195	6.79%	3.85%	3,906,114
1983-84	3,906,114	2.35%	3.17%	4,124,466
1984-85	4,124,466	4.74%	3.08%	4,453,020
1985-86	4,453,020	3.74%	3.66%	4,788,639
1986-87	4,788,639	2.30%	4.94%	5,140,777
1987-88	5,140,777	3.04%	5.19%	5,571,974
1988-89	5,571,974	3.93%	5.58%	6,114,088
1989-90	6,114,088	4.98%	6.18%	6,815,237
1990-91	6,815,237	4.21%	6.70%	7,578,003
1991-92	7,578,003	4.14%	5.46%	8,322,621
1992-93	8,322,621	<.64% >	3.92%	8,593,515
1993-94	8,593,515	2.72%	3.20%	9,109,731
1994-95	9,109,731	.71%	1.56%	9,317,531
1995-96	9,317,531	4.72%	1.62%	9,915,390
1996-97	9,915,390	5.21%	1.02%	10,538,388
1997-98	10,538,388	4.67%	.09%	11,040,458
1998-99	11,040,458	4.15%	.98%	11,611,324
1999-2000	11,611,324	4.53%	1.37%	12,303,459
2000-2001	12,303,459	4.91%	1.82%	13,142,656
2001-2002	13,142,656	7.82%	1.95%	14,446,189
2002-2003	14,446,189	<1.27%>	2.72%	14,650,161
2003-2004	14,650,161	2.31%	2.59%	15,376,784
2004-2005	15,376,784	3.28%	2.52%	16,281,154
2005-2006	16,281,154	5.26%	2.49%	17,564,009
2006-2007	17,564,009	3.96%	2.10%	18,642,994
2007-2008	18,642,994	4.42%	1.86%	19,829,101
2008-2009	19,829,101	4.29%	1.45%	20,979,626
2009-2010	20,979,626	0.62%	0.79%	21,276,466
2010-2011	21,276,466	<2.54%>	0.85%	20,912,301
2011-2012	20,912,301	2.51%	1.05%	21,662,290
2012-2013	21,662,290	3.77%	0.86%	22,672,186
2013-2014	22,672,186	5.12%	0.85%	24,035,691
2014-2015	24,035,691	<0.23%>	0.78%	24,167,407
2015-2016	24,167,407	3.82%	1.09%	25,364,177

Factor #1 - The change in the California Per Capita Personal Income Index.
 Factor #2 - Percent of Increase in San Bernardino County population.
 All factors provided by State Department of Finance, May 2015.
 * Details for Base Year 1978-79 data are available as attachments to Resolution No. 81-6-7.

APPROPRIATION LIMITS UNDER
 CALIFORNIA CONSTITUTION AMENDMENT XIII B
 Recycled Water Fund

2008-09 Base Year

	<u>Proceeds of Tax</u>	<u>Non-Proceeds of Tax</u>
Appropriation		\$8,824,659
Revenues	<u>\$ 0</u>	<u>(5,337,998)</u>
Appropriation Subject to Limitation		<u>\$3,486,661*</u>

APPROPRIATION LIMITS

<u>Fiscal Year</u>	<u>At Beginning of Year</u>	<u>Factor #1</u>	<u>Factor #2</u>	<u>At End of Year</u>
2009-2010	3,486,661	0.62%	0.79%	3,535,994
2010-2011	3,535,994	<2.54%>	0.85%	3,475,472
2011-2012	3,475,475	2.51%	1.05%	3,600,115
2012-2013	3,600,115	3.77%	0.86%	3,767,952
2013-2014	3,767,952	5.12%	0.85%	3,994,557
2014-2015	3,994,557	<0.23%>	0.78%	4,016,447
2015-2016	4,016,447	3.82%	1.09%	4,215,341

Factor #1 - The change in the California Per Capita Personal Income Index.
 Factor #2 - Percent of increase in San Bernardino County population.
 All factors provided by State Department of Finance, May 2015.
 * Details for Base Year 2008/09 data are available in FY 2008/09 Adopted Budget.

**APPROPRIATION LIMITS UNDER
 CALIFORNIA CONSTITUTION AMENDMENT XIII B
 Water Resources Fund**

2014-15 Base Year

	<u>Proceeds of Tax</u>	<u>Non-Proceeds of Tax</u>
Appropriation		\$48,488,679
Revenues	<u>\$1,500,000</u>	<u>(46,651,329)</u>
Appropriation Subject to Limitation		<u>\$ 1,837,350*</u>

APPROPRIATION LIMITS

<u>Fiscal Year</u>	<u>At Beginning of Year</u>	<u>Factor #1</u>	<u>Factor #2</u>	<u>At End of Year</u>
2015-2016	1,837,350	3.82%	1.09%	1,928,336

Factor #1 - The change in the California Per Capita Personal Income Index.
 Factor #2 - Percent of increase in San Bernardino County population.
 All factors provided by State Department of Finance, May 2015.
 * Details for Base Year 2014/15 data are available in FY 2014/15 Adopted Budget.

APPROPRIATION LIMIT

Article XIII B of the California State Constitution, more commonly referred to as the GANN Initiative or GANN Limit, was adopted by California voters in 1980 and placed limits on the amount of taxes that state and local governmental agencies can receive and appropriate (authorize to spend) each year.

The limit is different for each agency and changes each year. The annual limit is based on the amount of tax proceeds that were authorized to be spent in Fiscal Year (FY) 1978-1979 in each agency, modified for changes in inflation and population in each subsequent year. Proposition 111 was passed by the State's voters in June 1990. This legislation made changes to the manner in which the Appropriation Limit is to be calculated.

The annual adjustment factors for inflation and population have been changed. Instead of using the lesser of the State of California per capita income or U.S. CPI, each agency may choose either the growth in the State of California per capita income or the growth in assessed valuation due to new non-residential construction within the agency service area. For population, each agency may choose to use the population growth within its county instead of using only the population growth of an agency's service area. These are both annual elections.

An agency which exceeds the limit in any one year may choose to not give a tax refund if they fall below the limit in the next fiscal year. They then have two more years to refund any remaining excess or to obtain a successful override vote. In certain situations, proceeds of taxes may be spent on emergencies without having to reduce the limit in the future years. Each agency must now conduct a review of its Appropriation Limit during its annual financial audits.

The legislation also requires a governing body to annually adopt, by resolution, an appropriations limit for the following year, along with a recorded vote regarding which of the annual adjustment factors have been selected. The Inland Empire Utility Agency's appropriation limit and annual adjustment factors are adopted at the same meeting as the budget. The two factors used for the Fiscal Year 2015/16 are the change in the State of California per capita personal income and the change in the San Bernardino County population.

The following table shows the annual appropriations limit and the proceeds from taxes for the last five years and for FY 2015/16. The increase in the limit is based upon population change of 1.09% within the county and a per capita personal income change of 3.82%, as provided by the State Department of Finance.

Fiscal Year	Annual Appropriations Limit	Proceeds of Taxes (Appropriations)
2010/11	\$129,973,153	\$ 33,821,422
2011/12	\$134,634,452	\$ 32,965,008
2012/13	\$140,911,109	\$ 32,607,254
2013/14	\$149,385,503	\$ 33,351,677
2014/15	\$150,204,136	\$ 40,203,474
2015/16	\$159,570,580	\$ 41,156,629

Since the implementation of this legislation (effective 1981 then modified in 1990), Inland Empire Utilities Agency has annually established and adopted an appropriation limit and has been in compliance.

INLAND EMPIRE UTILITIES AGENCY ADOPTED BUDGET FISCAL YEAR 2015/2016 SCHEDULE OF APPROPRIATIONS							
	ADMINISTRATIVE SERVICES	REGIONAL WASTEWATER	NON-RECLAIMABLE WASTEWATER	RECHARGE WATER	RECYLED WATER	WATER RESOURCES	AGENCY TOTAL
TOTAL EXPENSES	\$2,532,006	\$73,731,628	\$10,382,395	\$1,579,546	\$10,591,504	\$54,452,543	\$153,269,622
NET CHANGES IN - CAPITAL OUTLAY	1,770,207	23,030,860	1,337,600	1,455,000	16,292,735	0	43,886,402
DEBT SERVICE	2,017,975	13,717,519	545,124	920,403	6,230,093	31,648	23,462,762
NET OTHER (SOURCES)/USES OF FUNDS	(1,770,207)	3,547,950	(158,395)	(1,302,242)	(527,306)	(40,959)	(251,159)
SUBTOTAL OF APPROPRIATIONS	\$4,549,981	\$114,027,957	\$12,106,724	\$2,652,707	\$32,587,026	\$54,443,232	\$220,367,627
INCREASE (DECREASE) IN WORKING CAPITAL RESERVES	(1,118,185)	3,738,265	(179,724)	(363,850)	1,059,139	(1,390,919)	1,744,726
TOTAL APPROPRIATION	\$3,431,796	\$117,766,222	\$11,927,000	\$2,288,857	\$33,646,165	\$53,052,313	\$222,112,353
LESS: NON-TAX PROCEEDS	(1,639,266)	(81,959,954)	(11,927,000)	(2,288,857)	(31,588,334)	(51,552,313)	(180,955,724)
APPROPRIATION SUBJECT TO LIMITATION	\$1,792,530	\$35,806,268	\$0	\$0	\$2,057,831	\$1,500,000	\$41,156,629
APPROPRIATION LIMIT	\$18,578,137	\$134,848,766	EXEMPT	EXEMPT	\$4,215,341	\$1,928,336	\$159,570,580

☆ By resolution, the Appropriation Limit for Regional Program Funds is established as follows:

Regional Wastewater Capital Improvement	\$109,484,589
Regional Wastewater Operations and Maintenance	25,364,177
Combined Regional Wastewater Appropriation Limit	\$134,848,766

**ACTION
ITEM**

1H



Date: June 17, 2015

To: The Honorable Board of Directors

Through: Finance, Legal, and Administration Committee (06/10/15)

From: P. Joseph Grindstaff
General Manager

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

JCL #882
Javier Chagoyen-Lazaro
Manager of Finance and Accounting

Subject: Adoption of the Updated Reserve Policy

RECOMMENDATION

It is recommended that the Board of Directors adopt the updated Reserve Policy as of June 2015 governing all Agency funds.

BACKGROUND

The current Reserve Policy was last updated and approved by the Board on May 2014. Establishment and sustainment of appropriate fund reserves is consistent with sound prudent fiscal practices, compliant with legal requirements, and essential to ensure the Agency can effectively address economic and environmental variability. Periodic review of the Reserve Policy is necessary to ensure they remain relevant and align with Agency policies and strategic goals.

The proposed changes to the current Reserve Policy are primarily driven by the establishment of new water connection fee effective October 1, 2016, integration of the engineering rate analysis for the regional wastewater connection fee; and use of "one-time" revenues.

- 1) The establishment of a new water connection fee for each new connection or upsized connections within the IEUA's service area as condition of receiving water deliveries requires a revision to the Capital Construction Reserve and Supplemental Water Resources Reserve to incorporate these fees as a funding source for future expansion and enhancement of the Agency's regional water system, and capital water resource programming, respectively.

- 2) Enhance the definition of the Capital Capacity Reimbursement Accounts (CCRA) Usage Requirements to include support of existing regional wastewater facilities which benefit future users as defined in the Carollo 2015 Wastewater Connection Fee Update Final Report (April 10, 2015).
- 3) Identifying one-time revenues, such as residual property tax increments, as unrestricted funds available for allocation at the Board's discretion.

Another proposed change is modification of the name from "Supplemental Water Resources Reserve" to simply "Water Resources Reserve" to more appropriately represent the purpose of the reserve, which in addition to funding supplemental water sources; also supports regional investment in water quality, water use efficiency, water reliability and sustainability, and the development of local water supplies. Other changes throughout the document represent minor terminology changes such as a change from "current fiscal year" to "each fiscal year" to address the transition from a single budget year to a biennial budget effective FY 2015/16.

A review and recalibration of the established minimum and target levels for each reserve category will be performed in the fall of 2015 as part of the update to the Agency's Long Range Plan of Finance (LRPF).

The Reserve Policy updated as of June 2015 is provided under Attachment A. A redline copy with the proposed changes is included under Attachment B.

PRIOR BOARD ACTION

On May 21, 2014, the Board of Directors adopted the Reserve Policy updated as of May 2015.

On June 15, 2005, the Board of Directors adopted a Reserve Policy for all Agency funds.

IMPACT ON BUDGET

None.

Attachments:

Attachment A – Reserve Policy Updated as of June 2015

Attachment B – Redline copy of Reserve Policy

**INLAND EMPIRE UTILITIES AGENCY
RESERVE POLICY
Updated as of June 2015**

Policy Statement

The Inland Empire Utilities Agency (Agency or IEUA) has historically maintained fund reserves to ensure sufficient funding is available to meet its operating, capital and debt service obligations, comply with legally mandated requirements, and have the ability to respond to unforeseen events. As a regional provider of essential public services and with an extensive investment in public infrastructure, operating facilities, other related assets; the Agency must establish and maintain a prudent level of reserves to meet its commitment to deliver reliable and high quality essential services to its customers. In addition, by maintaining prudent reserves the Agency has the necessary financial flexibility to effectively respond to economic, environmental and regulatory changes, protect its customers against reducing service levels or raising rates and fees because of temporary revenue shortfalls or unforeseen one-time expenditures, and support the Agency's Business Goals.

Purpose of Fund Reserve Policy

The policy directives outlined in this document are intended to ensure fund reserves support the Agency's Business Goals adopted by the Board in October 2013, in particular its commitment to *"preserve fund reserves that sustain the Agency's long term fiscal health, high quality credit rating and ensure its ability to effectively address economic variability"*.

The Agency is committed to ensure its customers benefit from reliable, sustainable and high quality water supplies and cost-effective wastewater collection, treatment, and reuse services. Given the direct impact these essential services have to public health and the overall quality of life, very few options exist, if any, for service reduction levels in the event of revenue shortfalls or other funding deficiencies. In recognition of these realities, and consistent with best practices, the Agency has prudently established reserves to ensure delivery of these essential services.

The IEUA Board of Directors (Board) may designate specific reserves and set minimum and target balances to support the various funds (programs) that account for its water, wastewater treatment, recycled water and other activities. Establishing and maintaining adequate reserves for the various programs minimizes the risk of significant fluctuation in rates and charges due to changes, such as a shortfall in revenues or unanticipated expenses.

As an issuer of revenue bonds and recipient of low interest loans, the Agency is committed to its contractual obligation to pay debt service and other financial obligations as imposed by bond covenants and loan agreements. In addition, adequate reserves directly affect the Agency's credit rating and access to more favorable interest rate debt markets resulting in lower borrowing costs.

Sustainment of high quality credit rating will ensure the Agency's ability to finance the construction, expansion and improvement of facilities and infrastructure to meet higher service demands from future growth. The Agency is committed to improving its long term credit to AAA and maintaining a debt coverage ratio that supports such rating. (Business Goal: Fiscal Responsibility).

Roles and Responsibilities

The Reserve Policy shall be adopted by the Board of Directors and reviewed annually during the budget review process to ensure appropriate use of reserve funds and modification of targeted reserve balances for the various funds (programs). The Agency's Chief Financial Officer shall serve as the designated administrator of the Reserve Policy and shall be responsible for the day-to-day implementation and management.

Types of Reserves

Reserve balances shall be maintained in amounts sufficient to meet appropriate reserve targets, as established by the Board, in cash and/or cash equivalents, and permitted investments as prescribed in the Agency's Investment Policy. The Agency classifies reserves into three major categories as follows:

- **Restricted reserves** – Funds maintained based on externally-imposed restrictions from federal and state regulatory requirements, or legal restrictions imposed by third parties, (e.g. bondholders) through bond indentures or other contractual agreements (e.g. Regional Sewage Service Contract).
- **Designated reserves** – Board imposed restrictions on funds for Agency specific purposes such as mitigating risk from the Agency's self-insurance programs and financing replacement and rehabilitation (R&R) of Agency assets. These funds are not legally restricted.
- **Unrestricted reserves** – The internal policy of the Agency requires maintenance of adequate undesignated (unrestricted) reserves to finance requirements such as investment in capital and operational efficiencies, payment of unfunded accrued liabilities for retirement benefits, refunding of high interest debt obligations, and investment in regional water reliability and resiliency. Funds in these reserves are available for spending with no legal, regulatory, or Board imposed restrictions.

For each of the reserves, the Agency has identified a purpose, appropriate target levels, funding sources, conditions under which they are to be used and replenished, and review dates for determining continued need. Any reserves in excess of the cumulative target amounts will be considered undesignated funds which can be used for any lawful purpose at the discretion of the Board of Directors.

RESERVED (RESTRICTED) FUND BALANCES

Operating Contingency Reserve

Purpose: The Agency is committed to providing wastewater collection, treatment, disposal, and optimizing beneficial use of recycled water and biosolids. The Agency strives to provide and maintain a rate structure that is affordable, stable and fully covers the fund (program) cost of service. However, unforeseen shortfalls in revenues or increases or operating costs require that the Agency periodically adjust rates and charges to achieve full cost of service recovery. This reserve is intended to minimize rate fluctuations as a result of unfavorable economic conditions or other factors beyond the control of the Agency that may result in reduced revenues or increased costs.

The Agency shall maintain an operating contingency reserve equal to a minimum of four (4) months, as mandated by legal requirements, and a target of six (6) months of total operating expenses as identified in the adopted budget for for each fiscal year. This level of reserve will provide customers and outside parties assurance that the Agency can operate for at least four months despite a significant shortfall in revenues or unplanned increase in expenses. The target level minimizes the risk of significant rate fluctuations as a result of unforeseen events.

Usage Requirements: This reserve can only be drawn upon if the Agency's operating revenues are not sufficient to pay operating expenses. Draws from these reserves shall be replenished within twelve months after use.

Target Level: The level for Operating Contingency Reserve levels shall be maintained at a minimum of four (4) months, as mandated by legal requirements, and a target of six (6) months of the fund (program) adopted operating expenses for each fiscal year.

Funding Source: Operating Contingency Reserve will be funded from net system revenues, (total operating revenues less total operating expenses).

Review Timeline: Fund balances and target level will be reviewed by staff and the Board as part of the preparation and approval of the Agency's O&M and Capital Budget.

Debt Service Reserves

Purpose: As required by bond covenants and loan agreements, debt service reserves are maintained to support payment of principal and interest on outstanding debt obligations.

Usage Requirements: Debt service reserves will only be used to pay debt service costs when pledged net revenues (as defined in the relevant debt instruments) are insufficient to meet the principal and interest payments.

Target Level: The target is equal to the highest annual debt service cost in the ensuing five (5) years. The minimum target will be funded to meet reserve requirements.

Funding Source: Can be one or combination of system revenues, property tax receipts, and/or restricted debt service accounts established as part of the original debt issuance.

Review Timeline: Fund balances and target level will be reviewed by staff and the Board as part of the preparation and approval of the Agency's O&M and Capital Budget.

CCRA Capital Reserves

Purpose: Capital Capacity Reimbursement Accounts (CCRA) are restricted accounts established by each of the Agency's "contracting member agencies" to hold new wastewater connections fees collected in their respective service area; in accordance with the Regional Sewage Service Contract (Regional Contract).

Usage Requirements: Pursuant to the Regional Contract and the 2015 Wastewater Connection Fee Update Final Report (April 10, 2015), wastewater connection fees are charges for facilities in existence at the time the charge is imposed or charges for new facilities to be constructed in the future, which are of benefit to the person or property being charged (Government Code Sections §54999 and 66013) to support capital acquisition, construction, equipment and process improvement costs for the Agency's regional wastewater system. The Agency draws, or "calls", CCRA funds from member agencies as needed to finance projects that support the Agency's regional wastewater system, if and when, capital construction reserves held by the Agency are not sufficient to support the planned Capital Improvement Plan (CIP).

Target Balance: No set target is defined. CCRA reserve balance will depend on the level of new development and the Agency's funding requirements to support the planned CIP in the RC fund.

Funding Source: New wastewater connections fees collected by each contracting member agency for connection to the Agency's regional wastewater system.

Review Timeline: Fund balances and target level will be reviewed by staff and the Board as part of the preparation and approval of the Agency's O&M and Capital Budget.

DESIGNATED FUND BALANCES

Capital Construction Reserve Funds

Purpose: Capital construction reserve funds are used to finance capital investments such as construction, improvement or expansion of facilities and infrastructure, as well as acquisition of major equipment and technology. The services provided by the Agency are critical to the health and welfare of the citizens within the Agency's service area. The Agency is committed to ensure that systems are managed and constructed so that 90% of capacity is never exceeded (Business Goal; Wastewater Management - Capacity).

Usage Requirements: Accessed, as needed, to fund capital investments based on the Agency's Ten Year Capital Improvement Fund (TYCIP) and other long term planning documents

including but not limited to: the Asset Management Plan, Integrated Resources Plan, Recycled Water Program Strategy, Wastewater Facilities Master Plan, and Energy Management Plan.

Target Balance: The target level is equal to the total capital requirements for the subsequent three (3) fiscal years as identified in the TYCIP, including unexpended debt proceeds. The minimum target level is equal to the total CIP requirements for the following fiscal year.

Funding Source: Combination of system revenues generated from fees, rates, user charges, property tax receipts, and debt proceeds issued to finance specific capital investments.

Review Timeline: Fund balances and target level will be reviewed by staff and the Board as part of the preparation and approval of the Agency's O&M and Capital Budget.

Replacement and Rehabilitation (R&R) Reserves

Purpose: Maintaining assets in an operating condition to meet the Agency's level of service commitment to provide reliable and high quality services requires timely and adequate investment in replacement and rehabilitation (R&R) of Agency assets. R&R is defined as an expense which will extend, as opposed to maintain, an asset's useful life. The basis for R&R requirements will be end of useful life and condition assessments conducted by Engineering, Maintenance and Operations and reported in Asset Management Report updated every 3 to 5 years. The Agency's ultimate goal is to finance planned R&R requirements with user rates and charges. This goal is consistent with the Regional Sewage Service Contract which requires the volumetric EDU rate to fully support costs for operating, administration, R&R and adequate reserves for the regional wastewater program.

Usage Requirements: As needed to finance unplanned R&R requirements, including R&R requirements identified in the Asset Management Plan but scheduled in subsequent fiscal years.

Target Balance: The target will be the total projected R&R costs over the subsequent three (3) fiscal years. The minimum target will be the total R&R costs budgeted in the following fiscal year.

Funding Source: System revenues generated from rates and user charges, net of operating costs and debt service costs.

Review Timeline: Fund balances and target level will be reviewed by staff and the Board as part of the preparation and approval of the Agency's O&M and Capital Budget.

Self-Insurance Program Reserve

Purpose: An exposure/liability reserve shall be maintained for costs not covered by the Agency's insurance policies, such as claim costs within the Agency's deductibles, self-insurance retentions, and/or costs associated with disasters, and other events that are not reimbursable from insurance. The reserve shall also provide funding to mitigate various catastrophic and other events that may or may not be covered by insurance. These events may include, but are not

limited to; legal settlements, terrorist attacks, natural disasters, such as earthquakes, and severe weather storms.

Additionally, the Agency has elected to self-insure for potential workers' compensation claims. With a workforce of nearly 300, the Agency's exposure to work-related injuries increases.

Usage Requirements: Accessed as needed for non-recoverable expenses associated with claims against the Agency. In the event of a claim in excess of policy limitations and available operating funds, the reserve will be used to satisfy that claim. In the event of a workers' compensation claim(s) in excess of policy limitations and available operating funds, the reserve will be used to satisfy the claim and/or to pay legal expenses defending the claim

Target Level: The target level will be set at \$6 million, including \$1 million maximum exposure per occurrence for workers compensation claim.

Funding Source: Property tax receipts allocated to the Administrative Services (GG) fund and inter-fund transfers from other funds, as needed.

Review Date: To be analyzed by Risk Management every two years to determine an appropriate funding level.

Employee Retirement Benefit Reserve

Purpose: The Agency provides postemployment pension and medical benefits to eligible employees who retire from the Agency. For pension benefits, the Agency contributes to a defined benefit pension plan under the California Pension Employees' Retirement System (CalPERS). CalPERS is also the provider of retiree medical coverage benefits (referred to as Other Post Employment Benefits-OPEB).

Like most public agencies, the Agency is facing growing unfunded accrued liabilities (UALs) for postretirement benefits. The Agency started in June 2014 the implementation of a funding strategy to reduce the UAL for both pension and medical benefits. For Medical Benefits, the Agency set up a trust account with CalPERS Retirement Benefits, and is committed to fund the trust until it fully cover the UAL. The Board of Directors may designate at any given time additional funds to be allocated towards any of the UAL.

Usage Requirements: To mitigate the impact of annual increase of the annual contribution amounts in excess of the budgeted amount

Target Level: This minimum target amount will be set at \$6 million and increased annually up to the target level. The target level will be adjusted based on the total contribution amount budgeted in the subsequent fiscal year for both OPEB and pension obligations.

Funding Source: Combination of property tax receipts and indirect allocation of employment costs across all Agency funds (programs) from the Administrative Services (GG) fund.

Review Timeline: Reserves will be adjusted in conjunction with the annual actuarial valuation updates for pension and biennially for OPEB.

UNDESIGNATED FUND BALANCES

Supplemental Water Resources Reserve

Purpose: This reserve will enable the Agency to fund water resources projects for purposes of increasing water use efficiency, water quality, and water reliability and resiliency in the Chino Basin (Business Goal: Water Reliability). Projects include but is not limited to; water use efficiency and conservation, investigation, construction or contractual programs which are intended as a feasible water alternative to Metropolitan Water District water of Southern California (MWD); maximizing the beneficial use of existing water infrastructure, and investment in development of local water resources, protection of land throughout the region for optimization of groundwater recharge.

Usage Requirements: Finance water resource management projects identified in the Agency's long term planning documents, such as; Integrated Resources Plan and Urban Water Management.

Target Level: A minimum target level of \$10 million and a target level of \$30 million.

Funding Source: A combination of water connection fees, potable water rates, net proceeds from the sale of surplus and recharged water, and "one-time" revenues, such as receipts of residual incremental property taxes resulting from the winding down of redevelopment successor agencies.

Review Timeline: Fund balances and target level will be reviewed by staff and the Board as part of the preparation and approval of the Agency's O&M and Capital Budget.

**INLAND EMPIRE UTILITIES AGENCY
RESERVE POLICY**

Updated as of ~~May 2014~~ June 2015

Policy Statement

The Inland Empire Utilities Agency (Agency or IEUA) has historically maintained fund reserves to ensure sufficient funding is available to meet its operating, capital and debt service obligations, comply with legally mandated requirements, and have the ability to respond to unforeseen events. As a regional provider of essential public services and with an extensive investment in public infrastructure, operating facilities, other related assets; the Agency must establish and maintain a prudent level of reserves to meet its commitment to deliver reliable and high quality essential services to its customers. In addition, by maintaining prudent reserves the Agency has the necessary financial flexibility to effectively respond to economic, environmental and regulatory changes, protect its customers against reducing service levels or raising rates and fees because of temporary revenue shortfalls or unforeseen one-time expenditures, and support the Agency's Business Goals.

Purpose of Fund Reserve Policy

The policy directives outlined in this document are intended to ensure fund reserves support the Agency's Business Goals adopted by the Board in October 2013, in particular its commitment to *"preserve fund reserves that sustain the Agency's long term fiscal health, high quality credit rating and ensure its ability to effectively address economic variability"*.

The Agency is committed to ensure its customers benefit from reliable, sustainable and high quality water supplies and cost-effective wastewater collection, treatment, and reuse services. Given the direct impact these essential services have to public health and the overall quality of life, very few options exist, if any, for service reduction levels in the event of revenue shortfalls or other funding deficiencies. In recognition of these realities, and consistent with best practices, the Agency has prudently established reserves to ensure delivery of these essential services.

The IEUA Board of Directors (Board) may designate specific reserves and set minimum and target balances to support the various funds (programs) that account for its water, wastewater treatment, recycled water and other activities. Establishing and maintaining adequate reserves for the various programs minimizes the risk of significant fluctuation in rates and charges due to changes, such as a shortfall in revenues or unanticipated expenses.

As an issuer of revenue bonds and recipient of low interest loans, the Agency is committed to its contractual obligation to pay debt service and other financial obligations as imposed by bond covenants and loan agreements. In addition, adequate reserves directly affect the Agency's credit rating and access to more favorable interest rate debt markets resulting in lower borrowing costs.

Sustainment of high quality credit rating will ensure the Agency's ability to finance the construction, expansion and improvement of facilities and infrastructure to meet higher service demands from future growth. The Agency is committed to improving its long term credit to AAA and maintaining a debt coverage ratio that supports such rating. (Business Goal: Fiscal Responsibility).

Roles and Responsibilities

The Reserve Policy shall be adopted by the Board of Directors and reviewed annually during the budget review process to ensure appropriate use of reserve funds and modification of targeted reserve balances for the various funds (programs). The Agency's Chief Financial Officer shall serve as the designated administrator of the Reserve Policy and shall be responsible for the day-to-day implementation and management.

Types of Reserves

Reserve balances shall be maintained in amounts sufficient to meet appropriate reserve targets, as established by the Board, in cash and/or cash equivalents, and permitted investments as prescribed in the Agency's Investment Policy. The Agency classifies reserves into three major categories as follows:

- **Restricted reserves** – Funds maintained based on externally-imposed restrictions from federal and state regulatory requirements, or legal restrictions imposed by third parties, (e.g. bondholders) through bond indentures or other contractual agreements (e.g. Regional Sewage Service Contract).
- **Designated reserves** – Board imposed restrictions on funds for Agency specific purposes such as mitigating risk from the Agency's self-insurance programs and financing replacement and rehabilitation (R&R) of Agency assets. These funds are not legally restricted.
- **Unrestricted reserves** – The internal policy of the Agency requires maintenance of adequate undesignated (unrestricted) reserves to finance requirements such as investment in capital and operational efficiencies, payment of unfunded accrued liabilities for retirement benefits, ~~and~~ refunding of high interest debt obligations, and investment in regional water reliability and resiliency. Funds in these reserves are available for spending with no legal, regulatory, or Board imposed restrictions.

For each of the reserves, the Agency has identified a purpose, appropriate target levels, funding sources, conditions under which they are to be used and replenished, and review dates for determining continued need. Any reserves in excess of the cumulative target amounts and one-time revenues, will be considered undesignated funds which can be used for any lawful purpose at the discretion of the Board of Directors.

RESERVED (RESTRICTED) FUND BALANCES

Operating Contingency Reserve

Purpose: The Agency is committed to providing wastewater collection, treatment, disposal, and optimizing beneficial use of recycled water and biosolids. The Agency strives to provide and maintain a rate structure that is affordable, stable and fully covers the fund (program) cost of service. However, unforeseen shortfalls in revenues or increases in operating costs require that the Agency periodically adjust rates and charges to achieve full cost of service recovery. This reserve is intended to minimize rate fluctuations as a result of unfavorable economic conditions or other factors beyond the control of the Agency that may result in reduced revenues or increased costs.

The Agency shall maintain an operating contingency reserve equal to a minimum of four (4) months, as mandated by legal requirements, and a target of six (6) months of total operating expenses as identified in the adopted budget for ~~the current~~ for each fiscal year. This level of reserve will provide customers and outside parties assurance that the Agency can operate for at least four months despite a significant shortfall in revenues or unplanned increase in expenses. The target level minimizes the risk of significant rate fluctuations as a result of unforeseen events.

Usage Requirements: This reserve can only be drawn upon if the Agency's operating revenues are not sufficient to pay operating expenses. Draws from these reserves shall be replenished within twelve months after use.

Target Level: The target level for Operating Contingency Reserve levels shall be maintained at a minimum of four (4) months, as mandated by legal requirements, and a target of six (6) months of the fund (program) adopted operating expenses for ~~the current~~ each fiscal year.

Funding Source: Operating Contingency Reserve will be funded from net system revenues, (total operating revenues less total operating expenses).

Review Timeline: Fund balances and target level will be reviewed by staff and the Board as part of the preparation and approval of the Agency's O&M and Capital Budget.

Debt Service Reserves

Purpose: As required by bond covenants and loan agreements, debt service reserves are maintained to support payment of principal and interest on outstanding obligations.

Usage Requirements: Debt service reserves will only be used to pay debt service costs when pledged net revenues (as defined in the relevant debt instruments) are insufficient to meet the principal and interest payments.

Target Level: The target is equal to the highest annual debt service cost in the ensuing five (5) years. The minimum target will be funded to meet reserve requirements.

Funding Source: Can be one or combination of system revenues, property tax receipts, and/or restricted debt service accounts established as part of the original debt issuance.

Review Timeline: Fund balances and target level will be reviewed by staff and the Board as part of the preparation and approval of the Agency's O&M and Capital Budget.

CCRA Capital Reserves

Purpose: Capital Capacity Reimbursement Accounts (CCRA) are restricted accounts established by each of the Agency's "contracting member agencies" to hold new ~~EDU-wastewater~~ connections fees collected in their respective service area, in accordance with the Regional Sewage Service Contract (Regional Contract).

Usage Requirements: Pursuant to the Regional Contract and the 2015 Wastewater Connection Fee Update Final Report (April 10, 2015), ~~CCRA-wastewater connection fees~~ funds are ~~restricted charges for facilities in existence at the time the charge is imposed or charges for new facilities to be constructed in the future, which are of benefit to the person or property being charged (Government Code Sections §54999 and 66013)~~ to support capital acquisition, construction, equipment and process improvement costs for the Agency's regional wastewater system. The Agency draws, or "calls", CCRA funds from member agencies as needed to finance ~~capital projects that support~~ the ~~Regional Wastewater Capital Improvement (RC) fund program~~ Agency's regional wastewater system, if and when, capital construction reserves held by the Agency are not sufficient to support the planned Capital Improvement Plan (CIP).

Target Balance: No set target is defined. CCRA reserve balance will depend on the level of new development and the Agency's funding requirements to support the planned CIP in the RC fund.

Funding Source: New ~~EDU-wastewater~~ connections fees collected by each contracting member agency for connection to the Agency's regional wastewater system.

Review Timeline: Fund balances and target level will be reviewed by staff and the Board as part of the preparation and approval of the Agency's O&M and Capital Budget.

DESIGNATED FUND BALANCES

Capital Construction Reserve Funds

Purpose: Capital construction reserve funds are used to finance capital investments such as construction, improvement or expansion of facilities and infrastructure, as well as acquisition of major equipment and technology. The services provided by the Agency are critical to the health and welfare of the citizens within the Agency's service area. The Agency is committed to ensure that systems are managed and constructed so that 90% of capacity is never exceeded (Business Goal; Wastewater Management - Capacity).

Usage Requirements: Accessed, as needed, to fund capital investments based on the Agency's Ten Year Capital Improvement Fund (TYCIP) and other long term planning documents including but not limited to: the Asset Management Plan, Integrated Resources Plan, Recycled Water PlanProgram Strategy, Wastewater Facilities Master Plan, and Energy Management Plan.

Target Balance: The ~~maximum~~-target level is equal to the total capital requirements for the subsequent three (3) fiscal years as identified in the TYCIP, including unexpended debt proceeds. The minimum target level is equal to the total CIP requirements for the following fiscal year.

Funding Source: Combination of system revenues generated from ~~rates—connection fees,~~ rates, and user charges, property tax receipts, and debt proceeds issued to finance specific capital investments.

Review Timeline: Fund balances and target level will be reviewed by staff and the Board as part of the preparation and approval of the Agency's O&M and Capital Budget.

Replacement and Rehabilitation (R&R) Reserves

Purpose: Maintaining assets in an operating condition to meet the Agency's level of service commitment to provide reliable and high quality services requires timely and adequate investment in replacement and rehabilitation (R&R) of Agency assets. R&R is defined as an expense which will extend, as opposed to maintain, an asset's useful life. The basis for R&R requirements will be end of useful life and condition assessments conducted by Engineering, Maintenance and Operations and reported in Asset Management Report updated every 3 to 5 years. The Agency's ultimate goal is finance planned R&R requirements with user rates and charges. This goal is consistent with the Regional Sewage Service Contract which requires the volumetric EDU rate to fully support costs for operating, administration, ~~and~~ R&R ~~costs and~~ adequate reserves for the regional wastewater program.

Usage Requirements: As needed to finance unplanned R&R requirements, including R&R requirements identified in the Asset Management ~~Report~~ Plan but scheduled in subsequent fiscal years.

Target Balance: The target will be the total projected R&R costs over the subsequent three (3) fiscal years. The minimum target will be the total R&R costs budgeted in the following fiscal year.

Funding Source: System revenues generated from rates and user charges, net of operating costs and debt service costs.

Review Timeline: Fund balances and target level will be reviewed by staff and the Board as part of the preparation and approval of the Agency's O&M and Capital Budget.

Self-Insurance Program Reserve

Purpose: An exposure/liability reserve shall be maintained for costs not covered by the Agency's insurance policies, such as claim costs within the Agency's deductibles, self-insurance retentions, and/or costs associated with disasters, and other events that are not reimbursable from insurance. The reserve shall also provide funding to mitigate various catastrophic and other events that may or may not be covered by insurance. These events may include, but are not limited to; legal settlements, terrorist attacks, natural disasters, such as earthquakes, and severe weather storms.

Additionally, the Agency has elected to self-insure for potential workers' compensation claims. With a workforce of nearly 300, the Agency's exposure to work-related injuries increases.

Usage Requirements: Accessed as needed for non-recoverable expenses associated with claims against the Agency. In the event of a claim in excess of policy limitations and available operating funds, the reserve will be used to satisfy that claim. In the event of a workers' compensation claim(s) in excess of policy limitations and available operating funds, the reserve will be used to satisfy the claim and/or to pay legal expenses defending the claim

| Target Level: The target level will be set at \$6,000,000 million, including \$1,000,000million maximum exposure per occurrence for workers compensation claim.

Funding Source: Property tax receipts allocated to the Administrative Services (GG) fund and inter-fund transfers from other funds, as needed.

Review Date: To be analyzed by Risk Management every two years to determine an appropriate funding level.

Employee Retirement Benefit Reserve

Purpose: The Agency provides postemployment pension and medical benefits to eligible employees who retire from the Agency. For pension benefits, the Agency contributes to a defined benefit pension plan under the California Pension Employees' Retirement System (CalPERS). CalPERS is also the provider of retiree medical coverage benefits (referred to as Other Post Employment Benefits-OPEB).

| Like most public ~~a~~Agencies, the Agency is facing growing unfunded accrued liabilities (UALs) for postretirement benefits. In 2013, UALs for pension and medical benefits were estimated to be \$60 million. A key objective of the Agency is to develop a funding strategy to fully fund UALs over an appropriate period of time in order to safeguard retiree benefits and the Agency's financial health.

Usage Requirements: To mitigate the impact of annual increase of the annual contribution amounts in excess of the budgeted amount

| Target Level: This minimum target amount will be set at \$6 million and increased annually up to the target level. The target level will be adjusted based on the total ~~Annual-Required~~

Contribution (ARC) contribution amount budgeted in the subsequent fiscal year for both OPEB and pension obligations.

Funding Source: Combination of property tax receipts and indirect allocation of employment costs across all Agency funds (programs) from the Administrative Services (GG) fund.

Review Timeline: Reserves will be adjusted in conjunction with the annual actuarial valuation updates for pension and biennially for OPEB.

UNDESIGNATED UNRESTRICTED FUND BALANCES

Supplemental Water Resources Reserve

Purpose: This reserve will enable the Agency to fund water resources projects for purposes of increasing water use efficiency, water quality, and water reliability and sustainability-resiliency in the Chino Basin (Business Goal: Water Reliability). Projects include but is not limited to; water use efficiency and conservation, investigation, construction or contractual programs which are intended as a feasible water alternative to Metropolitan Water District water of Southern California (MWD); maximizing the beneficial use of existing water infrastructure, and investment in development of local water resources, protection of land throughout the region for optimization of groundwater recharge.

Usage Requirements: Finance water resource management projects identified in the Agency's long term planning documents, such as; Integrated Resources Plan and Urban Water Management.

Target Level: A minimum target level of \$10 million and a target level of \$30 million.

Funding Source: A combination of ~~property tax receipts, monthly meter charges and acre-foot (AF) surcharges imposed on imported water deliveries~~ water connection fees, potable water rates, and, net proceeds from the sale of surplus and recharged water.

Review Timeline: Fund balances and target level will be reviewed by staff and the Board as part of the preparation and approval of the Agency's O&M and Capital Budget.

**ACTION
ITEM**

11



Date: June 17, 2015

To: The Honorable Board of Directors

Through: Public, Legislative Affairs, and Water Resources Committee (06/10/15)
Finance, Legal, and Administration Committee (06/10/15)

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

Submitted by: Kathy Besser *KBS*
Manager of External Affairs

Subject: Amendments to Extend the Contracts for Federal Legislative Services

RECOMMENDATION

It is recommended that the Board of Directors:

1. Amend Contract No. 4600001343 with Innovative Federal Strategies (IFS) to provide federal legislative services from July 1, 2015 through June 30, 2016, at a monthly retainer fee of \$6,500 per month, plus reasonable business expenses, with no change in the current rate;
2. Amend Contract No. 4600001344 with Agricultural Resources to provide federal legislative services from July 1, 2015 through June 30, 2016, at a monthly retainer fee of \$6,000 per month, plus reasonable business expenses, with no change in the current rate; and
3. Authorize the General Manager to finalize and execute the amendments.

BACKGROUND

The Agency currently contracts with IFS and Agricultural Resources to provide federal legislative services on issues of interest to the Agency and the community it serves, including water resources, renewable energy, water quality, air quality, and federal funding authorizations and appropriations.

Amendments to Extend the Contracts for Federal Legislative Services

June 17, 2015

Page 2 of 2

Working together, these two firms have assisted the Agency in securing over \$26 million in federal funding over the past 10 years that has been vital to the financing of the Regional Recycled Water Program, regional desalters, and other water management activities.

IFS and Agricultural Resources have served the Agency well for many years. Their knowledge and expertise, combined with their strong working relationships with existing and new members of IEUA's congressional delegation and effective collaboration with our partner agencies, warrants the extension of this contract.

The contract amendment is consistent with the Agency's Business Goal of Business Practice, key objective of policy leadership in effectively advocate, campaign and guide development of legislation that benefits the region that IEUA serves.

PRIOR BOARD ACTION

On January 16, 2013, the Board approved a contract term of January 1, 2013 through June 15, 2015 for a combined monthly fee of \$12,500.

On May 16, 2012, the Board of Directors approved six-month extensions of existing contracts with IFS and Agricultural Resources for the term July 1, 2012, through December 31, 2012.

IMPACT ON BUDGET

IFS and Agricultural Resources have agreed to hold their prices for FY 2015/16; therefore, there is no change in the combined monthly fee of \$12,500 for federal legislative services. Funding for the continuation of these contracts is included in the proposed FY 2015/16 budget within the Regional Wastewater Operating (RO), Regional Wastewater Capital (RC), Recycled Water (WC) and Water Resources (WW) funds.



AMENDMENT NUMBER: 4600001343-001

FOR

FEDERAL LEGISLATIVE ADVOCACY SERVICES

THIS AMENDMENT NUMBER 1, to Contract Number 4600001343, between the Inland Empire Utilities Agency, and Innovative Federal Strategies, of Washington D.C., for federal legislative advocacy services shall revise the Contract as follows:

REVISE SECTION 5, TERM, TO READ:

The term of this Contract shall extend from the date of the Notice to Proceed and terminate on June 30, 2016, unless agreed to by both parties, reduced to writing and amended to this Contract.

ALL OTHER PROVISIONS OF THIS CONTRACT REMAIN UNCHANGED.

The parties hereto have mutually covenanted and agreed as per the above amendment item(s), and in doing so have caused this document to become incorporated into the Contract documents.

INLAND EMPIRE UTILITIES AGENCY:

INNOVATIVE FEDERAL STRATEGIES, LLC:

P. Joseph Grindstaff (Date)
General Manager

Letitia White

Letitia H. White (Date)
Partner



AMENDMENT NUMBER: 4600001344-001

FOR

FEDERAL LEGISLATIVE SERVICES

THIS AMENDMENT NUMBER 1, to Contract Number 4600001344, between the Inland Empire Utilities Agency, and Agricultural Resources, of Washington D.C., for federal legislative services shall revise the Contract as follows:

REVISE SECTION 5, TERM, TO READ:

The term of this Contract shall extend from the date of the Notice to Proceed and terminate on June 30, 2016, unless agreed to by both parties, reduced to writing and amended to this Contract.

ALL OTHER PROVISIONS OF THIS CONTRACT REMAIN UNCHANGED.


The parties hereto have mutually covenanted and agreed as per the above amendment item(s), and in doing so have caused this document to become incorporated into the Contract documents.

INLAND EMPIRE UTILITIES AGENCY:

AGRICULTURAL RESOURCES:

P. Joseph Grindstaff
General Manager

(Date)



David Weiman
Owner

4/28/2015

(Date)

**ACTION
ITEM**

1J

Date: June 17, 2015

To: The Honorable Board of Directors

Through: Public, Legislative Affairs, and Water Resources Committee (06/10/15)
Finance, Legal, and Administration Committee (06/10/15)

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

Submitted by: Kathy Besser *KB*
Manager of External Affairs

Subject: Amendment to Extend the Contract with West Coast Advisors

RECOMMENDATION

It is recommended that the Board of Directors:

1. Amend Contract No. 4600001846 with West Coast Advisors to provide state legislative consulting services from July 1, 2015 through June 30, 2016, at a monthly retainer fee of \$9,800 per month, plus reasonable business expenses, with no change in the current rate; and
2. Authorize the General Manager to finalize and execute the amendment.

BACKGROUND

The Agency currently contracts with West Coast Advisors (formerly the Dolphin Group) to provide state legislative services on issues of interest to the Agency and the community it serves, including water resources, renewable energy, water quality, air quality, and funding.

In June 2012, the Finance, Legal, and Administration Committee recommended that Requests for Proposals (RFPs) for state legislative services be circulated in early Fall 2012, as part of a competitive solicitation process. On September 12, 2012, the RFP was issued to 11 firms via The Network and emailed directly to another 14 firms. On September 27, 2012, the Agency received one proposal for state legislative services from the Dolphin Group, the current service provider. Since the Dolphin Group had served the Agency well on state legislative issues, it was recommended that the Agency award the state legislative services contract to the Dolphin Group.

The contract amendment is consistent with the Agency's Business Goal of Business Practice, key objective of policy leadership in effectively advocate, campaign and guide development of legislation that benefits the region that IEUA serves.

PRIOR BOARD ACTION

On January 16, 2013, the Board of Directors approved a three-year contract with the Dolphin Group through December 31, 2015 for a monthly fee of \$9,800.

On May 16, 2012, the Board of Directors approved a six-month extension of the existing contract with the Dolphin Group for the term of July 1, 2012, through December 31, 2012.

IMPACT ON BUDGET

West Coast Advisors have agreed to hold their prices for FY 2015/16; therefore, there is no change in the monthly fee of \$9,800 for state legislative lobbying services. Funding for the continuation of West Coast Advisors' contract is included in the proposed FY 2015/16 budget within the Regional Wastewater Operating (RO), Regional Wastewater Capital (RC), Recycled Water (WC) and Water Resources (WW) funds.



AMENDMENT NUMBER: 4600001846-002

FOR

STATE LEGISLATIVE LOBBYING SERVICES

THIS AMENDMENT NUMBER 2, to Contract Number 4600001846, between the Inland Empire Utilities Agency and West Coast Advisors (formerly The Dolphin Group), shall revise the Contract as follows:

REVISE THE TERM AS FOLLOWS: The term of this Agreement shall extend from January 1, 2013, and terminate upon completion of services or December 31, 2016, whichever occurs first, unless mutually agreed upon to extend for the option period.

ALL OTHER PROVISIONS OF THIS CONTRACT REMAIN UNCHANGED.

The parties hereto have mutually covenanted and agreed as per the above amendment item(s), and in doing so have caused this document to become incorporated into the Contract documents.

INLAND EMPIRE UTILITIES AGENCY:

WEST COAST ADVISORS:

P. Joseph Grindstaff
General Manager

(Date)

M. Boccadoro

Michael Boccadoro
President

4/27/15

(Date)

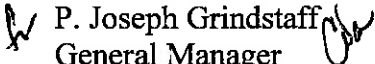
**ACTION
ITEM**


1K

Date: June 17, 2015

To: The Honorable Board of Directors

Through: Public, Legislative Affairs, and Water Resources Committee (06/10/15)
Finance, Legal, and Administration Committee (06/10/15)

From:  P. Joseph Grindstaff
General Manager

Submitted by:  Kathy Besser
Manager of External Affairs

Subject: Amendment to Extend the Contract with California Strategies, LLC

RECOMMENDATION

It is recommended that the Board of Directors:

1. Amend Contract No. 4600000419 with California Strategies, LLC to provide strategic local government consulting services from July 1, 2015 through June 30, 2016, at a monthly retainer fee of \$6,000 per month, plus reasonable business expenses, with no change in the current rate; and
2. Authorize the General Manager to finalize and execute the amendment.

BACKGROUND

California Strategies, LLC is highly regarded as a respected, bipartisan, and full service government relations and advocacy firm based in Sacramento, with offices in Los Angeles, Irvine, San Diego, Modesto, Inland Empire, and Silicon Valley.

Over the past five years, California Strategies has assisted the Agency in developing a successful collaborative strategy with San Bernardino County, Chino Basin Watermaster, and Chino Basin Water Conservation District. In the coming year, California Strategies will continue to assist the Agency with its stormwater and water softener initiatives, as well as coordination on LAFCO issues. California Strategies will also assist with outreach to key elected officials, community leaders, and local government staff, as well as provide advice to the Agency on other initiatives as requested.

Amendment to Extend the Contract with California Strategies, LLC

June 17, 2015

Page 2 of 2

Accordingly, staff recommends a one-year renewal of the professional services contract with California Strategies from July 1, 2015 through June 30, 2016, at the current rate of \$6,000 per month, plus reasonable business expenses (no change in fees).

The contract amendment is consistent with the Agency's Business Goal of Business Practice, key objective of policy leadership in effectively advocate, campaign and guide development of legislation that benefits the region that IEUA serves.

PRIOR BOARD ACTION

On May 21, 2014, the Board approved the extension of Agreement No. 4600000419 for one year (July 1, 2014 to June 30, 2015).

On June 20, 2013, the Board approved the extension of Agreement No. 4600000419 for one year (July 1, 2013 to June 30, 2014).

On June 20, 2012, the Board approved the extension of Agreement No. 4600000419 for one year (July 1, 2012 to June 30, 2013).

On June 15, 2011, the Board approved the extension of Agreement No. 4600000419 for one year (July 1, 2011 to June 30, 2012).

On June 16, 2010, the Board approved the Contract No. 4600000419 with California Strategies, LLC to provide strategic local government consulting services beginning July 1, 2010, to June 30, 2011, at a monthly retainer fee of \$10,000 per month plus reasonable business expenses.

IMPACT ON BUDGET

California Strategies, LLC have agreed to hold their prices for FY 2015/16; therefore, there is no change in the monthly fee of \$6,000 for strategic local government services. Funding for the continuation of California Strategies' contract is included in the proposed FY 2015/16 budget within the Administrative Services (GG) fund.



AMENDMENT NUMBER: 4600000419-006

FOR

STRATEGIC LOCAL GOVERNMENT SERVICES

THIS AMENDMENT NUMBER 6, to Contract Number 4600000419, between the Inland Empire Utilities Agency, and California Strategies LLC, for strategic local government services, shall revise the Contract as follows:

REVISE SECTION 5, TERM, TO READ:

The term of this Contract shall extend from the date of the Notice to Proceed and terminate on June 30, 2016, unless agreed to by both parties, reduced to writing and amended to this Contract.

ALL OTHER PROVISIONS OF THIS CONTRACT REMAIN UNCHANGED.

The parties hereto have mutually covenanted and agreed as per the above amendment item(s), and in doing so have caused this document to become incorporated into the Contract documents.

INLAND EMPIRE UTILITIES AGENCY:

CALIFORNIA STRATEGIES, LLC:

P. Joseph Grindstaff
General Manager

(Date)

John B. Withers

John B. Withers
Partner



04/27/15
(Date)


**INFORMATION
ITEM
2A**


Date: June 17, 2015

To: The Honorable Board of Directors

Through: Finance, Legal, and Administration Committee (06/10/15)

From:  P. Joseph Grindstaff
General Manager 

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

 #802 Javier Chagoyen-Lazaro
Manager of Finance and Accounting

Subject: Treasurer's Report of Financial Affairs

RECOMMENDATION

The Treasurer's Report of Financial Affairs for the month ended April 30, 2015, is an informational item for the Board of Directors to 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 April 30, 2015, is submitted in a format consistent with State requirements.

Total cash, investments, and restricted deposits of \$136,365,445, reflects an increase of \$7,647,569 higher compared to the total reported for March 2015. The increase was attributed mainly to property tax receipts of \$9.9 million which were partially offset by debt payments and capital expenses. Average days of cash on hand for the month ended April 30, 2015 increased to 159 days from 153 days due to the increase in available unrestricted 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 April 2015 was 0.489%, a decrease of 0.104% compared to the average yield of 0.593% reported in March 2015. The decrease is attributed to maturities and calls of portfolio investments with an average rate of return of 1.31%.

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

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

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

Attachment: April 2015 Treasurer's Report of Financial Affairs



Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

Treasurer's Report of Financial Affairs for April 30, 2015

June 2015

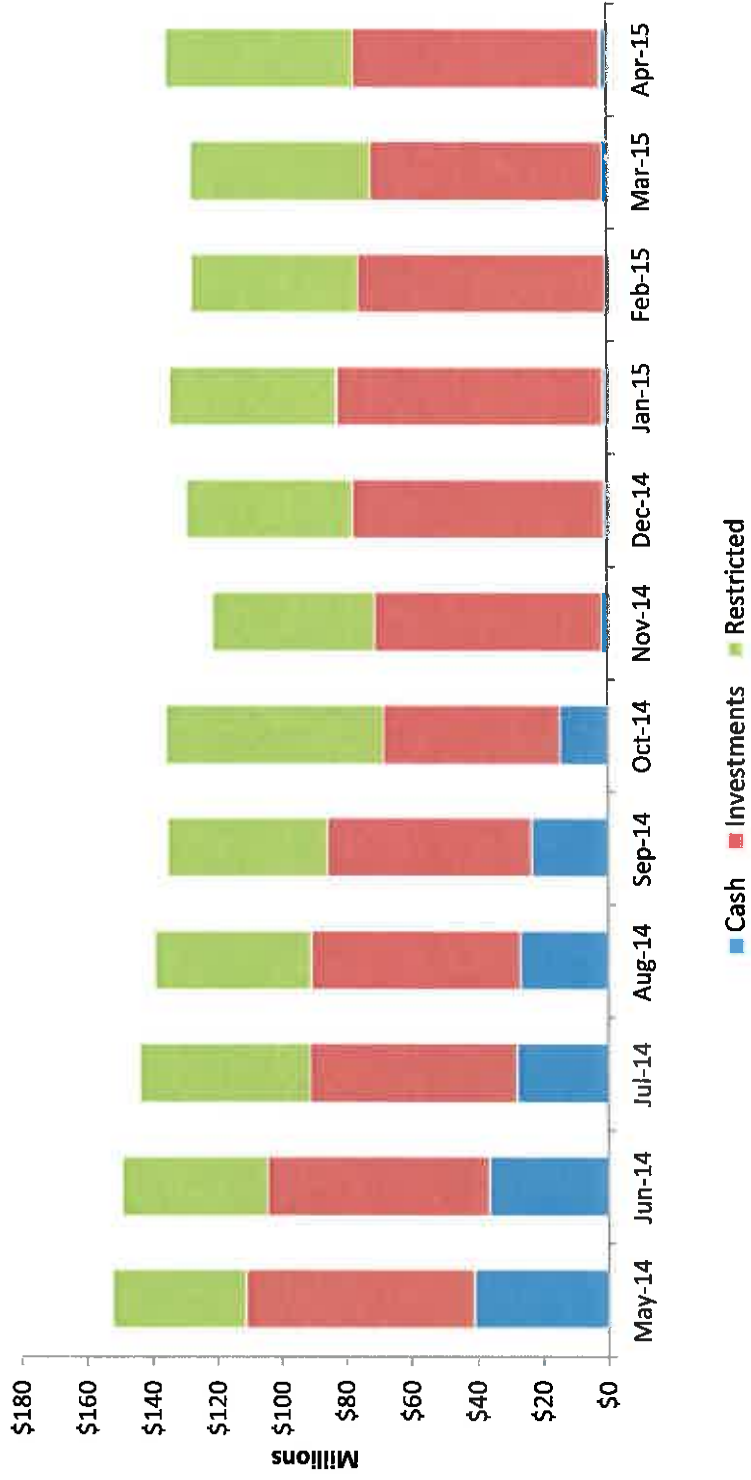
Board Meeting

Report of Financial Affairs

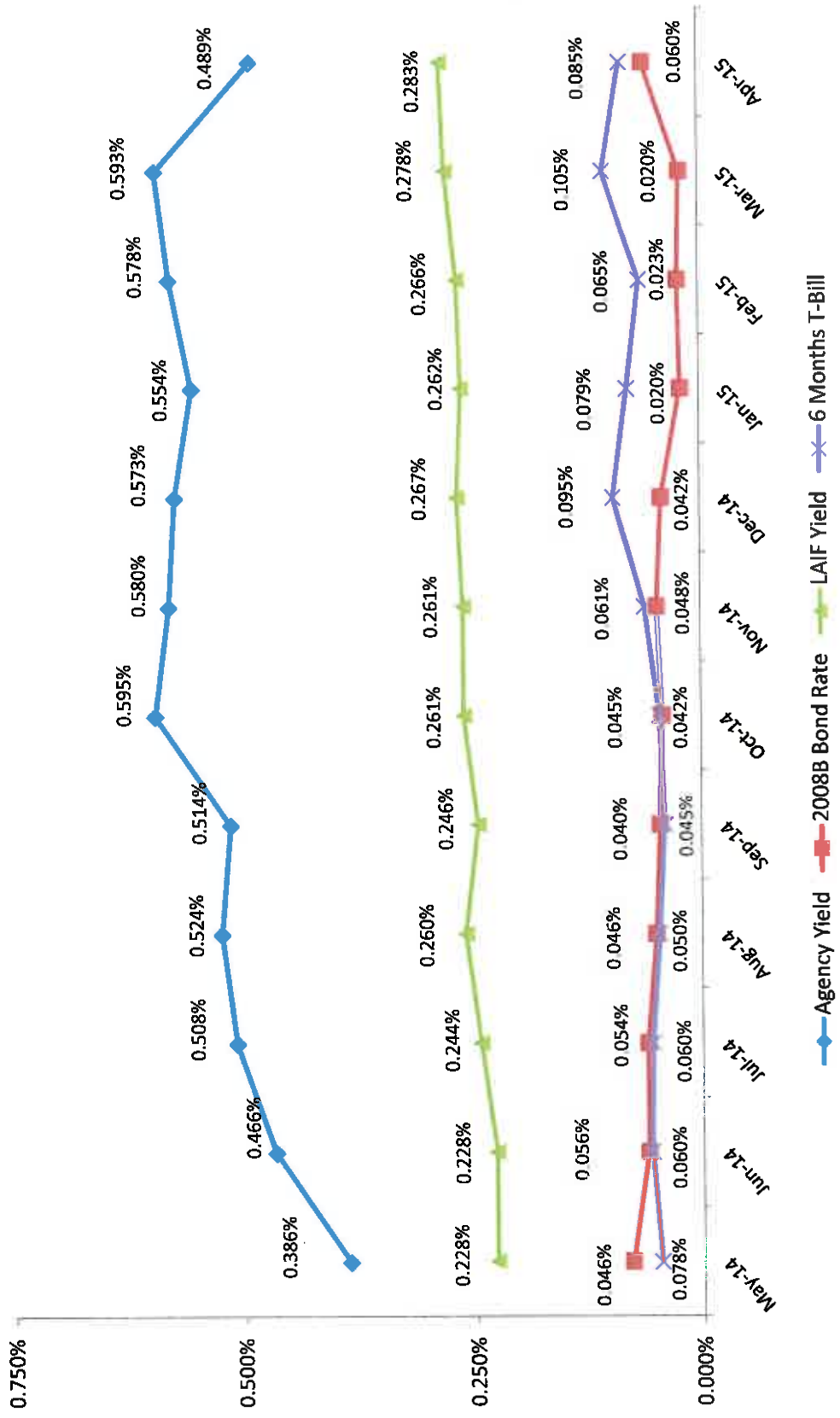
Liquidity				
Description	April 2015	March 2015	Increase (Decrease)	
Cash, Investments, Restricted Deposits	\$136.4M	\$128.7M	\$7.7M	
Investment Portfolio Yield	0.489%	0.593%	(0.104%)	
Average Days Cash on Hand	159 Days	153 Days	6 Days	

Portfolio				
Description	Allowable Threshold	Investment Value (\$ million)	Yield	Current Portfolio %
Short Term, Under 1 Year:				
LAIF	\$50M	\$24.8	0.283%	32%
CalTrust	\$20M	\$3.5	0.44%	5%
Citizens Business --Sweep	40%	\$27.5	0.25%	36%
CBB -- Certificate of Deposit	20%	\$4.2	0.45%	6%
Bank of the West -- MMA	20%	\$1.1	0.18%	1%
State and Local Municipal Bonds	9%	\$1.0	1.35%	1%
Medium Term Notes	20%	\$3.0	0.99%	4%
CBB Checking	40%	\$0.3	0.25%	0%
1 to 3 Years:				
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	1.22%	8%
Over 3 Years:				
US Government Securities	n/a	\$3.6	1.85%	5%

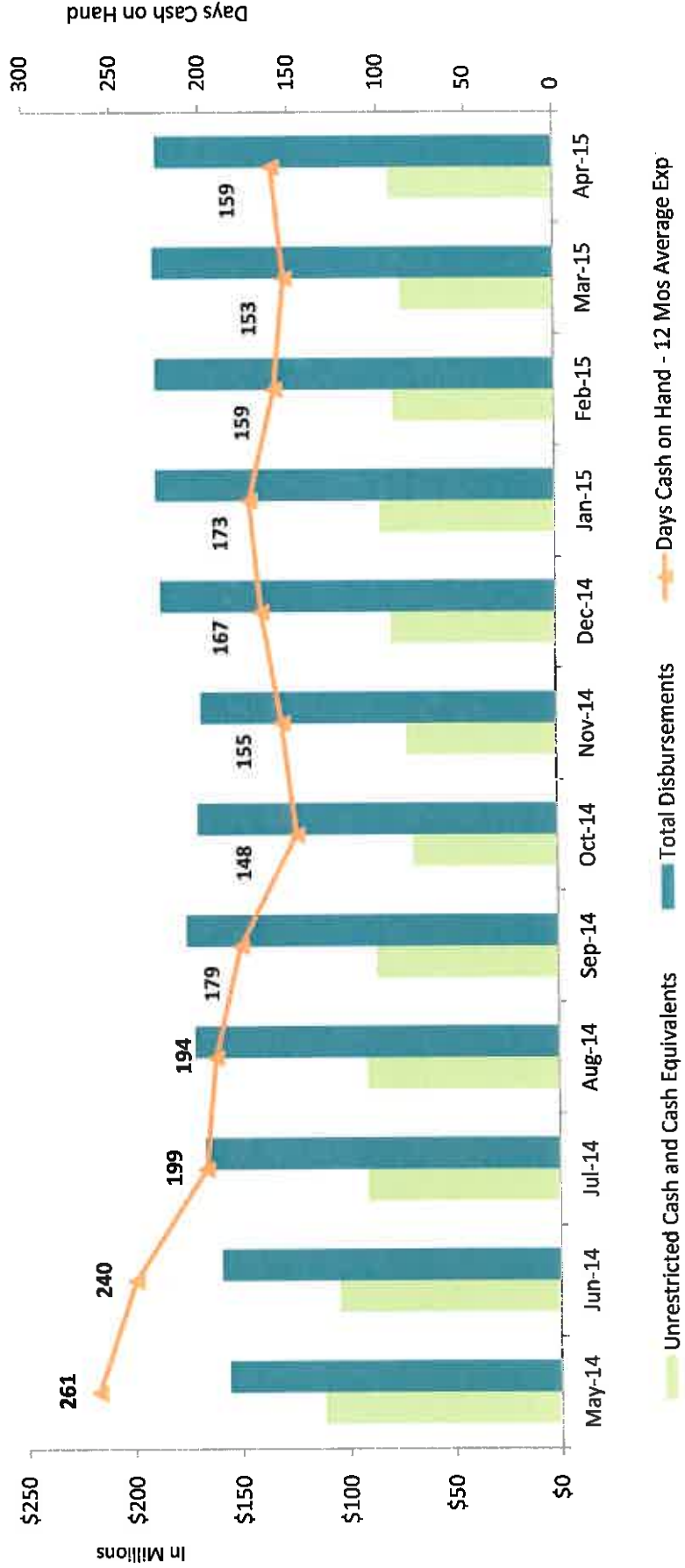
Cash, Investments and Restricted Deposits



Month End Portfolio Yield Comparison



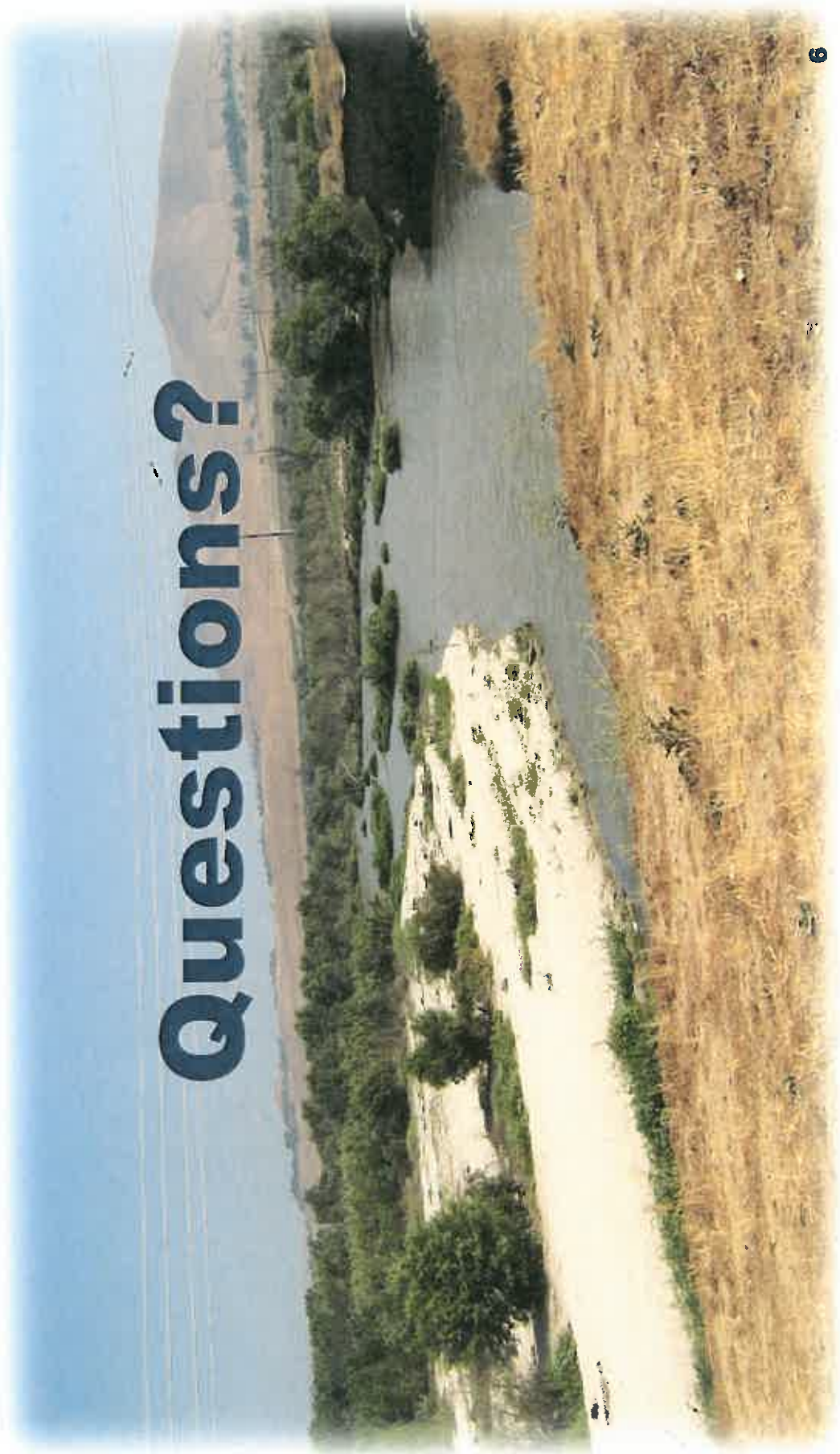
Day Cash On Hand 12 Months Rolling Average





Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

Questions?



TREASURER'S REPORT OF FINANCIAL AFFAIRS

For the Month Ended April 30, 2015



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

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

* A Municipal Water District

INLAND EMPIRE UTILITIES AGENCY

Cash and Investment Summary

Month Ended
April 30, 2015

	April	March
<u>Cash, Bank Deposits, and Bank Investment Accounts</u>	\$2,408,862	\$1,711,263
<u>Investments</u>		
CBB Repurchase (Sweep)	\$27,502,544	\$15,417,350
Local Agency Investment Fund (LAIF)	24,835,685	24,819,768
CalTrust	3,540,323	3,539,064
Certificates of Deposit	4,172,210	4,172,210
Municipal Bonds	1,012,813	2,515,049
Medium Term Notes	4,002,036	6,001,846
U.S. Treasury Notes	999,707	999,692
U.S. Government Sponsored Entities	9,579,384	13,579,366
Total Investments	\$75,644,702	\$71,044,346
Total Cash and Investments Available to the Agency	\$78,053,564	\$72,755,609
<u>Restricted Deposits</u>		
Debt Service Accounts	\$5,669,713	\$2,544,713
CCRA Deposits Held by Member Agencies	42,184,762	42,174,333
OPEB (CERBT) Account	7,174,218	7,123,318
Escrow Deposits	3,283,188	4,119,903
Total Restricted Deposits	\$58,311,881	\$55,962,267
Total Cash, Investments, and Restricted Deposits	\$136,365,445	\$128,717,876

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
 April 30, 2015

Cash, Bank Deposits, and Bank Investment Accounts

Citizens Business Bank Demand Account (Offset by CBB Sweep Balance)	\$258,477
Citizens Business Bank Workers' Compensation Account	56,726
Bank of America Payroll Account	659,972
Bank of America Payroll Taxes Account	340,865
Subtotal Demand Deposits	\$1,316,040

Other Cash and Bank Accounts

Petty Cash	\$2,250
Subtotal Other Cash	\$2,250

Bank of the West Money Market Account

\$1,050,803

US Bank Pre-Investment Money Market Account

\$39,769

Total Cash and Bank Accounts

\$2,408,862

Investments

CBB Repurchase (Sweep) Investments

Freddie Mac Bond	\$15,151,407
Fannie Mae Bond	12,351,137
Subtotal CBB Repurchase (Sweep)	\$27,502,544

Local Agency Investment Fund (LAIF)

LAIF Non-Restricted Fund	\$18,921,810
LAIF Insurance Sinking Fund	5,913,875
Subtotal Local Agency Investment Fund	\$24,835,685

CalTrust

Short Term	\$3,540,323
Subtotal CalTrust	\$3,540,323

Certificates of Deposit

Citizens Business Bank	\$4,172,210
Subtotal Certificates of Deposit	\$4,172,210

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
April 30, 2015

Investments Continued

Municipal Bonds

State and Local Municipal Bonds
Subtotal State Municipal Bonds

\$1,012,813
\$1,012,813

Medium Term Notes

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

\$1,000,519
999,064
1,000,414
1,002,039
\$4,002,036

U.S. Treasury Notes

Treasury Note
Subtotal U.S. Treasury Notes

\$999,707
\$999,707

U.S. Government Sponsored Entities

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

\$2,999,868
2,580,000
3,999,516
\$9,579,384

Total Investments

\$75,644,702

Restricted Deposits

Debt Service Reserves

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

\$3,125,000
2,544,710
3
\$5,669,713

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
 April 30, 2015

CCRA Deposits Held by Member Agencies

City of Chino	\$11,571,041
Cucamonga Valley Water District	7,674,103
City of Fontana	6,633,067
City of Montclair	2,559,334
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>\$42,184,762</u>

CalPERS

OPEB (CERBT) Account	<u>\$7,174,218</u>
Subtotal CalPERS Accounts	<u>\$7,174,218</u>

Escrow Deposits

Chicago Title (Forestar/IEUA Holding Escrow)	\$2,395,821
Community Bank (MNR Construction)	701,014
Scott Valley Bank (GSE Construction)	162,440
Alta Pacific Bank (Genesis Construction)	23,913
Subtotal Escrow Deposits	<u>\$3,283,188</u>

Total Restricted Deposits

	<u>\$58,311,881</u>
	<u>\$136,365,445</u>

Total Cash, Investments, and Restricted Deposits as of April 30, 2015

Total Cash, Investments, and Restricted Deposits as of 4/30/15	\$136,365,445
Less: Total Cash, Investments, and Restricted Deposits as of 3/31/15	128,717,876

Total Monthly Increase (Decrease)

	<u>\$7,647,569</u>
--	--------------------

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
 April 30, 2015

	Credit Rating @ Purchase		CHANGES IN Credit Rating		Par Amount	Cost Basis Amount	Term (Days)	April Amortization	April Value	% Coupon	% Yield to Maturity	Maturity Date	Market Value
	S&P	Moody's	S&P	Moody's									
Cash, Bank Deposits, and Bank Investment Accounts													
Citizens Business Bank													
Demand Account*					\$258,477	\$258,477	N/A	N/A	\$258,477		0.25%	N/A	\$258,477
Subtotal CBB					\$258,477	\$258,477			\$258,477		0.25%		\$258,477
Workers' Compensation Account													
Subtotal CBB					\$56,726	\$56,726	N/A	N/A	\$56,726		N/A	N/A	\$56,726
Bank of America													
Payroll Checking					\$659,972	\$659,972	N/A	N/A	\$659,972		N/A	N/A	\$659,972
Payroll Tax Checking					340,865	340,865	N/A	N/A	340,865		N/A	N/A	340,865
Subtotal B of A					\$1,000,837	\$1,000,837			\$1,000,837		N/A	N/A	\$1,000,837
Bank of the West													
Money Market Plus - Business Account					\$1,050,803	\$1,050,803	N/A	N/A	\$1,050,803		0.18%	N/A	\$1,050,803
Subtotal Bank of the West Money Market					\$1,050,803	\$1,050,803			\$1,050,803		0.18%		\$1,050,803
US Bank													
Federated Automated MMA					\$39,769	\$39,769	N/A	N/A	\$39,769		0.01%	N/A	\$39,769
Subtotal USB Money Market					\$39,769	\$39,769			\$39,769		0.01%		\$39,769
Petty Cash					\$2,250	\$2,250	N/A	N/A	\$2,250		N/A	N/A	\$2,250
Total Cash, Bank Deposits and Bank Investment Accounts					\$2,408,862	\$2,408,862			\$2,408,862				\$2,408,862
<i>*Negative demand checking balance if offset by the Daily Repurchase (Sweep) Account balance</i>													
Investments													
CBB Daily Repurchase (Sweep) Accounts													
Freddie Mac Bond					\$15,151,407	\$15,151,407	N/A	N/A	\$15,151,407		0.25%	N/A	\$15,151,407
Fannie Mae Bond					12,351,137	12,351,137	N/A	N/A	12,351,137		0.25%	N/A	12,351,137
Subtotal CBB Repurchase Accounts					\$27,502,544	\$27,502,544			\$27,502,544		0.25%		\$27,502,544
LAIF Accounts													
Non-Restricted Funds					\$18,921,810	\$18,921,810	N/A	N/A	\$18,921,810		0.283%	N/A	\$18,921,810
LAIF Sinking Fund					5,913,875	5,913,875	N/A	N/A	5,913,875		0.283%	N/A	5,913,875
Subtotal LAIF Accounts					\$24,835,685	\$24,835,685			\$24,835,685		0.283%		\$24,835,685
CAL TRUST Accounts													
Short-Term					\$3,540,323	\$3,540,323	N/A	N/A	\$3,540,323		0.44%	N/A	\$3,540,323
Subtotal CalTrust Accounts					\$3,540,323	\$3,540,323			\$3,540,323		0.44%		\$3,540,323
Certificates of Deposit													
CBB Certificate of Deposit					\$4,172,210	\$4,172,210	425	N/A	\$4,172,210		0.45%	09/19/15	\$4,172,210
Subtotal Certificate of Deposits					\$4,172,210	\$4,172,210			\$4,172,210		0.45%		\$4,172,210

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
 April 30, 2015

	Credit Rating @ Purchase		CHANGES IN Credit Rating		Par Amount	Cost Basis Amount	Term (Days)	April Amortization	April Value	% Coupon	% Yield to Maturity	Maturity Date	Market Value
	S&P	Moody's	S&P	Moody's									

Investments (continued)

US Treasury Note													
US Treasury Note	N/A	AAA			\$1,000,000	\$999,463		15	\$999,707	0.63%	0.64%	12/15/16	\$1,002,030
Subtotal Treasuries					\$1,000,000	\$999,463		15	\$999,707		0.64%		\$1,002,030

U.S. Government Sponsored Entities

(As of August 2011, all US GSE's have been downgraded to AA+ Rating by S&P)

Freddie Mac Bond	AA+	AAA			\$1,000,000	\$1,000,000	1,080		\$1,000,000	0.75%	0.75%	12/19/16	\$1,000,700
Federal Home Loan Bank	AA+	AAA			2,000,000	2,000,000	1,080		2,000,000	0.63%	1.25%	08/28/17	2,000,560
Fannie Mae Bond	AA+	AAA			1,000,000	999,750	1,800	4	999,868	0.75%	1.18%	12/18/17	998,330
Federal Home Loan Bank	AA+	AAA			1,000,000	999,800	1,096	5	999,806	1.00%	1.50%	03/26/18	1,001,130
Federal Home Loan Bank	AA+	AAA			1,000,000	999,700	1,096	8	999,710	1.38%	1.39%	03/26/18	1,001,720
Fannie Mae Bond	N/A	AAA			2,000,000	2,000,000	1,459		2,000,000	1.63%	1.65%	12/28/18	2,014,460
Freddie Mac Bond	AA+	AAA			1,580,000	1,580,000	1,804		1,580,000	1.13%	2.13%	05/28/19	1,580,948
Subtotal U.S. Gov't Sponsored Entities					\$9,580,000	\$9,579,250		17	\$9,579,384		1.456%		\$9,597,848

Municipal Bonds

California State General Obligation Bond
 Subtotal State and Local Municipal Bonds

California State General Obligation Bond	A-	A1	A+	AA3	1,000,000	1,089,000		(2,078)	1,012,813	3.95%	1.35%	11/01/15	1,017,900
Subtotal State and Local Municipal Bonds					\$1,000,000	\$1,089,000		(\$2,078)	\$1,012,813		1.35%		\$1,017,900

Medium Term Notes

Toyota Motor Credit Corp
 General Electric Floating Rate
 (75 bp over Libor -1% floor)
 JP Morgan Securities
 John Deere Capital Corp

Toyota Motor Credit Corp	AA-	AA3			1,000,000	1,006,293	946	(200)	1,000,519	0.88%	0.63%	07/17/15	1,001,240
General Electric Floating Rate (75 bp over Libor -1% floor)	AA+	AA2	AA+	A1	1,000,000	988,500	1,265	273	999,064	1.26%	1.26%	08/11/15	1,001,840
JP Morgan Securities	A	A2	A3	A3	1,000,000	1,001,500	1,094	(41)	1,000,414	1.125%	1.07%	02/26/16	1,004,860
John Deere Capital Corp	A	A2			1,000,000	1,004,000	1,754	(68)	1,002,039	1.85%	1.11%	10/10/17	1,001,720
Subtotal Medium Term Notes					\$4,000,000	\$4,000,293		(36)	\$4,002,036		1.02%		\$4,009,660

Total Investments

Source of Investment, Market Value: US Bank

Total Investments					\$75,630,762	\$75,718,768			\$75,644,702				\$75,678,200
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INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
 April 30, 2015

	Credit Rating @ Purchase		CHANGES IN Credit Rating		Par Amount	Cost Basis Amount	Term (Days)	April Amortization	April Value	% Coupon	% Yield to Maturity	Maturity Date	Market Value
	S&P	Moody's	S&P	Moody's									
Restricted Deposits													
Debt Service and Arbitrage Accounts													
08A Debt Service Accounts													
US Bank Payment Fund					\$3,125,000	\$3,125,000	N/A	N/A	\$3,125,000		0.00%	N/A	\$3,125,000
Subtotal '08A Debt Service Accts					\$3,125,000	\$3,125,000			\$3,125,000		0.00%		\$3,125,000
08B Debt Service Accounts													
US Bank Debt-Serv. Accounts					\$2,544,710	\$2,544,710	N/A	N/A	\$2,544,710		0.00%	N/A	\$2,544,710
Subtotal '08B Debt Service Accts					\$2,544,710	\$2,544,710			\$2,544,710		0.00%		\$2,544,710
10A Debt Service Accounts													
US Bank Debt Serv. Accounts					\$3	\$3	N/A	N/A	\$3		0.00%	N/A	\$3
Subtotal '10A Debt Service Accts					\$3	\$3			\$3		0.00%		\$3
Total Debt Service Accounts					\$5,669,713	\$5,669,713			\$5,669,713				\$5,669,713
CCRA Deposits Held by Member Agencies													
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					7,674,103	7,674,103	N/A	N/A	7,674,103		N/A	N/A	7,674,103
City of Fontana					6,633,067	6,633,067	N/A	N/A	6,633,067		N/A	N/A	6,633,067
City of Montclair					2,559,334	2,559,334	N/A	N/A	2,559,334		N/A	N/A	2,559,334
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					\$42,184,762	\$42,184,762			\$42,184,762				\$42,184,762
(Totals as reported through March 31, 2015)													
CalPERS Deposits													
OP&B (CERBT) Account					\$7,000,000	\$7,000,000	N/A	N/A	\$7,174,218		N/A	N/A	\$7,174,218
Subtotal CalPERS Deposits					\$7,000,000	\$7,000,000			\$7,174,218				\$7,174,218
Escrow Deposits													
Forestar/FEUA Holding Escrow (RP-1 Outfall)					\$2,395,821	\$2,395,821	N/A	N/A	\$2,395,821		N/A	N/A	\$2,395,821
MNR Construction					701,014	701,014	N/A	N/A	701,014		N/A	N/A	701,014
GSE Construction					162,440	162,440	N/A	N/A	162,440		N/A	N/A	162,440
Genesis Construction					23,913	23,913	N/A	N/A	23,913		N/A	N/A	23,913
Subtotal Escrow Deposits					\$3,283,188	\$3,283,188			\$3,283,188				\$3,283,188
Total Restricted Deposits					\$58,137,663	\$58,137,663			\$58,311,881				\$58,311,881
Total Cash, Investments, and Restricted Deposits as of April 30, 2015					\$136,177,287	\$136,265,293			\$136,365,445				\$136,398,943

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
April 30, 2015

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

April Investment Maturities, Calls & Sales					
No.	Date	Transaction	Investment Security	Par Amount Matured/Sold	Investment Yield to Maturity
1	04/01/15	Maturity	California General Obligation Bond	\$ 1,500,000	1.500%
2	04/16/15	Full Call	Federal Home Loan Bank Bond	2,000,000	1.325%
3	04/23/15	Maturity	JP Morgan Medium Term Note	2,000,000	0.981%
4	04/24/15	Full Call	Federal Home Loan Bank Bond	2,000,000	2.080%
Total Maturities, Calls & Sales				\$ 7,500,000	

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
 April 30, 2015

<u>Directed Investment Category</u>	<u>Amount Invested</u>	<u>Yield</u>
CBB Repurchase (Sweep)	\$27,502,544	0.250%
Local Agency Investment Fund	24,835,685	0.283%
CalTrust	3,540,323	0.440%
Medium Term Notes	4,002,036	1.020%
Municipal Bonds	1,012,813	1.350%
US Treasury Notes	999,707	0.640%
U.S. Government Sponsored Entities	9,579,384	1.456%
	\$71,472,492	0.497%
Bank Deposit and Investment Accounts		
Citizens Business Bank - Demand Account	\$258,477	0.250%
Citizens Business Bank - Certificate of Deposit	4,172,210	0.450%
Bank of the West Money Market Account	1,050,803	0.180%
	\$5,481,490	0.389%

Total Portfolio **\$76,953,982** **0.489%**

Restricted/Transitory/Other Demand Accounts

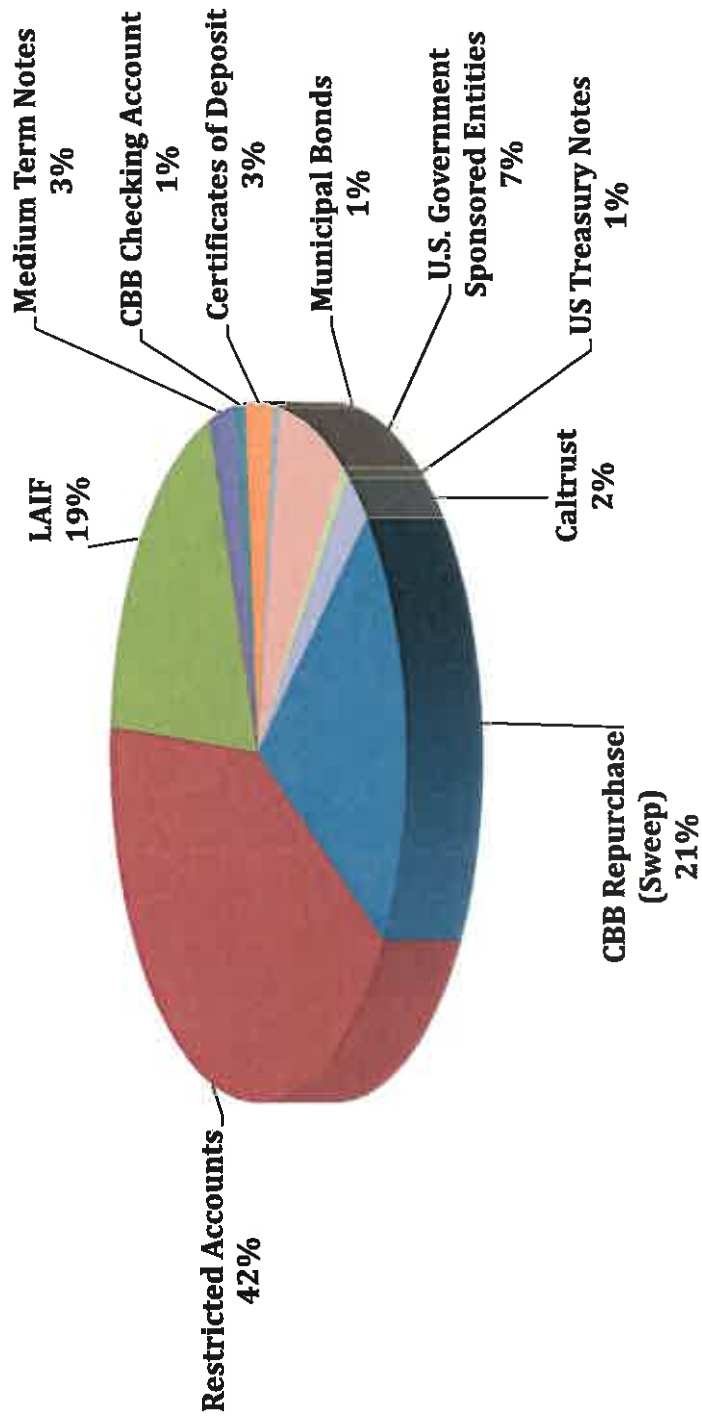
US Bank - 2008B Debt Service Accounts	\$2,544,710	0.000%
US Bank - 2010A Debt Service Accounts	3	0.000%
CCRA Deposits Held by Member Agencies	42,184,762	N/A
Citizens Business Bank - Workers' Compensation Account	56,726	N/A
US Bank - Pre-Investment Money Market Account	39,769	0.010%
CalPERS OPEB (CERBT) Account	7,174,218	N/A
Other Accounts*	1,003,087	N/A
	\$56,128,275	0.000%

Total Other Accounts
Average Yield of Other Accounts

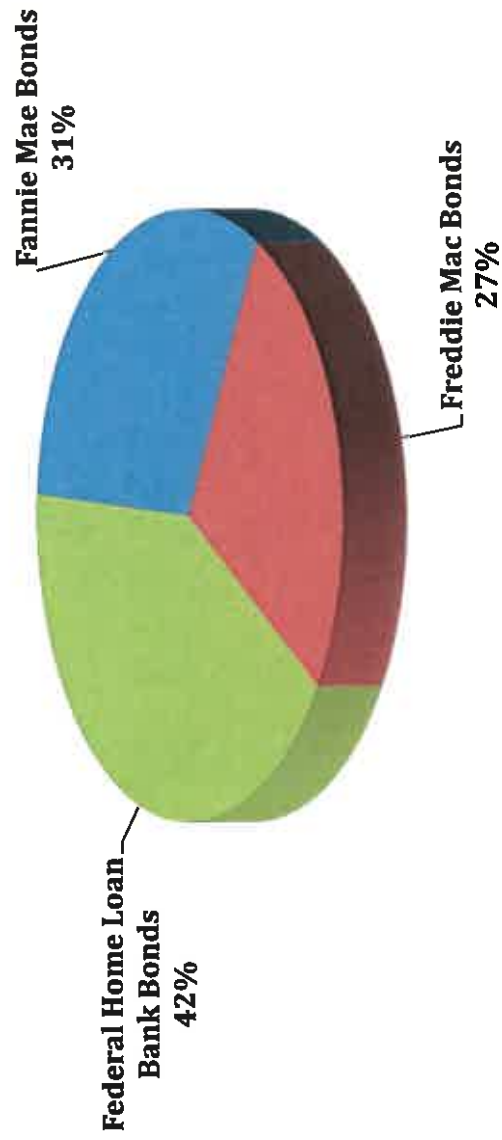
Total Agency Directed Deposits **\$133,082,257**

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

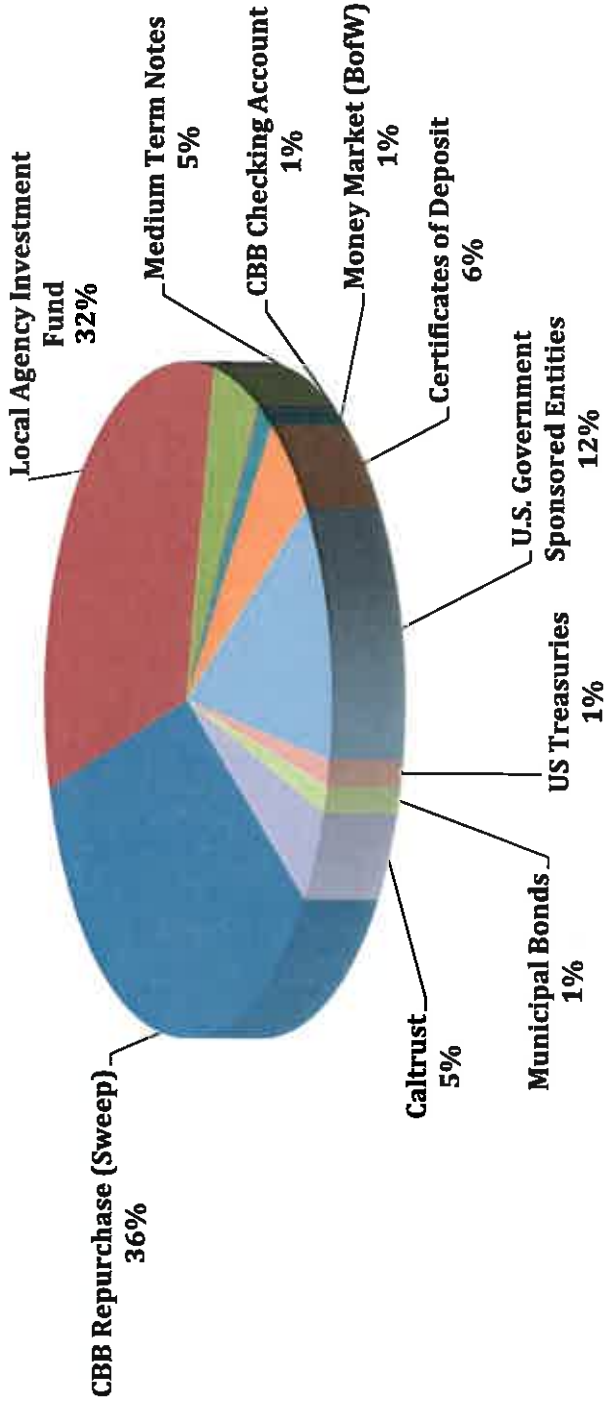
Inland Empire Utilities Agency
Treasurer's Report of Financial Affairs
For the Month Ended April 30, 2015
Combined Agency Portfolio (net of escrow deposits)
\$133,082,257



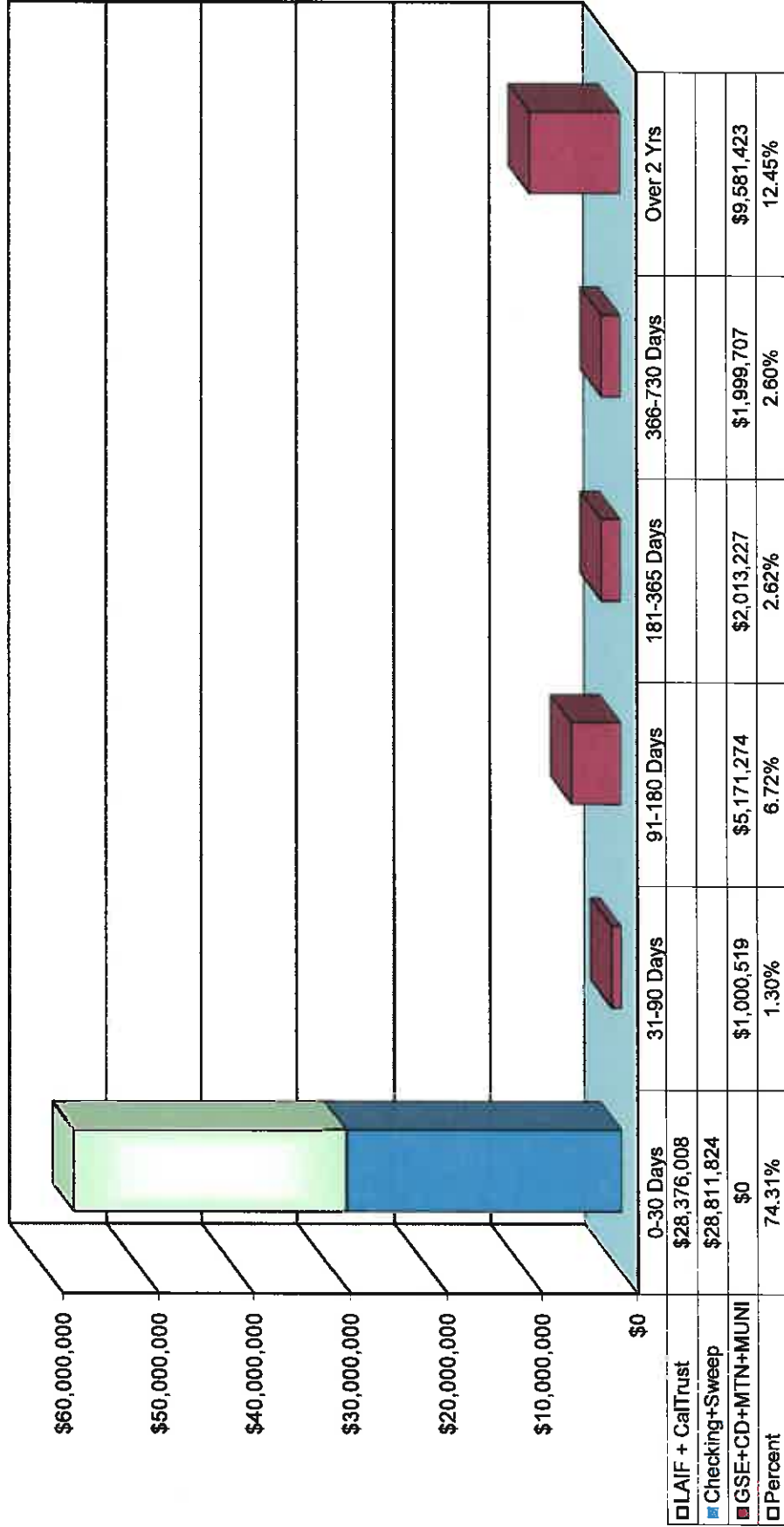
Inland Empire Utilities Agency
Treasurer's Report of Financial Affairs
For the Month Ended April 30, 2015
U.S. Government Sponsored Entities Portfolio
\$9,579,384



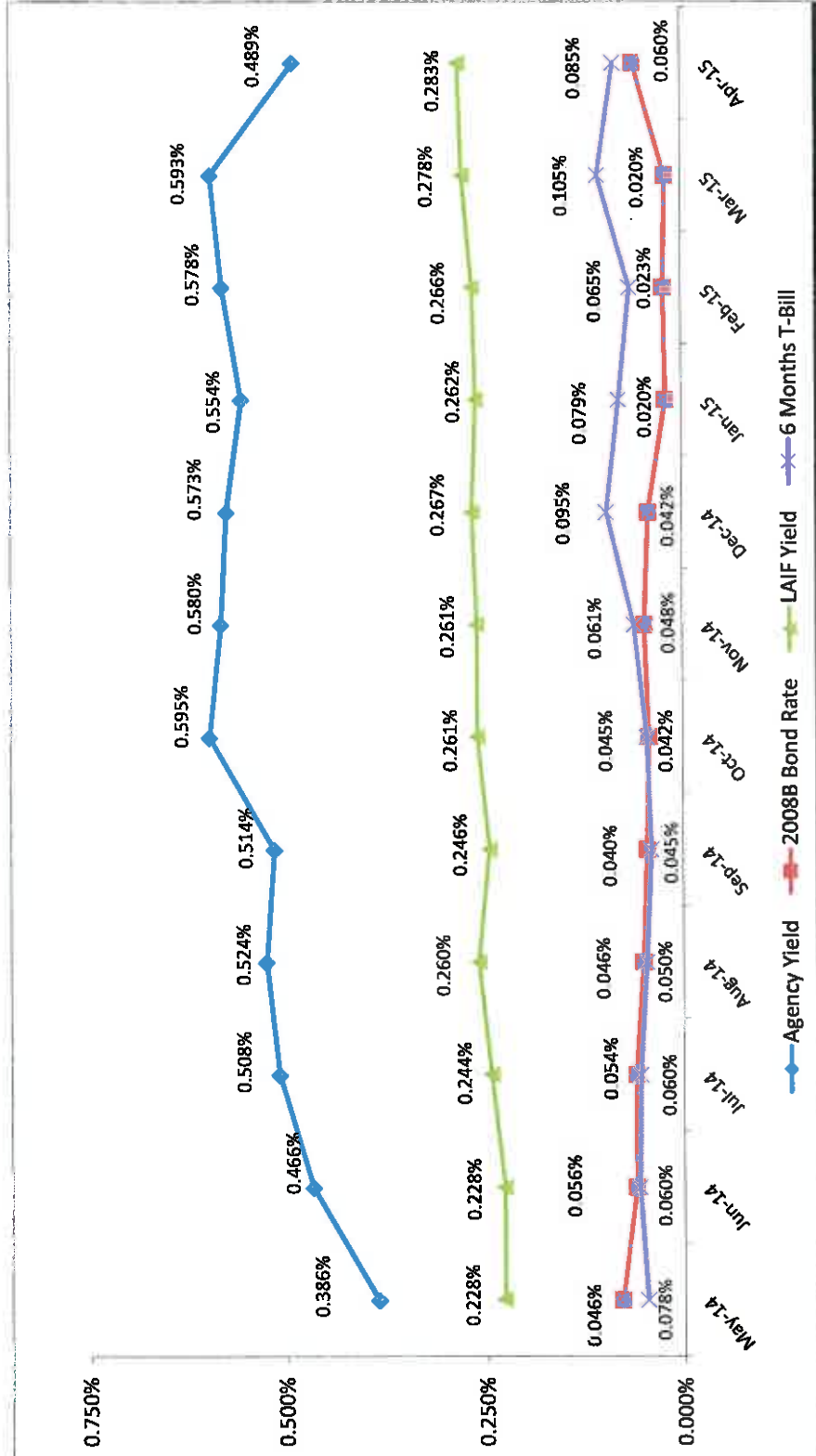
Inland Empire Utilities Agency
Treasurer's Report of Financial Affairs
For the Month Ended April 30, 2015
Unrestricted Agency Investment Portfolio
\$76,953,982



Inland Empire Utilities Agency
Treasurer's Report of Financial Affairs
For the Month Ended April 30, 2015
Directed Investment Portfolio Maturity Distribution
\$76,953,982



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



**INFORMATION
ITEM**

2B

Date: June 17, 2015

To: The Honorable Board of Directors

Through: Finance, Legal, and Administration Committee (6/10/15)

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

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

JLW
#882 Javier Chagoyen-Lazaro
Manager of Finance and Accounting

Subject: FY 2014/15 Third Quarter Budget Variance, Performance Goals Updates,
and Budget Transfers

RECOMMENDATION

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

BACKGROUND

The Budget Variance report presents the Agency's financial performance through third quarter ending March 31, 2015. Exhibit A provides a comparison of actual revenues and expenses against the FY 2014/15 Amended Budget including a discussion of major categories with the most significant variances. Exhibit B provides a progress status of Division and Department Goals and Objectives as established in FY 2014/15 Adopted Budget, Exhibit C presents a summary of Operations and Maintenance (O&M) budget transfers approved by management at the third quarter, and Exhibit D lists Board approved budget amendments and the management approved budget transfers between capital projects and between O&M projects by Agency fund. Attachment A provides the FY 2014/15 financial overview of each of the Agency's programs.

TOTAL REVENUES AND OTHER FUNDING SOURCES

Overall, the Agency received total revenues and other funding sources at the end of the third quarter of \$62.8 million, or 61.1% of the Amended Budget (Exhibit A detail).

The change in the Amended Budget of \$161.6 million compared to the Adopted Budget of \$153.4 million is due to the early execution of the SRF loan proceeds administered by State Water Resources Control Board (SWRCB) for the Southern and Central/Wineville area projects

in the Recycled Water program. On February 18, 2015, the Board approved a budget amendment of \$15 million to support related costs.

The following section highlights key variances:

- **User Charges** – Actual at 74.5% is in line with the amended budget. This category includes EDU volumetric of \$36.6 million, \$5.6 million for non-reclaimable wastewater fees, \$3.2 million for water meter service charges, and \$0.6 million for imported potable water surcharge.
- **Connection Fees** – Member agencies reported a total of 2,380 Equivalent Dwelling Units (EDU) new connections, approximately 79.3% of the budgeted 3,000 EDUs which is equivalent to \$12.1 million of the budgeted \$15.3 million.
- **Recycled Water Sales** – Recycled water sales at the end of the third quarter were \$7.5 million. Direct delivery was 17,226 AF, \$5.0 million, and groundwater recharge was 7,481 AF, \$2.5 million, for 79.4% of the annual budget. Total year to date deliveries of 24,707 AF compares favorably to the 32,000 AF projected for the fiscal year.
- **MWD LPP Rebate** – Direct recycled water sales in excess of 3,500 AF and up to 17,000 AF are eligible for the Metropolitan Water District (MWD) Local Project Program (LPP) at a rate of \$154/AF, for a maximum amount of \$2.1 million per fiscal year. At the end of the third quarter, the total rebate was \$2.0 million for 13,115 AF of credit or 97.1% of total budget.
- **Property Taxes** – Tax receipts at the end of the third quarter were \$23.2 million or 58% of the Amended Budget. General ad-valorem property received from the San Bernardino County Tax Assessor (County) was \$17.0 million and “pass through” incremental RDA taxes received were \$6.2 million.
- **Grants & Loans** – Total receipts were \$1.3 million or 5.5% of the budget. Amended Budget of \$22.5 million consists of \$2.3 million in grants and \$20.2 million in SRF loan proceeds for the Southern and Central/Wineville Area projects. As of April 21, 2015, the execution of the SWRCB amended contract is at its final stage and eligible reimbursements are projected to be \$9.3 million for the Southern Area and \$10.5 million for the Central Wineville project for a total of \$20.0 million in loan proceeds.
- **Cost Reimbursements** – Total cost reimbursements were \$4.5 million or 83.0% of the annual budget. Reimbursements include \$2.6 million from the Inland Empire Regional Composting Authority (IERCA), \$1.0 million from Chino Basin Desalter Authority (CDA), and \$0.9 million from Chino Basin Watermaster (CBWM). Total cost reimbursement budget of \$5.4 million, includes \$1.2 million from CDA, \$3.5 million from IERCA, and \$1.2 million from CBWM.

- **Other Revenues** – Total other revenues actual were \$1.8 million or 58.4% of the annual budget. Other revenues include \$1.2 million for the recovery of the deferred 4R capital charges from Non-Reclaimable (NC) fund and \$0.5 million from lease payment for the RP-5 Solids Handling Facility.

TOTAL EXPENSES AND USES OF FUNDS

The Agency's total expenses through the third quarter were \$76.5 million, or 62.1% of the \$201.5 million Amended Budget.

The increase of \$39.2 million between the Adopted Budget of \$162.3 million and the Amended Budget of \$201.5 million is mainly due to \$16.8 million of encumbrances carried forward from FY 2014/15 (*net of \$2.5 million returned to FY 2013/14*) and \$22.5 million in budget amendment for various projects such as Wineville Extension Recycled Water Pipeline Segments A & B for \$15.0 million; 930 Zone Recycled Water Pipeline Project for \$4.0 million; and RP-1 Outfall Relocation for \$3.2 million.

Key highlights of expenses are:

- **Employment Expenses** – Employment expenses through the third quarter were \$25.5 million or approximately 62.5% of Amended Budget. The favorable variance was due to a higher than anticipated vacancy factor. A total of 21 positions were vacant and an additional 15 were on hold at the end of the quarter, equivalent to a 12.4% vacancy factor which exceeds the Agency's budgeted rate of 5.0%.
- **CSDLAC & SARI Operating Fees** – Operating expenses at the end of the third quarter were \$8.8 million or 76.5% of the budget. The variance was due to higher strength and imbalance charges (pass through) in the Non-Reclaimable Waste (NRW) system.
- **Utilities** – This category expended \$6.7 million or 66.4% of the budget.
 - *Electricity* is slightly higher due to low production from Fuel Cell at RP-1. Low utilization from fuel cell is subsidized by importing higher electricity costs.
 - *Natural gas* utilization is low due to lower gas rate averaging \$0.419/therm compared to the budgeted rate of \$0.80/therm.
 - *Fuel Cell* has experienced some reliability issues over the last couple of months and has been producing electricity lower than the expected output.
 - Power generated from *solar panels* is lower this year compared to last year, which was used as a baseline when production cost was budgeted for this fiscal year. Electricity generated from the solar power is directly related to the amount of sunlight experienced this year. Grid electricity usage was higher but was offset by the actual average of \$0.115/kWh compared to the budgeted rate of \$0.120/kWh.

- **Special and Reimbursable Projects** – O&M project expenditures are lower than budget. Combined actual costs were \$2.0 million or 25% of the Amended Budget of \$8 million or 4% compared to Total Administrative Expenses Amended Budget of \$56.2 million. Variance is due to majority of the projects scope of work which are currently being evaluated and developed; marketing and outreach activities as well as rebate program driven by customer demand are ongoing and all of these are anticipated to occur within the last quarter. In addition, unspent emergency projects are contingent upon occurrence of emergency events.
- **Capital** – Capital total project expenditures through the end of the third quarter were \$39.9 million or 61.2% of the \$65.22 million Amended Budget. Unspent encumbrances amounts to \$21.4 million of which \$14 million are contracts for Wineville (Mike Bubalo and CCL Contracting), Carbon Canyon Odor Replacement (Stantec), and SCADA Enterprise System (Technical Systems and Integrated Design) projects. Recycled water projects accounted for approximately 64% of total capital project costs through the third quarter and 28% are related to Regional Wastewater projects.
- **Debt Service** – Total financial and other non-operating expenses were \$28.9 million or 69.0% of the \$41.9 million annual budget. Interest rate for the 2008B Variable Rate Demands Bonds continues to stay below the budgeted 1% rate, the actual average year to date rate is .041%.

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

FUND BALANCES AND RESERVES

Total fund balance for the year ended June 30, 2014 was \$151.1 million. The net shortfall in total revenue over total expense in the amount of \$26.3 million resulted in an ending fund balance of \$124.8 million.

The change in the total fund balance from \$8.9 million (Adopted Budget) to \$26.3 million (YTD ending March 31, 2015) was mainly due to higher capital expenditures on major Recycled water projects and the timing of SRF loan receipts.

GOALS AND OBJECTIVES

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

BUDGET TRANSFERS AND AMENDMENTS

A summary of *O&M* budget transfers accounted for \$1.4 million is provided in Exhibit C-1.

Additionally, FY 2014/15 Adopted Budget included \$400,000 of *General Manager (GM) Contingency Account* in the RO Fund and \$100,000 in the GG Fund. At the end of the third quarter, \$254,150 and \$100,000 from GG Fund and RO Fund, respectively were utilized to support unexpected and necessary expenses as listed in Exhibit C-2.

Capital and O&M projects budget transfers accounted for \$1.3 million as approved by management during the third quarter, are listed in Exhibit D.

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

PRIOR BOARD ACTION

The Board reviewed the Agency's variance report for FY 2014/15 Second Quarter Ending December 31, 2014, on March 18, 2015.

IMPACT ON BUDGET

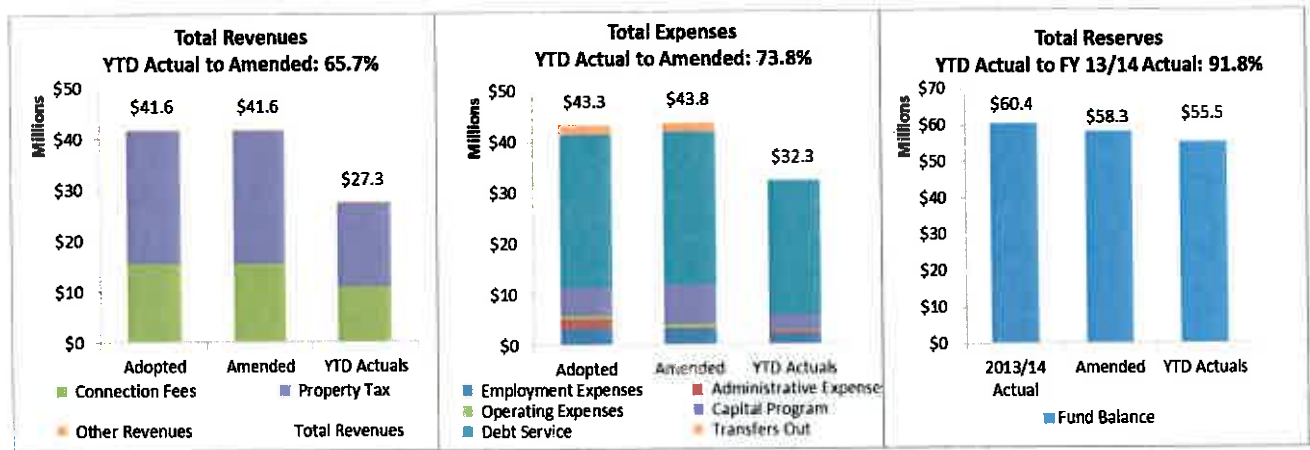
The net shortfall in total revenues over total expenses in the amount of \$26.3 million resulted in a total estimated fund balance of \$124.8 million at quarter ended March 31, 2015.

Attachment A FY 2014/15 Financial Overview of Agency's Programs

FY 2014/15 Total Revenues, Expenses, and Fund Balance – YTD Third Quarter (March 31, 2015)

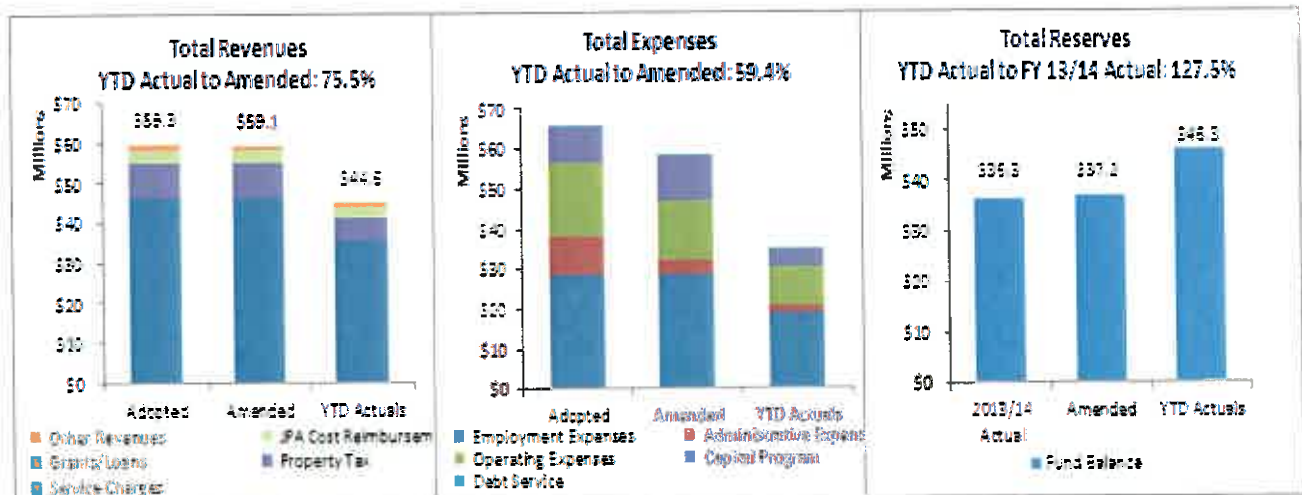
Regional Wastewater Capital Improvement (RC) Fund

- The fund balance indicated a decrease of \$4.9 million compared to the FY 2013/14 ending fund balance was primarily due to payment of the 2005A Revenue Bond retirement paid November 2014, coupled with low property tax receipts in the first half of the fiscal year.



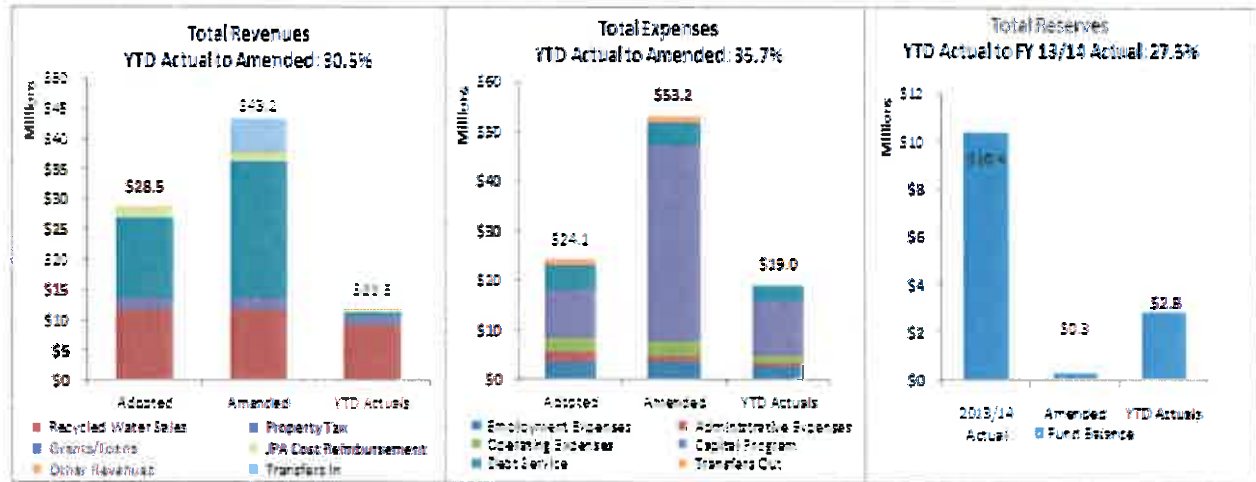
Regional Wastewater Operations and Maintenance (RO) Fund

- The fund balance indicated an increase of \$9.9 million compared to the FY 2013/14 ending fund balance was primarily due to delayed execution of capital Replacement and Rehabilitation (R&R) and O&M projects.



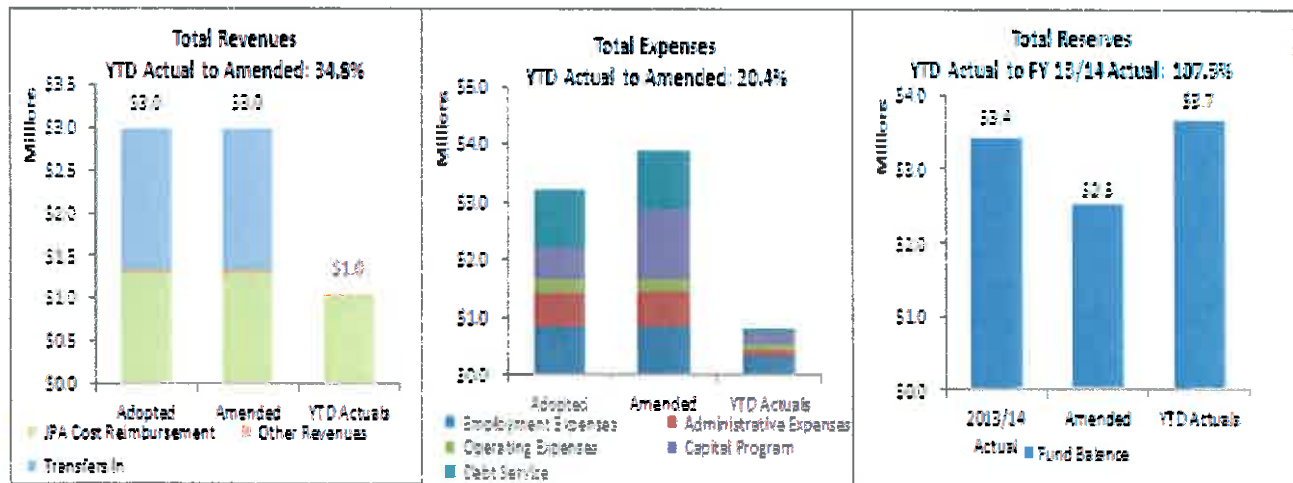
Recycled Water (WC) Fund

- The fund balance indicated a decrease of \$7.5 million compared to the FY 2013/14 ending fund balance was primarily due to timing of the property tax receipt. Inter fund loan from Regional Wastewater Program (RC) for \$10.5 million is projected to occur in this current fiscal year end.



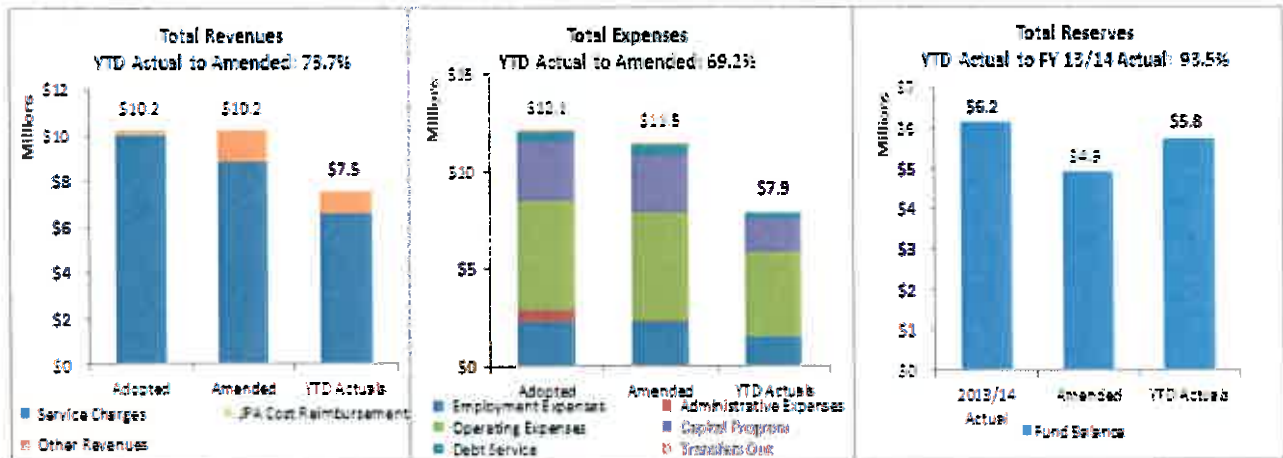
Recharge Water (RW) Fund

- The fund balance presented an increase of \$0.3 million compared to the FY 2013/14 ending fund balance, was due to lower capital and debt service costs.



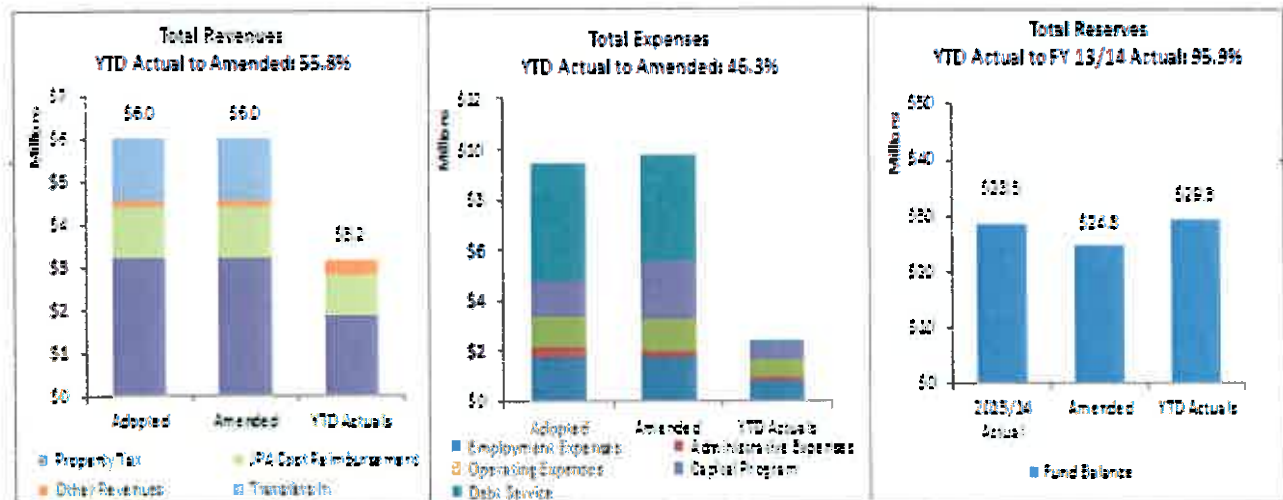
Non-Reclaimable Wastewater (NC) Fund

- The fund balance resulted in a decrease of \$0.4 million compared to the FY 2013/14 ending fund balance was primarily due to lower capital and O&M expense in addition to the timing of user/service charge receipt in the first half of the fiscal year.



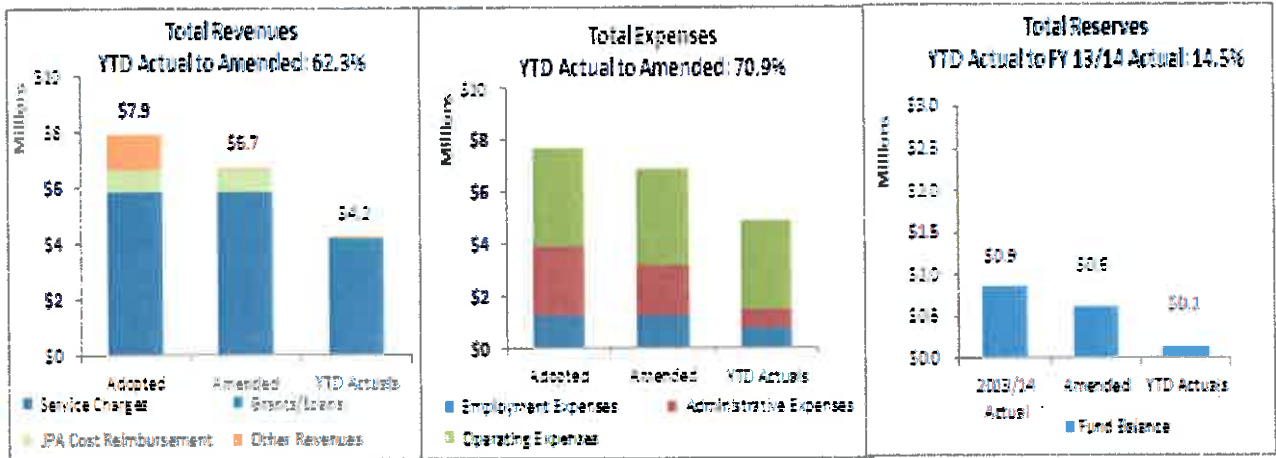
Administrative Services (GG) Fund

- The fund balance indicated an increase of \$0.8 million compared to the FY 2013/14 ending fund balance was primarily due to the timing of property tax receipts, which is the primary revenue source for this fund.



Water Resources (WW) Fund

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





Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

FY 2014/15 3rd Quarter Budget Variance Report

**Board of Directors
June 17, 2015**

Revenue Highlights Actual vs. Amended Budget

GOOD NEWS...

- ❖ **Recycled Water Sales** – \$7.5M, 79.4% of amended budget
 - 24,707 AFY actual vs. 32,000 AFY amended budget

- ❖ **New EDU Connection Fees** - \$12.1M, 79.3% of amended budget
 - 2,380 new connections compared to budgeted 3,000 units.

- ❖ **Grant and Loan Proceeds** - \$1.3M, 5.5% of amended budget
 - \$9.3 million billed Southern Area project in May 2015
 - \$10.5 million projected to be billed for the Central Wineville project



Expense Highlights Actual vs. Amended Budget

GOOD NEWS...

- ❖ **Utilities - \$6.7M, 66.4% of amended budget**
 - Lower actual SCE rate of 11.5 cents/kWh versus budgeted rate of 12.0 cents/kWh however usage was increased through the third quarter due to low production from fuel cell at RP-1.
 - Lower natural gas rates, actual average was \$0.419/therm compared to the budgeted rate of \$0.80/therm.
- ❖ **Employment - \$25.5M, 62.5% of amended budget**
 - Weighted average vacancy factor of 12.4%, or 36 FTE's, far above the 5% budgeted rate.
- ❖ **Capital - \$39.9M, 61.2% of amended budget**
 - Timing of Southern and Central/Wineville recycled water projects are projected to be completed in June and July 2015. Delays in R&R projects is anticipated due to lack of resources (high vacancy factor).

FY 2014/15 Q3 Operating & Non-Operating Net Decrease

(\$Millions)

Operating	FY 2014/15 Amended Budget	Quarter Ended 3/31/15	Actual % of Amended
Operating Revenue	\$83.0	\$62.2	75.0%
Operating Expense	\$94.3	\$56.2	59.6%
Operating Net Increase (Decrease)	(\$11.3)	\$6.0	
Non-Operating	FY 2014/15 Amended Budget	Quarter Ended 3/31/15	Actual % of Amended
Non-Operating Revenue	\$78.6	\$36.6	46.5%
Non-Operating Expense*	\$107.2	\$68.9	64.3%
Non-Operating Net Increase (Decrease)	(\$28.6)	(\$32.3)	

*Non Operating Expenses:

~Budget encumbrance carry forward of \$18.2 million (net of return) from FY 2013/14 to FY 2014/15:

\$1.3 million for O&M expenses, \$3.1 million for special projects and \$14.9 million for capital projects.

~Debt service of \$28.4 million includes \$16.2 million for 2005A Bond in Nov. 2014 and capital expenditures of \$20.4 million.

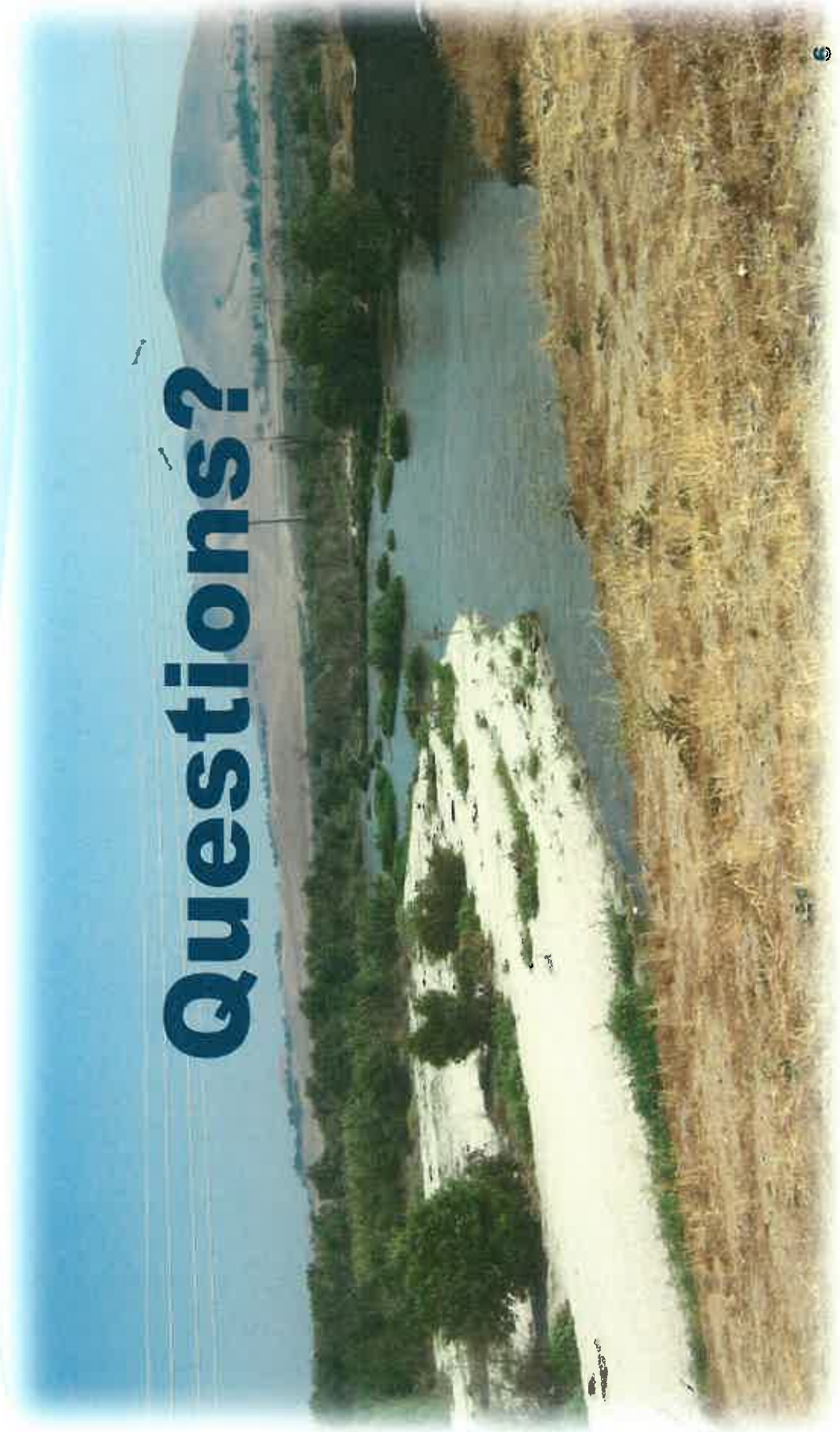
FY 2014/15 Q3 Ending Fund Balance (\$Millions)

Fund Balance	Amended Annual Budget	Quarter Ended 3/31/15	Actual % of Amended
Total Revenue	\$161.6	\$98.8	61.1%
Total Expense	\$201.5	\$125.1	62.1%
Total Net Increase (Decrease)	(\$39.9)	(\$26.3)	
Beginning Fund Balance	\$151.1	\$151.1	
Ending Fund Balance	\$111.2	\$124.8	



Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

Questions?

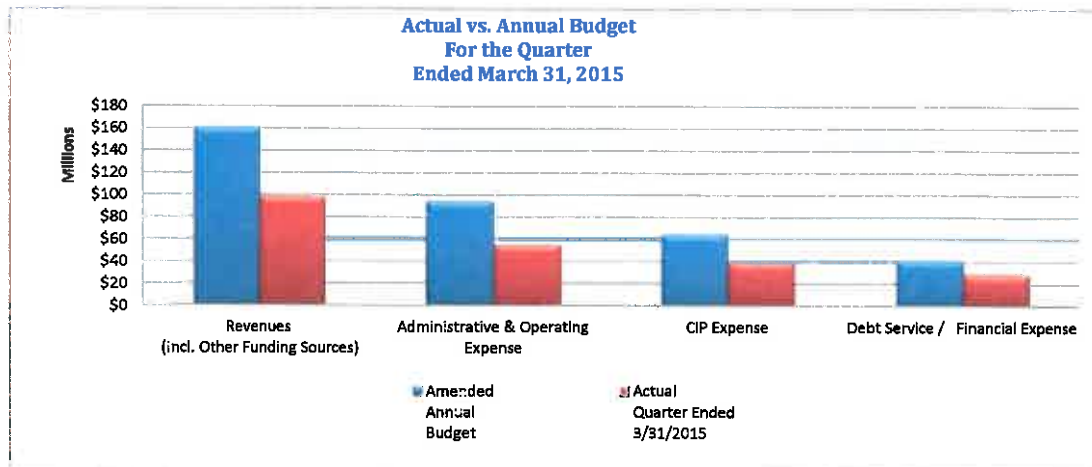


I. Actual vs. Budget Summary:

Third Quarter March 31, 2015

% of the Year
Elapsed: 75%

	Adopted Annual Budget	Amended Annual Budget	Actual Quarter Ended 3/31/2015	Amended vs. Actual	% of Amended Budget
Operating Revenues	\$82,996,623	\$82,996,625	\$62,216,468	(20,780,157)	75.0%
Non-Operating (Other Sources of Fund)	70,436,544	78,613,406	36,559,103	(42,054,303)	46.5%
TOTAL FUNDING SOURCES	153,433,167	161,610,031	98,775,571	(62,834,460)	61.1%
Administrative & Operating Expense	(91,015,073)	(94,316,603)	(56,172,514)	38,144,088	59.6%
CIP Expense	(29,314,800)	(65,201,177)	(39,909,794)	25,291,383	61.2%
Debt Service / Financial Expense	(41,966,339)	(41,966,339)	(28,954,657)	13,011,682	69.0%
TOTAL USES OF FUNDS	(162,296,212)	(201,484,118)	(125,036,965)	76,447,153	62.1%
Surplus/(Deficit)	(8,863,045)	(39,874,087)	(26,261,394)	13,612,692	65.9%



2. Actual Revenue vs. Budget:

% of the Year
Elapsed: 75%

	Adopted Annual Budget	Amended Annual Budget	Actual Quarter Ended 3/31/2015	Amended vs. Actual	% of Amended Budget
Operating Revenues:					
User Charges	\$61,812,614	\$61,812,614	\$46,080,378	\$15,732,236	74.5%
Recycled Water Sales	9,502,500	9,502,502	7,546,439	1,956,063	79.4%
MWD LPP Rebate	2,079,000	2,079,000	2,019,633	59,367	97.1%
Property Tax - O&M	3,216,278	3,216,278	1,859,815	1,356,463	57.8%
Cost Reimbursement	5,437,786	5,437,786	4,511,929	925,857	83.0%
Interest	948,445	948,445	198,274	750,171	20.9%
OPERATING REVENUES	82,996,623	82,996,625	62,216,468	20,780,157	75.0%
Non-Operating Revenues:					
Property Tax - Debt, Capital, Reserves	\$36,987,196	\$36,987,196	\$21,387,873	\$15,599,323	57.8%
Connection Fees	\$15,321,000	\$15,320,999	\$12,149,148	\$3,171,851	79.3%
Grants & Loans	13,394,355	22,562,575	1,250,927	21,311,648	5.5%
Other Revenue	4,733,993	3,742,636	1,771,155	1,971,481	47.3%
NON-OPERATING REVENUES	70,436,544	78,613,406	36,559,103	42,054,303	46.5%
Total Revenues	\$153,433,167	\$161,610,031	\$98,775,571	\$62,834,460	61.1%

User Charges User charges were \$46.0 million, or 74.5% of the Amended Budget. This category includes EDU volumetric fees of \$36.6 million, \$5.6 million Non-Reclaimable wastewater fees paid by industrial and commercial users connected to the brine line system; \$3.2 million for water meter service charge to meet our Readiness-to-Serve obligation from MWD and water use efficiency programs; and \$0.6 million for imported potable water surcharge.

Property Tax/ AdValorem The \$23.2 million in property tax receipts included \$17.0 million of general ad-valorem tax from the San Bernardino County and \$6.2 million in "pass-through" incremental taxes (RDA) taxes received in January.

Recycled Water Sales Recycled water actual direct and groundwater recharge sales were \$5.0 million (17,226 AF) and \$2.5 million (7,481 AF) respectively, for a combined total \$7.5 million or 79.4% of the budget. Total deliveries of 24,707 AF compares favorably to the direct and recharge recycled water budget of 32,000 AF due to dry winter along with optimum basin availability for additional groundwater recharge.

Interest Income Interest income is approximately 20.9% of the annual budget, the variance is attributed to a lower average interest rate of return of 0.047% compared to the budgeted interest rate of 0.50%.

MWD LPP Rebates Direct recycled water sales in excess of \$3,500 AF and up to 17,000 AF are eligible for rebates from MWD LPP at a rate of \$154/AF, for a maximum of \$2.1 million per fiscal year. Total allowable rebate of \$2.0 million or 13,115 AF was availed in the third quarter.

Connection Fees Member agencies reported \$12.1 million or 79.3% of the annual budget. A total of 2,380 new connections were reported through March 2015 compared to annual budget of 3,000 new EDU connections.

Grants and Loans Total receipts were \$1.3 million or 5.5% of the budget; \$0.5 million grants and \$0.8 million of loan proceeds from SWRCB for the Recycled Water Southern. Amended budget of \$22.5 million consists of \$2.3 million in grants and \$20.2 million in SRF Loan Proceeds for the Southern and Central/Wineville Area projects. As of April 21, 2015, the execution of the SWRCB amended contract is at its final stage and eligible reimbursements are projected to be \$9.3 million for the Southern Area and \$10.5 million for the Central Wineville project for a total of \$20 million in loan proceeds.

Cost Reimbursements JPA Total cost reimbursements were \$4.5 million or 83.0% of the annual budget. Category actual includes reimbursements of \$2.6 million from the Inland Empire Regional Composting Authority (IERCA), \$1.0 million from Chino Basin Desalter Authority (CDA), and \$0.9 million from Chino Basin Watermaster (CBWM). Total cost reimbursement budget of \$5.4 million, includes \$1.2 million from CDA, \$3.5 million from IERCA, and \$1.2 million from CBWM.

Other Revenues Total other revenues were \$1.8 million or 58.4% of the annual budget. Revenues include \$1.0 million for the recovery of the deferred 4R capital charges from Non-Reclaimable (NC) fund and \$0.5 million from lease revenue for the RP-5 Solids Handling Facility, \$0.3 million for gain on investment, energy rebates and gain on the sale of assets. The total other revenue budget of \$3.7 million, includes \$1.2 million from Non-Reclaimable Wastewater Fund (NC) for recovery from deferred 4R capital project costs, \$2.0 million for project reimbursements, and \$0.5 million of annual lease revenue.

3. Actual Operating and Capital Expense vs. Budget:

% of the Year
Elapsed: 75%

	Adopted Annual Budget	Amended Annual Budget	Actual Quarter Ended 3/31/2015	Amended vs. Actual	% of Amended Budget
Operating Expenses:					
Employment	\$40,890,683	\$40,890,683	\$25,545,836	\$15,344,846	62.5%
Admin & Operating	50,124,390	53,425,920	30,626,678	\$22,799,242	57.3%
OPERATING EXPENSES	\$91,015,073	\$94,316,603	\$56,172,514	\$38,144,089	59.6%
Non-Operating Expenses:					
Capital	29,314,800	65,201,177	39,909,794	\$25,291,383	61.2%
Debt Service and All Other Expenses	41,966,339	41,966,339	28,954,657	\$13,011,682	69.0%
NON-OPERATING EXPENSES	\$71,281,139	\$107,167,516	\$68,864,451	\$38,303,065	64.3%
Total Expenses	\$162,296,212	\$201,484,118	\$125,036,965	\$76,447,154	62.1%

Employment Expense

Employment - 62.5%

This category includes both wages and benefits. Employment expenses through the third quarter were \$25.5 million or approximately 62.5% of the Amended Budget. The favorable variance was due to a higher than anticipated vacancy factor. A total of 21 positions were vacant and an additional 15 positions were on hold at the end of the quarter, equivalent to a 12.4% vacancy factor which exceeds the Agency's budgeted vacancy rate of 5.0%.

Administrative & Operating Expense

Office and Administrative - 40.7%

The favorable variance was mainly due to the unspent General Manager's Contingency for \$145,850 and avoided election expense for \$200,000. Expenses related to conferences and training were lower than budgeted but the expenses are anticipated to increase when training related courses are made available in the coming months. Other line items such as contributions and sponsorships, subscriptions, advertising and education reimbursement are anticipated to be expended in the last quarter.

Insurance Expenses - 60.9%

The category is slightly under the budgeted due to less occurrences related to general, automobile and casualty liability and property loss or damage which resulted to lower deductible claimed.

Professional Fees & Services - 53.5%

Favorable variance was due to timing or deferral of services to be performed in the subsequent months for these items: *contract materials and labor* for facility administrative building repairs, field service support for calibration of critical compliance equipment, HVAC system, breaker and 12KV protection relay testing, boiler and fuel tank cleaning, repair of groundwater basins, and other technical support from outside vendors. In addition, favorable variance is due to deferred *consultant services* rendered for special audits, financial advisory, engineering consultants, and some maintenance professional services.

Materials & Supplies/Leases/Contribution - 52.4%

The favorable variance was primarily due to the Agency's staff ongoing efforts to reduce the overall spending on replacement parts and routine consumables for plant treatment facilities; such as pumps, conveyors, process analyzer consumables, electrical equipment parts for motors, control panels, valve actuators and other electrical devices.

Biosolids Recycling - 60.7%

Favorable variance was due to digester cleaning and lab testing performed during the first two quarter which caused a delay in the disposal and transport of biosolids. Biosolids disposal has started to ramp up and is expected to align with budgeted tipping fees at \$54 per ton and hauling cost at \$6.48 per ton.

Chemicals - 60.3%

Usage was below budget due to effective process control augmentation which reduces overall chemical usage while maintaining permit compliance parameter, solids capture, and recycled water quality at reduced costs. As the fiscal year draws near, it is anticipated that this category may result to be slightly below budget.

Utilities - 66.4%

Utilities are below budget as of the end of the third quarter. *Electricity* is slightly higher due to low production from Fuel Cell at RP-1. Low utilization from fuel cell is subsidized by importing higher electricity costs. *Natural gas* utilization is low due to lower gas rate averaging \$0.419/therm compared to budgeted rate of \$0.80/therm. The *Fuel Cell* has experienced some reliability issues over the last couple of months and has been producing electricity lower than the expected output. Power generated from *solar panels* is lower this year compared to last year, which was used as a baseline when production cost was budgeted for this fiscal year. Electricity generated from the solar power is directly related to the amount of sunlight experienced this year. The combined average cost per kWh of direct access and SCE electricity was \$0.115/kWh compared to budgeted rate of \$0.12/kWh.

Special and Reimbursable Projects - 22.2% and 33.6%

Special and reimbursable project expenditures are below budget. Combined actual costs were \$2.0 million or 25.0% of the amended budget of \$8.0 million. The table below provides a summary of the major projects and current status.

Financial Expenses	<p>Financial Expense - 69%</p> <p>Total financial and other non-operating expenses were \$28.9 million through the third quarter. The category is expected to remain below budget due to the interest rate on the 2008B Variable Rate Demand Bonds which continues to stay below the 1% budgeted rate, the average year to date actual rate is 0.041%.</p>
Capital Expense	<p>Capital Costs - 61.2%</p> <p>Capital actual expenditures through the third quarter were approximately \$39.9 million. Unspent encumbrances amounts to \$21.4 million of which \$14 million are contracts for Wineville (Mike Bubalo and CCL Contracting), Carbon Canyon Odor Replacement (Stantec), and SCADA Enterprise System (Technical Systems and Integrated Design) projects. Recycled Water projects accounted for approximately 64% of costs through the third quarter and 28% are related to Regional Wastewater projects. Listed below is a brief status report on some of the major projects currently under construction.</p>

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

Capital Project		Amended FY 2014/15	YTD Expenditure	Budgeted Amount Remaining
EN13023	<p>930 Zone Recycled Water Reservoir</p> <p>99% of the budget was expended by the end of the third quarter. The purpose of the project is to provide storage in the Southern Service Area and increase pump station capacities. Currently the project is in construction. Last month sewer repair, appurtenances, and street resurfacing on Foxglove were completed. All construction is complete, currently final testing is underway, the project is completed in March 2015.</p>	7,878,744	7,733,766	144,978
EN13038	<p>RP-1 Outfall Relocation & Upsizing</p> <p>100% of the budget was expended by the end of the third quarter. This project includes the relocation of an existing 30-inch RP-1 Outfall recycled water pipeline outside of its easement into public right-of-way. Due to increasing capacity demand from the City of Ontario, the pipeline will be upgraded to a 72-inch pipeline. Pipe delivery and excavation and grading are to be complete in January, project is completed.</p>	5,200,000	5,168,128	31,872
EN06025	<p>Wineville Extension Recycled Water Pipeline</p> <p>68% of the budget was expended by the end of the third quarter. The project consists of approximately 24,000 lineal feet of pipe and will serve recycled water customers as well as provide recycled water for ground water recharge at the RP-3 and Declez Basins. Construction and permitting are currently underway for this project and the project is estimated to be completed in July 2015.</p>	11,336,749	7,711,870	3,624,880
EN13045	<p>Wineville Extension Recycled Water Pipeline Segment B</p> <p>62% of the budget was expended by the end of the third quarter. The project involves the installation of 2.8 miles of 30" recycled water pipeline in addition to the associated appurtenances. This project is in conjunction with EN06025. Currently permitting and construction are in progress. In December notification to residents and pipe delivery along Marlay was completed, during January installation of pipe is expected. This project is estimated to be complete in July 2015.</p>	9,900,000	6,066,443	3,833,557
EN13054	<p>Montclair Lift Station Upgrades</p> <p>62% of the budget was expended by the end of the third quarter. The project will work to eliminate the ragging problem at the Montclair Pump Station that arose due to additional flow diverted to RP-1. The project is currently in the construction phase. HVAC redesign has been completed and the complete bypass and outage plan is being finalized. Coordination with SCE should result in an early SCE cut-over. Construction is projected to be finished in June 2015.</p>	2,535,831	2,030,115	505,716
EN11035	<p>Philadelphia Pump Station Upgrades</p> <p>Construction phase of project is complete. The project will mitigate problems at the pump station including walls and floor surfaces that will be recoated with a strong resin.</p>	1,410,742	1,480,155	(69,414)
EN14012	<p>RP-2 Drying Beds Rehabilitation</p> <p>70% of the budget was expended by the end of the third quarter. The project includes the design, procurement, and installation of drying bed improvements and temporary provisions for dewatering. The project is currently in construction and recent activities include grading of the west side drying beds, projects expected to be completed by April 2015.</p>	1,278,279	888,271	390,008
O&M & Reimbursable Projects		Amended FY 2014/15	YTD Expenditure	Budgeted Amount Remaining
WR15022	<p>Water Use Assessments</p> <p>0% of the budget was expended by the end of the third quarter. A DWR grant, to help offset costs, is expected to be awarded sometime between March and June 2015 once the grant has been approved the project is expected to begin. The project will identify water efficiency programs and tools to evaluate municipal water use assessments. This will help identify high water users to target with necessary conservation programs.</p>	800,000	-	800,000
PA15001	<p>Underground Piping Rehabilitation</p> <p>0% of the budget was expended by the end of the third quarter. This project is an annual appropriation for the rehabilitation or repair of the Agency's underground assets. This includes pipes vaults, channels, and process galleries.</p>	500,000	-	500,000

EP15001

RP-1/RP-2 Digester Cleaning Project

630,000

30,778

599,222

5% of the budget was expended by the end of the third quarter. The project involves the removal of solids from Wastewater Treatment Facility Digesters to allow for better processing, a reduction of equipment failures, and improvement in process performance. Digester cleaning services contract was awarded in February 2015 with estimated project completion by fiscal year end.

INLAND EMPIRE UTILITIES AGENCY
Fiscal Year 2014/15
CONSOLIDATED BUDGET VARIANCE ANALYSIS REPORT
Third Quarter March 31, 2015

	Adopted FY 2014/15 Annual Budget	Amended FY 2014/15 Annual Budget	YTD Actual	YTD Variance	YTD % Budget Used
<u>OPERATING REVENUES</u>					
User Charges	\$61,812,614	\$61,812,614	\$46,080,378	(\$15,732,236)	74.5%
Recycled Water	9,502,500	9,502,502	7,546,439	(1,956,063)	79.4%
MWD LPP Rebates	2,079,000	2,079,000	2,019,633	(59,367)	97.1%
Property Tax - O&M	3,216,278	3,216,278	1,859,815	(1,356,463)	57.8%
Cost Reimbursement from JPA	5,437,786	5,437,786	4,511,929	(925,857)	83.0%
Interest Revenue	948,445	948,445	198,274	(750,171)	20.9%
TOTAL OPERATING REVENUES	\$82,996,623	\$82,996,625	\$62,216,468	(\$20,780,157)	75.0%
<u>NON-OPERATING REVENUES</u>					
Property Tax - Debt, Capital, Reserves	\$36,987,196	\$36,987,196	\$21,387,873	(\$15,599,323)	57.8%
Connection Fees (CCRA)	15,321,000	15,320,999	12,149,148	(3,171,851)	79.3%
Grants	2,320,000	2,320,000	486,058	(1,833,942)	21.0%
SRF Loan Receipts	11,074,355	20,242,575	764,869	(19,477,706)	3.8%
Project Reimbursements	1,969,220	1,969,220	-	(1,969,220)	0.0%
Other Revenue	2,764,773	1,773,416	1,771,155	(2,281)	99.9%
TOTAL NON OPERATING REVENUES	\$70,436,544	\$78,613,406	\$36,559,103	(\$42,054,303)	46.5%
TOTAL REVENUES	\$153,433,167	\$161,610,031	\$98,775,571	(\$62,834,460)	61.1%
<u>ADMINISTRATIVE and OPERATING EXPENSES</u>					
EMPLOYMENT EXPENSES					
Wages	\$22,295,053	\$22,295,053	\$15,990,349	\$6,304,704	71.7%
Benefits	18,595,630	18,595,630	9,555,487	9,040,143	51.4%
TOTAL EMPLOYMENT EXPENSES	\$40,890,683	\$40,890,683	\$25,545,836	\$15,344,846	62.5%
ADMINISTRATIVE EXPENSES					
Office & Administrative	\$1,513,247	\$2,007,860	\$817,976	\$1,189,885	40.7%
Insurance Expenses	739,000	739,000	450,130	288,870	60.9%
Professional Fees & Services	7,651,114	8,734,404	4,668,789	4,065,615	53.5%
O&M Projects	3,939,500	6,095,004	1,353,422	4,741,582	22.2%
Reimbursable Projects	1,158,750	1,856,628	624,503	1,232,125	33.6%
TOTAL ADMINISTRATIVE EXPENSES	\$15,001,611	\$19,432,897	\$7,914,820	\$11,518,077	40.7%

INLAND EMPIRE UTILITIES AGENCY
Fiscal Year 2014/15
CONSOLIDATED BUDGET VARIANCE ANALYSIS REPORT
Third Quarter March 31, 2015

	Adopted FY 2014/15 Annual Budget	Amended FY 2014/15 Annual Budget	YTD Actual	YTD Variance	YTD % Budget Used
OPERATING EXPENSES					
Material & Supplies/Leases	\$2,985,473	\$3,561,895	\$1,868,014	\$1,693,881	52.4%
Biosolids Recycling	3,633,660	4,007,924	2,432,568	1,575,356	60.7%
Chemicals	4,629,380	4,779,463	2,882,972	1,896,491	60.3%
CSDLAC & SARI, Operating Fees/Water	13,349,199	11,472,674	8,777,094	2,695,581	76.5%
Utilities	10,525,067	10,171,067	6,751,210	3,419,857	66.4%
TOTAL OPERATING EXPENSES	\$35,122,779	\$33,993,023	\$22,711,858	\$11,281,165	66.8%
TOTAL ADMINISTRATIVE and OPERATING EXPENSES	\$91,015,073	\$94,316,603	\$56,172,514	\$38,144,088	59.8%
<u>NON-OPERATING EXPENSES</u>					
CAPITAL OUTLAY	\$29,314,800	\$65,201,177	\$39,909,794	\$25,291,383	61.2%
FINANCIAL EXPENSES					
Principal, Interest and Financial Expenditun	41,572,489	41,572,489	28,577,427	12,995,062	68.7%
OTHER NON OPERATING EXPENSES	393,850	393,850	377,230	16,620	95.8%
TOTAL NON-OPERATING EXPENSES	\$71,281,139	\$107,167,516	\$68,864,451	\$38,303,065	64.3%
TOTAL EXPENSES	\$162,296,212	\$201,484,118	\$125,036,965	\$76,447,153	62.1%
REVENUES IN EXCESS/ (UNDER) EXPENSES	(\$8,863,045)	(\$39,874,087)	(\$26,261,394)	(\$13,612,694)	
FUND BALANCE SUMMARY					
Beginning Balance, July 01	\$146,164,676	151,081,114	\$151,081,114	\$0	
Surplus/ (Deficit)	(8,863,045)	(39,874,087)	(\$26,261,394)	(13,612,694)	
ENDING BALANCE, June 30	\$137,301,631	\$111,207,027	\$124,819,721	\$13,612,694	

Inland Empire Utilities Agency
Inter-Departmental/Division Transfers FY 2014/2015
Budget Transfer

Fund	Date	O & M Transfer From	Category	Amt Transfer Out	O & M Transfer To	Category	Amount Transfer In	Description	QTR
10200	1/5/15	510040	Election Expense	\$80,000	520930	Public Info./Prof Svcs	\$80,000	This transfer is being requested to cover the expenses associated with the IEUA Agency History Book. This item was not budgeted for within the FY 2014/15 budget.	3
10200	1/21/15	502120	HR-Regular Wages Exempt	\$40,000	521080	Other Contract Services	\$40,000	As a result of two unplanned separations, temporary staff have been utilized during the transition period. Funds were not budgeted for the additional expense, so it is required to use a portion of the salary savings to fund the temporary staffing cost.	3
10200	1/26/15	521410	Computer Systems Maintenance	\$50,000	521410	Computer System Maintenance	\$50,000	The transfer is to allow BIS to process remaining SAP Maintenance Fees in FY 2014/15	3
10500	2/18/15	EC14002	NRWS Pipe Cleaning O & M	\$40,000	545110	Electricity	\$40,000	To supplement electricity account for NRW.	3
10600	3/18/15	519010	GM Contingency	\$30,000	521080	Other Contract Services	\$30,000	Transfer to amend the contract with Carollo Engineers to complete the Wastewater, Water, and Recycled Water Rate and Fee Study.	3
10700	3/18/15	519010	GM Contingency	\$30,000	521080	Other Contract Services	\$30,000	Transfer to amend the contract with Carollo Engineers to complete the Wastewater, Water, and Recycled Water Rate and Fee Study.	3
10800	2/5/15	512140	Uniforms	\$45,000	512140	Uniforms	\$45,000	Transfer budget to the highest level of cost center group because uniforms are now paid for at the highest level of cost center groups, but the FY14/15 budget was split between multiple cost centers.	3
10800	2/5/15	512140	Uniforms	\$3,500	512140	Uniforms	\$3,500	Transfer budget to the highest level of cost center group because uniforms are now paid for at the highest level of cost center groups, but the FY14/15 budget was split between multiple cost centers.	3
10800	2/5/15	512140	Uniforms	\$9,500	512140	Uniforms	\$9,500	Transfer budget to the highest level of cost center group because uniforms are now paid for at the highest level of cost center groups, but the FY14/15 budget was split between multiple cost centers.	3
10800	2/5/15	512140	Uniforms	\$8,000	512140	Uniforms	\$8,000	Transfer budget to the highest level of cost center group because uniforms are now paid for at the highest level of cost center groups, but the FY14/15 budget was split between multiple cost centers.	3
10800	3/17/15	545210	Natural Gas	\$89,500	526310	Residuals Disposal	\$89,500	To supplement budget for the Biosolids Hauling Fees for RP-1 and RP-2	3
10800	3/17/15	545210	Natural Gas	\$222,500	526310	Residuals Disposal	\$222,500	To supplement budget for the Biosolids Hauling Fees for RP-1 and RP-2	3
10800	3/17/15	545210	Natural Gas	\$54,500	526520	Transport to RCA	\$54,500	To supplement budget for the Biosolids Hauling Fees for RP-1 and RP-2	3
10800	3/17/15	545210	Natural Gas	\$33,500	526520	Transport to RCA	\$33,500	To supplement budget for the Biosolids Hauling Fees for RP-1 and RP-2	3
10800	1/20/15	PA15003	Agency Wide Clarifier Rehabilitation	\$150,000	540210	Waste BOD/COD	\$150,000	To transfer budget from O & M Projects PA15003 and PA15004 to supplement RP-1 Filtrate Strength Charges	3

Exhibit C-1

Fund	Date	O & M Transfer From	Category	Amt Transfer Out	O & M Transfer To	Category	Amount Transfer In	Description	QTR
10800	1/20/15	PA15004	Tertiary Facility Rehabilitation	\$85,000	540220	Waste-TSS	\$85,000	To transfer budget from O & M Projects PA15003 and PA15004 to supplement RP-1 Filtrate Strength Charges	3
10800	1/20/15	PA15003	Agency Wide Clarifier Rehabilitation	\$200,000	540220	Waste-TSS	\$200,000	To transfer budget from O & M Projects PA15003 and PA15004 to supplement RP-1 Filtrate Strength Charges	3
10800	1/20/15	EN14005	Asset Management Condition Assessments	\$100,000	540220	Waste-TSS	\$100,000	To transfer budget from O & M Project EN14005 to supplement RP-1 Filtrate Strength Charges	3
10800	2/4/15	521080	Other Contract Services	\$100,000	540310	Fixed Project Cost	\$100,000	Transfer from Other Contract Services to supplement RP-1 Filtrate's share for administration charges (part of Deferred 4Rs charges)	3
10800	3/18/15	512660	Equipment / Tools	\$2,000	530020	Sodium Bisulfate	\$2,000	Transfer from RP-5 Materials & Supplies to CCWRF sodium bisulfate to cover the budget line item for the remainder of the year. Due to higher flows to the creek and under budgeting of this chemical, CCWRF is short on funds	3
10800	3/18/15	512170	O&M Supplies	\$3,200	530020	Sodium Bisulfate	\$3,200	Transfer from RP-5 Materials & Supplies to CCWRF sodium bisulfate to cover the budget line item for the remainder of the year. Due to higher flows to the creek and under budgeting of this chemical, CCWRF is short on funds	3
10900	3/18/15	519010	GM Contingency	\$30,000	521080	Other Contract Services	\$30,000	Transfer to amend the contract with Carollo Engineers to complete the Wastewater, Water, and Recycled Water Rate and Fee Study.	3
			Total O&M Transfers Out	\$1,406,200		Total O&M Transfers In	\$1,406,200		

Inland Empire Utilities Agency
FY 2014/15 GM Contingency Account Activity

Exhibit C-2

Date	Description	Account/Project No.	Requestor	GG TOTAL		RO TOTAL		Transfers	Balance
				GM	Contingency	GM	Contingency		
7/1/2014	FY 2014/15 Adopted budget	10800-112100-501000-519010 10200-112100-100000-519010		\$100,000					
7/29/14	Budget transfer to cover WaterReuse Research Foundation plodge	10200-112100-100000-515030	S. Lee	\$50,000			\$50,000	\$450,000	
8/26/14	Budget transfer to cover Recharge Water projected legal expenses	10300-112100-40000-520230	J. C.-Lazaro			\$30,000	\$30,000	\$420,000	
9/22/14	Transfer to Water Discovery Program project PK11001	10800-128100-501000-570002	L. Diaz	\$53,150			\$133,150	\$366,850	
9/22/14	Transfer to Other Contract Services to cover fees for MWH TCE feasibility study	10200-124100-100000-521080	S. Lee	\$50,000			\$183,150	\$316,850	
10/20/14	Transfer to WR14003	10900-124100-505000-521080	S. Lee			\$1,000	\$184,150	\$315,850	
3/18/15	Transfer to WR14019	10700-124100-110000-570005	S. Lee			\$30,000	\$214,150	\$285,850	
3/18/15	Transfer to Other Contract Services to amend contract with Carollo Engineers	10600-124100-130000-521080	S. Lee			\$30,000	\$244,150	\$255,850	
3/18/15	Transfer to Other Contract Services to amend contract with Carollo Engineers	10700-124100-110000-521080	S. Lee			\$30,000	\$274,150	\$225,850	
3/18/15	Transfer to Other Contract Services to amend contract with Carollo Engineers	10900-124100-505000-521080	S. Lee			\$30,000	\$304,150	\$195,850	
4/8/15	Transfer to WR14019	10700-124100-110000-570005	S. Lee			\$50,000	\$354,150	\$145,850	
Year-to-date total budget transferred				\$100,000		\$254,150			
Remaining budget balances as of				\$0		\$145,850		\$145,850	

cc: Joe Grindstaff, Christina Valencia

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

Fund	Capital or Other Proj?	Request Date	Trend Proj Budget Change YTD	Request Budget Change YTD	Approved Proj Budget Change YTD	Project #	Project Title	Adjusted Total Project Budget	Prior FY 2014/15 TP Budget Changes	Current Total Project Budget	Amount Transferred by (to)	New TP Budget	FY 2014/15 Annual Project Budget	Annual Proj Budget Change	Project Transferred by (from)	Justification	
10500	Capital	1/28/15	Yes	Yes	No	IS12010	Payroll Replacement	\$1,187,000	\$0	\$2,187,000	(\$53,600)	\$2,133,400	\$53,600	(\$53,600)	IS15002	Transfer from IS12010 to IS15002 to help fund the consulting services needed in this fiscal year to assess the current environment and establish a roadmap for the overall ECU to comply with existing regulations and policies.	
						IS15002	Document/ Records Right Assessment	\$48,000	\$0	\$48,000	\$53,600	\$101,600	\$48,000	\$53,600	(\$12010)		
	Capital	3/10/15	Yes	Yes	No	EN14002	CIPO Enhancements	\$95,000	\$0	\$95,000	(\$2,300)	\$92,700	\$92,700	(\$2,300)	EN15033	Transfer from EN14002 to EN15033 because EN14002 is complete.	
						EN15033	CIPO Enhancements FY14/15	\$15,000	\$0	\$15,000	\$2,300	\$17,300	\$15,000	\$2,300	(EN14002)	Transferred funds will be used for CIPO Enhancements including modules for Potential Change Orders, Certified Payroll, and Reporting.	
						Subtotal Administration (GG)		\$2,285,000		\$2,285,000		\$2,448,776	\$148,776				
10500	Capital	2/11/15	Yes	Yes	No	EN14035	NRM Collection System Repairs Phase	\$850,000	(\$87,100)	\$762,900	(\$25,000)	\$737,900	\$474,862	(\$25,000)	EN15046	Transfer from EN14035 to EN15046 to cover the design and construction costs of the project.	
						EN15046	NRM Manhole Upgrades	\$0	\$50,000	\$50,000	\$25,000	\$75,000	\$50,000	\$25,000	(EN14035)		
						Subtotal Non Recyclable Water (WC)		\$850,000		\$812,900		\$812,900	\$524,862				
10600	Capital	3/17/15	Yes	Yes	No	EN13051	1630 E Recycled Water Pipeline Surge Tank Replacement	\$140,000	\$0	\$140,000	(\$140,000)	\$0	\$190,000	(\$140,000)	EN15055	Transfer from EN13051 to EN15055 to combine the two related projects. Combining projects has been shown to provide substantial design savings.	
						EN15055	1630 W/E Recycled Water Pump Stations - Surge Tank Installation	\$50,000	\$0	\$50,000	\$140,000	\$190,000	\$50,000	\$140,000	(EN13051)		
	Capital	3/26/15	Yes	Yes	No	EN13023	990 Zone Recycled Water Pipeline	\$11,219,538	\$4,008,791	\$15,228,329	\$650,000	\$15,878,329	\$7,529,744	\$949,000	(\$949,000)	(WC Reserves)	Board approved amendment to supplement EN13023 to cover the change order costs negotiated by all parties as discussed on March 16, 2015 during closed session.
						Subtotal Recycled Water (WC)		\$13,449,538		\$16,106,329		\$16,106,329	\$7,740,574				
10800	Capital	1/19/15	Yes	Yes	No	EN13054	Montclair LTR Station Upgrades	\$9,516,600	\$75,000	\$9,591,600	(\$42,000)	\$9,549,600	\$2,977,830	(\$42,000)	EN14052	Transfer from EN13054 to complete the additional electrical and instrumentation installation under EN14052 due to higher installation cost to automate the new gate controls for the new west effluent pipeline.	
						EN14052	RP-1 Primary Clarifier West Effluent Pipeline Replacement	\$970,000	\$0	\$970,000	\$42,000	\$1,012,000	\$470,302	\$42,000	(EN13054)		
	Capital	3/21/15	Yes	Yes	No	EN15012	RP-1 East Primary Effluent Pipe Rehab	\$750,000	(\$450,000)	\$300,000	(\$145,000)	\$155,000	\$150,000	(\$145,000)	EN08023	Transfer from EN15012 to EN08023 to cover construction costs for the following work: add adjustable tensioning bars throughout each clarifier; replace flights within four clarifiers; replace the drive shafts with stainless steel to prevent binding; and move deflector bars to the bottom of the new drum collector.	
						EN08023	RP-1 Asset Replacement	\$5,490,456	\$0	\$5,490,456	\$145,000	\$5,635,456	\$0	\$145,000	(\$145,000)	(EN15012)	
						Subtotal Regional Operations (RO)		\$10,727,056		\$10,952,056		\$10,952,056	\$3,188,132				

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

Fund	Capital or Spec Proj?	Request Date	Total Proj Budget Change YTD?	Annual Proj Budget Change YTD?	Project Name	Project Title	Adopted Total Project Budget	Prop FY 2014/15 Proj Budget Change	Current Total Project Budget	Am't of Transfer In / Out	New TP Budget	FY 2014/15 Annual Project Budget	Annual Proj Budget Change	Project Transferred To / From	Justification			
10000					EN14037	Sewer Collection System Manhole Upgrades	\$1,825,000	(\$113,000)	\$1,712,000	(\$15,000)	\$1,697,000	\$476,544	(\$15,000)	EN15056				
					EN15022	RP-1 Aeration Ducting	\$1,256,000	\$0	\$1,256,000	(\$100,000)	\$1,156,000	\$793,546	(\$100,000)	EN15056				
	Capital	2/3/15	Yes	Yes	EN11036	HVAC & Server Room Fire Suppression Improvements	\$2,821,361	\$0	\$2,821,361	(\$14,000)	\$2,807,361	\$71,360	(\$14,000)	EN15056	Transfer from EN11036, EN11051, EN12022, and EN14037 to create new project, EN15056, to investigate and evaluate pressure losses in the digester gas system piping and provide recommendations for repairs and upgrades because flow fluctuations can cause potential venting to the atmosphere of digester gas which is a violation of SCAQMD regulations.			
					EN11051	Central Plant for the New Operational Lab	\$2,130,000	\$180,218	\$2,318,218	(\$51,000)	\$2,267,218	\$188,218	(\$51,000)	\$127,218	EN15056			
					EN15056	RP-1 Digester Gas System Evaluation & Improvement	\$0	\$0	\$0	\$180,000	\$180,000	\$180,000	\$180,000		EN14037 / EN15022 / EN11056 / EN11051			
Capital		2/11/15	Yes	Yes	EN14037	Sewer Collection System Manhole Upgrades	\$1,825,000	(\$128,000)	\$1,697,000	(\$70,000)	\$1,627,000	\$949,544	(\$70,000)	EN15045	Transfer from EN14037 to cover the cost of design of the EN15045 which was established earlier this fiscal year.			
					EN15045	Collection System Manhole Upgrades	\$0	\$50,000	\$50,000	\$70,000	\$120,000	\$50,000	\$70,000	(\$140,037)				
													Subtotal Regional Capital [TC]	\$2,126,212	\$9,854,579	\$2,126,212		

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

Fund	Capital or State Proj	Request Date	Total Proj Budget Changes (Y/N)	Original Proj Budget Change (Y/N)	Project Number	Project Title	Adopted 2014/15 Project Budget	Current Total Project Budget	Amt. of Transfer (Y/N)	New Y/P Budget	FY 2014/15 Annual Project Budget		Project Transfer To/From	Justification	
											Adopted	Amended			Total Annual Capital Budget
10500	O&M Proj	2/18/15	Yes	Yes	EC14002	NIRVUS Pipeline Cleaning	\$50,000	\$0	(\$40,000)	\$10,000	\$59,000	\$40,000	O&M - Electricity	Transfer from EC14002 to O&M Electricity, 545110, to supplement the electricity account for NRW.	
Subtotal Non-Reimbursable Water (NR)															
10700	O&M Proj	3/18/15	Yes	Yes	WRL4019	Integrated Resources Plan	\$498,054	\$44,125	\$30,000	\$588,179	\$190,888	(\$30,000)	\$130,888	(O&M Contingency)	Transfer from O&M Contingency to WRL4019 to fund the contract awarded by IEUA Board on March 18, 2015 to RAND to conduct additional analysis on the Integrated Resources Plan.
O&M Proj	3/18/15	Yes	Yes	No	WRL4019	Integrated Resources Plan	\$498,054	\$71,125	\$45,000	\$614,179	\$190,688	(\$45,000)	\$145,688	(O&M - Professional Fees)	Transfer from O&M Professional Fees to WRL4019 to fund the contract awarded by IEUA Board on March 18, 2015 to RAND to conduct additional analysis on the Integrated Resources Plan.
Subtotal Water Resources (WR)															
10800	O&M Proj	1/20/15	Yes	Yes	PA15003	Agency Wide Classifier Rehabilitation	\$1,300,000	\$0	(\$150,000)	\$1,350,000	\$950,000	\$150,000	O&M: 540210	Transfer from PA15003 to O&M Budget, 540210, to supplement the RP-1 filtrate strength charges.	
O&M Proj	1/20/15	Yes	Yes	No	PA15003	Agency Wide Classifier Rehabilitation	\$1,300,000	(\$150,000)	\$200,000	\$400,000	\$400,000		O&M: 540220	Transfer from PA15003, PA15004, and EN14005 to O&M Budget, 540220, to supplement the RP-1 filtrate strength charges.	
O&M Proj	1/20/15	Yes	Yes	No	PA15004	Tertiary Facility Rehabilitation	\$5,800,000	\$0	(\$85,000)	\$3,715,000	\$190,900	\$85,000	O&M: 540220	Transfer from PA15003, PA15004, and EN14005 to O&M Budget, 540220, to supplement the RP-1 filtrate strength charges.	
O&M Proj	1/20/15	Yes	Yes	No	EN14005	Conditions Assessment	\$150,000	(\$50,000)	(\$100,000)	\$0	\$190,000	\$100,000	O&M: 540220	Transfer from PA15003, PA15004, and EN14005 to O&M Budget, 540220, to supplement the RP-1 filtrate strength charges.	
Subtotal Regional Operations (RO)															
							\$5,950,000	\$6,215,000		\$7,008,358	\$1,133,376		\$1,285,000		
							Adopted	Adopted	Adopted	Adopted	Adopted	Adopted	Adopted	Adopted	Adopted
							\$7,996,108	\$7,408,358	\$1,133,376	\$1,285,000	\$1,551,376				

Total Capital and O&M Project Amendment \$1,277,900

Business Goals & Objectives Report By Department

Department: Agency Management
 Report Month: April, March, May : Year: 2015

.External Affairs

.Internal Audit

Goal FY ID	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
Agency Management													
60	FY 2014/15 Quarterly	Agency Management	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Develop and implement a standardized procedure for writing and processing committee/Board Letters	Completed by June 30, 2015	Implement two per quarter until completed	April Woodruff	April	2015	On Schedule	No	This goal has been put on hold until after the Class and Compensation study is completed.
61	FY 2014/15 Quarterly	Agency Management	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Develop standard operating procedure handbook for the Executive Management Department area	Completed by June 30, 2015	Implement two per quarter until completed	April Woodruff	April	2015	On Schedule	No	This goal has been put on hold until after the Class and Compensation study is completed.
62	FY 2014/15 Quarterly	Agency Management	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Update and maintain "Duties and Annual calendar of responsibilities" manual for the Board Secretary position.	Completed by June 30, 2015	Implement two per quarter until completed	April Woodruff	April	2015	On Schedule	No	This goal has been put on hold until after the Class and Compensation study is completed.
63	FY 2014/15 Quarterly	Agency Management	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Increase the efficiency of the executive administrative group through streamlining processes	Completed by June 30, 2015	Implement two per quarter until completed	April Woodruff	April	2015	On Schedule	No	This goal has been put on hold until after the Class and Compensation study is completed.
External Affairs													
75	FY 2014/15 Quarterly	Agency Management	D	Develop and implement a communication plan to promote water use efficiency and the value of water by July 2015	Communication the need for continual water use efficiency in the region.	FY 14/15	Completes by July 15	Kathryn Besser	March	2015	On Schedule	No	A meeting has been scheduled for Q4 with member agencies to determine the best way to communicate with residents in service area about the ongoing drought and mandatory conservation requirements.
64	FY 2014/15 Quarterly	Agency Management	C	Update and maintain the Agency's website to clearly communicate key activities, issues, policies and key documents, and continue to optimize use of social network media	Serve as the Agency Webmaster and provide current and timely information.	The Website will be updated on an ongoing and as needed basis.	The External Affairs Department will review the entire Website for accuracy every six months.	Kathryn Besser	March	2015	On Schedule	No	The website continues to be updated regularly in response to new issues (drought, rebates) and as requested by departments and executive management.
65	FY 2014/15 Quarterly	Agency Management	C	Meet annually with affiliated agencies and elected representatives	Build stronger relationships with the local agencies and elected representatives in our region.	Ongoing	Meet with all member agencies in FY 14/15	Kathryn Besser	March	2015	On Schedule	No	Board and staff met with newly elected federal and state representatives to advocate on behalf of funding for projects. Several tours of IEUA facilities have been scheduled for Q4.
67	FY 2014/15 Quarterly	Agency Management	C	Identify and participate in organizations that advance the Agency's mission, vision and key initiatives	Communicate the role of the Agency in the region through local partnerships.	Ongoing in FY 14/15	Attend one association/organization on meeting a month.	Kathryn Besser	March	2015	On Schedule	No	We have continued to meet this goal, and will be presenting at several local community organizations throughout the end of the fiscal year.
68	FY 2014/15 Quarterly	Agency Management	C	Promote regional projects and initiatives through presentations to community based organizations, service groups, and stakeholders	Communicate the importance of regional/local independence (water, recycling, wastewater, and renewable energy).	Ongoing in FY 14/15	Present to 6 associations/groups in FY 14/14	Kathryn Besser	March	2015	On Schedule	No	No presentations occurred in Q3, but several are scheduled for Q4 so we will be able to reach this goal by the end of the fiscal year.
152	FY 2014/15 Once Complete	Agency Management	D	Complete water softener ordinance by December 2014 and continue to reduce salinity and nutrients in recycled water.	Work with the remaining cities to pass the water softener ordinance.	December-2014	Remaining Cities pass ordinances by December 2014	Kathryn Besser	March	2015	On Schedule	No	There has been no traction gained on passing with remaining city councils. We continue to reach out to all cities, auditing businesses to ensure compliance and providing bill staffers for member agencies to send to residents.

Goal FY ID Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
159 FY 2014/15	Once Complete	Agency Management	F	Develop a communication plan to promote being a good neighbor by June 2015	Communicate the Agency-wide goals, services and functions to our entire service area including all community members, businesses, and stakeholders.	Ongoing	Complete by June 2015	Kathryn Besser	March	2015	On Schedule	No	This is an ongoing effort, and includes upcoming events like the Earth Day celebration for community members and service area-wide compost give-away.
Internal Audit													
44 FY 2014/15	Quarterly	Agency Management	B	Uphold a strong internal control environment by conducting independent objective internal and external audits of Agency finances and operations	Per direction or approval by the Audit Committee and Board, and through coordination with senior management, Internal Audit would identify areas "program audits" or areas for audit where the goal and scope are to measure the performance of a program, a process, or a service or compare results to program goals and identify areas for improvement, and make recommendations to improve efficiencies.	Ongoing and through approved audits as approved through the Annual Audit Plan.	Completed audits and feedback from stakeholders.	Teresa Velarde	March	2015	On Schedule	No	Each year, the Manager of Internal Audit is required to complete an Annual Audit Plan, a plan of proposed audit projects. The audit plan is determined based on a Risk Assessment completed using auditor professional judgment and discussions with various Agency key members. The Annual Audit Plan is reviewed and approved by Executive Management, the Audit Committee and the Board of Directors prior to the projects commencing. Projects are determined based on items identified through the Risk Assessment as well as requests from the Board and Executive Management. The most recent Annual Audit Plan was completed in September 2014 and it was agreed, the audit of most priority is the Regional Contract Review.
12 FY 2014/15	Quarterly	Agency Management	A	Continue commitment to cost containment for operating and capital costs	Promote a strong control environment by conducting independent and objective audits of Agency operations where the focus and audit scope includes identifying areas and providing recommendations for cost containment, effectiveness and efficiency in operations and opportunities to improve and areas of cost	On-going and through the audits approved by the Audit Committee and the Board during the Annual Audit Plan presentation	Completed planned and scheduled audits. Feedback from stakeholders.	Teresa Velarde	March	2015	On Schedule	No	Approved audits are on schedule. In Progress and On Going. To-date, IA has completed 8 audits related to the Regional Contract.

Goal FY ID Start	Reporting Required	Division	Buis. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
18	FY 2014/15	Quarterly	Agency Management	A	Attend the Regional Sewerage Service Contract to provide more flexibility in the use of property taxes by July 2015	Complete the Regional Contract Review and provide recommendations to improve the consistent and fair application of the Regional Contract requirements among all Agencies. Additionally, provide recommendations to Agency management to improve and clarify clauses and requirements of the contract to negotiate a new contract going forward. Complete the evaluation of the connection and monthly sewer rate calculations, as well as Exhibit J application, as well as RCA's internal processes and procedures, supporting documentation to determine if these meet the intent and requirements of the contract.	Complete by December 2014.	Board of Director filing of the final report by December 2014.	Teresa Velarde	March 2015	On Schedule	No	In Progress and On Going. To-date Internal Audit has completed 8 reports related to the Regional Contract and have provided over 23 audit recommendations to Executive Management to consider as part of the Contract renegotiations, amendment, or ongoing monitoring of the contract. Five of the 7 member agencies have been evaluated. IA has identified several areas that require more hands-on monitoring, methods to improve billing and invoicing to ensure all information is being captured and recommendations to improve collaboration and share information.
21	FY 2014/15	Quarterly	Agency Management	A	Initiate discussions to revise and renew the Regional Sewerage Service Contract set to expire in 2023 by January 2018	Complete the Regional Contract Review and provide recommendations to improve the consistent and fair application of the Regional Contract requirements among all Agencies. Additionally, provide recommendations to Agency management to improve and clarify clauses and requirements of the contract to negotiate a new contract going forward. Complete the evaluation of the connection and monthly sewer rate calculations, as well as Exhibit J application, as well as RCA's internal processes and procedures, supporting documentation to determine if these meet the intent and requirements of the contract.	Complete by December 2014.	Board of Director filing of the final report by December 2014.	Teresa Velarde	March 2015	On Schedule	No	In Progress and On Going. To-date Internal Audit has completed 8 reports related to the Regional Contract and have provided over 23 audit recommendations to Executive Management to consider as part of the Contract renegotiations, amendment, or ongoing monitoring of the contract. Five of the 7 member agencies have been evaluated. IA has identified several areas that require more hands-on monitoring, methods to improve billing and invoicing to ensure all information is being captured and recommendations to improve collaboration and share information.
38	FY 2014/15	Quarterly	Agency Management	B	Develop a plan to conduct a feedback study to measure employee satisfaction by December 2014	Perform a survey of auditee/customer satisfaction at the conclusion of each audit project to gather information about auditor involvement, professionalism, knowledge and ability to communicate to gain information on continuous improvement.	After each completed audit/project.	Feedback from customers.	Teresa Velarde	March 2015	On Schedule	No	Completed after each audit. At the conclusion of each audit, IA will perform a survey of auditee/customer satisfaction to gather information about the auditors and the audit process. Additionally, during the course of the audit, IA meets several times with the auditee to maintain the relationship and ensure audit objectives are on track and address any questions or concerns on time.

Goal FY ID Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
34	FY 2014/15 Quarterly	Agency Management	B	Ensure staff understands and upholds their role in achieving the Agency's Mission, Vision, and Values	Promote a strong control environment by conducting independent, objective audits of Agency operations where the scope of the audits incorporate evaluating that Agency processes and systems comply with the Agency's Mission, Vision, Values, best practice operations, processes and programs, as well as senior management input, as the criteria against which to measure performance and results. Internal Audits are to provide an independent and objective opinion, and feedback on how closely the criteria, Agency policies, procedures, including Mission, Vision and Values are met, followed or understood. Provide recommendations to the appropriate personnel where to address gaps identified.	On-going. Through the audits approved by the Audit Committee and the Board	Feedback from senior/Executive Management, the Audit Committee Advisor, and the Audit Committee and/or Board of Directors.	Teresa Velarde	March	2015	On Schedule	No	Completed and On Going. IA has 3 professional senior-level internal auditors that uphold the values of the Institute of Internal Auditors and the values of IEUA. Internal Audits are to provide an independent and objective opinion, and feedback on how closely the criteria, Agency policies, procedures, including Mission, Vision and Values are met, followed or understood. Provide recommendations to the appropriate personnel where to address gaps identified. According to the Board-approved Internal Audit Department Charter, internal auditors must engage in continuing professional education, maintain a very professional judgement in appearance and in fact, uphold the values and requirements set forth by the Institute of Internal Auditors and the International Professional Practices Framework. Internal auditors are required to act with confidentiality, and assist the Agency in meeting its organizational goals through independent assessments.
35	FY 2014/15 Quarterly	Agency Management	B	Ensure staff understands and upholds their role in achieving the Agency's Mission, Vision, and Values	Consult and assist all levels of staff, management and Executive Management by providing audit recommendations to improve efficiencies and comply with Agency policies and procedures, as well as for improvement of practices, to strengthen controls, and incorporate best practices. Assist in providing training or coordinating roundtable discussions with the necessary levels of staff.	On-going. Through the audits approved by the Audit Committee and the Board	Feedback from senior/Executive Management, the Audit Committee Advisor, and the Audit Committee and/or Board of Directors.	Teresa Velarde	March	2015	On Schedule	No	On Going. IA is composed of 3 high-level, professional auditors. According to the Board-approved Internal Audit Department Charter, internal auditors must engage in continuing professional education, maintain a very professional judgement uphold the values and requirements set forth by the Institute of Internal Auditors and the International Professional Practices Framework. Internal auditors are required to act with confidentiality, and assist the Agency in meeting its organizational goals through independent assessments. As part of various audits, IA leads, coordinates and/or facilitates meetings and discussions with several key players in the organization related to an audit, issue identified for the purpose of finding resolution or identifying the root cause of any issue. This is done through audit discussions, etc.

Business Goals & Objectives Report By Department

Department: Laboratory
 Report Month: April, March, May : Year: 2015
 .Engineering
 Planning and Environmental Compliance

Goal FY ID Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
Engineering													
2	Monthly	Engineering, Planning and Science	E	Conduct Lesson's Learned sessions to evaluate key construction implementations	Review and evaluate all projects for best practices that can be applied to future projects	Monthly	10x/year >=90%	Majid Karim	April	2015	On Schedule	No	1 session: IERCF: Baghouse & Dust Collection System Enhancements - Jamsil Zuglbi
85	Quarterly	Engineering, Planning and Science	F	Provide engineers training to understand business aspects of capital projects and increase engineering consultant design services in lieu of in-house designs to complete more projects in a shorter timeframe by July 2015	Provide high quality project management for the completion of Capital Improvement Projects	FY 2014/15	Design Schedule on time >=80% Complete Construction Schedule on time >=80% Project Costs within Initial Total Project Budget >=90% Project Costs within Initial Fiscal year Project Budget >=90% All Expenditures as a Percentage of Forecasted Expenditures >=90% Change Orders as a percentage of initial contract award value <=10%	Majid Karim	April	2015	On Schedule	No	Completed Design Schedule on time = 69%, Completed Construction Schedule on time = 75% Total Project Budget = 81%, All Expenditures as a Percentage of Forecasted Expenditures = 73%, Change Orders as a percentage of initial contract award value = 15%
Laboratory													
147	Once Complete	Engineering, Planning and Science	B	Promote a safer work environment by administering and monitoring required safety and regulatory trainings	Meet the bi-weekly safety talkgate meeting requirement.	All required topics completed by each December.	Document training	Nel Groenewald	April	2015	On Schedule	No	Safety meetings are on track to meet the annual requirement
Planning and Environmental Compliance													
158	Once Complete	Engineering, Planning and Science	F	Complete odor baselines report by June 2015	Coordinate odor survey and develop baseline report	June-2015		Sylvie Lee	April	2015	On Schedule	No	Quarterly survey scheduled for April 16. Report in progress.
162	Once Complete	Engineering, Planning and Science	F	Develop a regionally focused Comprehensive Mitigation Plan for construction projects by July 2016	Completion of the Santa Ana River Habitat Conservation Plan Develop long term strategy for mitigation for other regional projects	June-2015	Completion of the plans/strategies	Sylvie Lee	April	2015	On Schedule	No	Projects and activities have been defined, critical/endangered species identified and hydraulic modeling is underway.
164	Once Complete	Engineering, Planning and Science	D	Integrate water supply, water efficiency, storm water management, energy efficiency, water quality and land use measures to promote sustainable watershed management	<ul style="list-style-type: none"> Complete Integrated Resources Plan Complete Water Use Efficiency Business Plan Complete 2015 Urban Water Management Plan Coordinate the implementation of Recharge Master Plan Update Complete the Recycled Water Program Strategy Complete Wastewater Facilities Master Plan 	<ul style="list-style-type: none"> Dec 2014 June 2015 June 2016 June 2020 Sep 2014 Sep 2014 	Completion and coordination of said documents	Sylvie Lee	April	2015	On Schedule	No	The demand model has been updated with new development standards. Contracts have been executed with RAND and WEI for additional analysis of climate change implications and resiliency in the Chino Basin.

Goal FY ID Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
165	FY 2014/15 Once Complete	Engineering, Planning and Science	F	Develop and update local technical based, defensible local limits for regional significant industrial users by December 2014 and review every five years	Develop Local Limits	March-2015	Completion of local limits	Sylvie Lee	April	2015	On Schedule	No	Draft Local Limits report circulated to Regional Pre-treatment Committee for comments. Final report expected by April 30th. Informational update to Regional Technical Committee in May and IEUA Board in June 2015.
153	FY 2014/15 Once Complete	Engineering, Planning and Science	D	Complete water softener ordinance by December 2014 and continue to reduce salinity and nutrients in recycled water.	Facilitate the adoption of ordinances for the cities of Chino, Chino Hills and Ontario.	December-2014	Adoption of ordinances by Dec 2014	Sylvie Lee	April	2015	Behind Schedule	No	This item is behind schedule. Follow up meetings need to be scheduled with City managers.
154	FY 2014/15 Once Complete	Engineering, Planning and Science	D	Accelerate implementation of capital projects where appropriate to "drought proof" regional water supplies and optimize use of available federal and state grants and low interest rate financing	Develop project list and implement based on priority	continuous	Keep updated project list and be coordinated with member agencies	Sylvie Lee	April	2015	On Schedule	No	Project list has been created, and is updated on an on-going basis. Projects are being incorporated into IRP projects to test supply resiliency.
155	FY 2014/15 Once Complete	Engineering, Planning and Science	D	Advocate strategies that help anticipate and mitigate the impacts of droughts and climate change on the region.	Develop strategies in the IRP	December-2014	Adoption of IRP: ensure the goals of the 2010 UWMP are met	Sylvie Lee	April	2015	Behind Schedule	No	Utilizing RAND corp to perform climate assessment to determine resiliency and risk associated with selected supply portfolios.
17	FY 2014/15 Quarterly	Engineering, Planning and Science	A	Begin the nexus study for regional connection fees by January 2015	Conduct the study to evaluate past fees and provide framework for future development	January-2015	Completion of study by Jan 2015	Sylvie Lee	April	2015	Behind Schedule	No	Cost of service rate workshop 3/10/15, joint IEUA Board & Policy workshop 4/7/15, tentative workshop 4/7/15, Regional Technical Committee (action item) 4/30/15, Regional Policy Committee (action item) 5/7/15, IEUA Committees (5/13/15), IEUA Board (action item) 5/20/15
20	FY 2014/15 Quarterly	Engineering, Planning and Science	A	Initiate discussions to revise and renew the Regional Sewerage Service Contract set to expire in 2023 by January 2018	Update to meet current practices and needs (Priority 1 items)	June-2015	Conceptual agreement with member agencies by Jun 2015	Sylvie Lee	April	2015	On Schedule	No	Adoption of recycled water policy principles deferred until Summer 2015 to allow completion of the wastewater/water rates. Contract amendment discussions on schedule for Fall 2015.
26	FY 2014/15 Quarterly	Engineering, Planning and Science	A	Integrate and fully fund the Replacement and Rehabilitation (R&R) projects identified in the Agency's Asset Management Plan into the annual capital improvement plan (CIP)	Integrate the Asset Management Plan into the TYCIP	February-2015	Completion of TYCIP by Feb 2015	Sylvie Lee	April	2015	On Schedule	No	TYCIP was adopted by IEUA Board 3-18-15
24	FY 2014/15 Quarterly	Engineering, Planning and Science	A	Transition to a biennial budget beginning July 1, 2015	Update Regional Sewerage Contract to update the TYCIP once every two years	June-2015	Conceptual agreement with member agencies by Jun 2015	Sylvie Lee	April	2015	On Schedule	No	This item will be included in the long term update of the Regional Contract. Not scheduled until 2016.
92	FY 2014/15 Quarterly	Engineering, Planning and Science	E	Update Wastewater Facilities Master Plan by December 2014 and thereafter every 10 years to ensure timely expansion of Agency facilities to address anticipated regional growth	Update growth forecasts for WWFMP with updated population projections and demand forecast	December-2014	Completion of WWFMP	Sylvie Lee	April	2015	Behind Schedule	No	WWFMP draft volume 1 received in March. Expected to be finalized by May 2015
81	FY 2014/15 Quarterly	Engineering, Planning and Science	D	Identify and evaluate supplemental water supplies for the region by October 2014	Complete the IRP	December-2014	Completion of the IRP	Sylvie Lee	April	2015	Behind Schedule	No	Est. completion August 2015. Demand model complete and work with RAND and WEI commenced for resiliency/risk based assessments for supply vs. demand under mult. climate scenarios.
82	FY 2014/15 Quarterly	Engineering, Planning and Science	D	Work with other agencies on the implementation of local regional programs to meet the region's goal of reaching 50,000 AFY of recycled water use by June 2022	Develop planning documents and regulatory permitting strategy to support the implementation plan as identified in the RWPS and IRP	June-2015	Development of Permitting Strategy of the IRP/RWPS	Sylvie Lee	April	2015	On Schedule	No	PEIR of the planning documents will commence at the completion of the IRP.

Goal FY ID Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
83	FY 2014/15 Quarterly	Engineering, Planning and Science	D	Develop and implement Recycled Water Peak Demand Management Plan to optimize efficient use of recycled water by June 2015	Develop a plan for peak management Work with member agencies to encourage new development to connect to RW	Continuous	Development of plan and member agency communication	Sylvie Lee	April	2015	On Schedule	No	continuing dialogues with member agencies and their customers as needed to help connect new customers, and support demand management initiatives. FY15/16 project included for control valves.
100	FY 2014/15 Quarterly	Engineering, Planning and Science	F	Lead efforts to advocate for emerging trends and proposed changes to rules and regulations	Active participation into the legislative process through advise letters, comments.	Ongoing	Participate in local regulatory and association committee meetings.	Sylvie Lee	April	2015	On Schedule	No	Coordinated the Agency's responses to SCAP. In regards to SCAQMD Proposed Rule 1188 Vacuum Truck Operations.
94	FY 2014/15 Quarterly	Engineering, Planning and Science	E	Monitor and integrate the Building Activity Report (BAR) data for actual and projected growth with the Asset Management Plan into regional wastewater planning	Continue to work with RCAs to review and maintain accurate building activity reports.	ongoing	Periodic checks to ensure that the forecasts are consistent with the adopted projections provided in the WWFMP	Sylvie Lee	April	2015	On Schedule	No	Prepared monthly building activity reports and GIS maps. Semiannual update to the Board.
96	FY 2014/15 Quarterly	Engineering, Planning and Science	E	Complete an Agency-wide greenhouse gas emission (GHG) baseline assessment using the Climate Registry protocol to allow the Agency to sell credits by July 2016	• Complete GHG emission baseline • Develop GHG reduction plan consistent with the Energy Management Plan • Measure GHG reduction (tons CO2 eq/yr) work plan needs to be reworded - agency does not sell credits	July-2016	Complete the GHG emission baseline July 2014	Sylvie Lee	April	2015	On Schedule	No	Completed.
97	FY 2014/15 Quarterly	Engineering, Planning and Science	F	Develop a communication plan to promote being a good neighbor by June 2015	Perform odor monitoring, assist Operations, External Air during complaints investigation and mitigation	Ongoing	Perform periodic/ as needed odor monitoring	Sylvie Lee	April	2015	On Schedule	No	RP-5 SHF odor monitoring conducted weekly.
55	FY 2014/15 Quarterly	Engineering, Planning and Science	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Develop long term strategy for permitting of the O&M activities of recharge basins	June-2015	Completion of strategy by Jun 2015	Sylvie Lee	April	2015	On Schedule	No	EC staff and Tom Dooson are working on the permit application.
77	FY 2014/15 Quarterly	Engineering, Planning and Science	D	Optimize IEUA's use of potable and recycled water by July 2016	Complete the Recycled Water Program Strategy and begin the implementation plan	December-2014	Completion of RWPS	Sylvie Lee	April	2015	On Schedule	No	RWPS modeling complete, refer to goal 72 notes for add. details. CIP based upon prior regional commitments. Dept will perform additional modeling/studies to determine best use for RW in the coming years/direct use focus or shift to strengthening core water supply via recharge, injection, DPR). This work could identify a new CIP master plan for the region.
70	FY 2014/15 Quarterly	Engineering, Planning and Science	D	Complete update of the Water Use Efficiency Business Plan by December 2014, the Integrated Resources Plan by October 2014, and the Urban Water Management Plan by June 2016	Integrated Resources Plan	December-2014	Adoption of the documents	Sylvie Lee	April	2015	Behind Schedule	No	Est. completion August 2015. Demand model complete and work with RAND and WEI commenced for resiliency/risk based assessments for supply vs. demand under mult. climate scenarios.
71	FY 2014/15 Quarterly	Engineering, Planning and Science	D	Complete update of the Water Use Efficiency Business Plan by December 2014, the Integrated Resources Plan by October 2014, and the Urban Water Management Plan by June 2016	Urban Water Management Plan	June-2016	Adoption of the documents	Sylvie Lee	April	2015	On Schedule	No	DWR guidelines to be distributed by June. Agency currently coordinating with member agencies to determine regional alliance or individual reporting for 2015 update.

Goal FY ID Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
72	FY 2014/15 Quarterly	Engineering, Planning and Science	D	Complete update of the Water Use Efficiency Business Plan by December 2014, the Integrated Resources Plan by October 2014, and the Urban Water Management Plan by June 2016	Recycled Water Program Strategy	December-2014	Adoption of the documents	Sylvia Lee	April	2015	Behind Schedule	No	Delayed due to cost of service study and RW policy discussions. Modeling complete and executive summary distributed to member agencies. TM to be complete and distributed by end of April.
73	FY 2014/15 Quarterly	Engineering, Planning and Science	D	Develop new targets and programs to achieve 20 x 2020 requirement through water use efficiency measures, including improve rate structures, integrate water use into billing, expand outdoor water use efficiency, and increase local use of stormwater by December 2014	Develop tools to target the 2020 requirements	June-2015	226 gpcd by 2015 <200 gpcd by 2018	Sylvia Lee	April	2015	Behind Schedule	No	Water Use Efficiency Business Plan is approximately 60% complete, the consultant is trans. data over to a new version of the AWE model. Completion data has been extended to June 30, 2015.

Business Goals & Objectives Report By Department

Department: Business Information Services , Finance and Accounting , Human Resources
 Report Month: March, April : Year: 2015

Goal FY ID Start	Reporting Required	Division	Buis. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
Business Information Services													
11	FY 2014/15 Quarterly	Finance and Administration	A	Continue commitment to cost containment for operating and capital costs	Maintain cost of external SAP support to be within contracted amounts for all vendors	Quarterly	Actuals <= quarterly average of the contracted amounts	Kanes Pantayathiwong	April	2015	On Schedule	No	Actual spending during Q3/2015 is \$11,088.50 or 74% of quarterly target.
13	FY 2014/15 Quarterly	Finance and Administration	A	Advocate for continued receipt of property taxes and optimize grants and other funding sources to support Agency and regional investments	Determine requirements for new SAP enhancement that automates cost tracking for projects with multiple grants vendors	July-2015	System go-live by 12/31/2015 >= 10% reduction in process time for grants analyst after implementation	Kanes Pantayathiwong	April	2015	Behind Schedule	No	No new update.
23	FY 2014/15 Quarterly	Finance and Administration	A	Integrate projects identified in the long range financial planning documents, such as the Facilities Wastewater Master Plan, Energy Technology Master Plan, Energy Plan, and the Integrated Resources Plan, into the operating and capital budget by July 2016	Assess challenges with Agency's financial processes; increase speed of processing reports	Quarterly	15% increase in report response time	Kanes Pantayathiwong	April	2015	On Schedule	No	The Engineering Project Dashboard was deployed in March to the project managers, executive and few staff. Prior to this dashboard, the equivalent information would have taken 15-20 minutes per project. Today, the dashboard presents the information in seconds - dramatic increase in productivity as well as less dependent on administrative staff to gather and compile the information.
30	FY 2014/15 Quarterly	Finance and Administration	B	Ensure staff understands and upholds their role in achieving the Agency's Mission, Vision, and Values	Provide staff with opportunities for technical and professional training classes. Release new enhancements to Agency's various software applications at fixed intervals (every 4 months)	Every January 15, May 15 and September 15	50% or more of staff receiving training class per year. 100% of enhancements released plus or minus two calendar weeks from scheduled release date	Kanes Pantayathiwong	April	2015	On Schedule	No	Training for Q3 (9/11 or 45%): Kanes, Launamas, Matt, Glenn, Rose, Ting, Khanh, Joseph
45	FY 2014/15 Quarterly	Finance and Administration	C	Develop a program that annually measures the effectiveness and efficiency of Agency core services based on stakeholder feedback on "quality, cost and value"	Develop at least one dashboard-like reporting tool for key metrics determined by the process owners	Quarterly	Project time / available time >= 50%	Kanes Pantayathiwong	April	2015	On Schedule	No	The Engineering Project Dashboard was deployed in March to the project managers, executive and few staff. The dashboard provides project schedule information (derived from Primavera) and project budget, overall and annual perspectives (derived from SAP).
46	FY 2014/15 Quarterly	Finance and Administration	C	Develop a program that annually measures the effectiveness and efficiency of Agency core services based on stakeholder feedback on "quality, cost and value"	Allocate at least 50% of staff time towards projects and research & development work, aside from break-fixes, maintenance tasks (e.g., upgrades) and administrative tasks	Quarterly	Project time / available time >= 50%	Kanes Pantayathiwong	April	2015	On Schedule	No	59% spent on projects between PP02 - PP07 of 2015. Staff time spent on projects was 2,448 hrs and total staff time was 4,137 hrs. (excluded manager's hours).
47	FY 2014/15 Quarterly	Finance and Administration	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Provide initial Lean training to all managers	6/30/2015	100% of managers trained	Kanes Pantayathiwong	April	2015	On Schedule	No	No new update.

Goal FY ID Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
48	FY 2014/15 Quarterly	Finance and Administration	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Train all Lean team members	At start of each project	100% of team trained	Kanes Pantayatiwong	April	2015	Behind Schedule	No	Engineering invoice approval project reached a point where the assessments have been completed. The next step will depend on the completion of Policy A-50 update. Once set, BIS can implement the technical component for approval. Biocells handling project also started and some positive changes have been implemented in the accounting area. The project will be completed in Q4 along with documented benefits.
49	FY 2014/15 Quarterly	Finance and Administration	C	Provide timely updates to the Regional Committees and the IEUA Board on long term planning needs	Release new enhancements to Agency's various software applications at fixed intervals (every 4 months)	Continuous	Number of enhancements released; ROI of each enhancement, when applicable	Kanes Pantayatiwong	April	2015	Behind Schedule	No	BIS is working with both Maintenance and CFS during Q3 to develop a process for automatic conversion of PR to PO for low dollar value PRs. The technical configuration is 90% complete. Contract for the ECM assessment was awarded. The project kick-off has taken place and the process review workshops are underway. The assessment is expected to be completed in July. After which, the RFP for the ECM solution will be issued. As of now, the solution implementation will not be completed by December 2015.
42	FY 2014/15 Quarterly	Finance and Administration	C	Replace the legacy Document Management System to ensure it meets Agency-wide and regulatory public records requirements and eliminates redundant archiving systems by December 2015	Determine business requirements incorporating an updated taxonomy	April-2015	System on-line by December 2015	Kanes Pantayatiwong	April	2015	Behind Schedule	No	
43	FY 2014/15 Quarterly	Finance and Administration	C	Determine the scope for Geographic Information Systems online applications to share information with member agencies by September 2014	Promote the use of ArcGIS Online applications for information sharing through quarterly GIS User Group meetings	Quarterly	Reduction in ArcGIS Desktop users and/or increase in ArcGIS Online	Kanes Pantayatiwong	April	2015	On Schedule	No	The number of ArcGIS Desktop remains unchanged (4) while the number of ArcGIS Online has increased from 25 in Q2 to 31 active users in Q3, gain of 25%.
53	FY 2014/15 Quarterly	Finance and Administration	B	Develop and implement a plan to mentor and prepare the next generation of Agency leaders by July 2017	Allow staff to present higher enhancements at the 4-month enhancement press releases	Every January, May and September	3 or more staff recognized per year	Kanes Pantayatiwong	April	2015	On Schedule	No	Joseph and Lauramae were recognized for their development of the first Dashboard at the Managers Meeting on 3/11/2015.
59	FY 2014/15 Quarterly	Finance and Administration	C	Determine the scope for Geographic Information Systems online applications to share information with member agencies by September 2014	GIS applications with CCTV videos and pipe assessment	July-2015	100% on-line within one month of video receipt	Kanes Pantayatiwong	April	2015	On Schedule	No	The videos are being delivered and uploaded to CCTV Viewer application within time allocated.
109	FY 2014/15 Quarterly	Finance and Administration	C	Determine the scope for Geographic Information Systems online applications to share information with member agencies by September 2014	Develop web-based GIS applications that are free to use and are relevant to Agency's customers, intended for information sharing, transparency and education purposes	July-2015	Two applications on-line	Kanes Pantayatiwong	April	2015	On Schedule	No	Although no new applications added, BIS has been working with Operations and Maintenance to develop a pilot for using GIS application as the interface for reporting incidents. A vendor demo was arranged that has the solution for integrating SAP work notifications and work orders to web-based GIS (ArcGIS Online).
110	FY 2014/15 Quarterly	Finance and Administration	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Determine Procurement to Payment material master content	9/30/2014	Design supports functional	Kanes Pantayatiwong	April	2015	Behind Schedule	No	Technical development for the automatic conversion of low value PRs to POs is near completion, which includes the electronic signature, date stamp, and email generation with PDF version of PO. The remaining task is to include the Terms & Conditions statement to the PDF version of PO.
111	FY 2014/15 Quarterly	Finance and Administration	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Implement the use of electronic signatures for invoicing on emergency contracts	April-2015	Electronic signature capability for and approvers	Kanes Pantayatiwong	April	2015	Behind Schedule	No	The technical implementation is pending the completion of Policy A-50 update, since the decision on approval threshold dictates the technical configuration.

Goal FY ID	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
118	FY 2014/15 Annual	Finance and Administration	A	Transition to a biennial budget beginning July 1, 2015	Evaluate potential improvements to budgeting process, if appropriate through enhancing SAP functionality	April-2015	>= 10% reduction in number of budgeting cycle days for O&M and Capital budgets	Kanes Pantayatiwong	April	2015	Behind Schedule	No	No new update.
120	FY 2014/15 Annual	Finance and Administration	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Reduce the number of external spreadsheets utilized to address NRW rate questions	3/31/2015	50% reduction of spreadsheets in use	Kanes Pantayatiwong	April	2015	Behind Schedule	No	The project was deferred due to delay with historical data upload for Water Database. Small improvements were made to the upload process/program and reports. The NRW project will resume in Q4.
121	FY 2014/15 Annual	Finance and Administration	C	Continue to apply Lean management principles to streamline current business processes and systems and eliminate waste and redundancies	Develop new process for managing BIS support tickets and with less tools, currently 3 systems	January-2015	< 3 systems in use	Kanes Pantayatiwong	April	2015	Behind Schedule	No	BIS now uses only 2 ticket management systems. BIS has stopped using Solution Manager to track support and enhancement tickets and primarily uses AIM tickets for all support requests. myPT support tickets are still being used since it provides security needed for sensitive HR and payroll issues.
149	FY 2014/15 Once Complete	Finance and Administration	A	Integrate projects identified in the long range financial planning documents, such as the Facilities Wastewater Master Plan, Technology Master Plan, Energy Plan, and the Integrated Resources Plan, into the operating and capital budget by July 2016	Assess challenges with Agency's financial processes. develop RFP for long term modifications	January-2015	Completed by due date	Kanes Pantayatiwong	April	2015	Behind Schedule	No	No new update.
150	FY 2014/15 Once Complete	Finance and Administration	A	Integrate projects identified in the long range financial planning documents, such as the Facilities Wastewater Master Plan, Energy Plan, and the Integrated Resources Plan, into the operating and capital budget by July 2016	Assess challenges with Agency's financial processes. create baseline utilization	9/30/2014	completed by due date	Kanes Pantayatiwong	April	2015	Behind Schedule	No	No new update. Staff spent majority of the time on the changes needed to meet the approved Class & Comp changes that went live on 4/3/2015.
163	FY 2014/15 Once Complete	Finance and Administration	B	Uphold a strong internal control environment by conducting independent objective internal and external audits of Agency finances and operations	Create a checklist to ensure all projects are reviewed against TMP standards	During needs assessment for all projects	100% of projects have checklist completed	Kanes Pantayatiwong	April	2015	On Schedule	No	No new update.
Contracts and Facilities Services													
108	FY 2014/15 Quarterly	Finance and Administration	C	Replace the legacy Document Management System to ensure it meets Agency-wide and regulatory public records requirements and eliminates redundant archiving systems by December 2015	Implement the new Document Management System and the Agency's taxonomy.	July-2016	Reduce time spent on production of records by improving the location and retrieval time by 20%.	Warren Green	April	2015	On Schedule	No	The Consultants continue to evaluate processes for the implementation of the ECM System. The Consultants delivery requirements include the development of a high-level taxonomy. The RM staff will endeavor to utilize the high-level taxonomy while continuing efforts to development a thorough, working level taxonomy and file plan.

Goal FY ID Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
112	FY 2014/15 Quarterly	Finance and Administration	F	Develop a communication plan to promote being a good neighbor by June 2015	Ensure all current and future landscaping, and new facilities are in cooperation with current LEED and water-efficiency programs and advancements.	June-2015	100% of new landscaping design and material, along with facility design are measured against programs.	Warren Green	April	2015	On Schedule	No	Staff is still working on the implementation of the Agency-wide Resurfication project at RP-4. We are moving forward with the RP-5 lawn conversion improvements project to remove over 5 acres of turf. Staff has started on the design and specifications for RP-1 and Carbon Canyon lawn conversion improvements. These projects will reduce the Agency's recycled water usage and showcase large demonstration sites for our members and stakeholder's to replicate.
103	FY 2014/15 Quarterly	Finance and Administration	F	Ensure Agency programs promote environmental stewardship, sustainability, and preservation of heritage measures, utilizing green procurement and reuse of surplus materials, equipment, and parts when possible	Identify educational opportunities for environmentally friendly facilities and landscapes.	June-2015	Increase educational signage for Agency facilities where accessible by the public by 15%.	Warren Green	April	2015	On Schedule	No	We are currently working on new signage for the Agency's facilities. The department is working with the External Affairs staff on signage content and will be working on signage design for various site locations.
105	FY 2014/15 Quarterly	Finance and Administration	B	Ensure staff understands and upholds their role in achieving the Agency's Mission, Vision, and Values	Conduct Agency training on department processes that are in line with the Agency's MVV's.		Conduct at least 3 sessions for 3 related topics.	Warren Green	April	2015	On Schedule	No	The Email Management through Managed Folders project was successfully completed according to schedule. The Agency is in the process of developing reports that will indicate how much disk space is saved due to the new project.
105	FY 2014/15 Quarterly	Finance and Administration	B	Ensure staff understands and upholds their role in achieving the Agency's Mission, Vision, and Values	Conduct Agency training on department processes that are in line with the Agency's MVV's.		Conduct at least 3 sessions for 3 related topics.	Warren Green	April	2015	On Schedule	No	The Agency will hold its annual Records Management training for all managers and records liaisons on April 29th.
69	FY 2014/15 Quarterly	Finance and Administration	C	Identify and participate in organizations that advance the Agency's mission, vision and key initiative	Continue to network with professional groups for the respected areas of CFM.	July-2015	Attend at least 5 training sessions/meetings for CAPPO and ARMA.	Warren Green	April	2015	On Schedule	No	Staff attended several different training programs during the quarter, including CAPPO, ISM training, as well as hosted a workshop with several of our sister agencies to review and identify the implementation of SB854 as well as the impacts on the Agency.
25	FY 2014/15 Quarterly	Finance and Administration	A	Conduct or participate in a consortium to compile performance measures for agencies across the state that will serve as a benchmarking tool to drive awareness of strengths and opportunities for improvement by June 2016	Expand best management practices in the contract and procurement processes.	June-2015	Increase in performance measurements.	Warren Green	April	2015	On Schedule	No	The department hosted a consortium meeting with our counterparts from Eastern, Western, Coachella Valley and Elsinore to discuss the implementation of SB854, impacts to their agencies, and other areas of the contracts and procurements business. Customer service issues, etc.
19	FY 2014/15 Quarterly	Finance and Administration	A	Transition to a biennial budget beginning July 1, 2015	Establish new contracts and amendments to emphasize multi-year fixed price terms.	July-2015	50% of newly issued applicable contracts	Warren Green	April	2015	On Schedule	No	During the 3rd quarter staff negotiated several new multiyear contracts (Office Depot, Grainger, etc.), including the new multiyear lease agreement with Konica Minolta. We continue to support the establishment of multiyear agreement with maintenance service providers in support of overall benefit to the Agency.
10	FY 2014/15 Quarterly	Finance and Administration	A	Continue commitment to cost containment for operating and capital costs	Maintain competitive purchasing programs consistent with the Agency Procurement Ordinance.	June-2015	Increase of 5% in cost savings	Warren Green	April	2015	On Schedule	No	Staff continues to evaluate the contracts and saving opportunities during the procurement process. During the 3rd quarter staff purchased 706 purchase orders with a total value over \$16 million.

Finance and Accounting

Goal FY ID	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
6	FY 2014/15 Quarterly	Finance and Administration	A	Integrate projects identified in the long range financial planning documents, such as the Facilities Wastewater Master Plan, Energy Technology Master Plan, Energy Plan, and the Integrated Resources Plan, into the operating and capital budget by July 2016	Work with participant departments in identifying projects from various master plan and integrated into the respective program budget	December - April	None	Javier Chagoyen -	April	2015	On Schedule	No	Projects are being incorporated into fund reports. There is a reconciliation between TYCIP, Connection fees reports by Carollo, and the information updated in SAP
6	FY 2014/15 Quarterly	Finance and Administration	A	Integrate projects identified in the long range financial planning documents, such as the Facilities Wastewater Master Plan, Energy Technology Master Plan, Energy Resources Plan, into the operating and capital budget by July 2016	Work with participant departments in identifying projects from various master plan and integrated into the respective program budget	December - April	None	Javier Chagoyen -	April	2015	On Schedule	No	Updated FY 2015/16 proposed budget and forecast with project information from the TYCIP, Asset Management Plan, Technology Master Plan, and the Recharge Master Plan Update.
6	FY 2014/15 Quarterly	Finance and Administration	A	Continue commitment to cost containment for operating and capital costs	Collaborate with various departments in identifying cost containment items and monitoring the performance through regular budget variance review	Throughout the fiscal year	None	Javier Chagoyen -	April	2015	On Schedule	No	Continue the quarterly budget variance review with Division/departments in identifying any significant cost changes differ from FY 2014/15 budget
18	FY 2014/15 Quarterly	Finance and Administration	A	Adopt rates that fully meet cost of service for key Agency programs; Non-Reclaimable Wastewater (NRW) System by July 2019, Regional Wastewater by July 2018, Recycled Water by July 2019, Water Resources by July 2020	Collaborate with various departments in identifying the cost of service (COS) and developing the rate structure to sufficiently support the COS for NRW system, Regional Wastewater, and Recycled Water programs	FY 2014/15 through 2016/17	Cost of service not to exceed the service rates	Javier Chagoyen -	April	2015	On Schedule	No	Worked with Carollo (consultant) in the development of Wastewater, Recycled Water and Water Resources program rates, to support one of the Agency business goals of fiscal sustainability and responsibility that benefits the service area and member agencies, while achieving the cost of service recovery.
18	FY 2014/15 Quarterly	Finance and Administration	A	Adopt rates that fully meet cost of service for key Agency programs; Non-Reclaimable Wastewater (NRW) System by July 2019, Regional Wastewater by July 2018, Recycled Water by July 2019, Water Resources by July 2020	Collaborate with various departments in identifying the cost of service (COS) and developing the rate structure to sufficiently support the COS for NRW system, Regional Wastewater, and Recycled Water programs	FY 2014/15 through 2016/17	Cost of service not to exceed the service rates	Javier Chagoyen -	April	2015	On Schedule	No	Rate workshops have been held to address the new connection fees for Wastewater and "One Water", as well as EDU volumetric rates. EDU volumetric 5 years rates were approved by IEUA Board on March 18th.
14	FY 2014/15 Quarterly	Finance and Administration	A	Advocate for continued receipt of property taxes and optimize grants and other funding sources to support Agency and regional investments	Monitor the receipts of property tax, review the property tax allocation among funds.	Throughout the fiscal year	None	Javier Chagoyen -	April	2015	On Schedule	No	Property taxes as of March 2015 are almost \$2M higher than same date of prior fiscal year.
14	FY 2014/15 Quarterly	Finance and Administration	A	Advocate for continued receipt of property taxes and optimize grants and other funding sources to support Agency and regional investments	Monitor the receipts of property tax, review the property tax allocation among funds.	Throughout the fiscal year	None	Javier Chagoyen -	April	2015	On Schedule	No	Updated property tax forecast for FY 2014/15 based on tax information from San Bernardino County

Goal FY ID Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
15 FY 2014/15	Quarterly	Finance and Administration	A	Advocate for continued receipt of property taxes and optimize grants and other funding sources to support Agency and regional investments	Develop an Agency Grants Management Plan that will serve as a guide for the following grant activities: <ul style="list-style-type: none"> • Assess current grants management SWOT • Evaluate cost-benefit for each grant application • Recommend potential grant opportunities that align with the Agency mission and financial goal • Pursue new grant awards to diversify revenue. • Collaborate with departments that have projects that need grant funding) • Collaborate with the Member agencies, JPAs, and the regional leaders on projects that can be partially funded by grant or SRF loan programs. • Manage congressional grant authorizations for water desalination projects in the Chino Basin • Find grants that match with Member and Regional Agencies capital and conservation programs 	Throughout the fiscal year	None	Javier Chagoyan -	April	2015	On Schedule	No	in progress
15 FY 2014/15	Quarterly	Finance and Administration	A	Advocate for continued receipt of property taxes and optimize grants and other funding sources to support Agency and regional investments	Develop an Agency Grants Management Plan that will serve as a guide for the following grant activities: <ul style="list-style-type: none"> • Assess current grants management SWOT • Evaluate cost-benefit for each grant application • Recommend potential grant opportunities that align with the Agency mission and financial goal • Pursue new grant awards to diversify revenue. • Collaborate with departments that have projects that need grant funding) • Collaborate with the Member agencies, JPAs, and the regional leaders on projects that can be partially funded by grant or SRF loan programs. • Manage congressional grant authorizations for water desalination projects in the Chino Basin • Find grants that match with Member and Regional Agencies capital and conservation programs 	Throughout the fiscal year	None	Javier Chagoyan -	April	2015	On Schedule	No	A matrix outlining the Agency Grants Management Plan has been developed as a guide for Agency grant activities. Additional information regarding Prop 1 Water Bond grant funding opportunities will be added when they become available.

Goal FY ID Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
22	FY 2014/15 Quarterly	Finance and Administration	A	Transition to a biennial budget beginning July 1, 2015	Prepare a biennial budget for both Operations and CIP for Agency's various programs	January to June	To be adopted by the Board in June 2015	Javier Chagoyen -	April	2015	On Schedule	No	In progress
22	FY 2014/15 Quarterly	Finance and Administration	A	Transition to a biennial budget beginning July 1, 2015	Prepare a biennial budget for both Operations and CIP for Agency's various programs	January to June	To be adopted by the Board in June 2015	Javier Chagoyen -	April	2015	On Schedule	No	In the process of preparing various programs biennial budget. Scheduled for the Board review in May is the presentation of Administrative Service, Wastewater, Recycled Water, Water Resources, Recharge Water and Non-Reclaimable Wastewater program budget.
50	FY 2014/15 Quarterly	Finance and Administration	A	Annually update the Agency's Investment Policy to ensure appropriate balance among safety, liquidity and yield considerations	Update the Agency's Investment Policy in accordance to the California Government Code (CGC)	March to May	Present the Investment Policy update to the Board for adoption in June	Javier Chagoyen -	April	2015	On Schedule	No	In progress
50	FY 2014/15 Quarterly	Finance and Administration	A	Annually update the Agency's Investment Policy to ensure appropriate balance among safety, liquidity and yield considerations	Update the Agency's Investment Policy in accordance to the California Government Code (CGC)	March to May	Present the Investment Policy update to the Board for adoption in June	Javier Chagoyen -	April	2015	On Schedule	No	In the process of updating the FY 15/16 investment policy.
Human Resources													
36	FY 2014/15 Quarterly	Finance and Administration	B	Promote positive labor relations by conducting routine informal labor/management meetings with unit representative	Hold quarterly Labor/Management meetings to address concerns and issues on an ongoing basis	Quarterly	Number of grievances filed and number of grievances resolved at Appeals Committee Level	Sharmeen Bhojani	March	2015	Behind Schedule	No	Labor Management meetings were not held this quarter due to the meet and confer process for the Class and Comp Study. Six grievances were filed during this quarter.
37	FY 2014/15 Quarterly	Finance and Administration	B	Promote positive labor relations by conducting routine informal labor/management meetings with unit representative	Promote and sustain open communication with all levels of staff in order to effectively resolve work related issues in a harmonious manner	June-2015	Number of grievances filed and number of grievances resolved at Appeals Committee Level	Sharmeen Bhojani	March	2015	Behind Schedule	No	Labor Management meetings were not held this quarter due to the meet and confer process for the Class and Comp Study. ?? grievances were filed during this quarter.
28	FY 2014/15 Quarterly	Finance and Administration	B	Ensure staff understands and upholds their role in achieving the Agency's Mission, Vision, and Values	Develop creative communication methods and continue education of employee benefits to increase knowledge of benefit programs and services including visiting and scheduling appointments with employees at other facilities, holding continuous lunch and learn sessions and other educational workshops/presentations	June-2015	Survey and employee feedback/ Number of on-site visits lunch and learns and other educational sessions held	Sharmeen Bhojani	March	2015	On Schedule	No	New Hire Tour held in February. On site visit from Lincoln National in January and CAPERS 457 in February. The January issue of the Wave Newsletter introduced the Agency's new EAP provided by Cigna Insurance. The March Wave issue included a link to "Start Saving Sooner", a mini video presented by Lincoln Financial designed to show employees how saving money now can make a big difference at retirement.
7	FY 2014/15 Quarterly	Finance and Administration	B	Implement the Agency-wide Classification and Compensation Study by November 2014	Finalize the Agency-wide Classification and Compensation Study to develop a fair, consistent and competitive compensation program	November-2014	Implementation of the Study and feedback from employees	Sharmeen Bhojani	March	2015	Behind Schedule	No	The Agency ratified the Class & Comp Study for all unrepresented employees and the Lab unit in January 2015. Staff is still in the meet and confer process with the other four units. The goal is to finalize the meet and confer process in June 2015.

Goal FY ID	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
54	FY 2014/15 Quarterly	Finance and Administration	B	Review and update the STAR Award Program to more effectively recognize outstanding performance by December 2014	Develop additional creative and cost-effective ways to reward and recognize outstanding and dedicated staff	December-2014	Number of employees recognized	Sharmeen Bhojani	March	2015	On Schedule	No	24 employees received an "Outstanding" Overall rating during this FY and recognized by Executive Management and Director Caitlin with a personalized card. Additionally, staff has been reviewing past ideas and having ongoing discussions on this subject, however, due to other priorities in the department and staffing challenges this quarter, the development of additional ways to reward employees continues to be deferred to Quarter 4. This is an ongoing process. Maintain open communication with staff. Promote safe work practices. Continue periodic review of incident reports and Worker's Compensation records.
41	FY 2014/15 Quarterly	Finance and Administration	B	Promote a safer work environment by administering and monitoring required safety and regulatory trainings	Provide required and supplemental training; encourage communication and employee participation in reporting workplace hazards and unsafe work practices.	Quarterly	Review hazard and incident reports and worker's comp injury logs	Sharmeen Bhojani	April	2015	On Schedule	No	Periodic reviews are conducted of the JIPP, Worker's Compensation records, and Hazard/Incident Reports. Hazard/Incident reports are reviewed at each Safety and Health Committee meeting. The summary OSHA 300 log was posted at all facilities on February 1st as required, and to provide employees information on total injuries from the prior year. This is on hold pending conclusion of the class and comp study.
58	FY 2014/15 Quarterly	Finance and Administration	B	Annually, review and revise the Workplace Injury Illness Prevention Program to prevent work related injuries/illness and reduce loss of time worked	Encourage Committees to make recommendations to prevent future work related injuries.	Annual	Review hazard and incident reports and worker's comp injury logs	Sharmeen Bhojani	April	2015	On Schedule	No	Periodic reviews are conducted of the JIPP, Worker's Compensation records, and Hazard/Incident Reports. Hazard/Incident reports are reviewed at each Safety and Health Committee meeting. The summary OSHA 300 log was posted at all facilities on February 1st as required, and to provide employees information on total injuries from the prior year. This is on hold pending conclusion of the class and comp study.
106	FY 2014/15 Quarterly	Finance and Administration	B	Develop a plan to conduct a feedback study to measure employee satisfaction by December 2014	Create and distribute an employee satisfaction survey; identify strategies to increase employee morale and promote employee retention	December-2014	Attain a positive rating of overall employee satisfaction	Sharmeen Bhojani	April	2015	On Schedule	No	This is on hold pending conclusion of the class and comp study.
107	FY 2014/15 Quarterly	Finance and Administration	B	Review and update the STAR Award Program to more effectively recognize outstanding performance by December 2014	Change the format of the STAR Award Program to ensure more employees have an opportunity to receive the award	December-2014	Number of employees recognized	Sharmeen Bhojani	March	2015	On Schedule	No	The STAR program recognizes employees in July and September. There will not be an update until FY 15 16.

Business Goals & Objectives Report By Department

4/27/2015

Department: Technical Services
 Report Month: April, March, May : Year: 2015

Operations
 Maintenance

Goal ID	FY Start	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
Maintenance														
93	FY 2014/15	Quarterly	Operations	E	Ensure reliability of Agency assets by annually implementing the asset management monitoring and assessment program (Asset Management Plan)	Conduct major condition assessments annually	Complete condition n assessment of underground process piping at RP-1 by end of FY14/15 Complete RP-1 headworks condition assessment by end of the second quarter FY14/15	Complete at least five major condition assessments	Francis Concermino	April	2015	On Schedule	No	Condition Assessments for RP-4 Preliminary and Primary areas are complete. Condition Assessment for RP-1, RP-5 and COWRF are currently being scheduled.
Operations														
98	FY 2014/15	Quarterly	Operations	F	Strive for 100% use of Agency bi-products by 2021	Ensure all treatment standards are met to maximize availability of recycled water	FY 2014/15	Attain 100% NPDES Compliance	Matt Melendrez	April	2015	On Schedule	No	Based on the Engineering, Planning and Science Department's 2015 Environmental Compliance Incident Report all Operations facilities achieved 100% NPDES Compliance and AQMD Compliance for the 3rd Quarter of FY 2014/15.
99	FY 2014/15	Quarterly	Operations	F	Strive for 100% use of Agency bi-products by 2021	Maximize use of biosolids by sending 90% of organics to IERCF	FY 2014/15	Send 90% of organics to IERCF	Matt Melendrez	April	2015	On Schedule	No	Greater than 80% of RP-1 and RP-2 Biosolid loads were sent to IERCF during the 3rd Quarter of FY 2014/15.
101	FY 2014/15	Quarterly	Operations	F	Annually review and update Key Performance Indicators (KPI's) to monitor and comply with all regulatory requirements	Review and update all facility KPI's	FY 2014/15	1 Facility per Quarter	Chander Letulle	April	2015	On Schedule	No	Operations KPI's for all facilities were reviewed, standardized and updated. All Operations facility KPI's are monitored daily and reviewed monthly to ensure compliance with regulatory requirements and optimization goals.
102	FY 2014/15	Quarterly	Operations	F	Annually review and update the Emergency Response and Operational Plans for all facilities	Support Human Resources and Safety Department in the review and update of the Emergency Response and Operational Plans for all facilities.	FY 2014/15	1 Facility per Quarter	Chander Letulle	April	2015	On Schedule	No	Human Resources established completion of this goal for FY 2015/16. Operations facility specific plans are being developed to support the larger Agency wide Emergency Response Plan. The first Operations plan is for RP-1 and was scheduled to be completed by March 2015 this date has been pushed out to June 2015.
78	FY 2014/15	Quarterly	Operations	D	Optimize IEUA's use of potable and recycled water by July 2016	Establish potable and recycled water baseline monitoring plan for all Agency facilities.	FY 2014/15	One facility per quarter	Matt Melendrez	April	2015	On Schedule	No	All regional plants are collecting potable water usage data. This data will be reviewed, charted and regularly updated. Recycled water usage is being monitored at Southern area facilities. Capital improvement projects are on the TYCIP to install flow metering capabilities at RP-1 and RP-4.
84	FY 2014/15	Quarterly	Operations	D	Develop and implement Recycled Water Peak Demand Management Plan to optimize efficient use of recycled water by June 2015	Develop written RW storage and delivery strategies to meet department forecasts of diurnally variable RW supplies and seasonally variable RW demands.	November-2014	Written strategies and forecasts developed by RW and GWR staff by December 1, 2014	Jason Marsailles	April	2015	Behind Schedule	No	Recycled Water Peak Demand is being updated to include the 930 Recycled Water reservoir that was put online in late March.
85	FY 2014/15	Quarterly	Operations	D	Develop and implement Recycled Water Peak Demand Management Plan to optimize efficient use of recycled water by June 2015	Develop RW GWR SCADA improvements that implement the storage and delivery strategies by working the DCS Department	May-2015	System Improvement request to DCS Department by March 15, 2015	Jason Marsailles	April	2015	On Schedule	No	Review is in process, current DCS improvements only include one item for pressure reduction of the south zone pump station when the 930 reservoir reaches high level. Details of request are being finalized and will forwarded to DCS by May 1, 2015.

Goal FY ID	Reporting Required	Division	Bus. Goal	Work Plan	Department Goal	Time Line	KPI	Assigned To	Note Month	Note Year	Status	Complete	Notes
86	FY 2014/15 Quarterly	Operations	D	Develop and implement Recycled Water Peak Demand Management Plan to optimize efficient use of recycled water by June 2015	Continue weekly Peak Demand Management Meetings with key operations staff for start of CY2015 Peak Demand season	June 30, 2015	Demand Management meetings scheduled in Outlook by March 31, 2015	Jason Marsailles	April	2015	On Schedule	No	The Recycled Water Peak Demand Management meetings will resume starting April, 29 2015.
3	FY 2014/15 Monthly	Operations	E	Continue to optimize operation of digestion and dewatering centrifuges to minimize operational costs	Produce 450 CFM of digester gas to support full operation of the fuel cell Produce an average of 24% total solids cake.	FY 2014/15	Monthly Average of xx Mat CFM Monthly Average of 24% T.S.	xx Mat Melendrez	March	2015	On Schedule	No	Produced 24% cake solids and 462 cfm of digester gas.
157	FY 2014/15 Once Complete	Operations	E	Develop a design concept for the proposed South Compost Facility by December 2014	Conduct a feasibility study for the South Compost Facility	Complete feasibility study by September 2014	Not applicable	Jeff Ziegenbein	April	2015	On Schedule	No	South Compost Facility Feasibility Study was completed and submitted in May 2014.
Technical Services													
148	FY 2014/15 Once Complete	Operations	C	Review and update the Asset Management Plan by December 2014	Update the Asset Management Plan annually by incorporating the findings of Condition Assessment reports and documenting changes relating to Agency assets	Complete by December 2014.	Not applicable	Jeff Noelle	April	2015	On Schedule	No	The Asset Management Plan for fiscal year 2015/16 was completed in January and distributed for internal and external use in February.