



AGENDA

MEETING OF THE BOARD OF DIRECTORS

**WEDNESDAY, JULY 15, 2015
10:00 A.M.**

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

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

FLAG SALUTE

PUBLIC COMMENT

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

ADDITIONS TO THE AGENDA

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

1. NEW HIRE INTRODUCTION

- Ms. Jill Kiefer, Executive Assistant, hired on 6/22/15 (April Woodruff)

2. CONSENT CALENDAR

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

A. MINUTES

The Board will be asked to approve the minutes from the June 17, 2015 Board meeting.

B. TREASURER'S REPORT ON GENERAL DISBURSEMENTS

It is recommended that the Board approve the total disbursements for the month of May 2015, in the amount of \$12,569,573.77.

C. ADOPTION OF RESOLUTION NO. 2015-7-3, NOMINATION OF KATHLEEN TIEGS AS ASSOCIATION OF CALIFORNIA WATER AGENCIES' PRESIDENT

It is recommended that the Board adopt Resolution No. 2015-7-3, to support the nomination of Kathleen Tiegs as the Association of California Water Agencies' (ACWA) President.

D. CALIFORNIA SPECIAL DISTRICTS ASSOCIATION CALL FOR ELECTION FOR SEAT A, REGION 6

It is recommended that the Board elect incumbent Ms. Jo MacKenzie to serve as Director on the CSDA Board for Seat A, Region 6.

E. CONTRACT AWARD TO PFM FOR FINANCIAL ADVISORY SERVICES

It is recommended that the Board:

1. Approve Contract No. 4600001897 for financial advisory services with Public Financial Management (PFM); and
2. Authorize the General Manager to execute the contract.

F. PURCHASE OF AGENCY-WIDE INSURANCE POLICIES

It is recommended that the Board ratify the purchase of the following Agency-wide insurance policies with an effective date of July 1, 2015, providing coverage through July 1, 2016, for the amount included with the budget, which will provide the following coverage:

1. General Liability: Provides third party liability coverage for bodily injury and property damage through the Insurance Company of the State of Pennsylvania for up to \$20,000,000 per policy year, with a Self-Insured Retention (SIR) of \$500,000; and

Automobile Liability: Covers losses to other parties for bodily injury and property damage caused by Agency vehicles. Limits of coverage are \$20,000,000 per accident, with a SIR of \$500,000; and

Public Entity Errors and Omissions: Provides \$20,000,000 per policy year of protection against claims for damages arising from the negligent acts, errors, and omissions of the Board of Directors and/or Agency staff acting within their professional capacity, with a SIR of \$500,000.

2. Property, and Boiler and Machinery: Provides insurance protection resulting from damage and destruction of property through the California Sanitation Risk Management Authority (CSRMA) Property Program; with a deductible level of \$25,000.
3. Excess Workers' Compensation and Employer's Liability: Provides \$25,000,000 per policy year coverage against bodily injury and illness to employees in the scope of their employment insurance from Midlands Insurance, with a SIR of \$1,000,000.

G. CONTRACT AWARD FOR THE CHINO CREEK INVERT REPAIR

It is recommended that the Board:

1. Approve the construction contract award to Mike Bubalo Construction Company for the Chino Creek Invert Repair, Project No. EN12020, in the amount of \$156,000; and
2. Authorize the General Manager to execute the contract.

H. CONSTRUCTION CONTRACT AWARD FOR THE AGENCY-WIDE HVAC IMPROVEMENTS PACKAGE NO. 3

It is recommended that the Board:

1. Approve the construction contract award for the Agency-Wide HVAC Improvements Package No. 3, Project No. EN15032, to Allison Mechanical, Inc. for their low bid of \$431,216; and
2. Authorize the General Manager to execute the contract.

I. CONSTRUCTION CONTRACT AWARD FOR THE PRADO, MONTCLAIR AND PHILADELPHIA COMMUNICATION MONOPOLES

It is recommended that the Board:

1. Approve the construction contract award for the Prado, Montclair, and Philadelphia Communication Monopoles, Project Nos. EN13040, EN13043, and EN13042, to Davis Electric Inc. for the not-to-exceed amount of \$563,900; and
2. Authorize the General Manager to execute the contract.

J. APPROVAL OF A MEMORANDUM OF UNDERSTANDING FOR THE DEVELOPMENT OF A RECYCLED WATER INTERCONNECTION WITH MONTE VISTA WATER DISTRICT AND CITY OF POMONA

It is recommended that the Board:

1. Approve the Memorandum of Understanding (MOU) between Inland Empire Utilities Agency, Monte Vista Water District, and the City of Pomona for the development of a Recycled Water Interconnection; and
2. Authorize the General Manager to make non-substantive changes and execute the final MOU.

K. CONTRACT AWARD TO OLIN CORPORATION FOR 12.5% SODIUM HYPOCHLORITE

It is recommended that the Committee/Board:

1. Approve Contract No. 4600001899 to Olin Corporation, establishing a one-year contract for the supply of bulk 12.5% sodium hypochlorite with options for two additional one-year extensions, for a potential total contract term of three years; and
2. Authorize the General Manager to execute the contract with the two potential contract extensions.

3. ACTION ITEMS

A. WASTEWATER FACILITIES MASTER PLAN

It is recommended that the Board concur with the findings of the Wastewater Facilities Master Plan.

4. INFORMATION ITEMS

A. MWD AND DROUGHT UPDATE (ORAL)

RECEIVE AND FILE INFORMATION ITEMS

B. ENGINEERING AND CONSTRUCTION MANAGEMENT MONTHLY UPDATE (POWERPOINT)

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

D. PUBLIC OUTREACH AND COMMUNICATION (WRITTEN)

E. LEGISLATIVE REPORT FROM INNOVATIVE FEDERAL STRATEGIES (WRITTEN)

F. LEGISLATIVE REPORT FROM WEST COAST ADVISORS (WRITTEN)

G. LEGISLATIVE REPORT FROM AGRICULTURAL RESOURCES (WRITTEN)

H. CALIFORNIA STRATEGIES, LLC MONTHLY ACTIVITY REPORT (WRITTEN)

I. FEDERAL LEGISLATION TRACKING (WRITTEN)

J. STATE LEGISLATION TRACKING (WRITTEN)

K. 4TH QUARTER UPDATE - PLANNING & ENVIRONMENTAL RESOURCES

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

5. AGENCY REPRESENTATIVES' REPORTS

A. SAWPA REPORT (WRITTEN)

Next Commission meeting scheduled on July 21, 2015.

B. MWD REPORT (WRITTEN)

C. REGIONAL SEWERAGE PROGRAM POLICY COMMITTEE REPORT

(Meeting was cancelled for July 2nd)

D. CHINO BASIN WATERMASTER REPORT (WRITTEN)

6. GENERAL MANAGER'S REPORT (WRITTEN)

7. BOARD OF DIRECTORS' REQUESTED FUTURE AGENDA ITEMS

8. DIRECTORS' COMMENTS

9. CONFERENCE REPORTS

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

10. CLOSED SESSION

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

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

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

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

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

1. Two (2) Cases

D. PURSUANT TO GOVERNMENT CODE SECTION 54957 – PERSONNEL MATTERS

1. Various Positions – Compensation Study
2. Various Positions

3. ACTION ITEMS – continued.

B. ADOPTION OF RESOLUTION NO. 2015-7-1, AMENDING THE MEMORANDUM OF UNDERSTANDING (MOU), SALARY MATRIX AND CLASSIFICATION PLAN FOR ALL OPERATORS' AND PROFESSIONAL UNIT EMPLOYEES

It is recommended that the Board:

1. Approve and adopt the recently completed classification and compensation study (Study) for all Operators' and Professional Unit employees;
2. Approve the modification of various position titles for all the Operators' and Professional Unit employees, as a result of the Study; and
3. Adopt Resolution No. 2015-7-1 to amend the 2013 through 2018 MOUs for the Operators' and Professional Units with a new salary matrix and classification plan based on the results of the Study.

C. ADOPTION OF RESOLUTION NO. 2015-7-2, APPROVING THE AMENDMENTS TO THE SALARY SCHEDULES/MATRIXES FOR THE OPERATORS' UNIT AND PROFESSIONAL UNIT

It is recommended that the Board adopt Resolution No. 2015-7-2, amending the salary schedule/matrix for the Unrepresented, Executive Management, Laboratory Unit, Operators' Association and Professional Unit.

11. ADJOURN

*A Municipal Water District

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

Proofed by: _____

Declaration of Posting

I, April Woodruff, Board Secretary of the Inland Empire Utilities Agency*, A Municipal Water District, hereby certify that a copy of this agenda has been posted by 5:30 p.m. at the Agency's main office, 6075 Kimball Avenue, Building A, Chino, CA on Thursday, July 9, 2015.



April Woodruff

**CONSENT
CALENDAR
ITEM**

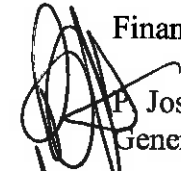
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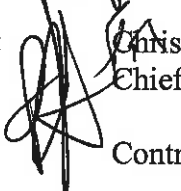


Date: July 15, 2015

To: The Honorable Board of Directors

Through: Finance, Legal, and Administration Committee (07/08/15)

From:  P. Joseph Grindstaff
General Manager

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

Subject: Contract Award to PFM for Financial Advisory Services

RECOMMENDATION

It is recommended that the Board of Directors:

1. Approve Contract No. 4600001897 for financial advisory services with Public Financial Management (PFM); and
2. Authorize the General Manager to execute the contract.

BACKGROUND

In April 2015, the Agency posted a request for proposal (RFP) for financial advisory services. The Agency solicited proposals from qualified firms with considerable experience in providing financial advisory services. The firm will serve in the role of financial advisor to provide advice and expertise on financial and fiscal matters in conjunction with the Agency bond counsel, legal counsel and staff including but not limited to: periodic analysis of the Agency's debt capacity, appraisal of outstanding debt to effectively leverage refinancing or refunding opportunities, assistance with credit agency reviews, fiscal impact assessment of proposed legislation, and through its affiliate PFM Asset Management LLC (PMAM), review of the Agency's investment policy and provide investment advisory services.

The RFP was sent to 43 companies via BidNet Network; 23 of which viewed and downloaded the documents. Despite the high interest, only one proposal was received from the PFM Group.

PFM has been successfully serving as the Agency's financial advisor since 2007. PFM has assisted the Agency with numerous financial transactions including renewal of letter of credit (LOC) on variable debt for the 2008B Variable Rate Demand Bonds, and more recently the

Contract Award to PFM for Financial Advisory Services

July 15, 2015

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Agency's compliance with the Securities and Exchange Commission Municipalities Continuing Disclosure Cooperation initiative.

The contract term is five years, through June 30, 2020, with two additional one-year options to extend. The contract shall be paid in accordance with the fee schedule below.

Issuance Type	<\$50,000,000	>\$50,000,000	Advisory Fee Annual
Competitive Fixed Rate Revenue Bonds-Not-to-Exceed (NTE) Fee	\$65,000	\$85,000	N/A
Competitive Refunding Fixed Rate Revenue Bonds NTE Fee	\$65,000	\$85,000	N/A
Negotiated Fixed/Variable Rate Revenue Bonds NTE Fee	\$65,000	\$85,000	N/A
Negotiated Fixed Rate Refunding Revenue Bonds NTE Fee	\$65,000	\$85,000	N/A
Hourly Fee (Special Projects)	Managing Director		\$330/hr.
	Director		\$295/hr.
	Senior Managing Consultant		\$280/hr.
	Senior Analyst		\$225/hr.
	Analyst		\$190/hr.
Expenses – In addition to the professional fees identified above, all Agency-related business expenses shall be paid at cost with documented receipts.			

Based on the excellent support PFM has provided the Agency over the years, and their knowledge of the Agency and water industry overall, staff recommends the Board approve the proposed contract to PFM for general financial services.

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

If approved, financial service fees are supported by the appropriation in the Administrative Services (GG) Fund, within the Finance Administration Cost Center (114100) for Professional Services Other (520980).

Attachment: Contract Number 4600001897



**CONTRACT NUMBER: 4600001897
FOR
FINANCIAL ADVISORY SERVICES**

THIS CONTRACT (the "Contract"), is made and entered into this _____ day of _____, 2015, by and between the Inland Empire Utilities Agency, a Municipal Water District, organized and existing in the County of San Bernardino under and by virtue of the laws of the State of California (hereinafter referred to as "Agency"), and Public Financial Management, Inc. of Los Angeles, California (hereinafter referred to as "Consultant") for financial advisory services.

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

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

Project Manager: Christina Valencia
Chief Financial Officer/Assistant General Manager
Inland Empire Utilities Agency
Address: 6075 Kimball Avenue, Bldg. A
Chino, California 91708
Telephone: (909) 993-1673
Facsimile: (909) 993-1985
Email: cvalencia@ieua.org

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

Consultant: Brian Thomas
Managing Director
Public Financial Management, Inc.
Address: 601 South Figueroa Street, Suite 4500
Los Angeles, CA 90017
Telephone: (213) 489-4075
Facsimile: (213) 489-4085
Email: thomasb@pfm.com

3. **ORDER OF PRECEDENCE:** The documents referenced below represent the Contract Documents. Where any conflicts exist between the General Terms and Conditions, or addenda attached, then the governing order of precedence shall be as follows:

- A. Amendments to Contract Number 4600001897.
- B. Contract Number 4600001897 General Terms and Conditions.

- C. Consultant's Proposal dated May 18, 2015.
- D. Agency's Request for Proposal RFP-KB-15-036 dated April 21, 2015.

4. **SCOPE OF WORK AND SERVICES:** Consultant services shall be in accordance with Consultant's proposal dated May 18, 2015, which is attached hereto as Exhibit A, incorporated herein and made a part hereof.
5. **TERM:** The term of this Contract shall extend from the date of the Notice to Proceed, and terminate on June 30, 2020, unless agreed to by both parties, reduced to writing, and amended to this Contract. Two additional one-year options may be enacted upon approval by both parties.
6. **COMPENSATION:** Agency shall pay Consultant's properly executed invoice approved by the Project Manager within thirty (30) days following receipt of the invoice. Payment will be withheld for any service which does not meet or exceed Agency requirements or have proven unacceptable until such service is revised, the invoice resubmitted, and accepted by the Project Manager. Invoices shall include Contract Number 4600001897.

To expedite payment, invoices may be sent electronically to IEUA's Accounts Payable at apgroup@ieua.org. with any supporting documentation, with a copy to the Project Manager.

Agency may at any time make changes to the Work including additions, reductions, and changes to any or all of the Work, as directed in writing by the Agency's Project Manager. Such changes shall be made by an Amendment to the Contract. The Fee Schedule shall be adjusted, if required, to account for such changes.

Compensation shall be paid in accordance with the following fee table:

Issuance Type	<\$50,000,000	>\$50,000,000	Advisory Fee Annual
Competitive Fixed Rate Revenue Bonds-Not-to-Exceed (NTE) Fee	\$65,000	\$65,000	N/A
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	Director		\$295/hr.
	Senior Managing Consultant		\$280/hr.
	Senior Analyst		\$225/hr.
	Analyst		\$190/hr.
Expenses – In addition to the professional fees identified above, all Agency-related business expenses shall be paid at cost with documented receipts.			

7. CONTROL OF THE WORK: Consultant shall perform the Work in compliance with the work schedule. If performance of the Work falls behind schedule, the Consultant shall accelerate the performance of the Work to comply with the work schedule as directed by the Project Manager. If the nature of the Work is such that Consultant is unable to accelerate the Work, Consultant shall promptly notify the Project Manager of the delay, the causes of the delay, and submit a proposed revised work schedule.
8. FITNESS FOR DUTY:
- A. Fitness: Consultant and its Subconsultant personnel on the Jobsite:
1. shall report for work in a manner fit to do their job;
 2. shall not be under the influence of or in possession of any alcoholic beverages or of any controlled substance (except a controlled substance as prescribed by a physician so long as the performance or safety of the Work is not affected thereby); and
 3. shall not have been convicted of any serious criminal offense which, by its nature, may have a discernible adverse impact on the business or reputation of Agency.
- B. Inspection: Searches by Agency authorized personnel may be made of lockers, storage areas, vehicles, persons or personal effects on Agency-owned, or leased property at various times without prior announcement. Such facility inspections may be conducted using detection dog teams to search work areas and other common areas in order to detect evidence of unlawful drug use or the presence of pyrotechnics, explosives, firearms, weapons, or facsimiles thereof, alcoholic beverages and illegal drugs ("Prohibited Items"). Prohibited Items must not be brought onto, or kept on, Agency property.
- C. Compliance: Consultant shall advise all personnel and associated third parties of the requirements of this Contract ("Fitness for Duty Requirements") before they enter on the Jobsite and shall immediately remove from the Jobsite any employee determined to be in violation of these requirements. Consultant shall impose these requirements on its Subconsultants. Agency may cancel the Contract if Consultant violates these Fitness for Duty Requirements.
9. INSURANCE: During the term of this Contract, the Consultant shall maintain at Consultant's sole expense, the following insurance.
- A. Minimum Scope of Insurance:
1. General Liability: \$1,000,000 combined single limit per occurrence for bodily injury, personal injury and property damage. Coverage shall be at least as broad as Insurance Services Office form number GL 0001-87 covering Comprehensive General Liability. If Commercial General Liability Insurance or other form with a general aggregate limit is used,

either the general aggregate limit shall apply separately to this Project/location, or the general aggregate limit shall be twice the required occurrence limit.

2. **Automobile Liability:** \$1,000,000 combined single limit per accident for bodily injury and property damage. Coverage shall be at least as broad as Insurance Services Office form number CA 00 01 87, covering Automobile Liability, including "any auto."
 3. **Workers' Compensation and Employers Liability:** Workers' compensation limits as required by the Labor Code of the State of California and employers Liability limits of \$1,000,000 per accident.
- B. **Deductibles and Self-Insured Retention:** Any deductibles or self-insured retention must be declared to and approved by the Agency. At the option of the Agency, either: the insurer shall reduce or eliminate such deductibles or self-insured retention as respects the Agency, its officers, officials, employees and volunteers; or the Consultant shall procure a bond guaranteeing payment of losses and related investigations, claims administration and defense expenses.
- C. **Other Insurance Provisions:** The policies are to contain, or be endorsed to contain, the following provisions:
1. **General Liability and Automobile Liability Coverage**
 - a. The Agency, its officers, officials, employees, volunteers, property owners and any engineers under contract to the Agency are to be covered as additional insureds, endorsements GL 20 11 07 66, CG2010 1185 and/or CA 20 01 (Ed. 0178), as respects: liability arising out of negligent activities performed by or on behalf of the Consultant, products and completed operations of the Consultant, premises owned, occupied or used by the Consultant, or automobiles owned, leased, hired or borrowed by the Consultant. The coverage shall contain no special limitations on the scope of protection afforded to the Agency, its officers, officials, employees or volunteers.
 - b. The Consultant's insurance coverage shall be primary insurance as respects the Agency, its officer, officials, employees and volunteers. Any insurance or self-insurance maintained by the Agency, its officers, officials, employees, or volunteers shall be excess of the Consultant's insurance and shall not contribute with it.
 - c. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the Agency, its officers, officials, employees or volunteers.

d. The Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

d. The Consultant may satisfy the limit requirements in a single policy or multiple policies. Any Such additional policies written as excess insurance shall not provide any less coverage than that provided by the first or primary policy.

2. Workers' Compensation and Employers Liability Coverage

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

3. All Coverages

Prior to cancellation of any policy required herein, the policies shall be endorsed to state, 30 days advanced cancellation notice will be mailed to the Agency, except if policies cancelled for non-payment of premium, then 10 days advance notice will be mailed.

D. Acceptability of Insurers: With the exception of Professional Liability Insurance, all insurance is to be placed with insurers with a Best's rating of no less than A:VII, and who are admitted insurers in the State of California. Professional Liability Insurance is to be placed with insurers with a Best's rating of no less than B:VII, and who are admitted insurers in the State of California.

E. Verification of Coverage: Consultant shall furnish the Agency with certificates of insurance and with original endorsements effecting coverage required by the Agency for themselves and all subconsultants prior to commencing work or allowing any subconsultant to commence work under any subcontract. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. All certificates and endorsements are to be approved by the Agency before work commences. The Agency reserves the right to require complete, certified copies of all required insurance policies, at any time.

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

Inland Empire Utilities Agency
Attn: Angela Witte, Risk Representative
P.O. Box 9020
Chino Hills, California 91709

10. LEGAL RELATIONS AND RESPONSIBILITIES

- A. Professional Responsibility: The Consultant shall be responsible, to the level of competency presently maintained by other practicing professionals performing the same or similar type of work.
- B. Status of Consultant: The Consultant is retained as an independent Consultant only, for the sole purpose of rendering the services described herein, and is not an employee of the Agency.
- C. Observing Laws and Ordinances: Consistent with the standard of skill and care set forth in 10.A, Professional Responsibility, the Consultant shall keep itself fully informed of all relevant existing state and federal laws and all relevant county and city ordinances and regulations which pertain to structural engineering services or tasks performed under this Contract, and of all such orders and decrees of bodies or tribunals having any jurisdiction or authority over the same. The Consultant shall at all times observe and comply with all such existing laws, ordinances, regulations, orders and decrees, including prevailing wage and shall to the extent of Consultant's negligence, indemnify, but not defend, as required herein, the Agency, its officers, employees against any liability for damages to the extent caused by the violation of any such law, ordinance, regulation, order or decree, whether by the Consultant or its employees.
- D. Subcontract Services: Any subcontracts for the performance of any services under this Contract shall be subject to the written approval of the Project Manager.
- E. Grant/Loan Funded Projects: This is a not a grant funded project. For grant/loan-funded projects, the Consultant shall be responsible to comply with all grant requirements related to the Project. These may include, but shall not be limited to: Davis-Bacon Act, Endangered Species Act, Executive Order 11246 (Affirmative Action Requirements), Equal Opportunity, Disadvantaged Business Enterprise (DBE) Requirements, Competitive Solicitation, Record Retention and Public Access to Records, and Labor Compliance and Compliance Review.
- F. Conflict of Interest: No official of the Agency who is authorized in such capacity and on behalf of the Agency to negotiate, make, accept or approve, or to take part in negotiating, making, accepting or approving this Contract, or any subcontract relating to services or tasks to be performed pursuant to this Contract, shall become directly or indirectly personally interested in this Contract.
- G. Equal Opportunity and Unlawful Discrimination: During the performance of this Contract, the Consultant shall not unlawfully discriminate against any employee or employment applicant because of race, color, religion, sex, age, marital status, ancestry, physical or mental disability, sexual orientation, veteran status or national origin. The Agency is committed to creating and maintaining an environment free from harassment and discrimination. To accomplish these goals the Agency has established procedures regarding the implementation and enforcement of the Agency's Harassment Prohibition and Equal Employment

Opportunity commitments. Please refer to Agency Policies A-29 (Equal Employment Opportunity) and A-30 Harassment Prohibition for detailed information or contact the Agency's Human Resources Administrator. A copy of either of these Policies can be obtained by contacting the Project Manager for your respective Contract. Please advise any of your staff that believes they might have been harassed or discriminated against while on Agency property, to report said possible incident to either the Project Manager, or the Agency's Human Resources Administrator. Please be assured that any possible infraction will be thoroughly investigated by the Agency.

H. Non-Conforming Work: Consistent with the standard of skill and care set forth in Section 10.A, Professional Responsibility, Consultant represents that the Work and Documentation shall be adequate to serve the purposes described in the Contract. If the Project Manager rejects all or any part of the Work or Documentation as unacceptable, and agreement to correct such Work or Documentation cannot be reached without modification to the Contract, Consultant shall notify the Project Manager, in writing, detailing the dispute and reason for Consultant's position. Any dispute that cannot be resolved between the Project Manager and the Consultant shall be resolved in accordance with the Dispute Section of this Contract.

I. Disputes:

1. All disputes arising out of or in relation to this Contract shall be determined in accordance with this section. The Consultant shall pursue the work to completion in accordance with the instruction of the Agency's Project Manager notwithstanding the existence of dispute. By entering into this Contract, both parties are obligated, and hereby agree, to submit all disputes arising under or relating to the Contract, which remain unresolved after the exhaustion of the procedures provided herein, to independent arbitration. Except as otherwise provided herein, arbitration shall be conducted under California Code of Civil Procedure Sections 1280, et. seq, or their successor.

2. Any and all disputes during the pendency of the work shall be subject to resolution by the Agency Project Manager and the Consultant shall comply, pursuant to the Agency Project Manager instructions. If the Consultant is not satisfied with any such resolution by the Agency Project Manager, they may file a written protest with the Agency Project Manager within seven (7) calendar days after receiving written notice of the Agency's decision. Failure by Consultant to file a written protest within seven (7) calendar days shall constitute waiver of protest, and acceptance of the Agency Project Manager's resolution. The Agency's Project Manager shall submit the Consultant's written protests to the General Manager, together with a copy of the Agency Project Manager's written decision, for his or her consideration within seven (7) calendar days after receipt of said protest(s). The General Manager shall make his

or her determination with respect to each protest filed with the Agency Project Manager within ten (10) calendar days after receipt of said protest(s). If Consultant is not satisfied with any such resolution by the General Manager, they may file a written request for arbitration with the Project Manager within seven (7) calendar days after receiving written notice of the General Manager's decision.

3. In the event of arbitration, the parties hereto agree that there shall be a single neutral Arbitrator who shall be selected in the following manner:
 - a. The Demand for Arbitration shall include a list of five names of persons acceptable to the Consultant to be appointed as Arbitrator. The Agency shall determine if any of the names submitted by Consultant are acceptable and, if so, such person will be designated as Arbitrator.
 - b. In the event that none of the names submitted by Consultant are acceptable to Agency, or if for any reason the Arbitrator selected in Step (a) is unable to serve, the Agency shall submit to Consultant a list of five names of persons acceptable to Agency for appointment as Arbitrator. The Consultant shall, in turn, have seven (7) calendar days in which to determine if one such person is acceptable.
 - c. If after Steps (a) and (b), the parties are unable to mutually agree upon a neutral Arbitrator, the matter of selection of an Arbitrator shall be submitted to the San Bernardino County Superior Court pursuant to Code of Civil Procedure Section 1281.6, or its successor. The costs of arbitration, including but not limited to reasonable attorneys' fees, shall be recoverable by the party prevailing in the arbitration. If this arbitration is appealed to a court pursuant to the procedure under California Code of Civil Procedure Section 1294, et. seq., or their successor, the costs of arbitration shall also include court costs associated with such appeals, including but not limited to reasonable attorneys' fees which shall be recoverable by the prevailing party.
4. Joinder in Mediation/Arbitration: The Agency may join the Consultant in mediation or arbitration commenced by a Consultant on the Project pursuant to Public Contracts Code Sections 20104 et seq. Such joinder shall be initiated by written notice from the Agency's representative to the Consultant.
11. **INDEMNIFICATION:** Consultant shall indemnify the Agency, its directors, employees and assigns, and shall hold them harmless from all liabilities, demands, actions, claims, losses and expenses, including reasonable attorneys' fees, which arise out of or are actually caused by the negligence, recklessness or willful misconduct of the Consultant, its directors, employees, agents and assigns, in the performance of work under this contract.

12. OWNERSHIP OF MATERIALS AND DOCUMENTS/CONFIDENTIALITY: The Agency retains ownership of any and all partial or complete reports, drawings, plans, notes, computations, lists, and/or other materials, documents, information, or data prepared by the Consultant and/or the Consultant's subconsultant(s) pertaining to this Contract. Said materials and documents are confidential and shall be available to the Agency from the moment of their preparation, and the Consultant shall deliver same to the Agency whenever requested to do so by the Project Manager and/or Agency. The Consultant agrees that same shall not be made available to any individual or organization, private or public, without the prior written consent of the Agency.

Said materials and documents shall not be changed or used for purposes other than those set forth in the Contract without the prior written approval of Consultant. If Agency reuses the materials and documents without Consultant's prior written consent, changes or uses the materials and documents other than as intended hereunder, Agency shall do so at its sole risk and discretion, and Consultant shall not be liable for any claims and/or damages resulting from use or connected with the release of or any third party's use of the reused materials or documents.

13. TITLE AND RISK OF LOSS:

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

14. PROPRIETARY RIGHTS:

- A. Rights and Ownership: Agency's rights to inventions, discoveries, trade secrets, patents, copyrights, and other intellectual property, including the Information and Documentation, and revisions thereto (hereinafter collectively referred to as "Proprietary Rights"), used or developed by Consultant in the performance of the Work, shall be governed by the following provisions:
1. Proprietary Rights conceived, developed, or reduced to practice by Consultant in the performance of the Work shall be the property of Agency, and Consultant shall cooperate with all appropriate requests to assign and transfer same to Agency.

2. If Proprietary Rights conceived, developed, or reduced to practice by Consultant prior to the performance of the Work are used in and become integral with the Work or Documentation, or are necessary for Agency to have complete enjoyment of the Work or Documentation, Consultant shall grant to Agency a non-exclusive, irrevocable, royalty-free license, as may be required by Agency for the complete enjoyment of the Work and Documentation, including the right to reproduce, correct, repair, replace, maintain, translate, publish, use, modify, copy or dispose of any or all of the Work and Documentation and grant sublicenses to others with respect to the Work and Documentation.
 3. If the Work or Documentation includes the Proprietary Rights of others, Consultant shall procure, at no additional cost to Agency, all necessary licenses regarding such Proprietary Rights so as to allow Agency the complete enjoyment of the Work and Documentation, including the right to reproduce, correct, repair, replace, maintain, translate, publish, use, modify, copy or dispose of any or all of the Work and Documentation and grant sublicenses to others with respect to the Work and Documentation. All such licenses shall be in writing and shall be irrevocable and royalty-free to Agency.
 4. Notwithstanding anything to the contrary herein, Consultant's Work and Documentation shall not be changed or used for purposes other than those set forth in the Contract, without the prior written approval of the Consultant. If the Agency reuses the Work or Documentation without Consultant's prior written consent, changes or uses the Work or Documentation other than as intended hereunder, Agency shall do so at its sole risk and discretion, and Consultant shall not be liable for any claims and or damages resulting from use or connected with the release of or any third party's use of the reused materials or documents.
- B. No Additional Compensation: Nothing Set forth in this Contract shall be deemed to require payment by Agency to Consultant of any compensation specifically for the assignments and assurances required hereby, other than the payment of expenses as may be actually incurred by Consultant in complying with this Contract.
15. INFRINGEMENT: Consultant represents and warrants that the Work and Documentation shall be free of any claim of trade secret, trade mark, trade name, copyright, or patent infringement or other violations of any Proprietary Rights of any person.
- Consultant shall defend, indemnify and hold harmless, Agency, its officers, directors, agents, employees, successors, assigns, servants, and volunteers free and harmless from any and all liability, damages, losses, claims, demands, actions, causes of action, and costs including reasonable attorney's fees and expenses to the extent of

Consultant's negligence for any claim that use of the Work or Documentation infringes upon any trade secret, trade mark, trade name, copyright, patent, or other Proprietary Rights.

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

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

Agency: Warren T. Green
Manager of Contracts and Facilities Services
Inland Empire Utilities Agency
6075 Kimball Avenue, Building A
Chino, California 91708

Consultant: Brian Thomas
Managing Director
601 South Figueroa Street, Suite 4500
Los Angeles, California 90017

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

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

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

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

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

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

INLAND EMPIRE UTILITIES AGENCY:

PUBLIC FINANCIAL MANAGEMENT, INC.:

P. Joseph Grindstaff (Date)
General Manager

Brian Thomas (Date)
Managing Director

PFM Scope of Services

Contract 46-1897



Proposal for Financial Advisor Services

Brian Thomas and Will Frymann will receive analytical support from Maria Figueroa, Senior Analyst. She is responsible for providing all of the day-to-day analytical and execution support to those engagements. Pricing support will come from PFM's independent Pricing Group lead by Todd Fraizer, *Managing Director*.

NAME & TITLE	RELEVANT EXPERIENCE
Brian Thomas <i>Managing Director</i>	<ul style="list-style-type: none">— Co-heads PFM's engagements with utility clients throughout the western region.— Immediately prior to joining PFM, he was the Assistant General Manager and Chief Financial Officer for the Metropolitan Water District of Southern California, the nation's largest supplier of treated drinking water, for 10-½ years. As the Assistant General Manager and Chief Financial Officer, he was responsible for all financial functions, including treasury and debt management, capital planning, financial reporting, the \$1.8 billion expenditure budget, and water rates and charges.— Serves as Financial Advisor to some of the largest water and wastewater utilities in the West, including Metropolitan Water District of Southern California, Southern Nevada Water Authority, Eastern Municipal Water District, Contra Costa Water District, Colorado Springs Utilities, and Las Vegas Valley Water District.— Has Bachelor of Science degrees in Biology and Economics from California Polytechnic State University, Pomona; and a Masters and Ph.D. in Economics from the University of California, Riverside
Will Frymann <i>Director</i>	<ul style="list-style-type: none">— Serves as Financial Advisor to many of the municipal utilities in the western United States and provides transaction structuring, financial planning, and risk-management services— Clients include Northern California Power Agency, Transmission Agency of Northern California Redding Electric Utility, Roseville Electric, Silicon Valley Power, Contra Costa Water District, San Francisco Public Utilities Commission, CPS Energy, Colorado Springs Utilities, Imperial Irrigation District, Los Angeles Department of Water and Power, Riverside Public Utilities, Southern California Public Power Authority, and Alaska Energy Authority, among others.— Developed many of the quantitative models for PFM's engagements.— Directly involved in issuance of approximately \$15 billion in utility bonds.— Has a Bachelor of Science degree in Cognitive Science from the University of California, Los Angeles; and a Master of Business Administration degree from the University of California, Berkeley.
Maria Figueroa <i>Senior Analyst</i>	<ul style="list-style-type: none">— Provides technical and quantitative support for the Los Angeles office and State Revolving Fund clients— Works on structuring, sizing, and pricing new money and refunding municipal bond issues, assessing municipal issuers' outstanding debt, and performing analyses of refunding opportunities.— Assists in the creation of rating presentations, cash flow modeling, default tolerance analysis, debt capacity and funding analyses.— Currently working with Eastern Municipal Water District, Moulton Niguel Water District, West Basin Municipal Water District, The City of Long Beach, Los Angeles County the Energy Network Program, Massachusetts Clean Water Trust, New York State Environmental Facilities Corporation, and Kansas Development Finance Authority among others.— Has a degree in Economics from The University of North Carolina at Chapel Hill.
Todd Fraizer <i>Managing Director</i>	<ul style="list-style-type: none">— Leads PFM's Pricing Group in the Charlotte office, which provides pricing resources and negotiation support for PFM's clients nation-wide, continually enhancing, expanding, and centralizing the firm's bond pricing expertise.— Has assisted in pricing thousands of transactions totaling more than \$250 billion of municipal bonds for PFM issuer clients since 2006, including a number of utilities across the country.— Has a Bachelor of Arts degree in English Literature from the University of Kansas and a Master of Business Administration from the University of Missouri-Kansas City.

SCOPE OF SERVICES

The financial advisor is expected to provide advice and expertise on a variety of financial and fiscal matters during the term of the contract including but not limited to the following:

PLANNING AND DEVELOPMENT OF SERVICES

- a. **Identify strategies, efficiencies, and opportunities to enhance the Agency's overall financial and strategic position; assist and advise the Agency on general matters, including but not limited to financial health, evaluation of reserves, fiscal policies, rate sufficiency for operations and capital needs in light of the debt service requirements;**

When developing financial plans, it is essential that the components of the plan be reviewed from all relevant perspectives. As full service financial advisors, we assist our clients with developing financial plans, completing transactions, and managing the investment of bond proceeds and related arbitrage rebate compliance. We also provide broad-based consulting advice about all aspects of



financial operations. Before making recommendations about how to structure particular transactions, we discuss the advantages and disadvantages of all plausible approaches and ensure that our clients understand the ramifications of the recommended structure. As important as the transactions that we support, it is equally important that we recommend against ideas that entail undue risk, do not achieve the clients objectives or are inferior to other alternatives.

While many of our innovations involve debt transactions, PFM has been able to add value by assisting clients in such things as privatization, reserve studies, assets sales, and in the development of long-term strategic plans. PFM is proud of its history of crafting and evaluating innovative solutions to the problems confronting our clients. Recently, PFM helped both the City of Roseville and the City of Redding develop reserve and financial policies for their utilities.

The Agency can draw upon PFM to help make strategic financial decisions to accomplish long-term goals. PFM would work with the Agency to identify a financing strategy which would entail determining bonding needs and capacity, identifying credit market concerns and/or opportunities, and evaluating alternative financing techniques and strategies. PFM is experienced in all of these advisory engagements.

PFM sees its primary role as a provider of information, expertise, and analysis, enabling the Agency to develop a framework for informed decision-making. PFM will analyze alternative debt structures and evaluate the merits and challenges associated with each strategy. PFM will provide the necessary analysis of the objective factors that will affect the conduct and outcome of a financing transaction, and make appropriate recommendations. PFM's knowledge of the Agency will allow us to provide high quality analysis quickly. IEUA has seen how PFM works when we participated with you in providing analysis and support for proposed rate increases.

b. Assist in the optimization of the Agency's financial model to develop alternative scenarios in order to evaluate required revenue streams and funding options to adequately support future operating and capital requirements;

All of PFM's analysts receive extensive training on DBC and excel, and are proficient in modeling the most complex structures. PFM has a dedicated Quantitative Strategies Group ("QSG") who focuses on developing and managing the latest and most sophisticated modeling financial modeling software. The QSG's mission is to develop proactive strategies and tools for all of PFM's clients and services. PFM quantitative modeling tools can be used for IEUA's benefit when we looked at IEUA's defeasance options.

c. Assist in the preparation of the Agency's long term financial plan;

PFM takes an approach of defining its services in relation to the formation and management of capital assets. For example, for the Agency, PFM can utilize its familiarity with the Agency's policies, finances and goals, its expertise with long-term financial planning and sophisticated model development, and its existing proprietary models, to provide tools that answer complex debt management questions in a changing market environment. To best help the Agency manage its borrowing requirements and financial position, we see ourselves as helping to develop a financing strategy which supports the long-term vision and policy goals and objectives of the Agency. PFM recently completed a long range financial plan for Upper San Gabriel Municipal Water District, and has helped Calleguas Municipal Water District and Moulton Niguel Water District on their long range financial plans.

d. Provide timely information, forecasts, and analysis on general economic and capital market conditions;

PFMAM provides daily market updates, PFM's Pricing Group provides weekly pricing updates, PFM's QSG provides weekly market condition updates and PFM's utility group produces a weekly pricing report. As a result of these updates, our team has a strong understanding of market conditions at all times, and can provide IEUA with timely market information.

e. Assist in maintaining credit rating agency relationships, including preparation for the Agency's periodic credit rating review to ensure the most favorable rating possible;

PFM has developed considerable experience working with the major national rating agencies. PFM maintains constant dialogue with rating analysts and is well aware of any changing criteria or areas of focus. As such, PFM's rating expertise and advice is considered throughout our financial advisory engagement and is seamlessly integrated into PFM's delivery of ongoing financial advice.

The PFM team is extremely active in the credit rating review process, ensuring that our clients are well prepared to respond to issues raised by rating analysts and investors. As a result of our frequent interactions, PFM has developed a clear understanding of the analytical methods utilized by each rating agency. Our team is trained to conduct in-depth credit analyses comparable to the rating agencies so that both credit strengths and weaknesses can be identified prior to any presentation of data to rating analysts. This experience has been utilized effectively to improve the credit ratings assigned to numerous issuers across the nation and to introduce several new credits to the market. PFM takes an active role in developing credit rating strategy, up to and including crafting the rating presentation material, depending on IEUA's needs.

In addition to issuer specific credit strategies, PFM plays a very active role in the evolving criteria changes that rating agencies propose and implement. Aside from alerting clients of changes and potential impacts, PFM actively responds to proposed criteria changes and requests for comments by the agencies as well as initiates dialogue with the agencies and specific analysts.



Additionally, PFM often works with other industry participants and representative bodies to encourage more open dialogue of sweeping changes and to ensure the issuers' concerns are heard.

- 1. Annual review of the Agency's investment policy to ensure compliance with the requirements of the California Government Code and recommend updates that provide a balance between investment restrictions, to protect the Agency's assets, and investment flexibility, to adapt to changing market conditions and investment needs;**

PFMAM has been helping California public agencies with crafting and updating their investment policies for more than 20 years, as well as assist all of PFMAM's investment advisory clients with their annual policy reviews. PFMAM's professionals know and understand all applicable sections of the California Government Code that regulate the investments by California local governments. Each client's policy receives a comprehensive review at the inception of the relationship, as well as annually thereafter. Investment policies written or edited by PFMAM are designed to enable clients to meet their objectives of safety and liquidity, while providing enough flexibility to also meet performance objectives. Since the investment policy is the foundation document that governs clients' investment activity, it is important that it also reflect each client's specific objectives, values, and risk limits. Given the ongoing challenges of record low interest rates, significant changes occurring in the investment landscape (including for the supply of federal Agencies), and advantages a professional investment advisor can bring to a public entity's investment program, PFMAM will conduct a thorough review of the policy's permitted investments, sector and issuer limits, and key risk management metrics, which will guide the process of creating and maintaining an effective and comprehensive policy for its clients.

As an active Associate Member of the Association of Public Treasurers of the U.S. and Canada ("APT US&C"), we incorporate APT US&C best practices in to our clients' investment policies. PFMAM professionals are often called upon to educate public finance officials on investment concepts. Additionally, PFMAM closely monitors the regulatory front for changes to the California Government Code that may affect our clients, and communicates these changes through formal memos or as a part of our investment policy review process.

- 3. Perform pension and retiree medical cost financial analysis, including development and recommendation of funding strategies for the Agency's unfunded actuarial liabilities;**

In collaboration with our investment advisory colleagues at PFMAM, PFM provides a series of services that range from planning to strategy execution. Through these value-added services, we provide public employers with recommendations to help ensure that their retirement benefits are sustainable, affordable for the employer and its employees, and aim to provide employees with a secure and dignified retirement. Our Retirement Finance Group has provided this type of holistic advice (see following table for more detail) to various local governments across the country.

PFMAM offers discretionary and non-discretionary investment advisory services to clients with pension and OPEB funds.

Retirement Finance Group		
Benefits Plan and Workforce Services	Financial Management Services	Asset Management Services
<ul style="list-style-type: none"> Plan sustainability Plan design strategies Labor negotiation and arbitration analytics Legislation support 	<ul style="list-style-type: none"> Funding alternatives Budget modeling Debt modeling Debt issuance advice Pension risk transfer Funding plan support Rating agency support 	<ul style="list-style-type: none"> Trust and governance development Asset allocation Asset migration strategy development Investment policy development Discretionary asset management (a.k.a. Outsourced CIO)

The PFM Group has provided comprehensive retiree benefit solutions to public employers of all types and sizes for more than 20 years. PFMAM specifically began providing investment advisory services to OPEB trusts in 2005 as outlined at the right.

- h. Prepare and present reports and/or presentations as needed to Agency staff, management and the Board of Directors. Presentations may at times be designed to facilitate an understanding of public sector financing and its implications to the Agency and other governing Boards.**



PFM will continue to prepare and present reports and/or presentations as needed for Agency staff, management and the Board of Directors. PFM believes that communication and coordination are the keys to successful transactions, and will utilize all available means to ensure that all parties are up to speed and understand the implications that public sector financing has to the Agency. PFM has participated with Agency staff to present information related to rating criteria, coverage ratios, rate and charges, and continuing disclosure. We value these opportunities and believe that we provide value added benefits in this area.



- i. Attend/participate (in person or by telephone, as required) in meetings related to financial activities as needed;*
PFM takes an active role in managing financing projects, and will attend meetings in person, host and conduct conference calls and meet with rating agencies, as well as stakeholders. PFM believes that communication and coordination are the keys to successful transactions, and will utilize all available means to ensure that all parties involved in the transaction are up to speed and completing tasks as required.
- j. Provide service in other financial analyses and technical research as may be deemed desirable by the Agency.*
PFM can develop cash flow projections of the Agency's water and wastewater revenue funds, in order to evaluate the possible repayment plans for debt financings. PFM will evaluate the major risks to the revenue funds, such as the recent State Board drought regulations, including future retirement contribution rates and the variability of future revenues so the Agency can assess the budgetary impact of any debt financing and better present its debt repayment plan to the rating agencies and investors.

PFM has developed computer-based models that enable us to provide highly customized calculations based on each issuer's specific situation. We regularly develop new models based on a particular need.

DEBT PLANNING/STRUCTURING RELATED SERVICES

- a. Develop debt capacity models; design or actively participate in the design of debt structure;*
PFM has a suite of standard analytical tools that we bring to our financial advisory engagements; however, we also tailor our approach to technical and quantitative analysis to the client and circumstances to work with IEUA's financial forecast model. Our most typical analysis is done in association with debt structuring and restructuring and we have the industry standard software (DBC, etc.) as well as proprietary optimization and option value enabled tools. PFM also has specialized tools for structuring complex transactions like gas prepayments, public-private partnership transactions, and other structured financings which evidence a very high level of competence in developing financial models
- b. Assist the Agency in reviewing opportunities to refinance, refund, and restructure existing debt, including evaluation of fixed and variable rate debt to reduce costs or implement financial objectives;*
PFM's approach to refinancing and restructuring opportunities is unique. Many financial advisors wait for bankers to provide refinancing proposals. Because we have more information than the banks, PFM is usually the first to identify refinancing opportunities for our clients. As an example, PFM provided monthly refunding updates to those clients who would like regular reports (e.g. Clark County).

PFM maintains debt profiles for all clients and PFM's core team for the Agency is already familiar with all IEUA-related debt. PFM's team will continue to monitor the Agency's refinancing opportunities on an at least monthly basis, though we usually do it more often.

PFM's approach to evaluating refinancing and restructuring opportunities is also unique. PFM developed several sophisticated financial models solely to help clients evaluate whether the time is right to refinance. PFM's option value model uses standard Black-Scholes option value pricing algorithms to provide best-in-the-business data on each and every maturity of debt which can be refinanced.
- c. Review, analyze and provide guidance on the extension or replacement of Letters of Credit (LOC) for outstanding variable rate debt, including evaluation of other financing alternatives, such as refunding the bonds with long-term fixed rate debt, short-term fixed rate notes, or floating rate notes;*
PFM has extensive experience with extension or replacement of LOC, commercial paper and short term markets in general. We have advised major issuers throughout California and in Southern California, such as Eastern Municipal Water District, on extending or replacing their LOC or SBPA. However, for the past several years, because of the turmoil in the short term market and fall-out from the financial crisis, as well as the low fixed-rate environment, we have worked with many clients, including South Placer Wastewater Authority, Contra Costa Water District, and Eastern Municipal Water District on refunding the bonds with short-term fixed rate notes, floating rate notes, and if it's favorable to the issuer, long-term fixed rate debt.
- d. In the event of a new debt issuance, advise and assist in all aspects of the transaction, including;*
 - i. Analyze and report on advantages and disadvantages of the proposed financing, as well as the impact on existing debt commitments, amount, timing, credit structure, maturity schedule, call and nature of borrowings;*
PFM will summarize the Agency's capital financing plan, including an assessment of the need for additional revenues. As part of this effort, PFM will review projected revenues and expenses to determine if sufficient revenues have been identified. In addition, PFM will assess the viability of different revenue streams (e.g., water sales, property taxes, special assessments, etc.) and provide a recommendation regarding the Agency's capacity to issue debt at different revenue levels. This report would also include a comparison of surrounding agencies, including debt ratios, typical water and wastewater bills, and capital needs.



ii. Evaluate the merits of competitive, negotiated, or private placement of debt;

PFM is well versed in both Competitive and Negotiated sales, as well as private placements, and can readily assist the Agency in evaluating what approach for a given financing considering rating, market conditions, and other factors that dictate the optimal approach.

Competitive Sales. Competitive sales are often used for highly rated issuers and other well established credits to price new money bonds. These issuers generally feel comfortable with the results of a competitive sale because they are confident that they have received the best price among a group of bidders on a particular day. PFM has significant experience in managing this type of financing around the country and has developed certain approaches that assure optimal pricing. These approaches center on: (i) maximizing the number of bidders for an issue, (ii) developing an appropriate bond structure and (iii) incorporating issuer flexibility.

2014 Full Year Competitive Long Term Municipal New Issues
National Municipal Financial Advisory Ranking - Equal to Each Financial Advisor
Source: Thomson Reuters

	# transactions	volume in millions
Public Resources Advisory Group	72	11,422.0
PFM	330	11,377.1
FirstSouthwest	289	4,059.8
Piper Jaffrey & Co	109	3,289.4
Devenport & Company LLC	48	3,212.7
Eilers & Associates	288	1,856.8
Montague DeRose & Associates LLC	13	1,660.1
Acadia Financial Group Inc	38	1,448.3
Southwest Securities	67	1,434.3
Springsted Incorporated	148	1,408.1

Negotiated Sales. Negotiated sales can be advantageous to issuers who desire flexibility and during volatile markets. PFM plays a strong supervisory role in negotiated sales. We circulate an underwriting RFP that begins the process of negotiation by setting an upper limit for spread quotes. The interview process further defines the terms and conditions of the forthcoming issue. The Agency and PFM will select the main sales syndicate and set the management fee split, rather than leaving these important details to the lead underwriter. PFM brings experience working with the Agency and its procurement department and can readily incorporate our efforts seamlessly into established Agency practices.

PFM, working with the Agency's Disclosure Practices Working Group (DPWG), takes a lead role in helping to prepare the preliminary official statement and the rating agency presentation.

2014 Full Year Negotiated Long Term Municipal New Issues
National Municipal Financial Advisory Ranking - Equal to Each Financial Advisor
Source: Thomson Reuters

	# negotiations	volume in millions
PFM	740	37,232.1
FirstSouthwest	414	22,674.3
Public Resources Advisory Group	67	15,440.8
Estrada Hinojosa & Company Inc	84	8,653.3
KNN Public Finance	39	5,128.4
A C Advisory Inc	45	5,017.7
Acadia Financial Group Inc	54	5,024.1
Govt Development Bank for Puerto Rico	1	3,500.0
Lamont Financial Services Corp	32	3,318.0
RBC Capital Markets	124	3,184.5

PFM can draw on quantitative and analytical market data from Bloomberg on-line services as well as other resources shown below, to ensure a fair market based pricing:

- Securities Data, J.J. Kenny Secondary Market Data
 - Large database of historical financial market information
- Bond Buyer indices and Data
 - Track interest rate trends, Visible Supply, spreads, other indicators
 - Historical trading data
- Applied Municipal Network Generic Scales
 - On-line system updated each half hour
 - Covers all aspects of the bond market
 - Provides great detail on historical issues and new issues just coming to market
 - Provides generic scales for all credit qualities and maturities

PFM will work with the Agency throughout the pricing, assisting in evaluating the efforts of the underwriting team. Our contact with other underwriting firms gives us sufficient information to be able to work with the underwriter to lower interest rates and/or spreads. PFM may also make recommendations regarding the "bond allocation" among underwriters, to ensure that those who are selling the bonds at the best rates are receiving a sufficient supply of bonds.

2014 Full Year Private Placement Long Term Municipal New Issues
National Municipal Financial Advisory Ranking - Equal to Each Financial Advisor
Source: Thomson Reuters

	# transactions	volume in millions
PFM	37	1,543.2
Ponder & Co	28	1,629.7
Kaufman Hall & Assoc. Inc	40	1,414.6
FirstSouthwest	68	950.9
Public Resources Advisory Group	4	581.1
KNN Public Finance	4	467.2
Healy Real	1	339.1
RBC Capital Markets	6	325.2
Freyer & Associates	3	318.8
DEC Associates Inc	4	315.2

Private Placement. As the largest financial advisor in the nation, PFM has helped entities of all types with private placements. We will assist the Agency evaluate the pros and cons of a private placement, including cost of debt, impact on staff resources, dealing with the rating agencies (even though ratings are not required, the agencies are expecting to be appraised of private placements), and structuring the transaction. We play an active role in working with providers, and have a large resume, working with all of the major players in this space. We know which banks are likely to be interested and provide the best terms. Finally – PFM will help negotiate price – we are not simply price takers – and terms.

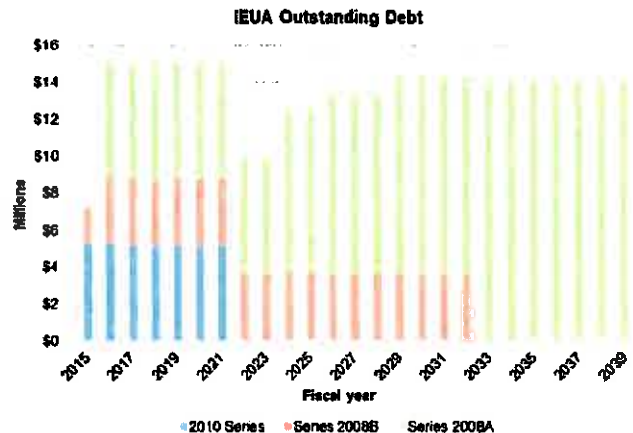


- iii. Advise on the appropriate terms and conditions of the sale, such as maturity scheduling and other requirements (discounts, par, premium, net interest costs, true interest costs, etc.);**
Because PFM is more active than any other financial advisor, we know what structures are most favored in any given market. We will help the Agency as it evaluates different coupons, maturities, and call features. We provide analyses showing cash flows and different interest cost. PFM can help IEUA understand the benefits of callable versus non-callable securities, discount bonds versus premium bonds, and the impact on IEUA's near-term and long-term cash flows.
- iv. Advise on advantageous features such as parity provisions, reserve requirements, debt coverage ratio requirements, sinking fund requirements, redemption provisions, etc.;**
PFM has worked with many water and wastewater utilities on different lien structures to help ensure the most flexibility and effective financing not just for a single transaction, but thinking about the future. We will help the Agency evaluate the benefits of such things as reserve funds and rate covenants. We have some of the most sophisticated analytical tools to aid in the valuation of call features (short calls, par calls, etc.) Because we are in the market more than any other firm, we can also provide up to date feedback on coupon structures, how investors view different lien positions and the impact on pricing. We are well aware of different coverage requirements and how they impact pricing. We will assist the Agency in determining the most appropriate structure to ensure effective pricing on not just a given transaction, but accounting for future financing needs. In addition, we always want to be sure that financing covenants and requirements are not so restrictive they negatively affect the business of running the Agency.
- v. Development, structure, timing, pre-marketing (competitive sale), marketing, method of sale and closing arrangements;**
In recent years, volatile market conditions have forced issuers to carefully time their tax-exempt borrowings. Factors such as wildly fluctuating interest rates, unprecedented upheaval in the international economic community, and regular federal tax reform proposals have combined to create a very unstable tax-exempt market environment. To assist its clients with the timing of proposed issues, PFM closely monitors all such developments and evaluates the potential impact of each on new-issue, tax-exempt securities. PFM takes an active role in pre-marketing competitive transactions, calling all of the major investment banking desks. In addition, PFM works closely with the lead manager to help market negotiated deals.
- vi. Review pricing, underwriter roles, and allocation of bonds (negotiated sale);**
PFM will work with the Agency throughout the pricing, assisting in evaluating the efforts of the underwriting team. To be sure that the bonds are selling in the manner represented, we will call other firms in the syndicate to check the sales progress information. Our contact with other underwriting firms gives us sufficient information to work with the underwriter to lower interest rates and/or spreads. PFM may also make recommendations regarding the "bond allocation" among underwriters, to ensure that those who are selling the bonds at the best rates are receiving a sufficient supply of bonds.

PFM requires that the underwriter prepare a pricing book at least one week prior to pricing, so that the Agency can review the spread items, including a detailed list of expenses, and is fully prepared to negotiate. While the pricing book contains comparable rate and spread information on other recent bond sales, PFM also collects comparable information and will inform the Agency on the reasonableness of the pricing quotes.
- vii. Manage/assist in negotiation with bond insurers/and or LOC providers;**
PFM has extensive experience negotiating with bond insurers and credit providers, including letters of credit, liquidity such as standby bond purchase agreements, and revolving credit agreements. We have recently negotiated agreements for Eastern Municipal Water District, Riverside Public Utilities, and we are currently negotiating a revolving credit agreement for the Metropolitan Water District. Because of PFM's national presence, we understand the latest in bank requirements, as well as those provisions that different banks would like to have, but can make concessions. We provide suggestions and will negotiate on behalf of the Agency to ensure that the bank covenants and fees in bank agreements are current and reflective of the market.
- viii. Prepare and maintain projected debt service, outstanding debt and other scheduled related to the Agency debt for use in the Agency's official statements;**
PFM will continue working with the Agency and has explored refunding opportunities based on the Agency's current outstanding debt. PFM maintains an up-to-date proprietary debt profile outlining all of the Agency's past and current debt, a schematic outlining all of the refundings (both current and advance), and details on tax status, fixed vs. variable, call features, etc. PFM also keeps on file official statements and indentures for any additional information. Needless to say, PFM is familiar with the Agency's debt. In the next page is a graph showing the Agency's current outstanding debt structure.



PFM has performed a refunding analysis on the Series 2008A Bonds with our proprietary Refunding Screen Model. The table below shows a summary of our Refunding Screen Model's results. The model allows us to not only look at savings level on a maturity-by-maturity basis, but also looks at the option value associated with each maturity. Option value is the expected value of monetizing the call at various points in the future. When evaluating whether or not to refund a candidate bond, we look at refunding efficiency to determine if that bond is best suited to be refunded today or at a later date. The use of refunding efficiency in the refunding decision-making process allows us to assist the Agency in making educated, analytically grounded and responsible decisions to get the most savings from their callable bonds



Based on current market conditions (as of May 8, 2015) we see aggregate net savings at approximately \$4.76 million or 3.66% savings of refunded bonds based on recent market movement. Given the low refunding

Series Name	Refunded Bond Maturity	Refunded Par Amount	Gross Savings	PV Savings	PV Savings Percent of Par	Escrow Cost	Arbitrage	Refunding Efficiency	Cumulative Refunding Par	Cumulative PV Savings	Cumulative PV Percent of Par
Series 2008A	11/1/2023	2,620,000	267,006	218,287	8.332%	3,907,837		67.554%	7,646,877	136,686	1.776%
Series 2008A	11/1/2024	2,845,000	318,446	253,833	8.922%	3,157,578		66.878%	10,329,019	390,521	3.705%
Series 2008A	11/1/2025	3,895,000	487,692	380,521	9.769%	4,322,940		69.338%	13,973,921	771,042	5.341%
Series 2008A	11/1/2026	4,100,000	463,807	351,083	8.563%	4,550,463		60.023%	17,851,233	1,122,126	6.034%
Series 2008A	11/1/2027	4,305,000	435,468	319,483	7.430%	4,777,986		52.323%	21,962,056	1,442,008	6.314%
Series 2008A	11/1/2028	5,495,000	491,325	350,472	6.378%	6,098,731		45.146%	27,255,910	1,792,481	6.326%
Series 2008A	11/1/2029	5,790,000	467,228	324,929	5.612%	6,436,142		39.870%	32,869,577	2,117,409	6.205%
Series 2008A	11/1/2030	6,090,000	434,156	294,460	4.825%	6,739,103		34.477%	38,813,038	2,411,890	5.997%
Series 2008A	11/1/2031	6,395,000	409,431	271,872	4.251%	7,097,613		30.396%	45,083,900	2,683,762	5.758%
Series 2008A	11/1/2032	10,210,000	574,538	373,934	3.663%	11,331,763		26.214%	55,143,970	3,057,736	5.381%
Series 2008A	11/1/2033	10,735,000	547,489	350,516	3.269%	11,914,445		23.344%	65,755,339	3,404,672	5.046%
Series 2008A	11/1/2034	11,285,000	512,413	324,166	2.875%	12,524,873		20.502%	76,946,154	3,732,838	4.735%
Series 2008A	11/1/2035	11,865,000	464,345	293,494	2.474%	13,168,597		17.650%	88,749,885	4,026,321	4.439%
Series 2008A	11/1/2036	12,475,000	434,505	270,950	2.172%	13,845,617		15.477%	101,190,551	4,297,282	4.163%
Series 2008A	11/1/2037	13,110,000	392,544	243,068	1.869%	14,550,384		13.320%	114,295,499	4,542,330	3.906%
Series 2008A	11/1/2038	13,785,000	341,998	215,892	1.566%	15,299,545		11.183%	128,108,491	4,738,242	3.650%

efficiency, this may not be the best time to move forward with refunding these bonds. Appendix A includes a detailed look at our refunding analysis using PFM's Refunding Screen Model. Today's market is very volatile, and the ability to update numbers, revise strategy, and move quickly is an important element of success. To that end, PFM is uniquely qualified to model structures with the insight of our own independent Pricing Group.

- ix. Assist in the preparation of RFP/Q's and evaluation of proposals for the procurement financial services as needed. This may include but is not limited to credit enhancements (including LOCs and bond insurance), investment banking services, underwriting services, financial printing, competitive offerings, paying agency or trustee, escrow agent, and verification agent;

PFM will assist the Agency, as needed, to identify and competitively procure special financial related services that may be needed over the course of its financing program. Some of these services are generic to any financing alternative, while others may or may not be required depending on the financing vehicle chosen.

At each point where a special service is required, PFM will develop a set of bid specifications for the desired service, develop a distribution list, and supervise the circulation of the requests for proposals. PFM will analyze and summarize bid responses and outline the advantages and disadvantages of each response to assist the Agency in its review process. PFM will present specific recommendations based upon quantitative and qualitative analyses of each respondent's bid recognizing:

- Price. PFM can advise not only on the pricing of each bid with respect to the others, but also on the pricing with respect to similar costs of concurrent or planned financings.
- Credit Impact. Where opinions are being solicited as opposed to hard products, PFM can advise on the relative merits of opinions, as perceived by the financial markets, which may affect the marketability or pricing in a financing.
- Expertise. Notwithstanding other factors, certain firms are more experienced than others in specific areas such as economic forecasting, furnishing letters of credit, or structuring a particular financing alternative. PFM can advise the Agency on these firms, especially as this may relate to capital market acceptance of the underlying securities being issued.
- Distribution. Recognizing certain financing vehicles are more successfully sold in institutional versus retail markets, PFM can advise as to which banking firms are better suited to successfully market each type of security. This can be particularly important in a negotiated offering when the senior manager and underwriting syndicate are chosen.



x. **Advice on matters such as bond registration, printing, and other matters related to the settlement and delivery of bonds, or notes, as required;**

PFM will work with all parties involved with the closing to prepare a schedule of tasks to be completed prior to closing and identify the party responsible for completing the task. These tasks include printing, completing the final official statement, preparing closing documents, arranging for the transfer of funds and investment of funds.

In preparation for closing, PFM will work with the Agency's bond counsel and other members of the financing team to prepare and review all required documentation. This will include our direct dealings with the official statement printer, as well as coordination of bond registration with the underwriter and registrar. Other closing arrangements will be completed so that the Agency can be confident that the issue will close in a timely manner.

xi. **Identify tasks, responsibilities, and dates for completion of activities leading up to a bond sale or refunding;**

PFM has been serving public finance issuers as an independent financial advisor since 1975. In those 40 years, PFM has perfected its transaction management. We are ready to continue serving the Agency in any of its upcoming bond sales. The table to the right highlights PFM's major transaction management items. At the beginning of every transaction we prepare a financing schedule outlining major and minor tasks, assign responsible parties, and note due dates for completing tasks and activities leading up to a transaction.

PFM Transaction Management	
Develop and Monitor Financing Schedule and Distribution List	<ul style="list-style-type: none"> • Define all plan for upcoming financing
Analyze Debt Structure Alternatives	<ul style="list-style-type: none"> • Develop and present creative ideas and solutions that maximize issue flexibility including issuer-to-issuer agreements • Perform stress-test analysis to measure the strength of structure in difficult scenarios
Recommend Type and Timing of Sale	<ul style="list-style-type: none"> • Tell the bond issuer(s) for the most efficient and effective marketing, ensuring the greatest investor participation
Organize Working Group	<ul style="list-style-type: none"> • Draft request for proposals and review proposals for working group members • Select a team that can most efficiently bring an issue to market • Organize the Underwriting team, if applicable, to ensure they are working in the State's best interests, are providing a consistent message to investors, and are focused on the transaction
Develop Terms of the Financing	<ul style="list-style-type: none"> • Ensure credit quality and present terms which are attractive to investors to obtain lowest-cost financing of the debt • Review and advise on the construction of the legal documents
Develop a Marketing Plan	<ul style="list-style-type: none"> • Work with the Underwriters and disclosure counsel to develop a specific marketing plan targeted at targeted investors • Create a plan to ensure that State issuers, and their real investors have opportunities to purchase bonds
Price the Bonds and Provide Post-Pricing Analysis	<ul style="list-style-type: none"> • Ensure the State achieves the lowest interest rate for the market • Provide independent price view • Provide written documentation of the sale, verification of pricing and the distribution of funds • Provide on-the-fly structure ideas to adapt to the market • Assess compliance with all regulatory and legal requirements

xii. **Take the lead in managing the financial team throughout the financing process;**

As the largest financial advisor in the nation, PFM is not only comfortable, but an expert in leading and managing the financial team throughout the financing process. We will work with the Agency and the rest of the working group to accomplish a seamless transaction ensuring the lowest cost per market conditions for the Agency, and mitigating any risks during the financial transaction.

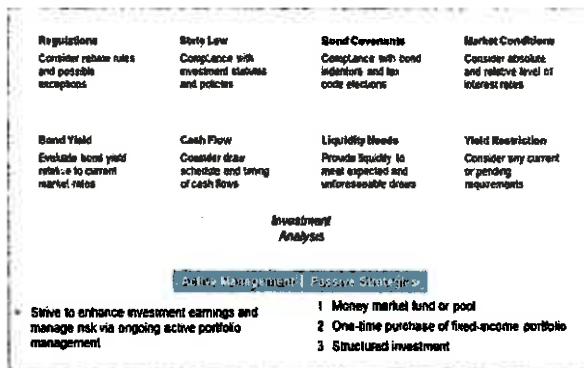
xiii. **Prepare credit profiles and assist in making presentations to rating agencies and/or bond insurance companies to ensure the Agency receives the highest possible rating on any securities prior to the sale of such securities. May assist in representing the Agency at information meetings as deemed necessary;**

PFM has developed considerable experience working with all of major national rating agencies and all of the water utility analysts in California. PFM maintains constant dialogue with rating analysts and is well aware of any changing criteria. PFM's rating expertise and advice is considered throughout our financial advisory engagements and is seamlessly integrated into PFM's delivery of ongoing financial advice. For the Agency, we believe PFM's insights will be particularly valuable because we can provide valuable continuity in a critical time. Moody's Investors Service has revised its rating methodologies applicable to the Agency and has not done a complete review since 2010. Further, both long-standing the primary and secondary Moody's analysts for the Agency, Dan Barzel and Kev Khrimian, have recently moved on from Moody's. Standard and & Poor's similarly is in the process of finalizing revised rating methodologies applicable to the Agency, has not done a complete review since 2012, and has also experienced turn-over in the analyst core with the departure of water analyst Robby Hannay. The Agency has a complex credit profile, because of its issuances through the Chino Basin Regional Financing Authority, and other unique considerations. The Agency's credit profile is already very strong but the Agency's Board has publicly stated aspirations for improved ratings. Navigating the dynamics applicable to California water utilities in the context of regional issues, providing continuity in the face of changing rating criteria and rotating analysts, and achieving the Board's objectives will require an intimate understanding of the Agency, including its system and finances, and will require close familiarity with the rating agencies, including their methodologies and analysts. PFM can offer both and as such has an unmatched ability to represent the Agency in building the strongest possible public credit profile and while helping to achieving the Agency's other objectives.



2.1. Provides advice on investment of bond proceeds, including solicitation of bids.

PFMAM's professionals have over two decades of experience managing bond proceeds for public-sector investors, from which we have gained a deep understanding of their investment guidelines and challenges. PFMAM offers our clients a comprehensive approach to investing bond proceeds that considers the unique aspects of each issue and each fund in the issue, including draw schedules, arbitrage rebate requirements, ability to meet spend-down exemptions, matching investment maturities to known or expected cash needs, and current market rates. PFMAM has access to the extensive experience of PFM in dealing with debt issuance for public-sector clients. We understand how to coordinate with bond counsel to clarify permitted investments, flows of funds, mark-to-market requirements, and other provisions that must be considered when investing bond proceeds. The following table illustrates how we develop an appropriate investment strategy for bond proceeds.



PFMAM's services include an analysis of various reinvestment alternatives, including structured portfolios, actively-managed portfolios, structured investment agreements, and investment pools or other money market instruments. PFM's Structured Product Group professionals run breakeven and sensitivity analyses to help clients understand the risks and returns associated with various investments. PFMAM's goal is always to provide an objective investment recommendation that is believed to represent the best approach for each individual client.

Arbitrage Rebate Group

The rules that govern the arbitrage rebate process are highly complex and can evolve as regulations change. PFMAM has its own dedicated Arbitrage & Tax Compliance Group that has developed sophisticated proprietary calculation models aiming to reduce liabilities and assists tax-exempt issuers during the planning stages of their financings to determine the optimum investment of bond proceeds. With an in-depth understanding of the IRS Code and related Treasury Regulations, PFMAM's Arbitrage & Tax Compliance Group is able to help monitor to ensure that clients maintain compliance with all tracking and reporting requirements. Every year, hundreds of bond issuers seek advice from PFMAM for numerous reasons that include:

PFMAM's professionals have 26 years of experience delivering arbitrage rebate services to public-sector clients across the country. Client by client, we have built a solid reputation for preparing thorough and thoughtful analyses, with the goal of identifying the best after-tax result. And, as part of a firm that has advised issuers on thousands of transactions and that manages or provides advisement for billions of dollars in assets, PFMAM's Arbitrage & Tax Compliance Group has access to the substantial resources of an Industry leader.

PFMAM's Arbitrage & Tax Compliance Group works closely with our colleagues in the investment advisory businesses to stay informed about market developments and to assist our clients in evaluating complex tax issues. Our professionals actively seek, identify, and implement rebate minimization strategies for our clients. In addition, our professionals routinely provide training to clients as well as government financial officers on the topics of arbitrage rebate and post-issuance compliance.

As a separate service complementary to arbitrage rebate, PFMAM assists issuers with the development of a system for post-issuance compliance that meets the best practices sought by the IRS. This compliance system builds upon current business procedures and documents by incorporating client-specific processes, written policies and procedures, and internal controls to help ensure continued and timely application. "Canned" policies and procedures that are not customized and rooted in an organization's processes and internal controls have a high risk of non-adherence in the future. The investment in doing it right at this time helps our clients avoid future problems.

3. In conjunction with the Agency's bond counsel:

i. Evaluate legal approaches permitting various financing structures including but not limited to refunding, taxable bonds, credit enhancement, and revenue bonds/certificates of participation (COPs)

PFM regularly coordinates with bond counsel, tax counsel, underwriters, banks, trust departments and other team members and their counsels throughout the preparation, review, and finalization of all bond documents and we are frequently able to contribute significant value which is not only cost saving but is also helpful in reducing risk and in making difficult objectives workable.



PFM works closely with bond counsel to enable the Agency to use the most effective financing structures. For example, revenue bonds may result in lower interest costs than COPs. We have been successful in structuring indentures to enable revenue bond issuance for Eastern Municipal Water District, working with its bond counsel (Stradling Yocca Carlson & Rauth, P.C.).

- ii. ***Prepare and distribute necessary contracts, authorizing resolutions, Agency board letters and presentations, and other documents involved in the sale of bonds or other financing methods;***

PFM will work with the financing team to prepare and distribute necessary contracts, authorizing resolutions, Agency board letters and presentations, and other documents involved in the sale of bonds or other financing methods. As the largest financial advisory firm in the nation our experience enables us to point to examples where different perspectives or approaches can significantly reduce risk and reduce cost to a financing. We often take the lead in drafting board reports, and our unique experience helps to communicate the benefits and risks to the Agency's board.

- iii. ***Assist in the preparation of official statements, notice of sale (competitive offerings) and other appropriate information to prospective bond and note investors. Including the printing, mailing, and distribution of appropriate documents;***

PFM, works with bond and disclosure counsel to prepare the preliminary official statement, Notice of Sale, the rating agency presentation, and any other appropriate information to prospective bond and note investors.

PFM will work closely with the Agency staff and bond counsel to ensure that the POS is in full compliance with industry standards and the guidelines developed by the SEC and MSRB, as well as the new continuing disclosure requirements that went into effect September 2013. PFM will provide comments and ideas regarding appropriate disclosure and the best way to present the Agency to the market.

PFM also takes the lead in ensuring all printing, mailing and distribution of appropriate documents are handled in a proper and timely manner by the financial printer and/or other responsible parties. PFM manages this process to ensure timely disclosure and a smooth financing.

- iv. ***Review bond documents, regulations, rules, proposed legislation, and other documents relating to the Agency's financing programs;***

PFM continually evaluates changes in state and federal legislation, and the potential impacts such changes may have on the Agency. Recently, PFM worked with the Los Angeles Department of Water and Power to draft AB850, a bill that would enable water utilities to use securitization to help finance mandated projects and water recycling projects in a more cost-effective manner. In addition, PFM actively follows federal legislation and regulations (e.g., SEC and MSRB rules) that affect the municipal industry.

As the largest independent financial advisor in the nation, PFM has participated in direct discussions with regulators about the impact of the municipal advisory rules on issuers across the country. We also evaluate the potential impact of legislation on the finances of different issuers. As an example, we have worked with many issuers to assess the impact of sequestration on those issuers that have issued direct pay Build America Bonds. In addition, we are monitoring upcoming changes to bank regulations (Basel III) to assess the impact on bank fees, as many of our clients utilize variable rate financing backed by letters of credit and other similar facilities.

- v. ***In the case of competitive offerings, assume responsibility for the preparation and advertisement of the notice of sale, preparation of the bid form, advice and management of competitive bidding procedures including recommendations to Agency staff;***

As mentioned before, PFM will ensure the timely and accurate preparation of the Notice of Sale and the bid form; PFM will ensure the timely posting of all advertisements of the notice of sale. In addition, PFM will conduct direct marketing calls to underwriters to (1) ensure the underwriter is aware of the Agency's upcoming transaction, (2) answer any questions the underwriter may have concerning the Agency's upcoming sale, and (3) gauge the numbers of potential bidders the Agency can expect on its sale date.



vi. Distribute the official statement to potential purchasers, including directly contacting lead underwriters to most effectively market Agency debt issuances;

For PFM, the distribution and direct contact with underwriters to most effectively market the Agency's debt issuance is a staple duty of our team. Regardless of the method of sale, PFM regularly and often reaches out directly to underwriters through our marketing calls for competitive deals to be sure that all major national and regional underwriters are aware of the Agency's transaction. For negotiated deals, PFM works closely with the lead underwriter in preparing materials and presentations for direct reach to investors.

vii. Attend/participate in the bid opening to assist with the evaluation of bids, and recommend the most favorable bid for award;

PFM will manage the bidding process, including attending the bid opening, evaluating all bids (not just the apparent winning bid and cover bid), contacting the winning bidder to get reoffering rates, and restructuring maturities as necessary to meet the Agency's objectives. During the bid process, PFM will have two analysts verifying the bid process with PFM's proprietary bid model to ensure a smooth and accurate award.

viii. Provide advice related to compliance with arbitrage regulations; and xi. Assist in compliance with continuing disclosure requirements and other compliance matters.

Arbitrage Rebate Services

The PFM Arbitrage Rebate Group, led by Joan DiMarco, has been providing arbitrage rebate compliance services since 1989. We prepared in excess of 65 calculations in 2014 for direct issuers as well as for participants in one of PFM's 13 investment pools, including the California Asset Management Program ("CAMP").

PFM's Arbitrage Rebate Services include:

Customized, Results Oriented Approach

- Individualized analysis based on issuer's specific circumstances
- Track record of successfully implementing liability reduction strategies
- On-site review and recommendations for frequent issuers
- Guidance on how to more efficiently manage arbitrage rebate compliance

Comprehensive Scope of Services

- Arbitrage rebate and yield restriction compliance calculations
- Exception compliance analysis
- Alternative strategy review and implementation
- Late payment assistance
- Refund requests
- IRS audit support

Additional Services

- Training programs
- Policies and procedures review and development
- Electronic storage of all documentation
- Periodic newsletters on arbitrage rebate compliance and related topics

Verification Agent Services

BondResource Partners, LP ("BondResource"), joined the PFM Group in April 2009. BondResource and its predecessor firms have been providing Verification Agent Services since 1975. The firm is accepted by all major rating agencies and Insurers.

Post Issuance Compliance Services

The IRS has recently been directing its focus to Post Issuance Compliance. As a result, PFM has developed a customized approach and began marketing these services in 2010.

PFM's Customized Approach Keeps You Out of a One-Size-Fits-All Box

- **Assessment** – PFM will use an interview process to ascertain current policies, procedures, and processes.
- **Evaluation of current policies and procedures** – Evaluate policies, procedures and processes disclosed in Assessment Phase. Are they written? Are they being followed? This will help to identify policies and procedures that need to be modified or created to better reflect current practices and best industry practices.
- **Conference call meeting to discuss the results of our compliance review** – Upon completion of our evaluation, PFM will discuss the results and our recommendations with staff. The outcome of this discussion will serve as the basis for the next two steps.



- **Reorganization of existing policies and procedures / creation of new policies and procedures** – PFM will work with you to draft and to finalize new written policies and procedures. The new policies and procedures will incorporate any existing policies and procedures that PFM and you agreed should be included in this new document.
- **Implementation of new policies and procedures** – Upon acceptance and adoption of the new written policies and procedures, PFM will discuss with, and advise you on implementation and ongoing management.
- **One-year follow-up review and revision** – One-year after the new policies and procedures have been in effect, PFM will review with you the applicability and effectiveness of the adopted policies and procedures and work with staff to make appropriate changes.

SEC AND MSRB QUALIFICATIONS

The proposer must be a Registered Municipal Advisor with the Securities and Exchange Commission at the time of proposal submission.

PFM is an affiliated company of the PFM Group, which also includes PFAM and PFMSA. The PFM Group provides bond transaction, capital planning, and strategic consulting advice through PFM; investment advisory and arbitrage rebate services through PFAM, an SEC-registered investment advisor; and swap monitoring and advice through PFMSA, a Qualified Independent Representative under the Dodd-Frank Act of 2010. PFM is a registered Municipal Advisor with the SEC and the Municipal Securities Rulemaking Board ("MSRB"). PFMSA is a registered Municipal Advisor with the SEC and MSRB, and Commodities Trading Advisor with the Commodities Futures Trading Commission ("CFTC"). We have included the appropriate certificates in Appendix B.

INSURANCE REQUIREMENTS

Proposers are required to provide with their proposal, certificates of insurance verifying coverage, as well as a letter from the Proposer's insurance agent or corporate Risk Management Department acknowledging that the Proposer is able to comply with all insurance requirements. It is highly recommended that Proposer's confer with their respective insurance carriers or brokers to determine in advance of proposal submittal, the availability of insurance certificates and endorsements as prescribed herein. If a leading-Proposer fails to strictly comply with the insurance requirements that Proposer may be disqualified from receiving the award. All insurance certificates and endorsements must be received and accepted by the Agency prior to award.

Public Financial Management, Inc. ("PFM") is pleased to conform to the insurance requirements as outlined in the RFP. However, due to constraints imposed by the underlying insurer, our policies cannot be endorsed to guarantee notification if coverage is reduced or materially changed.

Therefore, PFM asserts the following and will be bound by submission of our proposal to the Inland Empire Utilities Agency.

"PFM will not materially alter any of the insurance policies currently in force and relied on in this proposal. Further, PFM will not reduce any coverage amount below the limits specified in the RFP".

PFM has a complete insurance program, including property, casualty, comprehensive general liability, automobile liability and workers compensation. PFM maintains professional liability and fidelity bond coverages which total \$15 million and \$10 million, respectively. PFM also carries a \$2 million cyber liability policy.

Deductibles/SIR:

- Automobile \$250 comprehensive & \$500 collision
- Cyber Liability \$50,000
- General Liability \$0
- Professional Liability (E&O) \$1,000,000
- Financial Institution Bond \$75,000

Insurance Company & AM Best Rating

Professional Liability (E&O)	Indian Harbor Insurance Company; and Continental Casualty Company; (both are A)
Financial Institution Bond	Federal Insurance Company; (A++)
Cyber Liability	Indian Harbor Insurance Company (A)
General Liability	Great Northern Ins. Company; (A++)
Automobile Liability	Federal Insurance Company
Excess /Umbrella Liability	Federal Insurance Company
Workers Compensation & Employers Liability	Pacific Indemnity Company; (A++)

Please find under Appendix C all required forms per the RFP, including Consultant Identification, Workers' Compensation Certificate, Non-Collusion Affidavit, Exception form, and Certificates of Insurance/Insurance Statement, among other.



FEE PROPOSAL

Proposed fees shall be indicated on the Proposal Schedule provided in the Request for Proposal, for furnishing all services as required in Section 4, Technical Provisions, below. Each Proposer shall fully complete all parts of the Proposal Schedule or their Proposal, may be considered for rejection.

2. Additionally, each Proposer shall include with their proposal, an itemized hourly-based "Fee Schedule" for all required Project services.

3. The Agency, at any time, may require the Proposer to further itemize and detail components of any or all proposal fees, invoices, etc. e.g. labor, materials, sales tax, etc.

PFM proposes to provide the Agency with the most comprehensive financial advisory services available, and PFM will guarantee the availability of our core advisory team for the Agency. PFM will also make available professionals from our larger Public Utility Group as well as other specialist areas as needed for additional support. PFM's proposed hourly fees represent less than a 2% increase from hourly rates from May 2014. PFM's proposed transaction fees are intended to be lower than the fees that PFM has been operating on since 2007 and we have restructured our fee schedule to avoid any possibility of conflicts of interest associated with a transaction size. PFM never wants fees to interfere with our ability to work with the Agency. PFM would work with the Agency to propose appropriate fees for a very small financing or a variable rate refunding that incorporates many attributes of an existing series.

Table with 4 columns: Issuance Type, <\$50,000,000, >\$50,000,000, Advisory Fee Annual. Rows include Competitive Fixed Rate Revenue Bonds, Negotiated Fixed Rate Refunding Revenue Bonds, and Hourly Fee (Special Projects) with sub-rows for Managing Director, Director, Senior Managing Director, Senior Analyst, and Analyst.

EXPENSES. In addition to the professional fees, we request that we be reimbursed for all out-of-pocket expenses on an actual cost basis subject to any limitations which the Agency has established for consultants.

REFERENCES

The Proposer shall provide a list of at least five California government agency references for which they have provided similar services within the last three years. Include the reference names, contact person(s), telephone numbers, e-mail addresses, project addresses, and brief description of the project and services provided.

For contact information for the following references, please see appendix d for references/sub-consultant form.



Worked with RPU on several initiatives for the Financial Advisor for all water. On retainer for all finance issues including. Has assisted Contra Costa Water District. Was hired by West Basin to serve water system in the past year. PFM helped system and power system bond transactions and derivatives for all (CCWD) with the financial planning, debt analysis, service financial advisor RPU draft a Real Property Financial Policy to financing. PFM has worked Eastern Municipal Water District (EMWD) financing and investment analysis for in December 2014. Since then, provide guidelines for purchase, sale and/or with ID on Power Purchase projects. PFM has worked with EMWD on numerous major projects including a \$120 PFM has assisted West Basin as it effective use of tens of millions of dollars of Agreements, has represented evaluating fixed-rate structures, developing million multi-purpose pipeline and the \$450 prepared for its annual rolling land assets held by the water system. PFM ID in developing a water new projects, and on a variety of bonds, million Los Vaqueros dam and reservoir review with Moody's, development also helped RPU assist an innovative transfer credit with an I-Bank loans, and credit agreements. This included project. PFM also assisted CCWD in and loans for recycled water wise of water bonds which has a water's guarantee, and has helped ID five series of refunding bonds, and SIFMA establishing and using elements of a \$110 contract and ongoing monitoring of rate basis currently solving the water system with a tender transaction and a Flex Notes. PFM has also advised on three million tax-exempt commercial paper interest rate swaps and refunding to borrow at an amazingly low all-in rate of structured defeasance of all different "rolls" of the SIFMA index products program utilizing a low-cost Line-of-Credit opportunity. 0.13% for approximately \$50 million water system debt.

**CONSENT
CALENDAR
ITEM**

2F

Date: July 15 2015

To: The Honorable Board of Directors

Through: Finance, Legal, and Administration Committee (07/09/15)

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

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

for Warren T. Green *WJ*
Manager of Contracts & Facilities Services (CFS)

Subject: Purchase of Agency-Wide Insurance Policies

RECOMMENDATION

It is recommended that the Board of Directors ratify the purchase of the following Agency-wide insurance policies with an effective date of July 1, 2015, providing coverage through July 1, 2016, for the amounts included with the budget, which will provide the following coverage:

1. General Liability: Provides third party liability coverage for bodily injury and property damage through the Insurance Company of the State of Pennsylvania for up to \$20,000,000 per policy year, with a Self-Insured Retention (SIR) of \$500,000; and
Automobile Liability: Covers losses to other parties for bodily injury and property damage caused by Agency vehicles. Limits of coverage are \$20,000,000 per accident, with a SIR of \$500,000; and
Public Entity Errors and Omissions: Provides \$20,000,000 per policy year of protection against claims for damages arising from the negligent acts, errors, and omissions of the Board of Directors and/or Agency staff acting within their professional capacity, with a SIR of \$500,000.
2. Property, and Boiler and Machinery: Provides insurance protection resulting from damage and destruction of property through the California Sanitation Risk Management Authority (CSRMA) Property Program; with a deductible level of \$25,000.

3. Excess Workers' Compensation and Employer's Liability: Provides \$25,000,000 per policy year coverage against bodily injury and illness to employees in the scope of their employment insurance from Midlands Insurance, with a SIR of \$1,000,000.

BACKGROUND

In effort to present the Board of Directors with a comprehensive insurance package, staff annually pursues and presents an insurance package of the major policies with an effective date of July 1. Working with staff, the Agency's insurance broker, Alliant Insurance Services, Inc., aggressively and competitively marketed various options for the purchase of these policies with insurance carriers. Although delayed, the carriers completed their review of the Agency's underwriting and risk profile information in support of providing the actual binding quotations.

1. GENERAL, AUTO, and ERRORS & OMISSIONS

The Agency's previous excess general, automobile, and public entity errors and omissions liability insurance expired on July 1, 2015. For the last ten years, the Agency has purchased these policies from the Insurance Company of the State of Pennsylvania as they have consistently offered the most competitive rate and coverage. While the Agency received and reviewed a quote from another insurance carrier; offering a multi-layered excess policy program at a competitive premium, the incumbent carrier provided a more comprehensive and competitive policy.

The renewal premium for the new policy period is \$365,000 identifying a 9% increase in total premium over the previous policy year's premium and includes the same level of coverage. The increase in premium is due to the increase in payroll, as well as a rate increase resulting from the Employment Liability activity.

2. PROPERTY AND BOILER AND MACHINERY INSURANCE PURCHASE

For several years, the Agency has purchased property, and boiler and machinery insurance through the CSRMA Property Program. The Agency's participation in this program is as a stand-alone member and not as a participant in a pool. The Agency's loss exposure is only determined by actual losses incurred by the Agency. There has only been one insurable loss during the last three years. That was during 2012/13 policy year at the Agency Headquarters with the final loss totaling approximately \$675,000. Participation in the CSRMA program allows the Agency to obtain group premiums without having to participate in a risk sharing pool.

Under the expiring policy, should the Agency experience a loss of property, inventory, or data processing equipment that exceeds \$25,000, such items will be replaced or repaired. Additionally, the policy provides coverage for lost or damaged accounts receivables and valuable papers. The policy does not provide coverage for earthquake damage or losses due to terrorism.

The Agency's policy through CSRMA also provides for boiler and machinery coverage. This coverage includes the replacement or repair of equipment such as belt presses, electric panels,

compressors, pumps, etc., in the event of a sudden and unforeseen breakdown. Breakdowns as a result of a lack of scheduled maintenance would not be covered. The boiler and machinery policy provides up to \$10,000,000 of coverage, after the Agency's per occurrence deductible of \$25,000. There were no insurable losses within the 2014/15 policy year. As with our property policy, the boiler and machinery policy does not provide coverage for earthquake damage or losses due to terrorism.

The renewal premium for the new policy period is \$253,850 identifying a 1.8% increase in total premium compared to the previous policy year's premium, due to an increase in the Agency's Total Insured Value (TIV). The Agency's TIV increased by \$37,573,910 from \$484,645,000 to \$522,218,910.

3. EXCESS WORKERS' COMPENSATION INSURANCE PURCHASE

The Agency self-insures its workers' compensation for the first \$1,000,000. Excess insurances have been purchased to cover any costs that exceed \$1,000,000. To date, the Agency has not incurred a workers' compensation claim in excess of \$250,000, and has not had an employer liability claim. Due to the types of gases, chemicals and equipment utilized at Agency facilities, it is feasible that the Agency could incur a claim that would exceed the Agency's current \$1,000,000 SIR. Because of this possibility, the Agency purchases an excess workers' compensation insurance policy each fiscal year. This is the second year the Agency has purchased Excess Workers' Compensation from Midlands Insurance, offering the same level of coverage.

The premium for the new Excess Workers' Compensation policy with Midlands Insurance is \$52,364, identifying a 3.9% increase in premium compared to the expiring policy. The increase in premium is based on an increase in payroll.

Comparisons of the FY 2015/16 insurance policy premiums for ratification are outlined in the following table:

Policy	Expired Policy Premium for 2014/15	New Policy Premium for 2015/16	% Change in Premium
General, Auto, and Errors & Omissions	\$333,950	\$365,000	+9.2%
Property, Boiler & Machinery	\$251,335	\$253,850	+1.8%
Excess Workers' Compensation	\$50,398	\$52,364	+3.9%
Total	\$635,683	\$671,214	+5.5%

The purchase of Agency-wide insurance is protecting the Agency, our employees and stakeholders through sound business processes, including supporting the Agency's fiscal responsibilities as required under the following Agency goal; IEUA is committed to applying ethical, fiscally responsible and environmentally sustainable principles to all aspects of business and organizational conduct.

PRIOR BOARD ACTION

Each year the Board authorizes the purchase of liability, property, boiler and machinery, and excess workers' compensation coverage for the upcoming fiscal year.

IMPACT ON BUDGET

The Fiscal Year 2015/16 Budget includes funding for each of the identified policies under their own account assignment within the Administrative Fund. For the excess general, automobile and public entity errors and omissions liability insurance under account 10200-115100-100000-517010, the budget is \$390,000; for property, boiler and machinery insurance under account 10200-11510-100000-517210, the budget is \$350,000; for excess workers' compensation insurance under account 10200-115100-100000-509740, the budget is \$50,000. Total budget for the three identified insurance programs is \$790,000.

The table below identifies the Fiscal Year 2015/16 Budget for insurances and the impact on budget:

Account Description	Account Assignment	FY 15/16 Budget	FY15/16 Premium
Insurance - Liability	10200-115100-100000-517010	\$390,000	\$365,000
Insurance - Casualty	10200-115100-100000-517210	\$350,000	\$253,850
WkrsComp -ExcessCov	10200-115100-100000-509740	\$50,000	\$52,364

**CONSENT
CALENDAR
ITEM**


2G





Date: July 15, 2015

To: The Honorable Board of Directors

Through: Engineering, Operations, and Biosolids Management Committee
(07/08/15)

From:  P. Joseph Grindstaff
General Manager

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

David Mendez 
Acting Deputy Manager of Engineering

Subject: Contract Award for the Chino Creek Invert Repair

RECOMMENDATION

It is recommended that the Board of Directors:

1. Approve the construction contract award to Mike Bubalo Construction Company for the Chino Creek Invert Repair, Project No. EN12020, in the amount of \$156,000; and
2. Authorize the General Manager to execute the contract.

BACKGROUND

An inspection conducted by the U.S. Army Corps of Engineers (USACE) reported damage to the concrete invert along Chino Creek. The location of the damage invert aligned with the trench over the Agency's Southwest Chino Trunk Sewer double barrel siphon crossing the channel south of Chino Hills Parkway. A Consent to Easement Structures issued by USACE in 1964 stipulated that the Agency was responsible for maintaining the siphon and its appurtenances. A design was approved by USACE and a permit was issued for the necessary repair.

The scope of work consists of removing the existing concrete invert approximately 10 feet wide by 150 feet long, compacting slab foundation materials, and installing a new reinforced concrete slab. During the construction, the Chino Creek flows will be bypassed around the worksite per the permit requirements.

Agency staff advertised this project for construction bids on June 1, 2015, utilizing the prequalified list of general engineering licensed contractors. On June 25, 2015, the Agency received the following three bids:

CONTRACTOR	BID AMOUNT
Mike Bubalo Construction Company	\$156,000
W.A. Rasic	\$172,425
Humphrey Constructors	\$244,000
Engineer's Estimate	\$302,000

Mike Bubalo Construction Company (California Class "A" License No. 771279) offered their low bid of \$156,000, and has received good references from past clients. The Agency has worked well with this contractor on previous projects.

The construction project management approach to implement this project will utilize internal Engineering and Construction Management staff.

Below is the project cost:

PROJECT PHASE	COST
Design	\$30,000
Construction Contract	\$156,000
Construction Management (IEUA Labor)	\$25,000
Contingency	\$25,000
Total Project Cost:	\$236,000

The following is the project schedule:

PROJECT MILESTONE	DATE
Construction Contract Award	July 2015
Project Completion	November 2015

The Chino Creek Invert Repair Project is part of the Agency's Wastewater Management Capacity Business Goal to maintain capacity within systems and facilities to meet essential service demands, meet compliance, and to protect public health and environment.

PRIOR BOARD ACTION

None.

Chino Creek Invert Repair
Construction Contract Award
July 15, 2015
Page 3 of 3

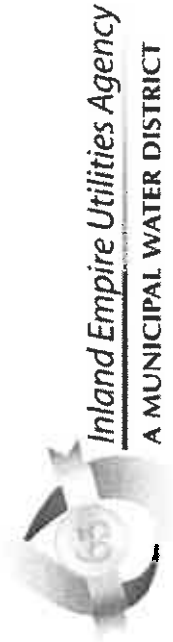
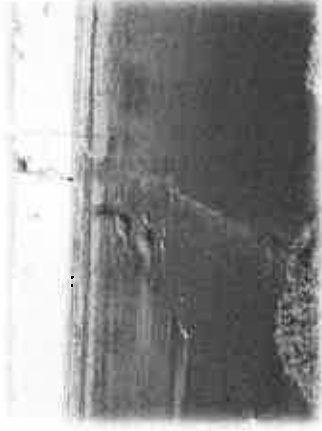
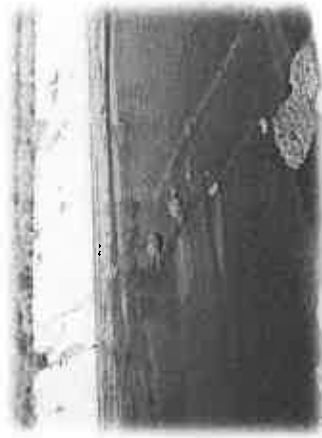
IMPACT ON BUDGET

If approved, the contract for the Chino Creek Invert Repair, Project No. EN12020, in the Regional Wastewater Capital (RC) fund, in the amount of \$156,000 is within the FY 2015/16 budget of \$510,000.

PJG:CB:DM:lm

Chino Creek Invert Repair Construction Contract Award

Project No. EN12020
July 2015

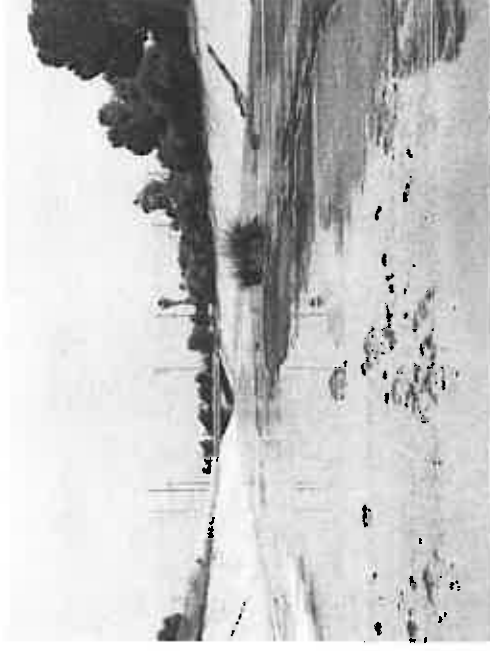


David Mendez
Acting Deputy Manager of Engineering

Liza Muñoz
Senior Engineer

Project Request/Background

- Construction Contract Award to Mike Bubalo Construction Company for the Chino Creek Invert Repair Project
- Background
 - US Army Corps of Engineers reported channel invert damage after inspection
 - Damage aligned with IEUA sewer siphon trench crossing channel



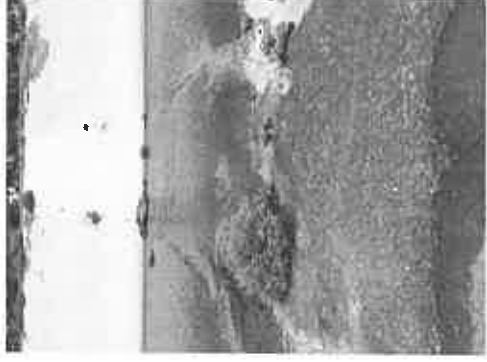
Chino Creek Channel

Project Location



Project Scope

- **Scope**
 - Bypass channel flow
 - Remove existing concrete slab from bank to bank
 - Install 150 linear feet of reinforced concrete slab



Chino Creek Channel Invert

Bid Results

3 bids were received on June 25, 2015:

Contractor	Bid Amount
Mike Bubalo Construction Company	\$156,000
W.A. Rasic	\$172,425
Humphrey Constructors	\$244,000
Engineer's Estimate:	\$302,000

Project Cost & Schedule

Description	Estimated Cost
Design (In House, Consultant, IEUA Labor)	\$30,000
Construction Contract	\$156,000
Construction Management (IEUA Labor)	\$25,000
Contingency	\$25,000
Total Project Cost	\$236,000

Project Milestone	Date
Construction Contract Award	July 2015
Construction Completion	November 2015

Recommendation

- Staff recommends that the Board of Directors approve the construction contract award to Mike Bubalo Construction Company in the amount of \$156,000 and authorize the General Manager to execute the contract.

This project is part of the Agency's Wastewater Management Capacity Business Goal to maintain capacity within systems and facilities to meet essential service demands, meet compliance, and to protect public health and environment.



SECTION D - CONTRACT AND RELEVANT DOCUMENTS

1.0 CONTRACT

THIS CONTRACT, made and entered into this 15th day of July, 2015, by and between Mike Bubalo Construction Company, Inc., hereinafter referred to as "Contractor," and The Inland Empire Utilities Agency, a Municipal Water District, located in San Bernardino County, California, hereinafter referred to as "Agency".

WITNESSETH:

That for and in consideration of the promises and agreements hereinafter made and exchanged, the Agency and the Contractor agree as follows:

1. Contractor agrees to perform and complete in a workmanlike manner, all work required under the bidding schedule of said Agency's specifications entitled SPECIFICATIONS FOR CHINO CREEK INVERT REPAIR, in accordance with the specifications and drawings, and to furnish at their own expense, all labor, materials, equipment, tools, and services necessary, except such materials, equipment, and services as may be stipulated in said specifications to be furnished by said Agency, and to do everything required by this Contract and the said specifications and drawings.
2. For furnishing all said labor, materials, equipment, tools, and services, furnishing and removing all plant, temporary structures, tools and equipment, and doing everything required by this Contract and said specifications and drawings; also for all loss and damage arising out of the nature of the work aforesaid, or from the action of the elements, or from any unforeseen difficulties which may arise during the prosecution of the work until its acceptance by said Agency, and for all risks of every description connected with the work; also for all expenses resulting from the suspension or discontinuance of work, except as in the said specifications are expressly stipulated to be borne by said Agency; and for completing the work in accordance with the requirements of said specifications and drawings, said Agency will pay and said Contractor shall receive, in full compensation therefore, the price(s) set forth in this Contract.
3. That the Agency will pay the Contractor progress payments and the final payment, in accordance with the provisions of the contract documents, with warrants drawn on the appropriate fund or funds as required, at the prices bid in the Bidding and Contract Requirements, Section C - Bid Forms and accepted by the Agency, and set forth in this below.

Total Bid Price \$ 156,000 Dollars

and 00/100 Cents.

If this is not a lump sum bid and the contract price is dependent upon the quantities constructed, the Agency will pay and said Contractor shall receive, in full compensation

for the work the prices named in the Bidding and Contract Requirements, Section C - Bid Forms.

4. The Agency hereby employs the Contractor to perform the work according to the terms of this Contract for the above-mentioned price(s), and agrees to pay the same at the time, in the manner, and upon the conditions stipulated in the said specifications; and the said parties for themselves, their heirs, executors, administrators, successors, and assigns, do hereby agree to the full performance of the covenants herein contained.
5. The Notice Inviting Bids, Instructions to Bidders, Bid Forms, Information Required of Bidder, Performance Bond, Payment Bond, Contractors License Declaration, Specifications, Drawings, all General Conditions and all Special Conditions, and all addenda issued by the Agency with respect to the foregoing prior to the opening of bids, are hereby incorporated in and made part of this Contract, as if fully set forth.
6. The Contractor agrees to commence work under this Contract on or before the date to be specified in a written "Notice To Proceed" and to complete said work to the satisfaction of the Agency one hundred twenty (120) calendar days after award of the Contract. All work shall be completed before final payment is made.
7. Time is of the essence on this Contract.
8. Contractor agrees that in case the work is not completed before or upon the expiration of the contract time, damage will be sustained by the Agency, and that it is and will be impracticable to determine the actual damage which the Agency will sustain in the event and by reason of such delay, and it is therefore agreed that the Contractor shall pay to the Agency the amount of four thousand (\$4,000) dollars for each day of delay, which shall be the period between the expiration of the contract time and the date of final acceptance by the Agency, as liquidated damages and not as a penalty. It is further agreed that the amount stipulated for liquidated damages per day of delay is a reasonable estimate of the damages that would be sustained by the Agency, and the Contractor agrees to pay such liquidated damages as herein provided. In case the liquidated damages are not paid, the Contractor agrees that the Agency may deduct the amount thereof from any money due or that may become due to the Contractor by progress payments or otherwise under the Contract, or if said amount is not sufficient, recover the total amount.

In addition to the liquidated damages, which may be imposed if the Contractor fails to complete the work within the time agreed upon, the Agency may also deduct from any sums due or to become due the Contractor, liquidated damages in accordance with the Bidding and Contract Requirements, Section B - Instruction to Bidders, Part 5.0 "Liquidated Damages", for any violation of the General Conditions, Section D - Contractor's Responsibilities, Part 8, "Law and Regulations"; Bidding and Contract Requirements Contract Section D -Contract and Relevant Documents, Part 1.0, Paragraphs 9 through 11; General Conditions , Section D - Contractor's Responsibilities, Part 4.0, "Labor, Materials and Equipment"; General Conditions Section D - Contractor's Responsibilities, Part 12.0, "Safety and Protection" or General Conditions Section H - Legal Responsibilities, Part 8.0, "Disturbance of the Peace".

9. That the Contractor will pay, and will require subcontractors to pay, employees on the work a salary or wage at least equal to the prevailing salary or wage established for such work as set forth in the wage determinations and wage standards applicable to this work, contained in or referenced in the contract documents.
10. That, in accordance with Section 1775 of the California Labor Code, Contractor shall forfeit to the Agency, as a penalty, not more than Fifty (\$50.00) Dollars for each day, or portion thereof, for each worker paid, either by the Contractor or any subcontractor, less than the prevailing rates as determined by the Director of the California Department of Industrial Relations for the work.
11. That, except as provided in Section 1815 of the California Labor Code, in the performance of the work not more than eight (8) hours shall constitute a day's work, and not more than forty (40) hours shall constitute a week's work; that the Contractor shall not require more than eight (8) hours of labor in a day nor more than forty hours of labor in a week from any person employed by the Contractor or any subcontractor; that the Contractor shall conform to Division 2, Part 7, Chapter 1, Article 3 (Section 1810, et seq.) of the California Labor Code; and that the Contractor shall forfeit to the Agency, as a penalty, the sum of Twenty-Five (\$25.00) Dollars for each worker employed in the execution of the work by Contractor or any subcontractor for each day during which any worker is required or permitted to labor more than eight (8) hours in violation of said Article 3.
12. That the Contractor shall carry Workers' Compensation Insurance and require all subcontractors to carry Workers' Compensation Insurance as required by the California Labor Code.
13. That the Contractor shall have furnished, prior to execution of the Contract, two bonds approved by the Agency, one in the amount of one hundred (100) percent of the contract price, to guarantee the faithful performance of the work, and one in the amount of one hundred (100) percent of the contract price to guarantee payment of all claims for labor and materials furnished.
14. The Contractor hereby agrees to protect, defend, indemnify and hold the Agency and its employees, agents, officers, directors, servants and volunteers free and harmless from any and all liability, claims, judgments, costs and demands, including demands arising from injuries or death of persons (including employees of the Agency and the Contractor) and damage to property, arising directly or indirectly out of the obligation herein undertaken or out of the operations conducted by the Contractor, its employees agents, representatives or subcontractors under or in connection with this Contract.

The Contractor further agrees to investigate, handle, respond to, provide defense for and defend any such claims, demands or suit at the sole expense of the Contractor.

IN WITNESS WHEREOF, The Contractor and the General Manager of Inland Empire Utilities Agency*, thereunto duly authorized, have caused the names of said parties to be affixed hereto, each in duplicate, the day and year first above written.

Inland Empire Utilities Agency,*
San Bernardino County, California.

By _____
General Manager

Contractor

By _____
Title: _____

*Municipal Water District

**CONSENT
CALENDAR
ITEM**


2H





Date: July 15, 2015

To: The Honorable Board of Directors

Through: Engineering, Operations, and Biosolids Management Committee
(07/08/15)

From:  Joseph Grindstaff
General Manager

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

David Mendez 
Acting Deputy Manager of Engineering

Subject: Construction Contract Award for the Agency-Wide HVAC Improvements
Package No. 3

RECOMMENDATIONS

It is recommended that the Board of Directors:

1. Approve the Construction Contract Award for the Agency-Wide HVAC Improvements Package No. 3, Project No. EN15032, to Allison Mechanical, Inc. for their low bid of \$431,216; and
2. Authorize the General Manager to execute the contract.

BACKGROUND

The Heating, Ventilation, and Air Conditioning (HVAC) systems throughout the Agency are essential to maintaining suitable operating temperature conditions for equipment and personnel. Many of the Agency's HVAC systems have been in operation for 15-20 years and need to be upgraded due to normal wear and tear, poor performance, and the addition of equipment in the area being cooled. The systems are maintained on a regular basis, but require modification, upgrades, replacement, or consolidation. In the past, HVAC systems have been added or modified on an individual basis to respond to changing conditions. To apply a systematic approach to HVAC system upgrades, the Agency initiated a multi-year project to provide a consistent and comprehensive approach to HVAC system improvements. The primary goal of the HVAC improvements is to maintain critical HVAC systems operating reliably and efficiently. Systems requiring adequate air conditioning include: electrical motor control centers

(MCC), variable frequency drives (VFD), servers, office spaces, operating spaces, and other critical areas.

The Agency retained Kitchell (Consultant) in May 2011 to provide the necessary consulting engineering services for the Agency-Wide HVAC Improvements Project. The projects were then phased into three packages and prioritized based on urgency and funding. The Agency completed the construction of Package Nos. 1 and 2 with total project costs of approximately \$2.1M. These packages covered several areas including RP-1 Administration Building, Tertiary Plant Building and Server Room, Philly Pump Station Motor Control Center, Maintenance Building, RP-4 Administration Building, Server Room, MCC Power Center 5, and CCWRF 12kV Switchgear.

HVAC Improvements Package No. 3 will cover RP-1 Warehouse, RP-2 Dewatering Control Building, RP-5 Headquarters Building B Control Room, and RP-5 Power Center No. 3. Kitchell completed the package design in April 2014 and was advertised via TheNetwork for construction bids. In response to the bid advertisement, the Agency received five (5) bids on June 4, 2015, as summarized in the table below:

BIDDER	BID PRICE
Allison Mechanical, Inc.	\$431,216
NKS Mechanical Contracting, Inc.	\$455,750
Air Ex Air Conditioning	\$499,000
United Mechanical Contractors	\$534,000
Bon Air, Inc.	\$542,000
Engineer's Estimate	\$600,000

Allison Mechanical, Inc. (California Class B, C-20 and C-36 License No. 679866) was the low bidder, and they received good references from previous clients including the Agency.

The project costs for HVAC Improvements Package No. 3 are as follows:

DESCRIPTION	COST
Design (Consultant, IEUA Labor)	\$90,000
Construction Contract	\$431,216
Construction Management (IEUA Labor and Augmentation)	\$265,000
Contingency	\$115,000
Total Cost	\$901,216
Total Project Budget	\$1,200,000

The project schedule for HVAC Improvements Package No. 3 is as follows:

Project Milestone	DATE
Construction Contract Award	July 2015
Construction Completion	June 2016

The Agency-Wide HVAC Improvements Project Package No. 3 is part of the Agency's Wastewater Management Capacity Business Goal to maintain capacity within facilities to meet essential service demands and to protect public health and environment.

PRIOR BOARD ACTION

On July 16, 2014, the Board approved the construction contract award for the Agency-Wide HVAC Improvements (Package No. 1), Project No. EN13056.

On February 20, 2013, the Board approved the construction contract award for the Agency-Wide HVAC Improvements and Server Room Fire Suppression (Package No. 1), Project No. EN11036.

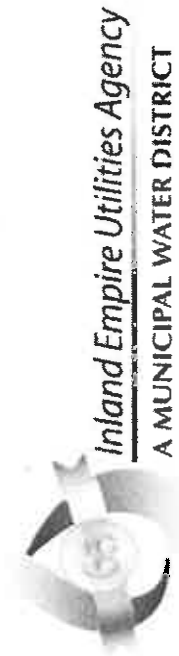
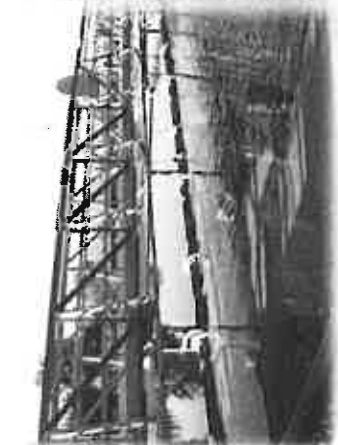
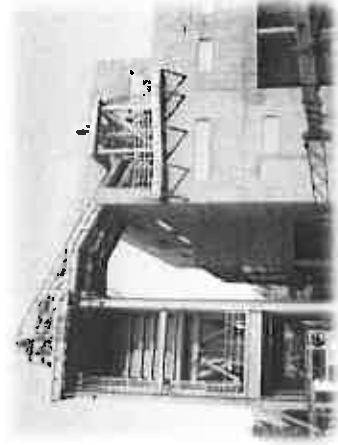
On May 18, 2011, the Board approved the consulting engineering contract for the Agency-Wide HVAC Improvements and Server Room Fire Suppression, Project No. EN11036.

IMPACT ON BUDGET

The Agency-Wide HVAC Improvements Project Package No. 3, Project No. EN15032 construction cost of \$431,216 is within the total project budget of \$1,200,000 within the Regional Wastewater Capital Improvement (RC) Fund.

PJG:CB:DM:jz

Agency-Wide HVAC Improvements Package No. 3 Construction Contract Award Project No. EN15032 July 2015



David Mendez
Acting Deputy Manager of Engineering
Jamal Zughbi, P.E.
Project Manager

Project Request/Background

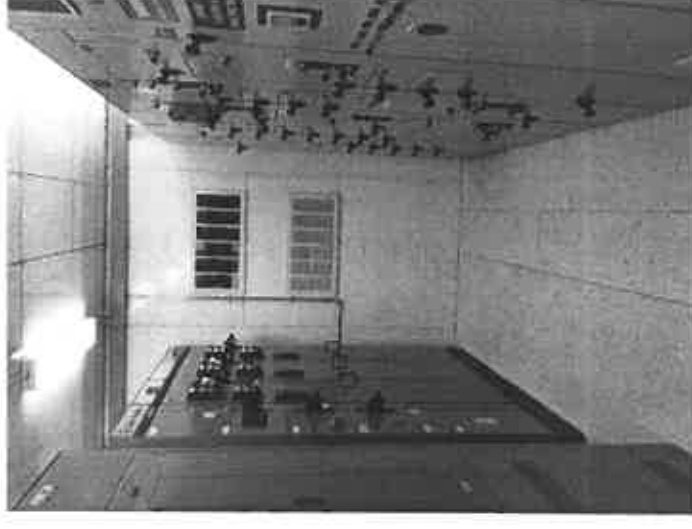
- Agency-wide: 100+ heating, ventilation and air conditioning (HVAC) systems
- Eleven (11) HVAC systems in critical condition
- Multi-year project with three construction packages:
 - #1: Three critical systems upgraded in early 2014
 - #2: Four critical systems will be completed by July 2015
 - #3: Four critical systems will be completed by June 2016
- Project is in line with Agency's Mission & Vision:
 - Improve reliability and performance
 - Consolidate systems and maintenance effort



RP-5 Control & Server Rooms
HVAC

Project Scope

- RP-1 Warehouse:
 - Installing three air handling units
 - Installing three gas heater units in storage area
- RP-2 Dewatering Control Building:
 - Two new fully redundant split system units
- RP-5 Headquarter Building B Control Room:
 - New roof mounted split system unit
- RP-5 Power Center No. 3:
 - Three new air handling units



RP-5 Power Center No. 3

Bid Results

Five bids received on June 4, 2015 as follows:

Contractor	Bid Amount
Allison Mechanical, Inc	\$431,216
NKS Mechanical Contracting, Inc.	\$455,750
Air Ex Air Conditioning	\$499,000
United Mechanical Contractors	\$534,000
Bon Air, Inc.	\$542,000
Engineer's Estimate	\$600,000

Project Cost & Schedule

Description	Estimated Cost
Design (Consultant, IEUA Labor)	\$90,000
Construction Contract	\$431,216
Construction Management (IEUA Labor and Augmentation)	\$265,000
Contingency	\$115,000
Total Project Cost	\$901,216

Project Milestone	Date
Construction Contract Award	July 2015
Construction Completion	June 2016

Agency Goal/Recommendation

Staff recommends that the Board of Directors approve the construction contract award to Allison Mechanical, Inc. for Project No. EN15032 for the not-to-exceed amount of \$431,216 and also authorize the General Manager to execute the contract.

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

Questions?

SECTION D - CONTRACT AND RELEVANT DOCUMENTS

1.0 CONTRACT

THIS CONTRACT, made and entered into this ____ day of _____, 20__, by and between Allison Mechanical, Inc., hereinafter referred to as "Contractor," and The Inland Empire Utilities Agency, a Municipal Water District, located in San Bernardino County, California, hereinafter referred to as "Agency".

WITNESSETH:

That for and in consideration of the promises and agreements hereinafter made and exchanged, the Agency and the Contractor agree as follows:

1. Contractor agrees to perform and complete in a workmanlike manner, all work required under the bidding schedule of said Agency's specifications entitled SPECIFICATIONS FOR THE AGENCY WIDE HVAC IMPROVEMENTS PACKAGE NO. 3, in accordance with the specifications and drawings, and to furnish at their own expense, all labor, materials, equipment, tools, and services necessary, except such materials, equipment, and services as may be stipulated in said specifications to be furnished by said Agency, and to do everything required by this Contract and the said specifications and drawings.
2. For furnishing all said labor, materials, equipment, tools, and services, furnishing and removing all plant, temporary structures, tools and equipment, and doing everything required by this Contract and said specifications and drawings; also for all loss and damage arising out of the nature of the work aforesaid, or from the action of the elements, or from any unforeseen difficulties which may arise during the prosecution of the work until its acceptance by said Agency, and for all risks of every description connected with the work; also for all expenses resulting from the suspension or discontinuance of work, except as in the said specifications are expressly stipulated to be borne by said Agency; and for completing the work in accordance with the requirements of said specifications and drawings, said Agency will pay and said Contractor shall receive, in full compensation therefore, the price(s) set forth in this Contract.
3. That the Agency will pay the Contractor progress payments and the final payment, in accordance with the provisions of the contract documents, with warrants drawn on the appropriate fund or funds as required, at the prices bid in the Bidding and Contract Requirements, Section C - Bid Forms and accepted by the Agency, and set forth in this below.

Total Lump Sum Bid Price \$431,216.⁰⁰ Four Hundred Thirty One Thousand Two Hundred Sixteen Dollars and Zero Cents.

If this is not a lump sum bid and the contract price is dependent upon the quantities constructed, the Agency will pay and said Contractor shall receive, in full compensation for the work the prices named in the Bidding and Contract Requirements, Section C - Bid Forms.

4. The Agency hereby employs the Contractor to perform the work according to the terms of this Contract for the above-mentioned price(s), and agrees to pay the same at the time, in the manner, and upon the conditions stipulated in the said specifications; and the said parties for themselves, their heirs, executors, administrators, successors, and assigns, do hereby agree to the full performance of the covenants herein contained.
5. The Notice Inviting Bids, Instructions to Bidders, Bid Forms, Information Required of Bidder, Performance Bond, Payment Bond, Contractors License Declaration, Specifications, Drawings, all General Conditions and all Special Conditions, and all addenda issued by the Agency with respect to the foregoing prior to the opening of bids, are hereby incorporated in and made part of this Contract, as if fully set forth.
6. The Contractor agrees to commence work under this Contract on or before the date to be specified in a written "Notice To Proceed" and to complete said work to the satisfaction of the Agency three hundred (300) calendar days after award of the Contract. All work shall be completed before final payment is made.
7. Time is of the essence on this Contract.
8. Contractor agrees that in case the work is not completed before or upon the expiration of the contract time, damage will be sustained by the Agency, and that it is and will be impracticable to determine the actual damage which the Agency will sustain in the event and by reason of such delay, and it is therefore agreed that the Contractor shall pay to the Agency the amount of five thousand (\$5,000) dollars for each day of delay, which shall be the period between the expiration of the contract time and the date of final acceptance by the Agency, as liquidated damages and not as a penalty. It is further agreed that the amount stipulated for liquidated damages per day of delay is a reasonable estimate of the damages that would be sustained by the Agency, and the Contractor agrees to pay such liquidated damages as herein provided. In case the liquidated damages are not paid, the Contractor agrees that the Agency may deduct the amount thereof from any money due or that may become due to the Contractor by progress payments or otherwise under the Contract, or if said amount is not sufficient, recover the total amount.

In addition to the liquidated damages, which may be imposed if the Contractor fails to complete the work within the time agreed upon, the Agency may also deduct from any sums due or to become due the Contractor, liquidated damages in accordance with the Bidding and Contract Requirements, Section B - Instruction to Bidders, Part 5.0 "Liquidated Damages", for any violation of the General Conditions, Section D - Contractor's Responsibilities, Part 8, "Law and Regulations"; Bidding and Contract Requirements Contract Section D -Contract and Relevant Documents, Part 1.0, Paragraphs 9 through 11; General Conditions , Section D - Contractor's

Responsibilities, Part 4.0, "Labor, Materials and Equipment"; General Conditions Section D – Contractor's Responsibilities, Part 12.0, "Safety and Protection" or General Conditions Section H – Legal Responsibilities, Part 8.0, "Disturbance of the Peace".

9. That the Contractor will pay, and will require subcontractors to pay, employees on the work a salary or wage at least equal to the prevailing salary or wage established for such work as set forth in the wage determinations and wage standards applicable to this work, contained in or referenced in the contract documents.
10. That, in accordance with Section 1775 of the California Labor Code, Contractor shall forfeit to the Agency, as a penalty, not more than Fifty (\$50.00) Dollars for each day, or portion thereof, for each worker paid, either by the Contractor or any subcontractor, less than the prevailing rates as determined by the Director of the California Department of Industrial Relations for the work.
11. That, except as provided in Section 1815 of the California Labor Code, in the performance of the work not more than eight (8) hours shall constitute a day's work, and not more than forty (40) hours shall constitute a week's work; that the Contractor shall not require more than eight (8) hours of labor in a day nor more than forty hours of labor in a week from any person employed by the Contractor or any subcontractor; that the Contractor shall conform to Division 2, Part 7, Chapter 1, Article 3 (Section 1810, et seq.) of the California Labor Code; and that the Contractor shall forfeit to the Agency, as a penalty, the sum of Twenty-Five (\$25.00) Dollars for each worker employed in the execution of the work by Contractor or any subcontractor for each day during which any worker is required or permitted to labor more than eight (8) hours in violation of said Article 3.
12. That the Contractor shall carry Workers' Compensation Insurance and require all subcontractors to carry Workers' Compensation Insurance as required by the California Labor Code.
13. That the Contractor shall have furnished, prior to execution of the Contract, two bonds approved by the Agency, one in the amount of one hundred (100) percent of the contract price, to guarantee the faithful performance of the work, and one in the amount of one hundred (100) percent of the contract price to guarantee payment of all claims for labor and materials furnished.
14. The Contractor hereby agrees to protect, defend, indemnify and hold the Agency and its employees, agents, officers, directors, servants and volunteers free and harmless from any and all liability, claims, judgments, costs and demands, including demands arising from injuries or death of persons (including employees of the Agency and the Contractor) and damage to property, arising directly or indirectly out of the obligation herein undertaken or out of the operations conducted by the Contractor, its employees agents, representatives or subcontractors under or in connection with this Contract.


The Contractor further agrees to investigate, handle, respond to, provide defense for and defend any such claims, demands or suit at the sole expense of the Contractor.

IN WITNESS WHEREOF, The Contractor and the General Manager of Inland Empire Utilities Agency*, thereunto duly authorized, have caused the names of said parties to be affixed hereto, each in duplicate, the day and year first above written.

Inland Empire Utilities Agency,*
San Bernardino County, California.

By _____
General Manager

Contractor

By  _____
Title
President

**CONSENT
CALENDAR
ITEM**


21





Date: July 15, 2015

To: The Honorable Board of Directors

Through: Engineering, Operations, and Biosolids Management Committee
(07/08/15)

From:  P. Joseph Grindstaff
General Manager

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

David Mendez 
Acting Deputy Manager of Engineering

Subject: Construction Contract Award for the Prado, Montclair and Philadelphia
Communication Monopoles

RECOMMENDATIONS

It is recommended that the Board of Directors:

1. Approve the Construction Contract Award for the Prado, Montclair and Philadelphia Communication Monopoles, Project Nos. EN13040, EN13043, and EN13042, to Davis Electric Inc. for the not-to-exceed amount of \$563,900; and
2. Authorize the General Manager to execute the contract.

BACKGROUND

The Agency's existing control system network is comprised of a wide range of interconnected communication equipment that connects various remote sites and facilities. The Prado Lake Dechlorination Station, Montclair Lift Station, and Philadelphia Pump Station are critical compliance-related sites that are monitored and controlled remotely. Loss of communication to any of these sites compromises staff's ability to respond to abnormal (alarm) situations. The existing communication system is at the end of its useful life and has become unreliable. The time and effort required to maintain the systems operational is extensive.

This project will develop reliable communications for these three critical sites by bringing them onto the Agency's fault-tolerant, wireless, high-speed, high-bandwidth communication network backhaul. The project will install new monopoles and communication systems at the three locations, as well as install new equipment at the receiving sites.

Dahl, Taylor & Associates (DT&A) completed the design for the communication systems. The comprehensive design included the radio path surveys, the geotechnical evaluations and the design submittals. Additionally, major long-lead equipment was released for procurement, including radio equipment, obstruction lighting, and monopoles. DT&A provided a comprehensive design utilizing their field knowledge and coordinated the efforts of Sun Wireless and Ninyo & Moore into the design.

The following improvements were made in the final design of the project:

- Crane maneuverability for equipment maintenance at Montclair Lift Station
- Stormwater drainage improvements at the Montclair Lift Station
- Value engineering of the electrical system design of all sites

The space for maneuvering maintenance vehicles at the Montclair Lift Station was analyzed and resulted in a new recommended monopole location allowing for improved maintenance access. To provide improved maintenance access, enhancements were designed to capture stormwater drainage onsite. Additionally, significant construction work for another project was underway at Montclair Lift Station and Philadelphia Pump Station. With the sites unavailable, the Agency took the opportunity to perform value engineering. Several recommendations were implemented, which resulted in consolidation of panels, improved conduit routing, and an improved grounding system.

The Agency went through a contractor prequalification process in which Davis Electric Inc., Stronghold Engineering Inc., and BMY Construction Group Inc. were prequalified. The action of prequalifying contractors with an expertise in the communications field will provide the Agency with a higher likelihood of a successful project.

On June 10, 2015, the Agency received two bids from the following prequalified contractors:

BIDDER NAME	PRICE
Davis Electric, Inc.	\$563,900
Stronghold Engineering, Inc.	\$748,000
Engineer's Estimate	\$750,000

The projected costs of the project are as follows:

DESCRIPTION	ESTIMATED COST
Design (Consultant, Value Eng., IEUA Labor)	\$190,000
Pre-Purchased Equipment	\$136,000
Construction Contract	\$563,900
Construction Management (IEUA Labor and Augmentation)	\$192,000
Contingency	\$113,000
Total Project Cost	\$1,194,900

The overall project schedule is as follows:

PROJECT MILESTONE	DATE
Construction Contract Award	July 2015
Construction Completion	February 2016

With the communication system upgrades at these three locations, Operations and Maintenance will be able to reliably support current and future operations. The project is consistent with the Agency's SCADA Master Plan by establishing reliable and robust communication systems to maintain compliance with the appropriate governing bodies. Additionally, this critical communication system project supports the Agency's Wastewater Management Capacity Business Goal objective to maintain operations and facilities to meet essential service demands and to protect public health and environment.

PRIOR BOARD ACTION

On November 19, 2014 and December 17, 2014, the Board of Directors was updated on the status of the project.

On December 18, 2013, the Board of Directors approved the Consulting Engineering and Construction Services Contract with Dahl, Taylor & Associates, Inc. for the not-to-exceed amount of \$421,544.

IMPACT ON BUDGET

The Construction Contract Award for the Prado, Montclair and Philadelphia Communication Monopoles, Project Nos. EN13040, EN13043, and EN13042 in the amount of \$563,900 is within the combined total project budget of \$1,315,465 within the Recycled Water Fund (WC), Non-Reclaimable Wastewater Fund, and Regional Wastewater Capital Improvement Fund (RC), respectively.

PJG:CB:DM:ja

Prado, Montclair, and Philadelphia Communication Monopoles Construction Contract Award

Project Nos. EN13040, EN13043, and EN13042
July 2015



Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

David Mendez
Acting Deputy Manager of Engineering

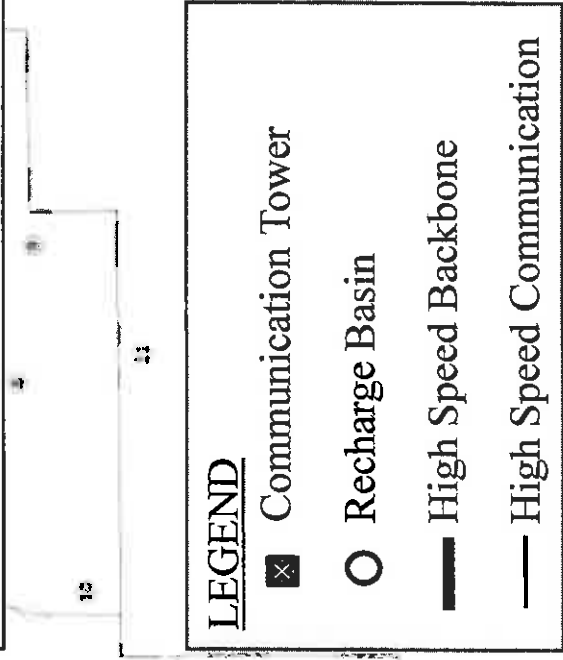
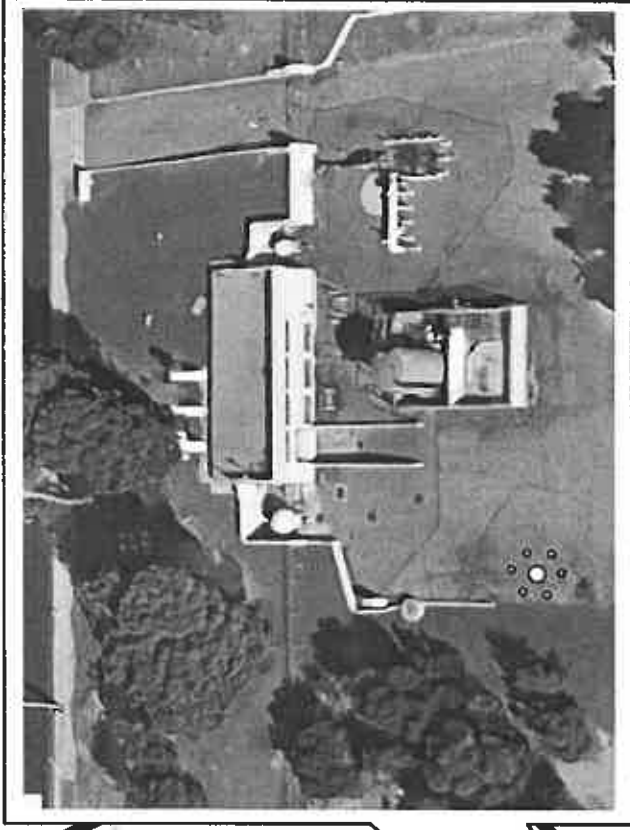
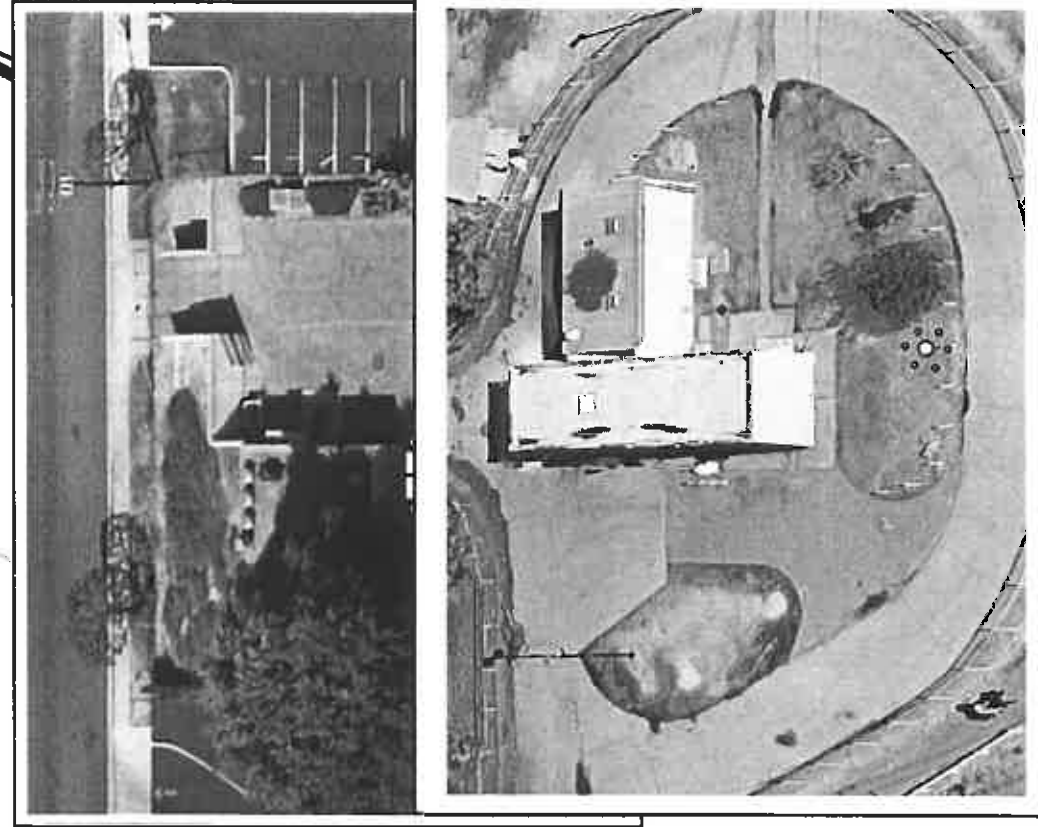
Joshua Aguilar, P.E.
Project Manager

Project Request/Background

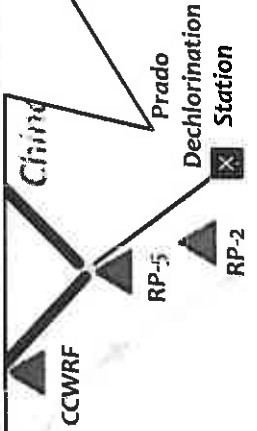
- Remote sites rely on communication network for monitoring & control
- Critical compliance-related sites are monitored and controlled remotely
 - Prado Lake Dechlorination Station
 - Montclair Lift Station
 - Philadelphia Pump Station
- Loss of communication compromises response to abnormal situations
- Communication system performance is continuing to decline

Northwest 6B

Rancho Cucamonga

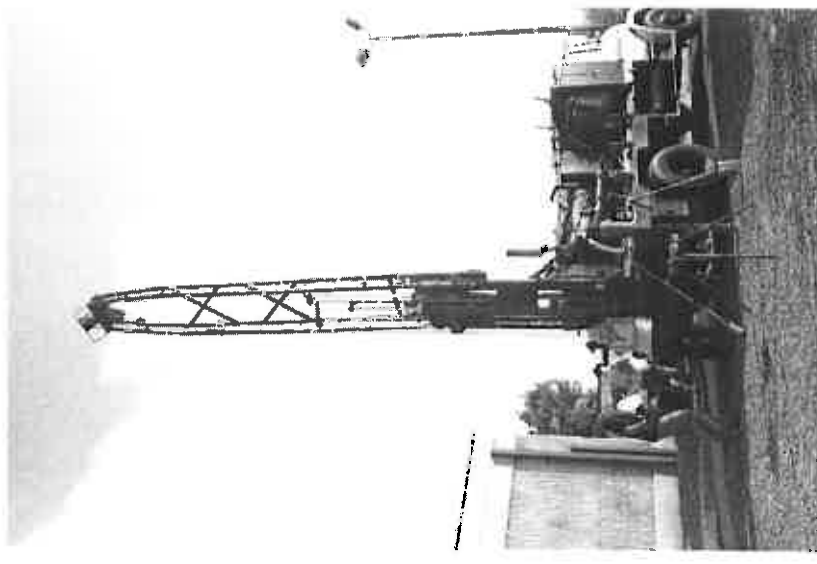


Communication System



Project Scope

- Radio Path Surveys
- Geotechnical Surveys and Reports
- Montclair Lift Station site improvements
- Install communication systems for three critical remote sites:
 - Monopoles
 - Radios
 - Antennas
 - Electrical and Grounding Systems



Geotechnical Boring

Bid Results

- The following contractors were competitively prequalified:
 - Davis Electric, Inc.
 - Stronghold Engineering, Inc.
 - BMY Construction Group, Inc.
- The construction bids received are as follows:

Contractor	Bid Amount
Davis Electric, Inc.	\$563,900
Stronghold Engineering, Inc.	\$748,000
Engineer's Estimate	\$750,000

Project Cost & Schedule

Description	Estimated Cost
Design (Consultant, Value Eng., IEUA Labor)	\$190,000
Pre-purchased Equipment	\$136,000
Construction Contract	\$563,900
Construction Management (IEUA Labor and Augmentation)	\$192,000
Contingency	\$113,000
Total Project Cost	\$1,194,900

Project Milestone	Date
Construction Contract Award	July 2015
Construction Completion	February 2016

Agency Goal/Recommendation

Staff recommends that the Board of Directors approve the construction contract award to Davis Electric, Inc. for the Prado, Montclair, and Philadelphia Communication Monopoles, Project Nos. EN13040, EN13043, and EN13042 for the not-to-exceed amount of \$563,900 and also authorize the General Manager to execute the contract.

The project is consistent with the Agency's SCADA Master Plan by establishing reliable and robust communication systems to maintain compliance with the appropriate governing bodies.

CONTRACT

1.0 CONTRACT

THIS CONTRACT, made and entered into this ____ day of _____, 2015, by and between Davis Electric, Inc. hereinafter referred to as "Contractor," and The Inland Empire Utilities Agency, a Municipal Water District, located in San Bernardino County, California, hereinafter referred to as "Agency".

WITNESSETH:

That for and in consideration of the promises and agreements hereinafter made and exchanged, the Agency and the Contractor agree as follows:

1. Contractor agrees to perform and complete in a workmanlike manner, all work required under the bidding schedule of said Agency's specifications entitled SPECIFICATIONS FOR THE PRADO LAKE DECHLORINATION STATION, MONTCLAIR LIFT STATION, AND PHILADELPHIA PUMP STATION COMMUNICATION MONOPOLES, PROJECT NOS. EN13040, EN13043, AND EN13042 in accordance with the specifications and drawings, and to furnish at their own expense, all labor, materials, equipment, tools, and services necessary, except such materials, equipment, and services as may be stipulated in said specifications to be furnished by said Agency, and to do everything required by this Contract and the said specifications and drawings.
2. For furnishing all said labor, materials, equipment, tools, and services, furnishing and removing all plant, temporary structures, tools and equipment, and doing everything required by this Contract and said specifications and drawings; also for all loss and damage arising out of the nature of the work aforesaid, or from the action of the elements, or from any unforeseen difficulties which may arise during the prosecution of the work until its acceptance by said Agency, and for all risks of every description connected with the work; also for all expenses resulting from the suspension or discontinuance of work, except as in the said specifications are expressly stipulated to be borne by said Agency; and for completing the work in accordance with the requirements of said specifications and drawings, said Agency will pay and said Contractor shall receive, in full compensation therefore, the price(s) set forth in this Contract.
3. That the Agency will pay the Contractor progress payments and the final payment, in accordance with the provisions of the contract documents, with warrants drawn on the appropriate fund or funds as required, at the prices bid in the Bidding and Contract Requirements, Section C - Bid Forms and accepted by the Agency, and set forth in this below.

Total Lump Sum Bid Price \$ 563,900.⁰⁰ five hundred sixty three thousand nine hundred Dollars and zero Cents.

If this is not a lump sum bid and the contract price is dependent upon the quantities constructed, the Agency will pay and said Contractor shall receive, in full compensation for the work the prices named in the Bidding and Contract Requirements, Section C - Bid Forms.

4. The Agency hereby employs the Contractor to perform the work according to the terms of this Contract for the above-mentioned price(s), and agrees to pay the same at the time, in the manner, and upon the conditions stipulated in the said specifications; and the said parties for themselves, their heirs, executors, administrators, successors, and assigns, do hereby agree to the full performance of the covenants herein contained.
5. The Notice Inviting Bids, Instructions to Bidders, Bid Forms, Information Required of Bidder, Performance Bond, Payment Bond, Contractors License Declaration, Specifications, Drawings, all General Conditions and all Special Conditions, and all addenda issued by the Agency with respect to the foregoing prior to the opening of bids, are hereby incorporated in and made part of this Contract, as if fully set forth.
6. The Contractor agrees to commence work under this Contract on or before the date to be specified in a written "Notice To Proceed" and to complete said work to the satisfaction of the Agency within one hundred and eighty (180) calendar days after award of the Contract including shop drawing submittals and approvals. All work shall be completed before final payment is made.
7. Time is of the essence on this Contract.
8. Contractor agrees that in case the work is not completed before or upon the expiration of the contract time, damage will be sustained by the Agency, and that it is and will be impracticable to determine the actual damage which the Agency will sustain in the event and by reason of such delay, and it is therefore agreed that the Contractor shall pay to the Agency the amount of three thousand (\$3,000) dollars for each day of delay, which shall be the period between the expiration of the contract time and the date of final acceptance by the Agency, as liquidated damages and not as a penalty. It is further agreed that the amount stipulated for liquidated damages per day of delay is a reasonable estimate of the damages that would be sustained by the Agency, and the Contractor agrees to pay such liquidated damages as herein provided. In case the liquidated damages are not paid, the Contractor agrees that the Agency may deduct the amount thereof from any money due or that may become due to the Contractor by progress payments or otherwise under the Contract, or if said amount is not sufficient, recover the total amount.

In addition to the liquidated damages, which may be imposed if the Contractor fails to complete the work within the time agreed upon, the Agency may also deduct from any sums due or to become due the Contractor, liquidated damages in accordance with the Bidding and Contract Requirements, Section B - Instruction to Bidders, Part 5.0 "Liquidated Damages", for any violation of the General Conditions, Section D - Contractor's Responsibilities, Part 8, "Law and Regulations"; Bidding and Contract Requirements Contract Section D -Contract and Relevant Documents, Part 1.0, Paragraphs 9 through 11; General Conditions , Section D - Contractor's Responsibilities, Part 4.0, "Labor, Materials and Equipment"; General Conditions

Section D – Contractor’s Responsibilities, Part 12.0, "Safety and Protection" or General Conditions Section H – Legal Responsibilities, Part 8.0, "Disturbance of the Peace".

9. That the Contractor will pay, and will require subcontractors to pay, employees on the work a salary or wage at least equal to the prevailing salary or wage established for such work as set forth in the wage determinations and wage standards applicable to this work, contained in or referenced in the contract documents.
10. That, in accordance with Section 1775 of the California Labor Code, Contractor shall forfeit to the Agency, as a penalty, not more than Fifty (\$50.00) Dollars for each day, or portion thereof, for each worker paid, either by the Contractor or any subcontractor, less than the prevailing rates as determined by the Director of the California Department of Industrial Relations for the work.
11. That, except as provided in Section 1815 of the California Labor Code, in the performance of the work not more than eight (8) hours shall constitute a day's work, and not more than forty (40) hours shall constitute a week's work; that the Contractor shall not require more than eight (8) hours of labor in a day nor more than forty hours of labor in a week from any person employed by the Contractor or any subcontractor; that the Contractor shall conform to Division 2, Part 7, Chapter 1, Article 3 (Section 1810, et seq.) of the California Labor Code; and that the Contractor shall forfeit to the Agency, as a penalty, the sum of Twenty-Five (\$25.00) Dollars for each worker employed in the execution of the work by Contractor or any subcontractor for each day during which any worker is required or permitted to labor more than eight (8) hours in violation of said Article 3.
12. That the Contractor shall carry Workers' Compensation Insurance and require all subcontractors to carry Workers' Compensation Insurance as required by the California Labor Code.
13. That the Contractor shall have furnished, prior to execution of the Contract, two bonds approved by the Agency, one in the amount of one hundred (100) percent of the contract price, to guarantee the faithful performance of the work, and one in the amount of one hundred (100) percent of the contract price to guarantee payment of all claims for labor and materials furnished.
14. The Contractor hereby agrees to protect, defend, indemnify and hold the Agency and its employees, agents, officers, directors, servants and volunteers free and harmless from any and all liability, claims, judgments, costs and demands, including demands arising from injuries or death of persons (including employees of the Agency and the Contractor) and damage to property, arising directly or indirectly out of the obligation herein undertaken or out of the operations conducted by the Contractor, its employees agents, representatives or subcontractors under or in connection with this Contract.

The Contractor further agrees to investigate, handle, respond to, provide defense for and defend any such claims, demands or suit at the sole expense of the Contractor.

**CONSENT
CALENDAR
ITEM**

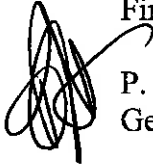
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Date: July 15, 2015

To: The Honorable Board of Directors

Through: Public, Legislative Affairs, and Water Resources Committee (07/08/15)
Engineering, Operations & Biosolids Committee (07/08/15)
Finance, Legal & Administration Committee (07/08/15)

From:  P. Joseph Grindstaff
General Manager

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

for Sylvie Lee 
Manager of Planning and Environmental Resources

Subject: Approval of a Memorandum of Understanding for the Development of a Recycled Water Interconnection with Monte Vista Water District and City of Pomona

RECOMMENDATION

It is recommended that the Board of Directors:

1. Approve the Memorandum of Understanding (MOU) between Inland Empire Utilities Agency, Monte Vista Water District and the City of Pomona for the development of a Recycled Water Interconnection; and
2. Authorize the General Manager to make non-substantive changes and execute the final MOU.

BACKGROUND

The attached MOU has been developed to initiate the planning process of creating alternative approaches in determining the long term water supply options for IEUA and the expansion of the Recycled Water system. In August 2013, IEUA began working on two of its long term planning initiatives; the Integrated Resources Plan (IRP) and Recycled Water Program Strategy (RWPS). Several conceptual projects have been identified in the IRP, including recycled water interties to supplement recycled water for the IEUA service area.

Approval of an MOU for the Development of a Recycled Water Interconnection with
Monte Vista Water District and the City of Pomona

July 15, 2015

Page 2 of 2

During peak summer months the IEUA Recycled Water system experiences over 85 percent allocation of the recycled water produced by its treatment plants for recycled water demands (direct use and groundwater recharge). As the system is being planned for growth and demand management, interties with neighboring agencies are being considered to maximize the beneficial use of recycled water.

One project that is being considered for the recycled water intertie is the recycled water from the City of Pomona. This project would include a new connection between the existing IEUA recycled water system and the proposed expanded City of Pomona recycled water system. In addition, the feasibility for using non-reclaimable system brine waste as a source water for advanced treatment and potential injection into Management Zone 1 (MZ1) of the Chino Basin will be evaluated. This promising aspect of the project could provide long term solution for the land subsidence issues associated with the MZ1.

IEUA will work with MVWD and the City of Pomona to refine the project scope, initiate planning activities and determine the long term costs and benefits for the region in developing the project. The MOU will trigger the development of a Feasibility Study that will be used to submit a grant application for the project. The MOU is scheduled to be considered by MVWD in July and by the City of Pomona in August 2015.

This MOU is consistent with the *Agency's Business Goal* of increasing *Water Reliability* by meeting the region's need to develop reliable, drought-proof and diverse local water resources in order to reduce dependence on imported water supplies.

PRIOR BOARD ACTION

On August 20, 2014, the Board approved an MOU for Recycled Water Interconnection for the WRCRWA project with Jurupa Community Services District and Western Municipal Water District.

IMPACT ON BUDGET

The Project will be cost shared equally by IEUA, City of Pomona and MVWD.

Attachment: Memorandum of Understanding

**MEMORANDUM OF UNDERSTANDING
BETWEEN
CITY OF POMONA, MONTE VISTA WATER DISTRICT
AND INLAND EMPIRE UTILITIES AGENCY
REGARDING EVALUATION OF THE FEASIBILITY OF RECYCLED WATER
SYSTEM INTERCONNECTIONS**

WHEREAS, City of Pomona (“Pomona”) has an established recycled water system with entitled rights for such recycled water; and

WHEREAS, Pomona has rights to brine wastewater, along with non-potable water from its groundwater basin; and,

WHEREAS, Inland Empire Utilities Agency (“IEUA”) has established a regional wastewater treatment and recycled water distribution system and sees the need for additional recycled water supplies in the future; and

WHEREAS, IEUA has brine wastewater that is available within its region; and

WHEREAS, Monte Vista Water District (“MVWD”) owns property and infrastructure that could facilitate the distribution, advanced treatment, and recharge of available recycled water supplies and available brine wastewater supplies within the northwestern Management Zone 1 region of the Chino Groundwater Basin; and

WHEREAS, Pomona, MVWD and IEUA (“the Parties”) desire to develop a supplemental water supply to assist in meeting water needs and recognize that partnering would help mitigate existing and future potential land subsidence conditions, offset current potable demands, and enhance groundwater pumping within the Chino Groundwater Basin; and

WHEREAS, the Parties desire to enter into this Memorandum of Understanding (“MOU”) in order to initiate formal negotiation and development of a project to provide regional mitigation and water supply benefits to all Parties; and

WHEREAS, the Parties desire to jointly prepare a Feasibility Report to evaluate the benefits and the feasibility of recycled water systems interconnections and advanced treatment and recharge of available recycled water and brine wastewater supplies.

Now, therefore, the Parties hereby make the following mutual commitments:

1. The Parties shall cooperate to mitigate existing and future potential land subsidence conditions, to reduce reliance on imported water, and to increase local water supply reliability and sustainability.
2. The Parties shall cooperate to define the parameters of a project to: a) develop a recycled water intertie; and b) treat and recharge available recycled water and brine wastewater

supplies within the northwestern Management Zone 1 region of the Chino Groundwater Basin to the benefit of the Parties.

3. The source of the water to meet the Parties' supplemental recharge and supply needs are anticipated to be diverted Title 22 approved tertiary treated wastewater from the Sanitation Districts of Los Angeles County Pomona Water Reclamation Plant.
4. The recycled water from the Pomona Water Reclamation Plant will be used to meet a portion of the Parties' water needs either via direct delivery or conveyed to IEUA's system to enhance groundwater recharge in the Chino Basin for later beneficial reuse within the region (See attached Figure 1).
5. The available non-potable recycled water and non-reclaimable water system brine wastewater from Pomona and IEUA may be utilized for advanced treatment and reuse, recharge, and/or injection into the groundwater basin (See attached Figure 2).
6. MVWD's property and infrastructure may be utilized to convey, treat and/or recharge the northwestern portion of Management Zone 1 (See attached Figure 2).
7. The Parties shall prepare a Feasibility Report to develop a scope of work and evaluate the technical and financial feasibility of the project.
8. IEUA will retain a consultant approved by all Parties to prepare the Feasibility Report. The Report will include alternatives for the project, preliminary engineered drawings, environmental assessments, and technical data, as required for institutional agreements and permits, as well as for determining project costs. The Report will also include the anticipated schedule of the project based on the findings described above.
9. The Parties will equally share the cost of developing the Feasibility Report. The Parties estimate that the Report will cost \$250,000.00, and anticipate that the Report will be complete approximately nine (9) months after the full execution of this MOU. Each Party shall, however, bear its own administrative costs in developing the Feasibility Report.
10. IEUA shall serve as the lead CEQA Agency for the Project and Feasibility Report.
11. Following the completion of the Report and a determination of project economic and technical viability, the Parties shall work diligently towards the development of a formal agreement for the Project Implementation.
12. This MOU serves to provide for the Parties' joint effort to prepare the Feasibility Report. This MOU does not obligate the Parties to take any contractual action, such as the execution of intertie agreements, after the Feasibility Report is complete.
13. The Parties acknowledge that this MOU may be amended in a writing signed by all Parties to add project partners.

This MOU may be signed in identical counterparts, each of which shall be deemed to be an original and shall constitute one MOU. This MOU shall take effect on the date of the last signature executed by the Parties, and shall expire upon completion of the Feasibility Report and each Party's full payment of any balance due for preparation of the Report.

For the CITY OF POMONA

Signature: _____ Date: _____

Printed Name: _____

Title: _____

For the INLAND EMPIRE UTILITIES AGENCY

Signature: _____ Date: _____

Printed Name: _____

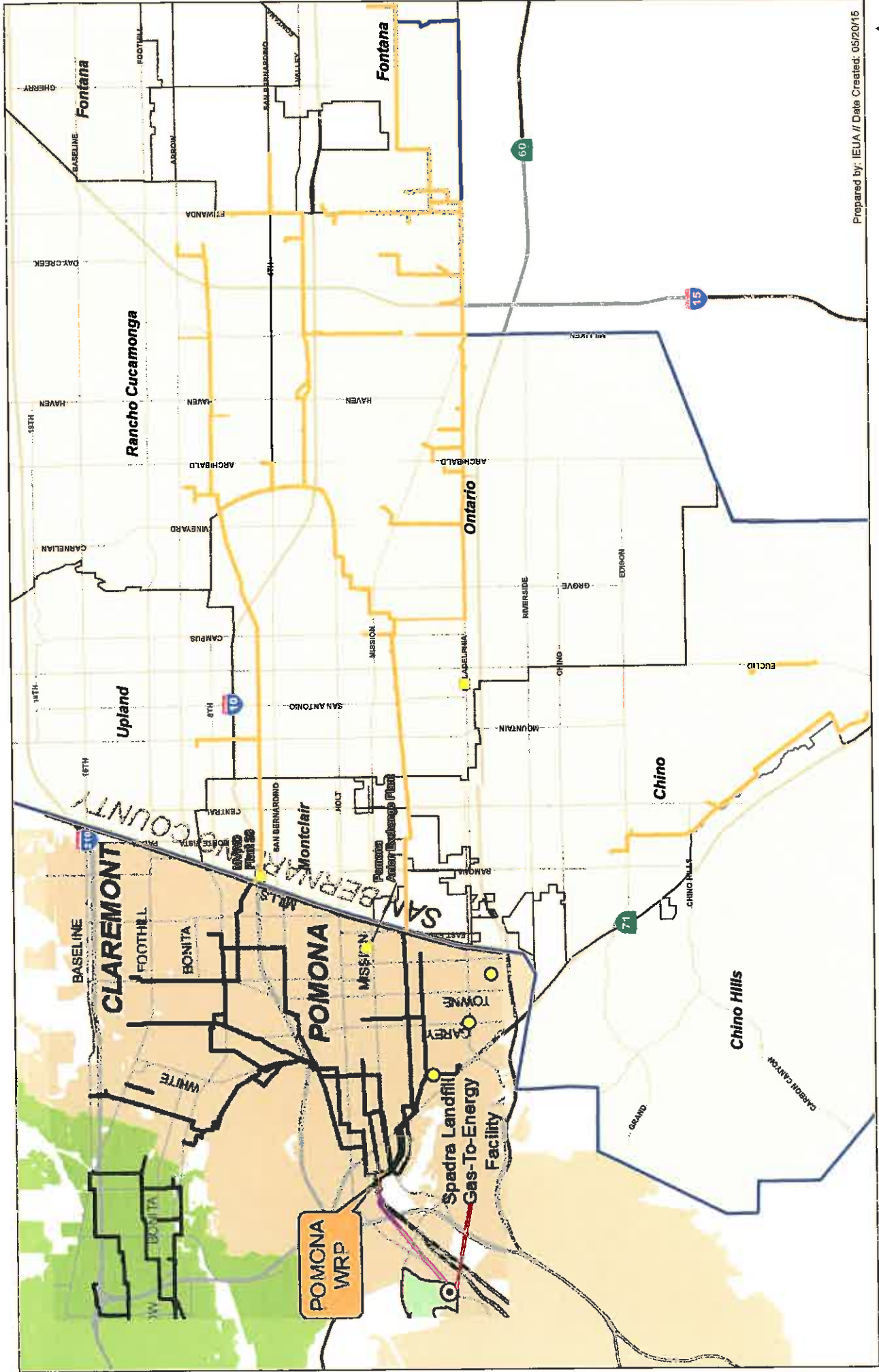
Title: _____

For the MONTE VISTA WATER DISTRICT

Signature: _____ Date: _____

Printed Name: _____

Title: _____



Prepared by: IEUA // Date Created: 05/20/15



Inland Empire Utilities Agency
 City of Pomona and Inland Empire Utilities Agency NRW System



RECYCLED WATER INTERCONNECTION

CITY OF POMONA, MONTE VISTA WATER DISTRICT & IEUA

MEMORANDUM OF UNDERSTANDING



July 2015



Interconnection with City of Pomona & Monte Vista Water District

Objectives

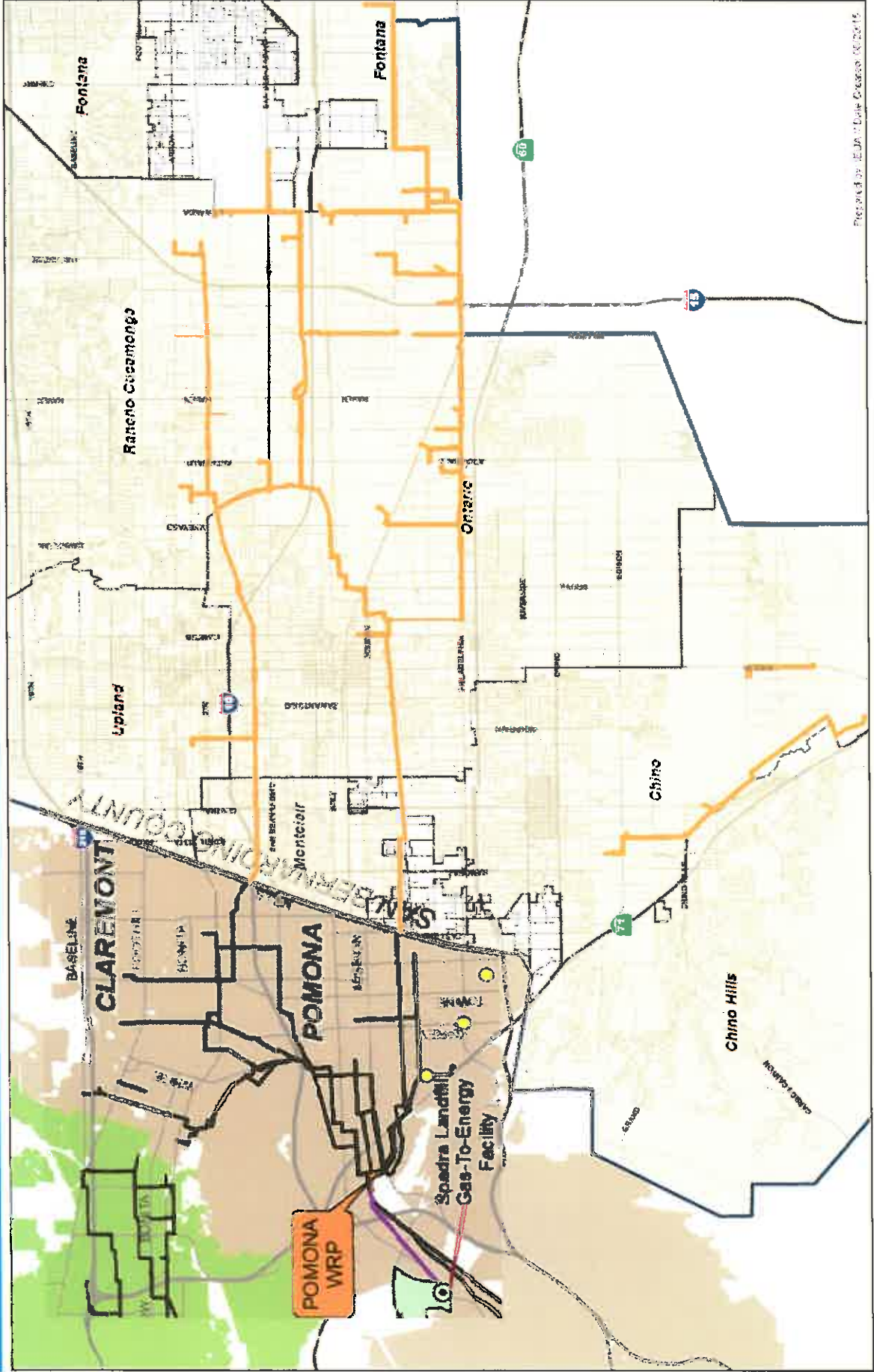
- Long term water supply options for the IEUA service area
- Expansion of the Recycled Water System
- Maximize the beneficial use of recycled water
- Consistent with the objectives of:
 - 2015 Integrated Water Resources Plan
 - 2015 Recycled Water Program Strategy

Interconnection with City of Pomona & Monte Vista Water District

Conduct Feasibility Study of the following:

- Recycled water intertie between the agencies
- Use of advance treated Non-Reclaimable brine waste for injection in the Chino Basin

NRWS Brine Treatment



Prepared by: EUCON - Dale Osborne 10/2015



Inland Empire Utilities Agency
City of Pomona and Inland Empire Utilities Agency NRW System

MOU with City of Pomona & MVWD

- MOU will enable the parties to:
 - Refine project scope
 - Initiate planning activities
 - Determine long term costs & benefits for the region
 - Planning costs will be equally shared
 - Estimated feasibility study cost ~\$250,000

Next Steps

- Anticipated MVWD approval – July 2015
- Anticipated City of Pomona approval – August 2015
- Feasibility Study – Six months (Dec 2015)

This project meets the Agency's Business Goal of Water Reliability by maximizing the beneficial reuse of recycled water to enhance reliability and reduce dependence on imported water.