



AGENDA

COMMISSION MEETING OF THE CHINO BASIN REGIONAL FINANCING AUTHORITY AND WORKSHOP MEETING OF THE BOARD OF DIRECTORS

**WEDNESDAY, FEBRUARY 17, 2016
10:00 A.M.**

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

CALL TO ORDER OF THE CHINO BASIN REGIONAL FINANCING AUTHORITY

FLAG SALUTE

PUBLIC COMMENT

Members of the public may address the Commission 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.

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 can be the attention of the local agency subsequent to the agenda being posted.

1. ACTION ITEMS

A. ADOPTION OF RESOLUTION NO. 2016-1, RECYCLED WATER SERVICE EXPANSION PROGRAM AS CEQA-RESPONSIBLE PARTY

It is recommended that the Board of Commissioners:

1. Adopt Resolution No. 2016-1, approving and adopting the Initial Study, Mitigated Negative Declaration, and Addendum to these

documents and the Mitigation Monitoring and Reporting Program as a CEQA-Responsible Agency; and

2. Authorize IEUA's General Manager, or his designee, to file the Notice of Determination (NOD) with the San Bernardino County Clerk of the Board.

2. ADJOURN

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.

"KICK THE HABIT" PRESENTATION -Tripepi Smith

1. CONSENT CALENDAR

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

A. MINUTES

The Board will be asked to approve the minutes from the January 20, 2016, Board meeting.

B. REPORT ON GENERAL DISBURSEMENTS

It is recommended that the Board approve the total disbursements for the month of December 2015, in the amount of \$19,602,753.89.

C. RESOLUTION NO. 2016-2-1, PARTICIPATION IN THE CALIFORNIA ASSET MANAGEMENT PROGRAM

It is recommended that the Board adopt Resolution No. 2016-2-1, authorizing participation in the California Asset Management Program.

D. RESOLUTION NO. 2016-2-2, AUTHORIZING AGENCY ORGANIZATION MEMBERSHIPS AND AFFILIATIONS

It is recommended that the Board:

1. Approve the Agency-wide memberships and affiliations for FY 2016/17, in the amount of \$238,250 (includes 5% contingency); and
2. Adopt Resolution No. 2016-2-2, authorizing Agency organizational memberships and affiliations.

E. ADOPTION OF RESOLUTION NO. 2016-2-5 FOR THE INTERIM APPOINTMENT OF A RETIRED ANNUITANT

It is recommended that the Board adopt Resolution No. 2016-2-5 for exception to the 180-day wait period Government Code Sections 7522.56 & 21221(h) and for the interim appointment of Ernest Yeboah, as a retired annuitant, to the position of Executive Manager of Operations/Assistant General Manager.

F. CONTRACT AWARD FOR THE CARBON CANYON WASTEWATER REGIONAL FACILITY (CCWRF) LAWN CONVERSION IMPROVEMENT

It is recommended that the Board:

1. Approve the landscape services contract to EcoTech Services, Inc. for the CCWRF Lawn Conversion Improvements Project, for a not-to-exceed amount of \$124,000;
2. Approve a budget amendment to increase the Regional Wastewater Operations and Maintenance (RO) Fund revenue and expense in the amount of \$200,000; and
3. Authorize the General Manager to execute the contract.

G. CONTRACT AWARD FOR ON-SITE FLEET VEHICLE MAINTENANCE SERVICES

It is recommended that the Board:

1. Approve Contract No. 4600002004 to Managed Mobile, Inc. of Placentia, California establishing a two-year contract for on-site vehicle maintenance services, with an option for two, one-year extensions, for a not-to-exceed amount of \$150,000 for the initial two-year term; and
2. Authorize the General Manager, or the designee, to execute the contract with two one-year potential contract extensions.

H. PROJECT MANAGEMENT, ENGINEERING, AND CONSTRUCTION STAFF AUGMENTATION SUPPORT SERVICES CONTRACT AWARD

It is recommended that the Board:

1. Award three-year contracts to Carollo Engineers, Inc., GK & Associates, MWH, and Wallace & Associates Consulting, Inc. for on-call “as needed” project management, engineering, and construction staff augmentation support services for a not-to-exceed total amount of \$1,500,000 for each contract; and
2. Authorize the General Manager to execute the contracts.

I. ADOPTION OF RESOLUTION NO. 2016-2-3, FOR THE USBR WATERSMART: 2016 WATER AND ENERGY EFFICIENCY PROGRAM GRANT APPLICATION

It is recommended that the Board:

1. Adopt Resolution No. 2016-2-3, authorizing the Agency to enter into a financial assistance agreement with the U.S. Department of Interior – Bureau of Reclamation (USBR) for a grant application submitted on January 20, 2016, for the recycled water laterals for the California Steel Industries and the Auto Club Speedway to Increase Local Water Supply and Energy Efficiency Project (Project);
2. Authorize the General Manager, Assistant General Managers, or his designees to execute the financial assistance agreement, any amendments, and any grant related documents thereto.

J. ADOPTION OF ADDENDUM NO. 2 TO THE FACILITIES MASTER PLAN PROGRAM ENVIRONMENTAL IMPACT REPORT

It is recommended that the Board:

1. Adopt the Addendum No. 2 to the Facilities Master Plan Program Environmental Impact Report; and
2. Authorize the General Manager to file the Notice of Determination (NOD) with the San Bernardino County Clerk of the Board.

K. 1630 EAST AND WEST RECYCLED WATER PUMP STATION SURGE PROTECTION CONSTRUCTION CONTRACT AWARD

It is recommended that the Board:

1. Approve the construction contract for the 1630 East and West Recycled Water Pump Station Surge Protection, Project No. EN15055, to J.R. Filanc Construction Company for \$729,000; and
2. Authorize the General Manager to execute the contract.

L. RP-4 AERATION BASIN MEMBRANE DIFFUSER SERVICE

It is recommended that the Board:

1. Authorize the single source procurement of new aeration basin membrane diffusers that the membrane diffuser reskinning services for Regional Water Recycling Plant No. 4 (RP-4) from OVIVO USA, LLC for a not-to-exceed amount of \$1,032,000; and
2. Authorize the General Manager, or his designee, to execute the purchase.

2. ACTION ITEMS

A. WATER PURCHASE AND STORAGE AGREEMENT

It is recommended that the Board:

1. Approve the Water Storage Agreement between Inland Empire Utilities Agency (IEUA) and Cucamonga Valley Water District (CVWD) for the purchase of up to 5,000 acre-feet of supplemental water;
2. Approve the use of \$2,700,000 of "one-time" incremental property taxes to fund the purchase of supplemental water; and
3. Authorize the General Manager, subject to non-substantial changes, to execute the Agreement.

B. ENERGY MANAGEMENT PLAN

It is recommended that the Board concur with the proposed initiatives and findings as outlined in the Energy Management Plan.

C. AGENCY-WIDE LIGHTING IMPROVEMENTS CONSTRUCTION CONTRACT AWARD

It is recommended that the Board:

1. Approve the construction contract for the Agency-Wide Lighting Improvements Project No. EN16013, to Facilities Solutions Group for a not-to-exceed amount of \$1,400,320; and
2. Authorize the General Manager to finalize and execute the contract.

3. INFORMATION ITEMS

A. REGIONAL CONTRACT AMENDMENT AND RENEWAL UPDATE

B. MID-YEAR BUILDING ACTIVITY REPORT (POWERPOINT)

C. CHINO BASIN BOUNDARY UPDATE FOR THE 2014 SUSTAINABLE GROUNDWATER MANAGEMENT ACT (SGMA) (POWERPOINT)

D. MWD UPDATE AND DROUGHT UPDATE (ORAL)

RECEIVE AND FILE INFORMATION ITEMS

- E. **TREASURER'S REPORT OF FINANCIAL AFFAIRS (WRITTEN/ POWERPOINT)**
- F. **PUBLIC OUTREACH AND COMMUNICATION (WRITTEN)**
- G. **LEGISLATIVE REPORT FROM INNOVATIVE FEDERAL STRATEGIES (WRITTEN)**
- H. **LEGISLATIVE REPORT FROM WEST COAST ADVISORS (WRITTEN)**
- I. **LEGISLATIVE REPORT FROM AGRICULTURAL RESOURCES (WRITTEN)**
- J. **CALIFORNIA STRATEGIES, LLC MONTHLY ACTIVITY REPORT (WRITTEN)**
- K. **FEDERAL LEGISLATIVE TRACKING MATRIX (WRITTEN)**
- L. **ENGINEERING AND CONSTRUCTION MANAGEMENT PROJECT UPDATES (POWERPOINT)**
- M. **UNFUNDED LIABILITIES FOR PENSION AND OTHER POST-EMPLOYMENT BENEFITS UPDATE (POWERPOINT)**
- N. **WATER CONSERVATION PROGRAM UPDATE (POWERPOINT)**
- O. **CONSERVATION & DATA INITIATIVES (POWERPOINT)**
- P. **LABORATORY SEMI-ANNUAL UPDATE (POWERPOINT)**

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

- 4. **AGENCY REPRESENTATIVES' REPORTS**
 - A. **SAWPA REPORT (WRITTEN)**
 - B. **MWD REPORT (WRITTEN)**
 - C. **REGIONAL SEWERAGE PROGRAM POLICY COMMITTEE REPORT**
(February meeting cancelled. Next meeting scheduled for March 3, 2016.)
 - D. **CHINO BASIN WATERMASTER REPORT (WRITTEN)**
- 5. **GENERAL MANAGER'S REPORT (WRITTEN)**
- 6. **BOARD OF DIRECTORS' REQUESTED FUTURE AGENDA ITEMS**

7. DIRECTORS' COMMENTS

A. CONFERENCE REPORTS

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

8. 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. Mwembu vs. IEUA, Case No. CIVDS 1415762

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

1. 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. One (1) Case

D. PURSUANT TO GOVERNMENT CODE SECTION 54957 – PERSONNEL MATTERS

1. Various Positions – Compensation Study
2. Various Positions.

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

1. General Manager

9. ADJOURN

*A Municipal Water District

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

Proofed by: SR

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, February 11, 2016.

for Stephanie Riley
April Woodruff

**INFORMATION
ITEM**

3A

Regional Contract Amendment and Renewal Update



Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

1

February 2016

Goals and Objectives

- **Renewal of Regional Contract**
- **Updated and streamlined document**
 - **Business practices**
 - **Key policy principles**
- **Complete renewal by January 2017**

Importance of the Schedule

- Significant capital required for RP-5 and RP-1
- Estimated Cost - \$300M
- Long term contract required by financing agencies
 - Affects the rate of borrowing money
 - Interest rate of 1% difference equates to \$1/EDU/month

Proposed Methodology

- Monthly Special Technical Committee Workshops
 - Second Wednesdays at IEUA
 - Next meeting: February 10, 2016
 - Term sheet with key principles
 - February – August 2016
- Contract Amendments/Renewal
 - September – November 2016
 - Final Version Contract Amendments: January 2017

1st Priority: Recycled Water Policy Principles

- Adopt Recycled Water Policy Principles
- Amend relevant sections of Regional Contract
- Resolution by IEUA Board (April 2016)
- Formal adoption as a Contract amendment (June 2016)

2nd Priority: Regional Contract Renewal

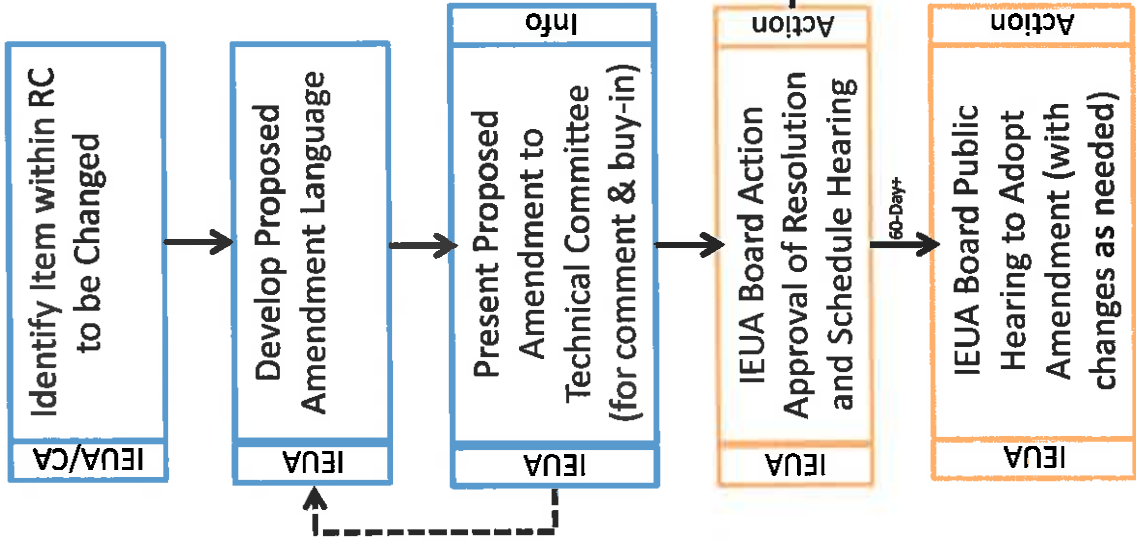
Updated concise document, with focus on:

- Evaluation of Sewer Connection Fees (Exhibit J)
- Property Tax Allocation
- Potential Collection of Fees by IEUA
- Leasing of EDU's for industries/commercial sites
- Regional Technical/Policy Committee oversight

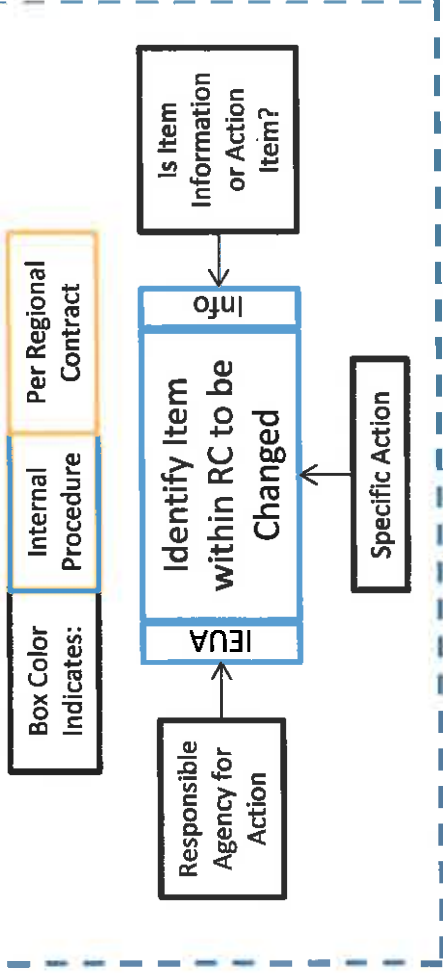
Next Steps

- Workshops with Member Agencies (Feb – Dec)
- RFP for Assessment of Sewer Connection Fees
 - February 2016
- Term Sheet with Key Principles
 - February – August 2016
- Present Amendments to Regional Committees
 - September – November 2016
 - Final Version Contract Amendments: January 2017

Regional Contract Amendment Process



KEY (Example)



RC = Regional Contract
CA = Contract Agency

**INFORMATION
ITEM**

3B

Mid-Year Building Activity Report (July - December 2015)

February 2016



Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

1

Pietro Cambiaso

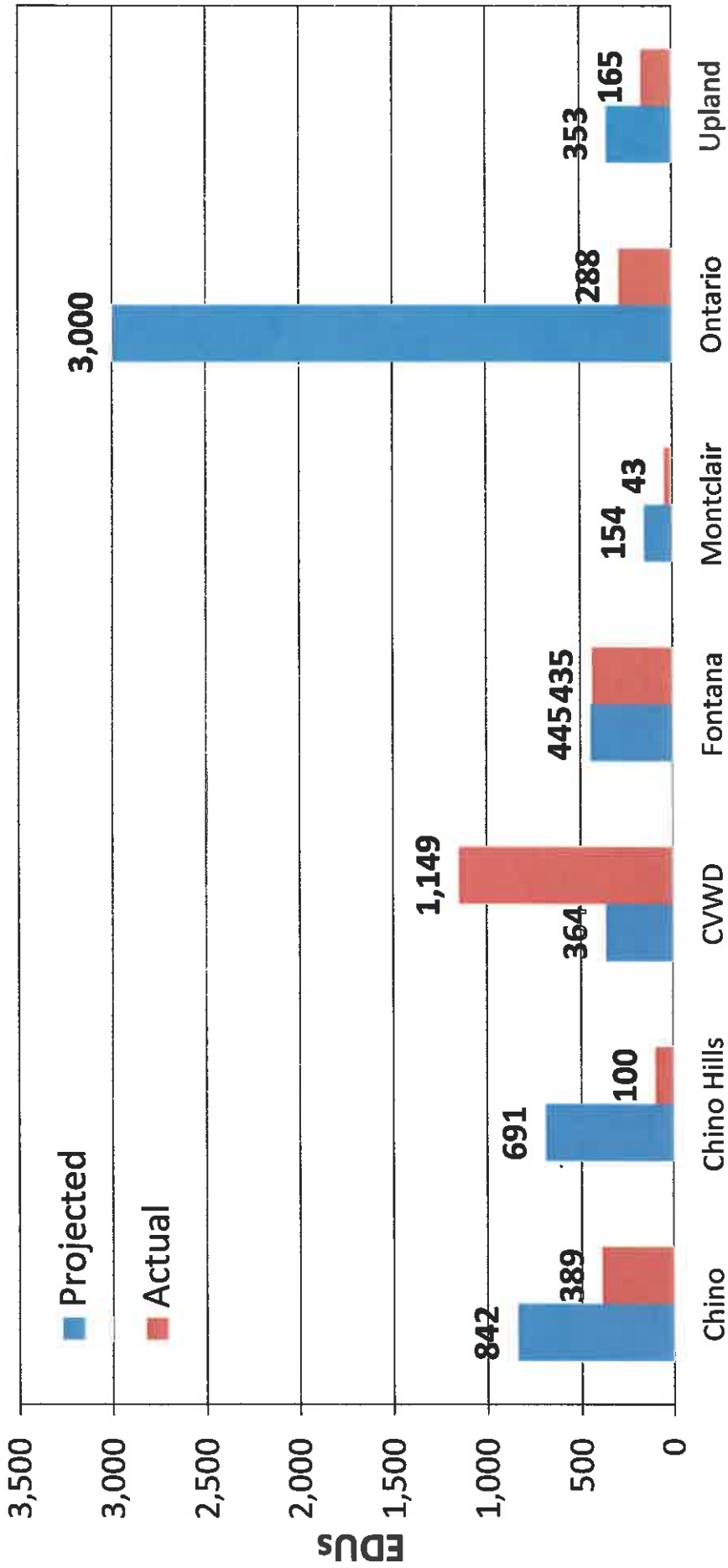
Planning & Environmental Resources

Summary: Mid-Year Building Activity

- Member Agency Forecast: 5,849 EDUs
- IEUA Budgeted Forecast: 4,330 EDUs
- Building Activity (to date): 2,571 EDUs
 - 44% of Member Agency Forecasts
 - 59% of IEUA Budgeted Forecast

Mid-Year 15/16 Building Activity

(July – December 2015)

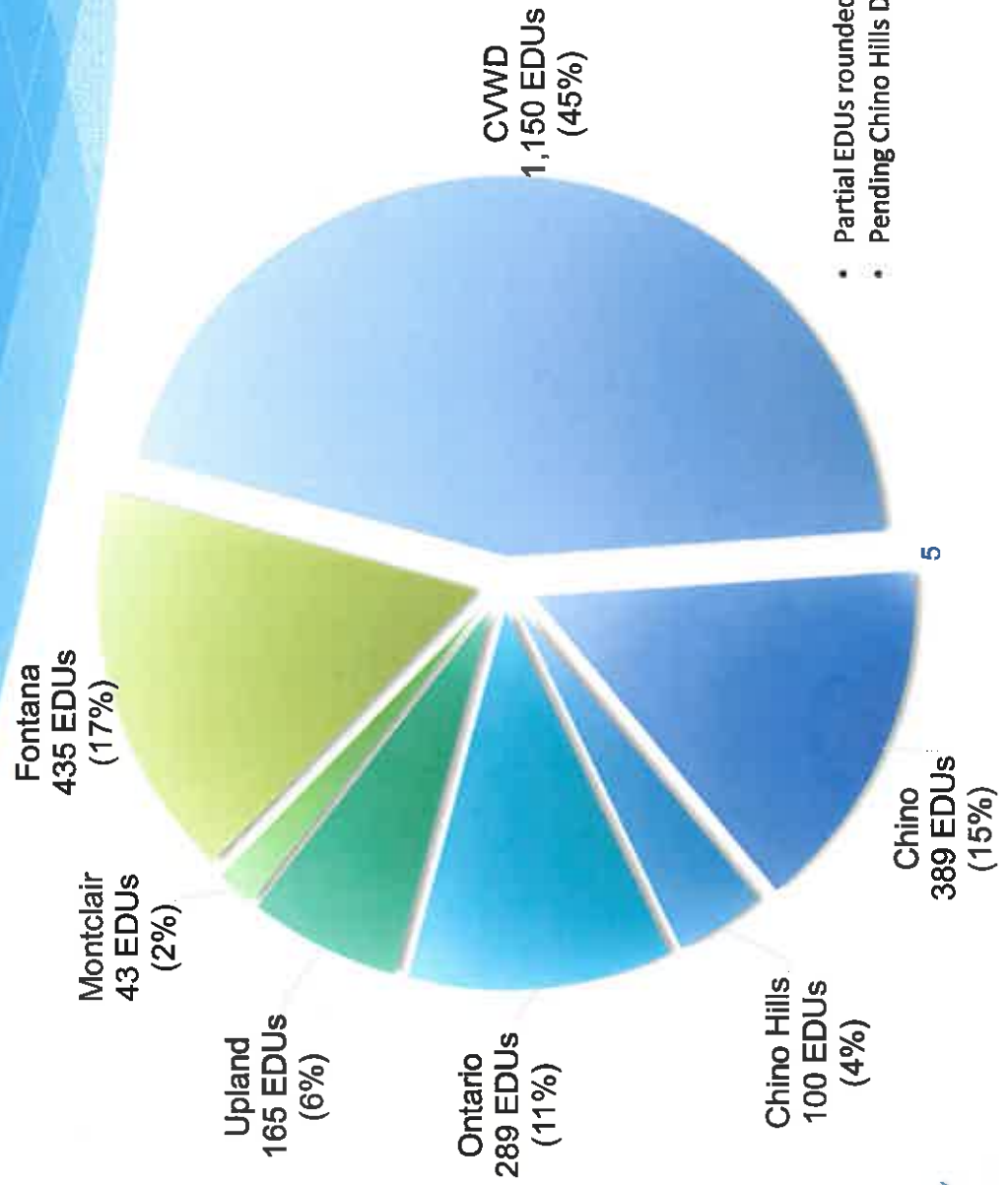


- Partial EDUs rounded to the nearest whole number
- Pending Chino Hills December 2015 Data

Mid-Year 15/16 Building Activity (July – December 2015)

Contracting Agency	Residential (EDUs)	Commercial/Industrial (EDUs)	Total (EDUs)
Chino	362	27	389
Chino Hills	39	61	100
CVWD	345	804	1,149
Fontana	382	53	435
Montclair	32	11	43
Ontario	158	130	288
Upland	133	32	165
Mid Year Actual Totals	1,451	1,118	2,571
Projected Totals	4,599	1,250	5,849

Mid-Year 15/16 Building Activity EDUs Resulted in \$1.3M in CCRA Funding



- Partial EDUs rounded to the nearest whole number
- Pending Chino Hills December 2015 Data

Building Activity Report - YTD Fiscal Year 2015/16



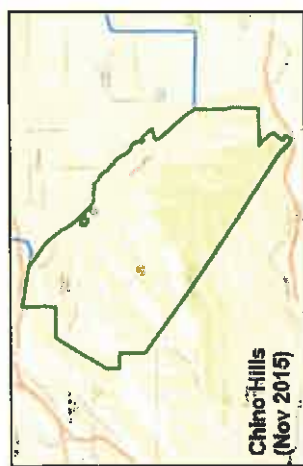
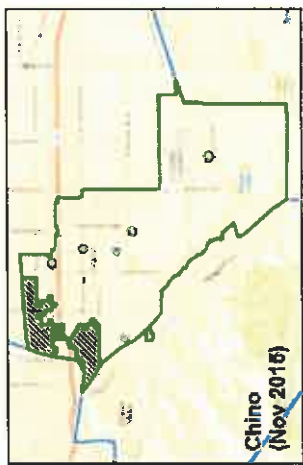
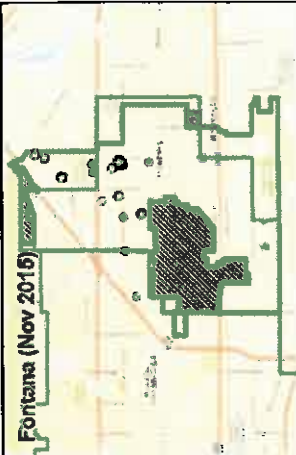
Legend

- Service Area
- Unincorporated
- EDU (YTD)
- Residential
 - <=1.0
 - 1.0 - 10.0
 - >10.0
- Commercial
 - <=1.0
 - 1.0 - 10.0
 - >10.0
- Industrial
 - <=1.0
 - 1.0 - 10.0
 - >10.0



TOTAL EDU BY CONNECTION TYPE (YTD)

Service Area	YTD Actual		Total EDU's
	Residential	Commercial	
Chino	342	0	342
Chino Hills	33	61	94
CYRUS	316	1	317
Fontana	380	40	420
Montclair	26	11	37
Ontario	256	52	308
Upland	113	31	144
Total	1081	45	1126

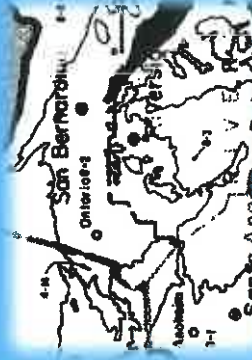
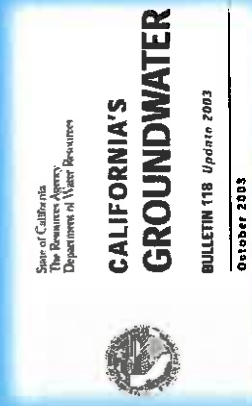


Questions

**INFORMATION
ITEM**

3C

Chino Basin Boundary Update for the 2014 Sustainable Groundwater Management Act (SGMA)



Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

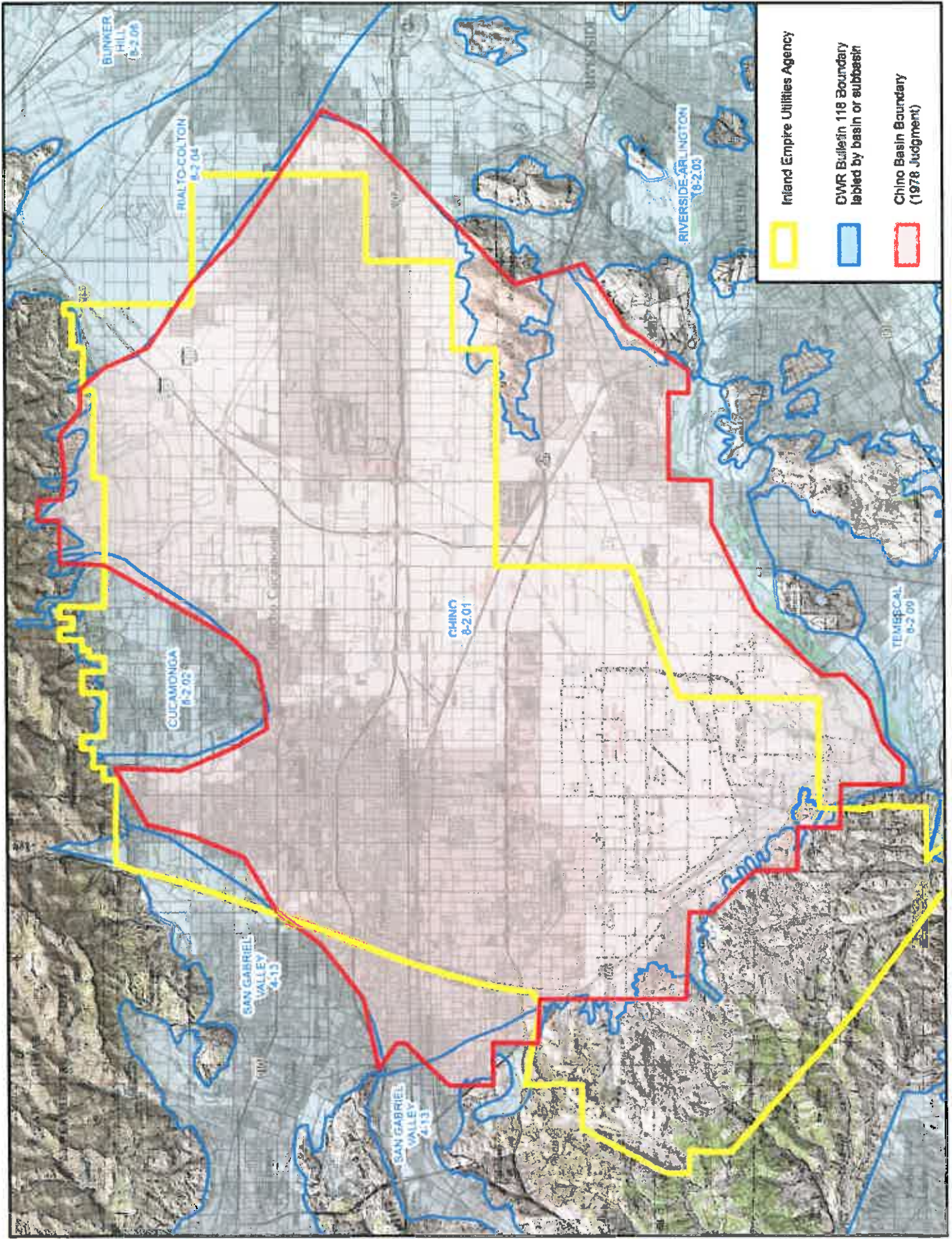
Andy Campbell
Deputy Manager of Planning
February 2016

2014 SGMA

- * SGMA contains laws to protect groundwater basins providing water for CA in dry years.
- * Groundwater resources are to be managed sustainably for long-term reliability
- * SGM is best achieved locally through the development, implementation, and updating of plans and programs

Basin Boundary Emergency Regulations

- * Discrepancy between the adjudicated and DWR Bulletin 118 basin boundaries creates uncertainty as to administration of SGMA.
- * Regulations provide a mechanism through which internal basin boundaries may be revised to comport with jurisdictional boundaries.



Inland Empire Utilities Agency

DWR Bulletin 118 Boundary
labeled by basin or subbasin

Chino Basin Boundary
(1978 Judgment)

Watermaster Request

- * To comply with SGMA, update DWR's Bulletin 18 Chino Basin boundaries to match adjudicated boundaries
- * Watermaster cannot request a change as Watermaster is not a local agency.
- * IEUA, WMWD, TVMWD to make joint request to DWR as the local agencies
- * Watermaster staff to provide all technical and supporting documentation



Watermaster Request to IEUA, TVMWD, and WMWD

- * Submit Initial Notification within 15 days of exploring a modification
 - * Notification signals a modification request may occur.
 - * It serves to notify other local agencies, the public, and DWR.
- * Determine appropriate required documents and actions to make a request submission
- * Submit Basin Boundary Modification Request

Schedule

- * **January 1, 2016 – March 31, 2016**
 - * Basin boundary modification requests accepted by DWR
- * **February 22, 2016**
 - * Informational Item to IEUA Board
- * **March 2016**
 - * File Initial Notification within 15 days of informational item
 - * IEUA Board action to approve Boundary Change Request

**INFORMATION
ITEM**


3E





Date: February 17, 2016

To: The Honorable Board of Directors

Through: Finance, Legal, and Administration Committee (02/10/16)

From:  P. Joseph Grindstaff
General Manager

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

 Javier Chagoyen-Lazaro
Manager of Finance and Accounting

Subject: Treasurer's Report of Financial Affairs

RECOMMENDATION

The Treasurer's Report of Financial Affairs for the month ended December 31, 2015, is an informational item for the Board of Director's review. The monthly report denotes investment transactions that have been executed in accordance with the criteria stated in the Agency's Investment Policy (Resolution No. 2015-6-3).

BACKGROUND

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

Total cash, investments, and restricted deposits of \$151,958,151 reflect an increase of \$10,007,949 compared to the total reported for November 2015. The increase was primarily due to the property tax receipts of \$14.6 million. As a result, the average days of cash on hand for the month ended December 31, 2015 increased from 183 days to 208 days. Average days of cash on hand is calculated using the monthly ending balance of unrestricted cash and cash equivalents divided by disbursements associated with operating expenses, debt service, and capital expenditures as recorded in the Agency's cash flow. New connection fees collected and held by member agencies is excluded from the calculation.

The Agency's investment portfolio average rate of return in December 2015 was 0.635%, a slight decrease of 0.019% compared to the average yield of 0.654% reported in November 2015. On January 4, 2016 the State Treasurer increased the LAIF deposit limit to \$65 million, an increase

of \$15 million over the prior deposit limit. The last deposit limit increase was in November of 2009.

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

PRIOR BOARD ACTION

The Board reviewed the Financial Affairs Report for the month of November, 2015 on January 20, 2016.

IMPACT ON BUDGET

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

Attachment: December 2015 Treasurer's Report of Financial Affairs

TREASURER'S REPORT OF FINANCIAL AFFAIRS

For the Month Ended December 31, 2015



All investment transactions have been executed in accordance with the criteria stated in the Agency's Investment Policy (Resolution No. 2015-6-3) adopted by the Inland Empire Utilities Agency's Board of Directors during its regular meeting held on June 17, 2015.

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

* A Municipal Water District

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
 December 31, 2015

	December	November
Cash, Bank Deposits, and Bank Investment Accounts	\$915,171	\$1,338,165
Investments		
CBB Repurchase (Sweep)	\$28,507,944	\$28,006,642
Local Agency Investment Fund (LAIF)	34,873,252	24,873,252
CalTrust	4,544,409	4,546,929
Certificates of Deposit	3,874,000	3,874,000
Medium Term Notes	3,000,723	3,000,806
U.S. Treasury Notes	999,828	999,812
U.S. Government Sponsored Entities	18,999,654	18,999,684
Total Investments	\$94,799,810	\$84,301,126
Total Cash and Investments Available to the Agency	\$95,714,981	\$85,639,291
Restricted Deposits		
Debt Service Accounts	\$2,544,734	\$2,544,728
CCRA Deposits Held by Member Agencies	46,871,217	46,871,217
OPEB (CERBT) Account	6,821,716	6,894,966
Escrow Deposits	5,503	0
Total Restricted Deposits	\$56,243,170	\$56,310,911
Total Cash, Investments, and Restricted Deposits	\$151,958,151	\$141,950,202

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
 December 31, 2015

Cash, Bank Deposits, and Bank Investment Accounts

Citizens Business Bank Demand Account (Offset by CBB Sweep Balance)	\$541,308
Citizens Business Bank Workers' Compensation Account	70,204
Bank of America Payroll Account	50,505
Bank of America Payroll Taxes Account	44,377
Subtotal Demand Deposits	<u>\$706,394</u>
Other Cash and Bank Accounts	
Petty Cash	<u>\$2,250</u>
Subtotal Other Cash	<u>\$2,250</u>
Bank of the West Money Market Account	\$51,793
US Bank Pre-Investment Money Market Account	\$154,734
Total Cash and Bank Accounts	<u>\$915,171</u>

Investments

CBB Repurchase (Sweep) Investments	
Federal Home Loan	<u>\$28,507,944</u>
Subtotal CBB Repurchase (Sweep)	<u>\$28,507,944</u>
Local Agency Investment Fund (LAIF)	
LAIF Non-Restricted Fund	\$28,950,427
LAIF Insurance Sinking Fund	5,922,825
Subtotal Local Agency Investment Fund	<u>\$34,873,252</u>
CalTrust	
Short Term	\$4,544,409
Subtotal CalTrust	<u>\$4,544,409</u>
Certificates of Deposit	
Brokered Certificates of Deposit	<u>\$3,874,000</u>
Subtotal Certificates of Deposit	<u>\$3,874,000</u>

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
 December 31, 2015

Investments Continued

Medium Term Notes

JP Morgan Securities	\$1,000,078
John Deere Capital Corp	1,001,480
JP Morgan Chase & Co.	999,165
Subtotal Medium Term Notes	<u>\$3,000,723</u>

U.S. Treasury Notes

Treasury Note	\$999,828
Subtotal U.S. Treasury Notes	<u>\$999,828</u>

U.S. Government Sponsored Entities

Fannie Mae Bank	\$7,999,490
Freddie Mac Bank	3,001,107
Federal Farm Credit Bank	3,000,000
Federal Home Loan Bank	4,999,057
Subtotal U.S. Government Sponsored Entities	<u>\$18,999,654</u>

Total Investments

\$94,799,810

Restricted Deposits

Debt Service Reserves

08A Debt Service Accounts	\$0
08B Debt Service Accounts	2,544,716
10A Debt Service Accounts	18
Subtotal Debt Service Reserves	<u>\$2,544,734</u>

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
December 31, 2015

CCRA Deposits Held by Member Agencies

City of Chino	\$11,446,858
Cucamonga Valley Water District	8,717,754
City of Fontana	7,851,888
City of Montclair	2,642,850
City of Ontario	9,459,351
City of Chino Hills	3,239,991
City of Upland	3,512,525
Subtotal CCRA Deposits Held by Member Agencies	<u>\$46,871,217</u>

CalPERS

OPEB (CERBT) Account	<u>\$6,821,716</u>
Subtotal CalPERS Accounts	<u>\$6,821,716</u>

Total Restricted Deposits

\$56,243,170

Total Cash, Investments, and Restricted Deposits as of December 31, 2015

\$151,958,151

Total Cash, Investments, and Restricted Deposits as of 12/31/15

\$151,958,151

Less: Total Cash, Investments, and Restricted Deposits as of 11/30/15

141,950,202

Total Monthly Increase (Decrease)

\$10,007,949

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
 December 31, 2015

	Credit Rating @ Purchase		CHANGES IN Credit Rating		Par Amount	Cost Basis Amount	Term (Days)	November Amortization	December Value	% Coupon	% Yield to Maturity	Maturity Date	Market Value
	S&P	Moody's	S&P	Moody's									
Cash, Bank Deposits, and Bank Investment Accounts													
Citizens Business Bank													
Demand Account*					\$541,308	\$541,308	N/A	N/A	\$541,308		0.30%	N/A	\$541,308
Workers' Compensation Account					70,204	\$70,204	N/A	N/A	\$70,204		N/A	N/A	\$70,204
Subtotal CBB					\$611,512	\$611,512			\$611,512				\$611,512
Bank of America													
Payroll Checking					\$50,505	\$50,505	N/A	N/A	\$50,505		N/A	N/A	\$50,505
Payroll Tax Checking					44,377	44,377	N/A	N/A	44,377		N/A	N/A	44,377
Subtotal B of A					\$94,882	\$94,882			\$94,882				\$94,882
Bank of the West													
Money Market Plus - Business Account					\$51,793	\$51,793	N/A	N/A	\$51,793		0.18%	N/A	\$51,793
Subtotal Bank of the West Money Market					\$51,793	\$51,793			\$51,793				\$51,793
US Bank													
Federated Automated MMA					\$154,734	\$154,734	N/A	N/A	\$154,734		0.01%	N/A	\$154,734
Subtotal USB Money Market					\$154,734	\$154,734			\$154,734				\$154,734
Petty Cash					\$2,250	\$2,250	N/A	N/A	\$2,250		N/A	N/A	\$2,250
Total Cash, Bank Deposits and Bank Investment Accounts					\$915,171	\$915,171			\$915,171				\$915,171
*Negative demand checking balance is offset by the Daily Repurchase (Sweep) Account balance													
Investments													
CBB Daily Repurchase (Sweep) Accounts													
Federal Home Loan					\$28,507,944	\$28,507,944	N/A	N/A	\$28,507,944		0.30%	N/A	\$28,507,944
Subtotal CBB Repurchase Accounts					\$28,507,944	\$28,507,944			\$28,507,944				\$28,507,944
LAIF Accounts													
Non-Restricted Funds					\$28,950,427	\$28,950,427	N/A	N/A	\$28,950,427		0.400%	N/A	\$28,950,427
LAIF Sinking Fund					5,922,825	5,922,825	N/A	N/A	5,922,825		0.400%	N/A	5,922,825
Subtotal LAIF Accounts					\$34,873,252	\$34,873,252			\$34,873,252				\$34,873,252
CALTRUST Accounts													
Short-Term					\$4,544,409	\$4,544,409	N/A	N/A	\$4,544,409		0.56%	N/A	\$4,544,409
Subtotal CalTrust Accounts					\$4,544,409	\$4,544,409			\$4,544,409				\$4,544,409

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
 December 31, 2015

	Credit Rating @ Purchase		CHANGES IN Credit Rating		Par. Amount	Cost Basis Amount	Term (Days)	November Amortization	December Value	% Coupon	% Yield to Maturity	Maturity Date	Market Value
	S&P	Moody's	S&P	Moody's									
Investments (continued)													
Brokered Certificates of Deposit													
Ally Bank	N/A				\$245,000	\$245,000	541		\$245,000	0.80%	0.80%	01/17/17	\$244,527
Capital One National Association	N/A				240,000	240,000	542		240,000	0.80%	0.80%	01/17/17	239,537
Compass Bank	N/A				245,000	245,000	542		245,000	0.85%	0.85%	01/17/17	244,527
Comenity Capital Bank	N/A				240,000	240,000	720		240,000	1.15%	1.15%	07/13/17	239,208
Discover Bank	N/A				240,000	240,000	722		240,000	1.15%	1.15%	07/17/17	239,146
Medallion Bank	N/A				240,000	240,000	722		240,000	1.20%	1.20%	07/17/17	239,146
Sallie Mae Bank	N/A				248,000	248,000	743		248,000	1.15%	1.15%	11/06/17	247,015
Key Bank National Association	N/A				248,000	248,000	732		248,000	1.10%	1.10%	11/13/17	246,998
Capital One Bank	N/A				240,000	240,000	901		240,000	1.35%	1.35%	01/16/18	238,913
Goldman Sachs Bank USA	N/A				240,000	240,000	901		240,000	1.40%	1.40%	01/16/18	239,436
BMW Bank of North America	N/A				240,000	240,000	900		240,000	1.40%	1.40%	01/17/18	239,431
American Express Bank	N/A				240,000	240,000	1081		240,000	1.70%	1.70%	07/16/18	238,668
American Express Centurion	N/A				240,000	240,000	1081		240,000	1.70%	1.70%	07/16/18	238,668
HSBC Bank USA, NA Step	N/A				244,000	244,000	1808		244,000	1.25%	2.51%	07/29/20	242,570
JPM Chase NA Step	N/A				244,000	244,000	1810		244,000	1.25%	2.32%	07/31/20	242,924
Synchrony Bank	N/A				240,000	240,000	1827		240,000	2.25%	2.25%	10/02/20	238,807
					\$3,874,000	\$3,874,000		\$0	\$3,874,000		1.426%		\$3,859,521
Subtotal Brokered CDs													

US Treasury Note	N/A	AAA			\$1,000,000	\$999,463	15		\$999,828	0.62%	0.64%	12/15/16	\$998,440
US Treasury Note					\$1,000,000	\$999,463	15		\$999,828		0.64%		\$998,440
Subtotal Treasuries													

U.S. Government Sponsored Entities													
(As of August 2011, all US GSE's have been downgraded to AA+ Rating by S&P)													
Federal Home Loan Bank	N/A	AAA			\$2,000,000	\$2,000,000	355		\$2,000,000	0.38%	0.38%	06/20/16	\$1,999,180
Freddie Mac Bond	AA+	AAA			2,000,000	2,001,500	722	(64)	2,001,107	0.85%	0.81%	06/16/17	1,993,360
Federal Home Loan Bank	AA+	AAA			2,000,000	2,000,000	1,006		2,000,000	1.20%	1.20%	06/29/18	2,001,700
Fannie Mae Bond	AA+	AAA			2,000,000	2,000,000	1,096		2,000,000	1.20%	1.20%	11/28/18	1,986,500
Fannie Mae Bond	AA+	AAA			2,000,000	2,000,000	1,959		2,000,000	1.51%	1.63%	12/28/18	2,007,140
Fannie Mae Bond	AA+	AAA			4,000,000	3,999,400	1,456	13	3,999,490	1.50%	1.50%	05/24/19	4,005,040
Federal Farm Credit Bank	AA+	AAA			2,000,000	2,000,000	1,460		2,000,000	1.51%	1.52%	06/24/19	1,997,900
Freddie Mac Bond	AA+	AAA			1,000,000	1,000,000	1,440		1,000,000	1.00%	3.00%	07/29/19	1,000,160
Federal Home Loan Bank	AA+	AAA			1,000,000	999,000	1,440	21	999,057	1.41%	1.43%	10/08/19	984,550
Federal Farm Credit Bank	AA+	AAA			1,000,000	1,000,000	1,440		1,000,000	1.43%	1.42%	10/21/19	984,710
					\$19,000,000	\$18,999,900		(\$30)	\$18,999,654		1.333%		\$18,960,240
Subtotal U.S. Gov't Sponsored Entities													

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
 December 31, 2015

	Credit Rating @ Purchase		CHANGES IN Credit Rating		Par Amount	Cost Basis Amount	Term (Days)	November Amortization	December Value	% Coupon	% Yield to Maturity	Maturity Date	Market Value
	S&P	Moody's	S&P	Moody's									
Medium Term Notes													
JP Morgan Securities	A	A2	A3		\$1,000,000	\$1,001,500	1,094	(43)	\$1,000,078	1.12%	1.07%	02/26/16	\$1,000,460
John Deere Capital Corp	A	A2			1,000,000	1,004,900	1,754	(71)	1,001,480	1.20%	1.11%	10/10/17	996,360
JP Morgan Chase & Co	A	A3			1,000,000	999,000	1,022	30	999,165	1.63%	1.66%	05/15/18	992,580
Subtotal Medium Term Notes					\$3,000,000	\$3,004,500		(\$84)	\$3,000,723		1.28%		\$2,989,400
Total Investments					\$94,799,605	\$94,803,468			\$94,799,810				\$94,733,206
Source of Investment Market Value: US Bank													
Restricted Deposits													
Debt Service and Arbitrage Accounts													
08A Debt Service Accounts					\$0	\$0	N/A	N/A	\$0		0.00%		\$0
08B Debt Service Accounts					2,544,716	2,544,710	N/A	N/A	2,544,716		0.00%		2,544,716
10A Debt Service Accounts					18	18	N/A	N/A	18		0.00%		18
Total Debt Service Accounts					\$2,544,734	\$2,544,728			\$2,544,734				\$2,544,734
CCRA Deposits Held by Member Agencies													
City of Chino					\$11,446,858	\$11,446,858	N/A	N/A	\$11,446,858		N/A	N/A	\$11,446,858
Cucamonga Valley Water District					8,717,754	8,717,754	N/A	N/A	8,717,754		N/A	N/A	8,717,754
City of Fontana					7,851,888	7,851,888	N/A	N/A	7,851,888		N/A	N/A	7,851,888
City of Montclair					2,642,850	2,642,850	N/A	N/A	2,642,850		N/A	N/A	2,642,850
City of Ontario					9,459,351	9,459,351	N/A	N/A	9,459,351		N/A	N/A	9,459,351
City of Chino Hills					3,239,991	3,239,991	N/A	N/A	3,239,991		N/A	N/A	3,239,991
City of Upland					3,512,525	3,512,525	N/A	N/A	3,512,525		N/A	N/A	3,512,525
Subtotal CCRA Deposits Held by Member Agencies					\$46,871,217	\$46,871,217			\$46,871,217				\$46,871,217
(Totals as reported through November 30, 2015)													
CalPERS Deposits													
OPEB (CERBT) Account					\$7,000,000	\$7,000,000	N/A	N/A	\$6,821,716		N/A	N/A	\$6,821,716
Subtotal CalPERS Deposits					\$7,000,000	\$7,000,000			\$6,821,716				\$6,821,716
Escrow Deposits													
Genesis Construction Escrow					\$5,503	\$5,503	N/A	N/A	\$5,503		N/A	N/A	\$5,503
Subtotal Escrow Deposits					\$5,503	\$5,503			\$5,503				\$5,503
Total Restricted Deposits					\$56,421,454	\$56,421,448			\$56,243,170				\$56,243,170
Total Cash, Investments, and Restricted Deposits as of December 31, 2015					\$152,136,230	\$152,140,086			\$151,959,151				\$151,891,547

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
 December 31, 2015

December Purchases					
No.	Date	Transaction	Investment Security	Par Amount Purchased	Investment Yield
			None	\$ -	
Total Purchases				\$ -	

December Investment Maturities, Calls & Sales					
No.	Date	Transaction	Investment Security	Par Amount Matured/Sold	Investment Yield to Maturity
			None	\$ -	
Total Maturities, Calls & Sales				\$ -	

INLAND EMPIRE UTILITIES AGENCY
Cash and Investment Summary

Month Ended
 December 31, 2015

<u>Directed Investment Category</u>	<u>Amount Invested</u>	<u>Yield</u>
CBB Repurchase (Sweep)	\$28,507,944	0.300%
Local Agency Investment Fund	34,873,252	0.400%
CalTrust	4,544,409	0.560%
Medium Term Notes	3,000,723	1.283%
US Treasury Notes	999,828	0.640%
U.S. Government Sponsored Entities	18,999,654	1.333%
	\$90,925,810	0.603%
Bank Deposit and Investment Accounts		
Citizens Business Bank - Demand Account	\$541,308	0.300%
Various Banks - Brokered Certificates of Deposit	3,874,000	1.426%
Bank of the West Money Market Account	51,793	0.180%
	\$4,467,101	1.275%

Total Investment Portfolio
Investment Portfolio Rate of Return **0.635%**

<u>Restricted/Transitory/Other Demand Accounts</u>	<u>Amount Invested</u>	<u>Yield</u>
US Bank - 2008B Debt Service Accounts	\$2,544,716	0.000%
US Bank - 2010A Debt Service Accounts	18	0.000%
CCRA Deposits Held by Member Agencies	46,871,217	N/A
Citizens Business Bank - Workers' Compensation Account	70,204	N/A
US Bank - Pre-Investment Money Market Account	154,734	0.010%
CalPERS OPEB (CERBT) Account	6,821,716	N/A
Other Accounts*	97,132	N/A
	\$56,559,737	0.001%
Total Other Accounts <i>Average Yield of Other Accounts</i>		
	\$151,952,648	

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

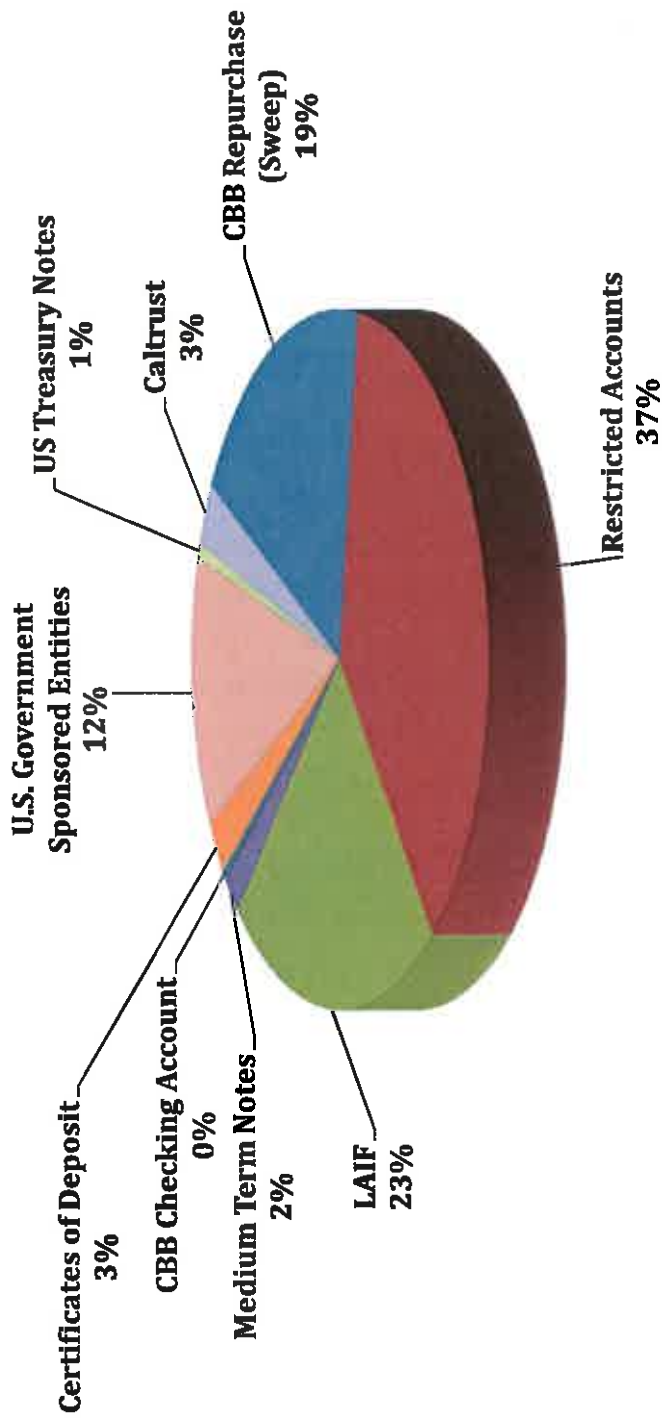
Inland Empire Utilities Agency

Treasurer's Report of Financial Affairs

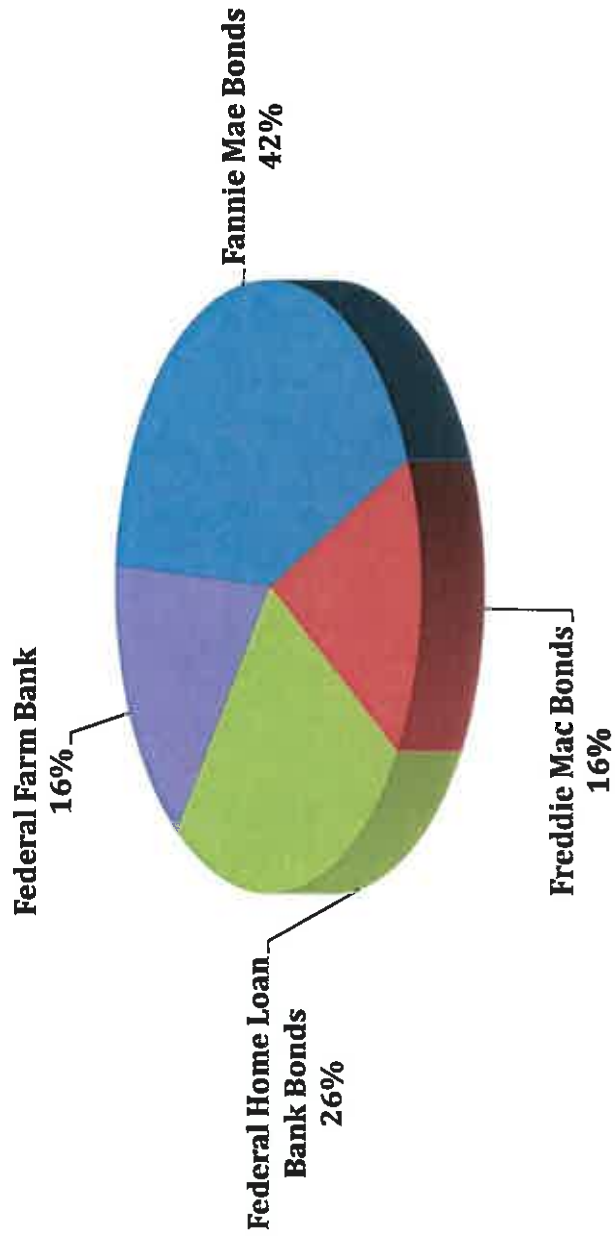
For the Month Ended December 31, 2015

Combined Agency Portfolio (net of escrow deposits)

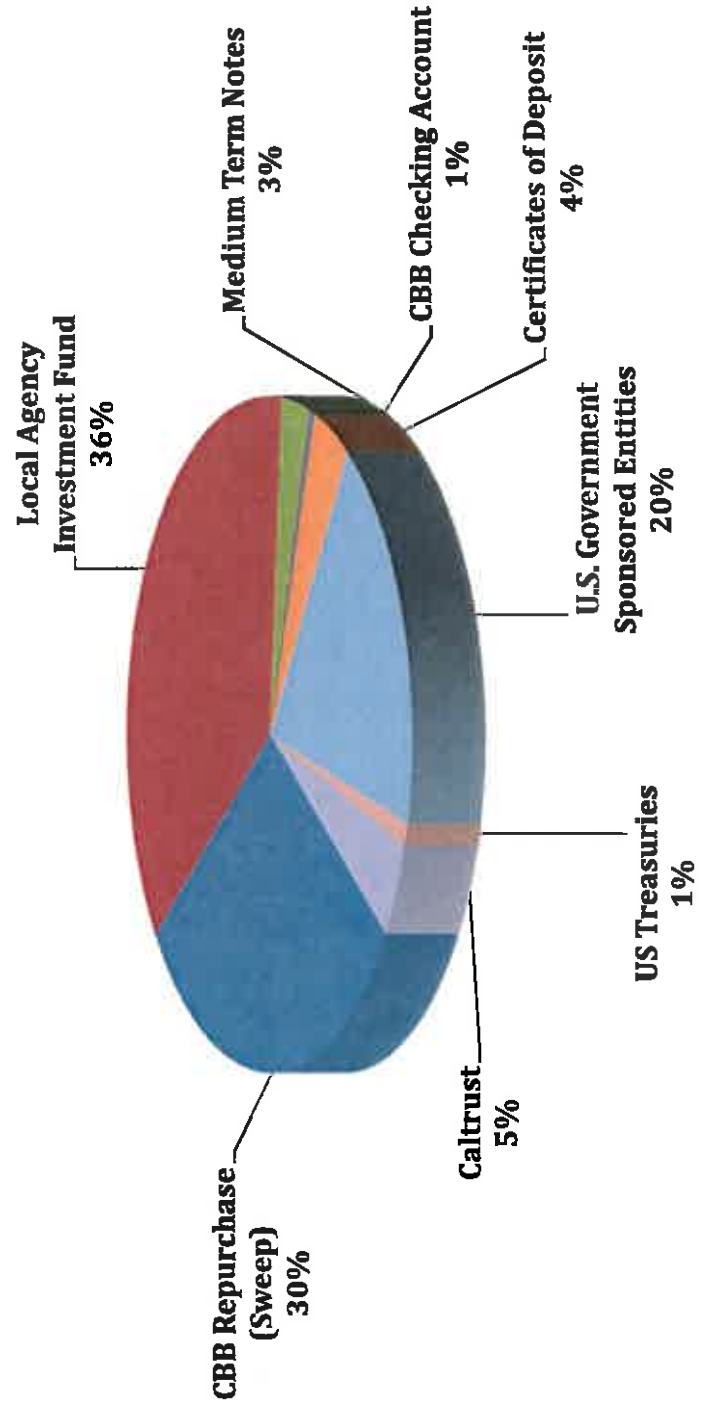
\$151,952,648



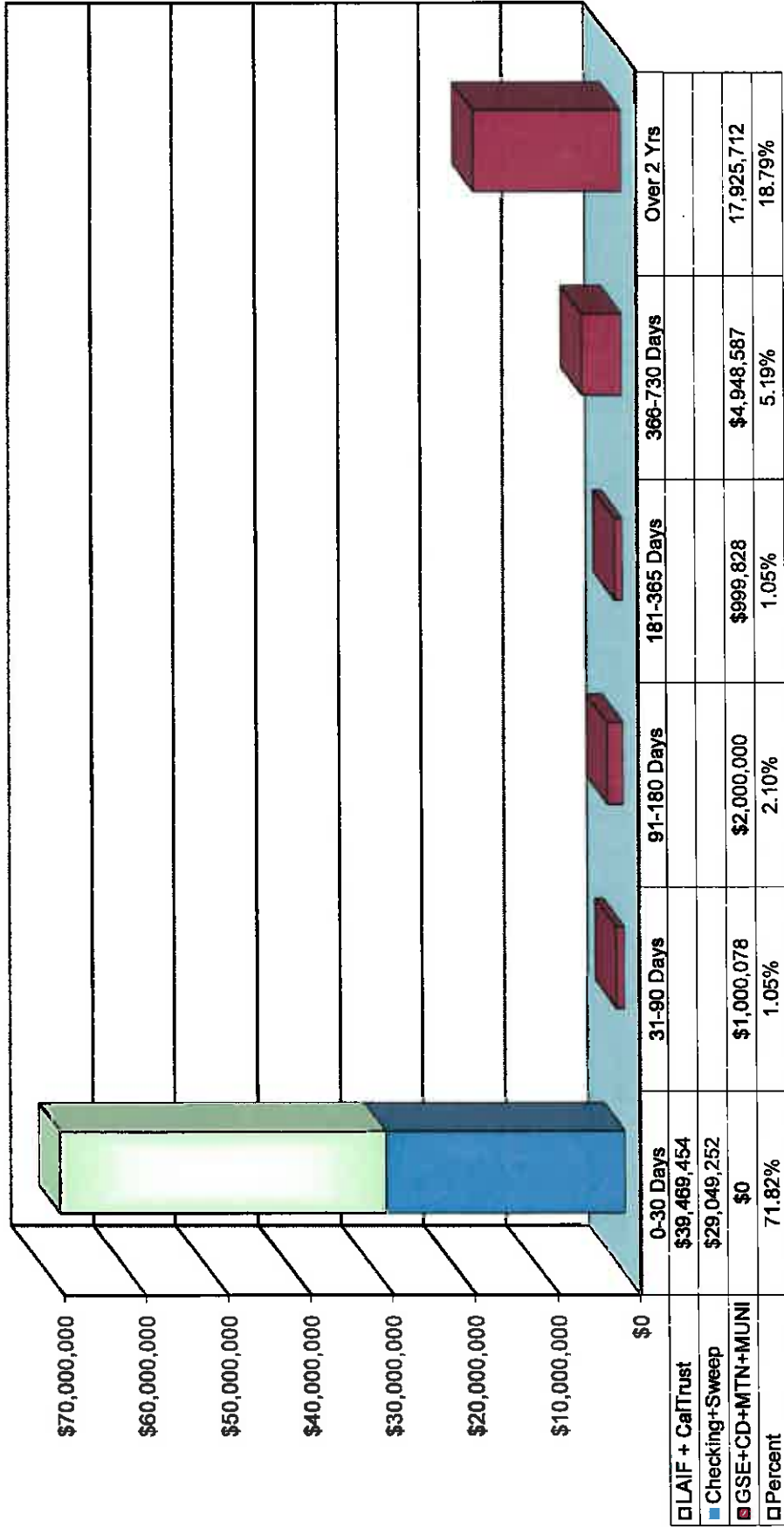
Inland Empire Utilities Agency
Treasurer's Report of Financial Affairs
For the Month Ended December 31, 2015
U.S. Government Sponsored Entities Portfolio
\$18,999,654



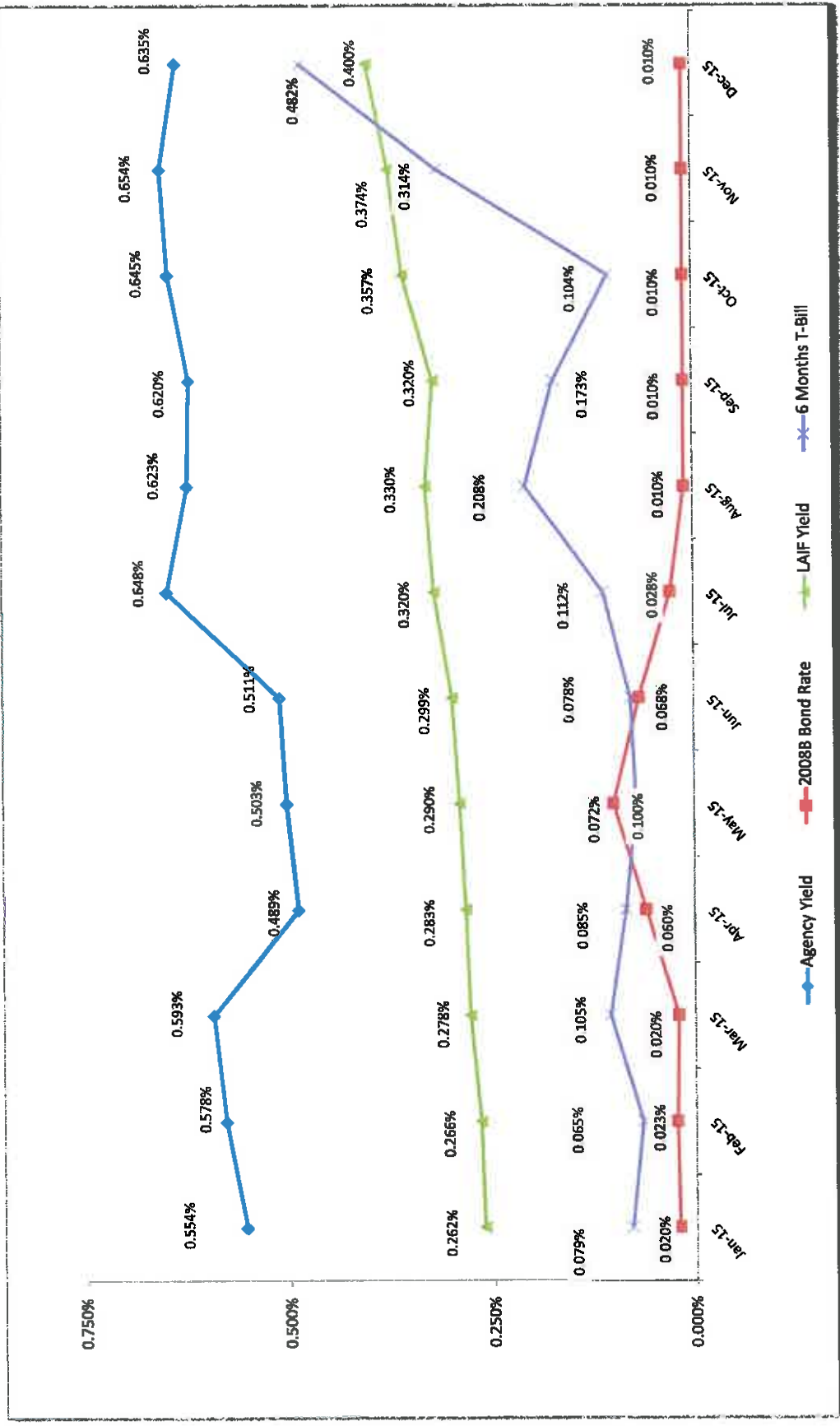
Inland Empire Utilities Agency
Treasurer's Report of Financial Affairs
For the Month Ended December 31, 2015
Unrestricted Agency Investment Portfolio
\$95,392,911



Inland Empire Utilities Agency
Treasurer's Report of Financial Affairs
 For the Month Ended December 31, 2015
Directed Investment Portfolio Maturity Distribution
\$95,392,911



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





Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

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

February 2016

Board Meeting

Report of Financial Affairs



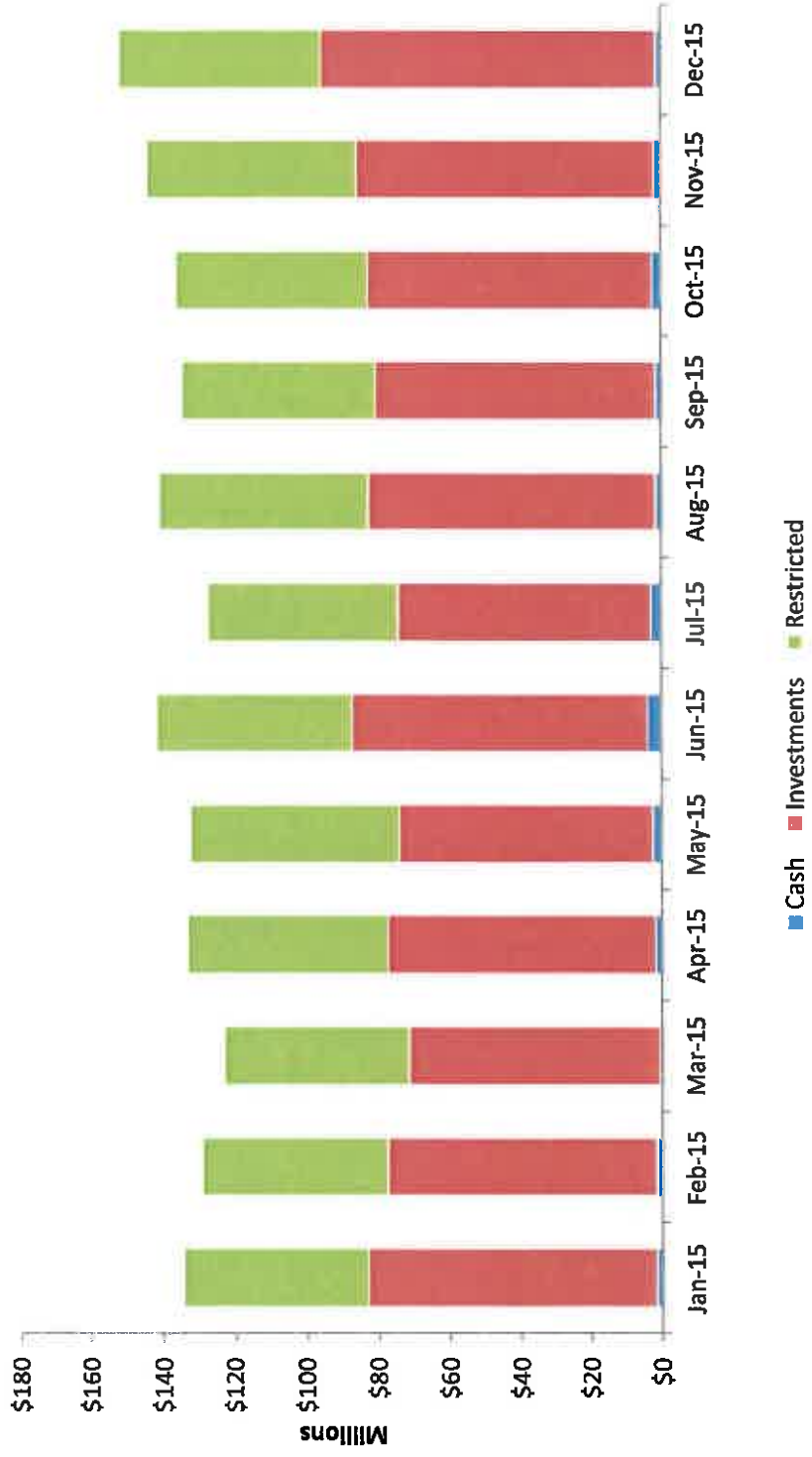
Liquidity

Description	December 2015	November 2015	Increase (Decrease)
Total Cash, Investments, and Restricted Deposits	\$152.0M	\$141.9M	\$10.1M
Total Investment Portfolio	\$95.4M	\$85.3M	\$10.1M
Investment Portfolio Yield	0.635%	0.654%	(0.019%)
Average Days Cash on Hand	208 Days	183 Days	25 Days

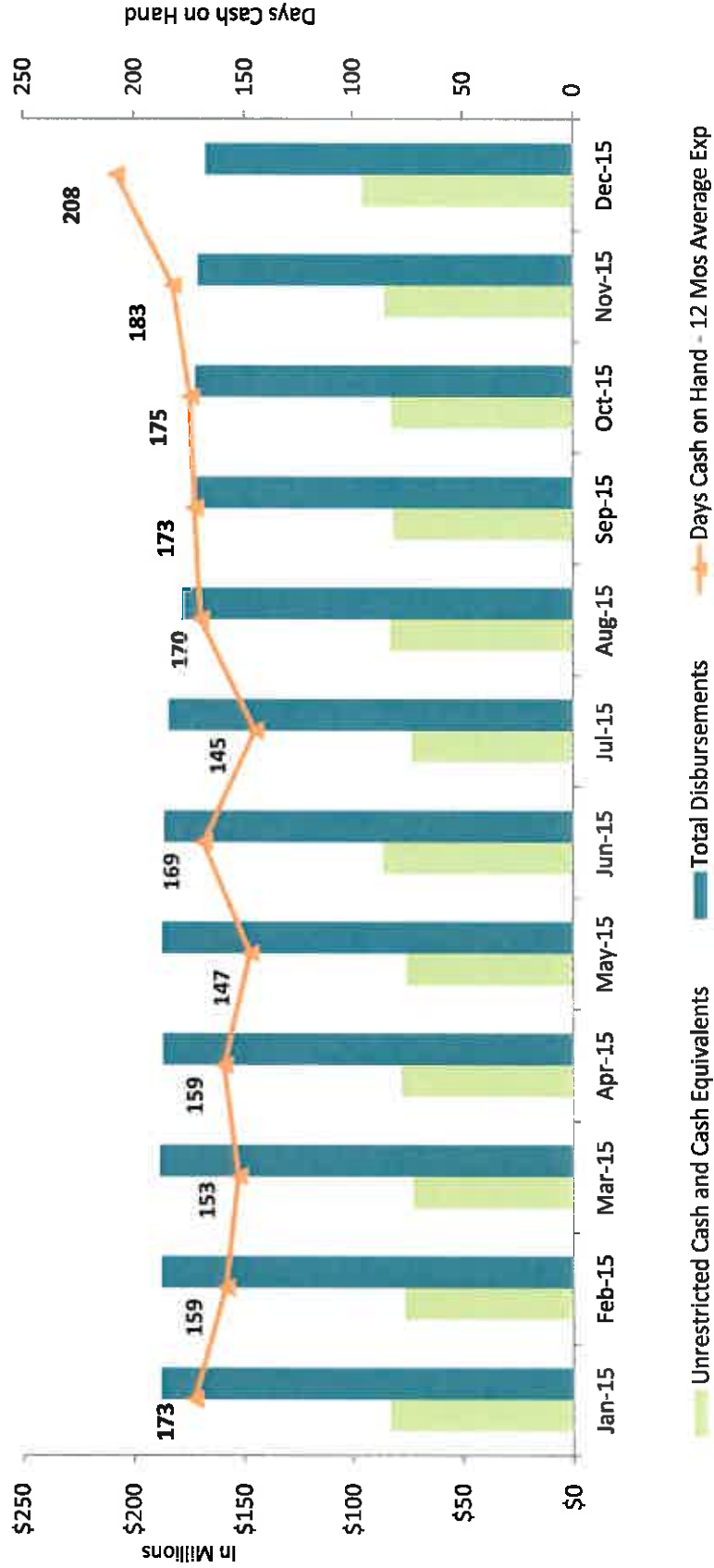
Portfolio

Term	Description	Allowable Threshold	Investment Value (\$ million)	Yield	Current Portfolio %
Short Term, Under 1 Year:	LAIF*	\$65M	\$34.9	0.40%	36%
	CalTrust	\$20M	\$4.5	0.54%	5%
	Citizens Business – Sweep	40%	\$28.5	0.30%	30%
	Bank of the West -- MMA	20%	\$0.1	0.18%	0%
	Medium Term Notes	10%	\$1.0	1.07%	1%
	US Government Securities	n/a	\$2.0	0.38%	2%
	CBB Checking	40%	\$0.5	0.30%	1%
1 to 3 Years:	Brokered CDs	30%	\$3.1	1.21%	3%
	Medium Term Notes	10%	\$2.0	1.39%	2%
	US Treasury Note	n/a	\$1.0	0.64%	1%
	US Government Securities	n/a	\$8.0	1.21%	8%
Over 3 Years:	Brokered CDs	30%	\$0.8	2.36%	1%
	US Government Securities	n/a	\$9.0	1.65%	10%

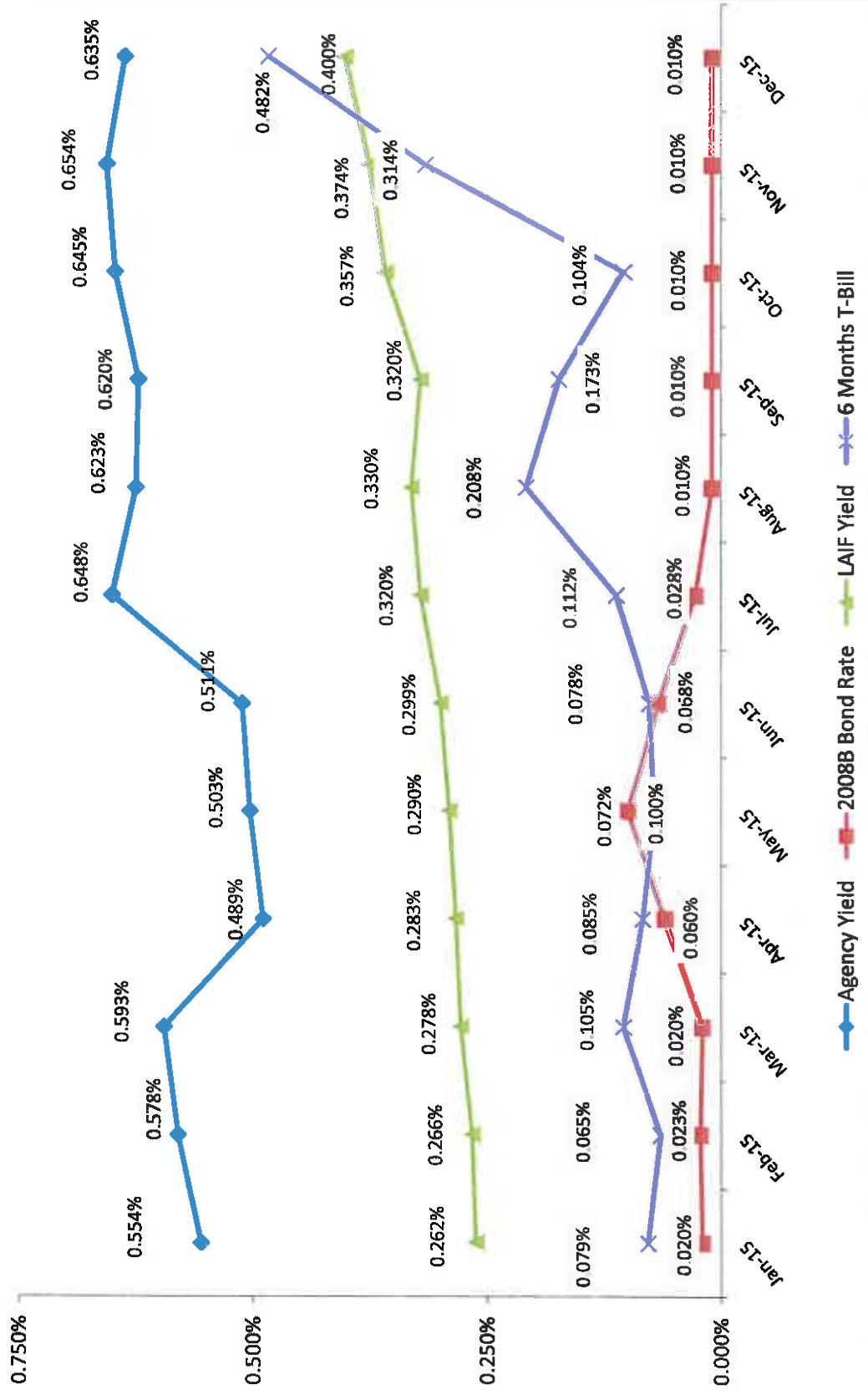
Cash, Investments and Restricted Deposits



Day Cash On Hand 12 Months Rolling Average



Month End Portfolio Yield Comparison





Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

QUESTIONS?

The Treasurer's Report of Financial Affairs is consistent with the Agency's business goal of fiscal responsibility

**INFORMATION
ITEM**


3F




Date: February 17, 2016

To: The Honorable Board of Directors

Through: Public, Legislative Affairs, and Water Resources Committee (2/10/16)

From:  P. Joseph Grindstaff
General Manager

Submitted by: Kathy Besser 
Manager of External Affairs

Subject: Public Outreach and Communication

RECOMMENDATION

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

BACKGROUND

February

- February 25, Cypress Elementary Garden in Every School® (GIES) Dedication, 9751 Cypress Ave., Fontana, 5:00 p.m. – 6:30 p.m.

March

- March 3, GEIS Mandatory Workshop, IEUA HQB, Event Room, 4:30 p.m.
- March 21, IEUA Hosted Special District's Dinner, Panda Inn - 3223 E. Centrelake Drive, Ontario, 6:00 p.m. – 9:00 p.m.

April

- April 20, IEUA Earth Day Event (Student Day), Chino Creek Park, 9:00 a.m. – 2:00 p.m.
- April 21, IEUA Earth Day Event (Community Day), Chino Creek Park, 4:00 p.m. – 7:00 p.m.
- April 22, Eagle Canyon Elementary GIES Dedication, 13435 Eagle Canyon Drive, Chino Hills, 11:30 a.m. – 1:00 p.m.

May

- May 5, Truman Middle School GIES Dedication, 16224 Mallory Drive, Fontana, 2:00 p.m. – 3:00 p.m.
- May 13-15, MWD Solar Cup Competition, Lake Skinner

Public Outreach and Communication

February 17, 2016

Page 2

- May 24, Cortez Elementary School GIES Dedication, 12750 Carissa Ave., Chino, 5:45 p.m.

Outreach/Education - Civic Publications Newspaper Campaign

- IEUA staff has been working, in collaboration with Civic Publications, to develop and distribute *Kick the Habit* display ads that focus on irrigation tips during the winter season. The display ads are linked to the *Kick the Habit* micro-site, which displays IEUA's campaign message, tips, and member agency links.
- IEUA has developed an email blast that was distributed the first week of February. The email blast led viewers to the *Kick the Habit* micro-site. The email was sent to 157,000 email addresses throughout our service area. The email was sent in Spanish to 46,000 email addresses of Spanish speaking households and the link will be directed to the micro-site displayed in Spanish.

Media and Outreach

- IEUA staff is working with member agencies to distribute *Kick the Habit* mirror clings and vehicle magnets. To date, the city of Chino, city of Ontario, Chino Basin Water Conservation District, Fontana Water Company, and San Antonio Water Company have requested and received magnets for their city/company vehicles and mirror clings to be used on mirrors in multiple locations. The city of Upland and Monte Vista Water District are working with management to implement the magnets onto their vehicles as well. Internally, staff is working with Facilities Management and Maintenance on distribution and placement of vehicle magnets on all Agency vehicles.
- *Kick the Habit* print advertisements ran in the *Chino Champion-Healthy Living Section* on January 23, and in the *Chino Connection* on February 6.
- *Kick the Habit* bus advertisements began on October 5, 2015, and will run for six months.
- IEUA staff worked with Tripepi Smith and Associates to develop a movie theater ad that is currently showing at Victoria Gardens, Ontario Mills, and Ontario Palace. The ad will run through mid-March. The trailer ad is also running on YouTube and has developed over 14,000 views.

Education and Outreach Updates

- Water Discovery Program: 594 Girl Scout troop members, elementary, middle, and high school students have taken part in the park field trip from July 1, 2015 through January 31, 2016. Seventeen additional Water Discovery Field Trips for school year 2015/16 have been scheduled. The Busing Mini-Grant program was extended through December 2020.
- Staff has begun outreaching for IEUA's GIES Mandatory Workshop for Fiscal Year 2016/17.
- Staff has begun outreaching for IEUA's "Water is Life" poster contest.
- Staff, in cooperation with member agencies, has recruited three teams for MWD's 2016 Solar Cup Competition to be held May 13-16, 2016. Final team names and contact information were submitted to MWD on October 1, 2015, for the 2016 program year: Chino High School (Chino), Chino Hills High School (Chino Hills) and Henry J. Kaiser

High School (Fontana). All teams are scheduled to attend a mandatory technical workshop on January 30, 2016.

- Staff has begun scheduling schools for the Earth Day Student Day field trip. IEUA is partnering with the city of Chino for this year's event.

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

The above-mentioned activities are budgeted in the FY 2015/16 Administrative Service Fund, External Affairs Services budget.

**INFORMATION
ITEM**

3G

Innovative Federal Strategies LLC

Comprehensive Government Relations

MEMORANDUM

To: Joe Grindstaff and Kathy Besser, IEUA

From: Letitia White, Jean Denton, and Drew Tatum

Date: January 29, 2016

Re: January Monthly Legislative Update

Republicans Send Election Year Messaging Legislation to the President

January was scheduled to be a short legislative month for Congress since both the Democrats and Republicans schedule their annual “issues conference” at the beginning of the year. House and Senate Republicans huddled in Baltimore on January 13-15 in an effort to lay out an election year legislative strategy. House Democrats held their won retreat in Baltimore on January 27-29, which featured speeches from both President Obama and Vice President Joe Biden. The legislative calendar was further compressed when a blizzard hit the DC area, dropping up to three feet of snow in the surrounding communities.

Already this year, Republicans have used legislation as a means of delivering on campaign promises through budget reconciliation. This process, created through the Congressional Budget Act of 1974, can only occur once during a fiscal year and speeds along the process for enacting tax, spending, and debt reduction legislation by limiting debate and only requiring a simple majority in the Senate for passage. Late last year, the Senate amended a House-passed reconciliation package that took aim at two domestic issues that have divided Republicans and Democrats—Planned Parenthood funding and the Affordable Care Act. The legislation would prohibit federal funding to Planned Parenthood for one year while Congress continues to investigate claims that it has improperly sold fetal tissue from abortions. It would also undo much of the Affordable Care Act, which is the president’s signature domestic accomplishment from his first term. While the House passed the amended legislation, President Obama quickly vetoed it. The House was originally scheduled to vote to override the veto before the end of January, but inclement weather caused them to move votes the final week of the month.

Another mechanism Republicans are using to advance their agenda is through resolutions of disapproval under the Congressional Review Act. The Act allows Congress to take aim at regulations proposed and published in the Federal Register by federal agencies, but it has only successfully been used once because a resolution of disapproval requires the signature of the president or a veto override from Congress if he or she isn’t supportive. While Republicans face an uphill battle, they plan to continue using the process to combat what they call executive overreach. Congress has already sent President Obama several CRA disapproval resolutions related to environmental regulations, and each has been vetoed by the president. For example, the Senate passed a resolution of disapproval of the “waters of the United States” regulation

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finalized by the EPA and Army Corps of Engineers in late 2015. The House took up the measure in January, but it was vetoed by President Obama. The Senate attempted a veto override, but did not have the votes to overcome procedural hurdles. The veto override attempt has been suspended indefinitely. Speaker Paul Ryan (R-WI) has indicated that while neither process has been successful to this point, both serve as a blueprint as to how Republicans would advance legislation if they maintain control of the House and Senate and are successful in winning the White House in 2016.

Both parties are expected to use 2016 to advance legislation that benefits their individual platforms moving into the November election. In addition to the presidential election, all Members of the House and a third of Senators will face voters this fall. Due to the Republican and Democratic conventions that will take place the last two weeks of July, the legislative calendar will be relatively condensed for the remainder of the year. After passing a two-year budget deal, Republicans have indicated that they once again plan to introduce, markup, and debate the twelve individual appropriations bills before the end of the fiscal year. Since appropriations bills are typically debated under an open rule in the House, it gives Republicans and Democrats the best opportunity to force votes on controversial amendments that can be used on the campaign trail later in the year.

President Obama Announces New Gun Measures

In January President Obama and CNN held a town hall on guns in America after he announced that he would be directing federal agencies to implement new measures regarding gun control policies. He hopes that these actions will stop future gun related tragedies in the United States. The president reiterated his frustrations with Congress who he said has not done enough to combat gun violence during his seven years in office. The newly announced measures include:

- The Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) is expanding the background check and licensing requirement for any individuals in the business of selling firearms.
- ATF is finalizing a regulatory rule that requires background checks for people trying to buy some weapons and other items through a trust, corporation, or other legal entity.
- The FBI is overhauling the background check system, including hiring an additional 230 examiners and other staff to help process background checks.
- ATF has established an Internet Investigation Center to track illegal online firearms trafficking and is dedicating \$4 million and additional personnel to enhance the National Integrated Ballistics Information Network.
- ATF is finalizing a rule to ensure that dealers who ship firearms notify law enforcement if their guns are lost or stolen in transit.
- The Social Security Administration has indicated that it will begin the rulemaking process to include information in the background check system about beneficiaries who are prohibited from possessing a firearm for mental health reasons.
- The Department of Health and Human Services is finalizing a rule to remove unnecessary legal barriers preventing States from reporting relevant information about people prohibited from possessing a gun for specific mental health reasons.

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- Additionally, the president will call on Congress to provide additional funding for AFT agents and investigators to help enforce gun laws and for investments in access to mental health care in his FY17 budget.

At the town hall, President Obama heard from supporters and opponents of his actions in a civilized exchange on an issue that often sharply divides. But while Obama respectfully conversed with those who questioned him in person, he did not spare his foes in the gun rights debate, accusing them of spouting "imaginary fiction" about his motives and evoking the partisanship that typically encompasses the issues. In the end, President Obama called on citizens to come together on a limited set of measures to reduce thousands of gun deaths and regular mass shootings, striking a theme of unity and national possibility.

The fight over gun control in American is expected to turn into a debate at the Capitol during this election year. Senate Democrats are already looking to reintroduce a measure that would repeal legislation granting gun manufactures immunity from legal liability—a measure that Democratic presidential candidate Senator Bernie Sanders says he will cosponsor. Republicans in Congress and on the campaign trail have called the president's latest action an overreach of his authority and have promised to challenge it. While the debate is unlikely to be resolved through the legislative process, House Republicans may authorize another lawsuit challenging the actions in court.

Outlook for February

The Appropriations Committees in the House and Senate will see a flurry of activity during the month of February after the President's Budget is released on February 9. Committees will begin scheduling hearings to receive testimony from the agencies on their budget requests for fiscal year 2017. Early in the month, the House has rescheduled votes on legislation that were cancelled at the end of January due to the snow. Included are votes on Iran sanctions and a vote to override the president's veto of the budget reconciliation legislation. The Senate will resume consideration of the wide-ranging energy policy bill.

Congress of the United States
Washington, DC 20515

January 29, 2016

The Honorable Sally Jewell
Secretary of the Interior
U.S. Department of the Interior
1849 C Street, NW, Room 6012
Washington, DC 20240

Re: Western drought funding in the Consolidated Appropriations Act, 2016

Dear Secretary Jewell:

We are writing to express our strong support for the use of western drought money included in the Consolidated Appropriations Act, 2016 (P.L. 114-113) on projects that will make water available now through the next three years to alleviate the impact of the extraordinary drought on local communities in California and other western states. The only water supplies that can be developed this quickly are through projects that improve water efficiency in the urban and agricultural sectors and through water recycling and desalination.

In May, 2015 your office announced the availability of \$50 million for California and 11 other western states from funding made available in the Consolidated and Further Continuing Appropriations Act, 2015 (P.L. 113-245) for drought relief. Of that funding, \$14 million was allocated to support the Bureau of Reclamation's Title XVI (recycled water and desalination) and WaterSMART (water efficiency) projects. Now that the amount of discretionary western drought money available to the Department has been doubled for this year, we would like to see a significant additional investment made in these two critical Bureau water supply programs.

Water recycling and water efficiency projects are a good investment for this federal money because they support the mitigation of both the short and long-term effects of the current and potential future droughts in the western United States. While Members of Congress continue to discuss ways that we can help the western United States through legislative action, we hope your office will use its discretionary spending authority provided through the Consolidated Appropriations Act, 2016 to address the immediate drought conditions.

Both the Title XVI and WaterSMART programs represent a good partnership between the federal and local governments—as both require a cost-sharing contribution of non-federal money. Providing additional funding for these programs at the federal level has the potential to more than double the local investment in water conservation and recycling programs. Last year's investment of an additional \$14 million in these programs was matched by \$14 to \$28 million of non-federal money into projects that

Congress of the United States
Washington, DC 20515

mitigate both short and long term drought effects. In addition to bringing federal and local money together, these programs have a positive impact on the interest rate local agencies are able to secure if they are financing projects through the bond market. In return, those savings are passed along to ratepayers.

While there is no one project or program that will provide a solution to the drought, the Bureau's Title XVI and WaterSMART programs have proven that there is capacity to conserve water as well as to create additional water supply in the middle of a drought. Furthermore, the recipients of federal funds through these grant programs, including agencies within our Congressional districts, have proven to be good stewards of federal funding and model project partners for the Bureau of Reclamation.

As both the House and Senate Appropriations Committees noted in their respective committee reports, it is incumbent on the Bureau of Reclamation to lead the way in increasing the water that is available from year to year and to incentivize more efficient use of the water that is available. Additionally, the only way to mitigate the effects of future droughts is through a strategy of providing a combination of additional storage, improved conveyance, and increased efficiencies in the uses of water both for agriculture and potable purposes. We believe both programs are vital to the western states as a way to achieve these goals.

We look forward to continuing to work with you as we seek to mitigate drought impacts on our state and throughout the western United States.

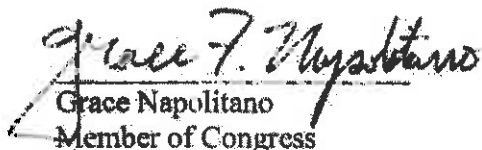
Sincerely,



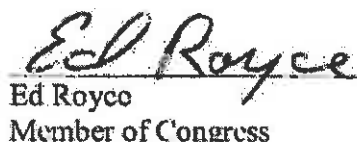
Pete Aguilar
Member of Congress



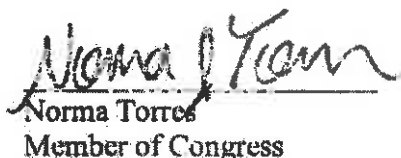
Paul Cook
Member of Congress



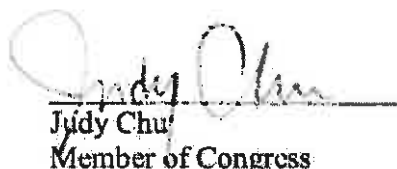
Grace Napolitano
Member of Congress



Ed Royce
Member of Congress



Norma Torres
Member of Congress



Jidy Chu
Member of Congress

**INFORMATION
ITEM**

3H



January 29, 2016

To: Inland Empire Utilities Agency

From: Michael Boccadoro
President

RE: January Legislative Report

Overview:

The Legislature returned to Sacramento in early January to begin the second year of the two-year session. They immediately started work on moving bills still in their house of origin out to the second house before the January 29 deadline. Legislators are also busy working on new bills for 2016. Additionally, the Governor released his Fiscal Year 2016-2017. The \$170.7 billion budget includes a \$3 billion Cap and Trade Expenditure Plan that prioritizes \$500 million for low carbon transportation and fuels, \$25 million for biofuels facility investments, \$100 million for organic waste diversion, and \$30 million for water and energy efficiency projects.

The Public Policy Institute of California recently released a report looking at the state's most pressing long-term challenges. The paper notes that policymakers, including California's voters, need more and better information about the future consequences of policy choices made today.

The water chapter acknowledges that solutions to California's water management challenges are not easy and will involve difficult and sometimes costly trade-offs, as well as hard-to-achieve legal and political changes. The report makes suggestions for how to mitigate for the next drought, protecting wildlife and ecosystems, flood management and infrastructure funding.

The State Water Resources Control Board (SWRCB) issued a Draft Resolution in late January which would adopt the human right to water as a core value and directing its implementation in Water Board programs and activities. The resolution directs and encourages State Board and Regional Board staffs to consider the human right to water when reviewing and creating programs and activities. Additionally, where feasible, the resolution encourages collaboration with other agencies and organizations should be attempted to help ensure the human right to water.

The initiatives submitted by State Board of Equalization Vice Chairman George Runner and Senator Bob Huff (R- Diamond Bar) have been cleared for circulation by the Secretary of State. The two initiatives would reallocate any un-used high-speed rail bond funds to water storage projects. The initiatives will need to collect more than 500,000 signatures by mid-July if they are to make it onto the November statewide ballot.

The California Public Utilities Commission adopted the Net-Energy Metering (NEM) successor tariff on January 28. The new tariff extends the NEM program while making some minor changes for future installations. Most of the changes affect residential customers, not commercial installations.

Assemblymember Susan Talamantes Eggman (D-Stockton) recently introduced legislation to block the Twin Tunnels project unless it is approved by the voters of California on a statewide ballot. An opposition coalition has already started to form and will be submitting an opposition letter soon. In the highly unlikely event the bill passes through both houses, Governor Brown would be unlikely to sign in.

Governor Brown delivered his annual State of the State address in mid-January. The short address highlighted the successes of the administration's policies and focused on fiscal discipline and long-term obligations. He did mention the importance of groundwater management, recycling, stormwater capture, building storage and reliable conveyance, improving efficiency everywhere, and investing in new technologies, including desal.

With winter storms slowly boosting water supply, the Department of Water Resources (DWR) increased its water delivery estimate for most recipients from 10 percent of requests for the calendar year, as announced in December, to 15 percent.

Inland Empire Utilities Agency Status Report – January 2016

PPIC: California's Future

The Public Policy Institute of California recently released a report looking at the state's most pressing long-term challenges. The paper notes that policymakers, including California's voters, need more and better information about the future consequences of policy choices made today. The paper focuses on a diverse set of topics from corrections to climate change, and includes a section on water.

The water chapter acknowledges that solutions to California's water management challenges are not easy and will involve difficult and sometimes costly trade-offs, as well as hard-to-achieve legal and political changes.

The chapter is broken up into small sections highlighting successes, failures and suggestions for California's water future. The sections include:

Drought

- **Investment in diversified water supplies pays dividends during droughts:** most urban and suburban areas have been minimally effected by the drought because of significant past investment to improve and diversify supplies and manage demand.
- **Groundwater is the state's most important reserve, particularly for agriculture:** the current rate of groundwater withdrawal is unsustainable.
- **Drought increases hardships for disadvantaged rural communities:** Long-term solutions are needed in small, poor, rural communities that have lost drinking water supplies.
- **Drought is a severe problem for the state's rivers, wetlands, and forests:** the state has not prepared adequately for drought implications on ecosystems. Low rivers,

shrinking wetlands and severe wildfires all have drastic effects on wildlife and ecosystems.

- **The state must improve interagency coordination and management of water rights, water transfers and ecosystems to better prepare for the next drought.**

Sacramento-San Joaquin River Delta

- **The state needs to make a strategic decision about the future of Delta exports:** California WaterFix would improve water supply reliability and quality and provide flexibility in managing water for the environment. The plan is costly, but failing to address threats to the Delta may prove more expensive as water supply becomes less reliable. The approach requires well-designed policies on governance, finance, and mitigation for Delta landowners and residents.

Extreme flood risk

- **Local governments and residents need incentives to limit flood risk.**
- **Local governments should consider future conditions when approving new development.**
- **Floodplain mapping should account for climate change in increasing flood risk.**

Funding gaps

- **The state faces critical funding gaps in five orphan areas:** provision of safe drinking water in small, disadvantaged communities; flood protection; management of stormwater; aquatic ecosystem management; and integrated water management.
- **California needs to move beyond bonds to fill funding gaps:** while bonds have helped local water agencies fund some innovative projects, they do not address all critical funding gaps.
- **Legal constraints are an obstacle to sustainable local funding gaps:** Propositions 13, 218 and 26 severely limit the ability of local agencies to raise funds to fill capital gaps and address rising costs. California must better align its funding laws with modern water management.

Aquatic ecosystems management

- **The state needs to stop the decline of native fishes.**
- **Ecosystem-based approaches can help:** There is no integrated vision of how to foster overall ecological improvement. Coordinated, flexible approaches that seek to improve environmental performance of entire watersheds would be much more effective in protecting native species than the current siloed approach.

Ellen Hanak, of PPIC, has reported on these issues at Legislative hearings in the late fall, and, as reported in earlier reports, has suggested several measures, including a public goods charge to fund many of California's water infrastructure needs.

State Water Resources Control Board Issues Human Right to Water Resolution

The State Water Resources Control Board (SWRCB) issued a Draft Resolution in late January adopting the human right to water as a core value and directing its implementation in Water Board programs and activities.

In 2012, the Legislature passed, and the Governor signed a bill establishing policy of the state that every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking and sanitary purposes.

The SWRCB resolution directs and encourages the State Board Staff and Regional Boards to consider the human right to water when enacting policies and when feasible, offer assistance to disadvantaged communities. There are other provisions, including data collection and collaboration with other agencies and organizations, that are designed to direct State Board staff and encourage Regional Board staff to consider the human right to water then adopting policies and approving projects.

The Resolution is up for consideration in February.

Runner/Huff Initiative

The two initiatives reallocating bond authority to water storage projects submitted to the Secretary of State in the fall by State Board of Equalization Vice Chairman George Runner and Senator Bob Huff (R, Diamond Bar) have been cleared to start collecting signatures. The first measure would give the High-Speed Rail Authority another ten years to complete all the design, permitting, environmental review and other permits for the entire segment from Los Angeles to San Francisco with routes to San Diego and Sacramento. If the work is not completed the authority would be precluded from receiving any more bond funds.

The second measure would redirect \$8 billion from the voter-approved high-speed rail funds, and \$2.7 billion from the storage chapter of Proposition 1 and allocate it to the following water projects, in order:

- \$4.2 billion for Sites Reservoir and Temperance Flats
- \$900 million for expansion of San Luis Reservoir and Shasta Dam
- \$2 billion for groundwater storage
- \$2.2 billion for modernizing existing groundwater and surface storage
- \$1.7 billion for future local storage projects (only if there is leftover funding from the above funding priorities)

The proponents must collect 585,407 valid signatures by July 25.

Net-Energy Metering

The California Public Utilities Commission adopted the Net-Energy Metering (NEM) Successor Tariff on January 28. As discussed in previous reports, with the current version of the NEM program set to expire soon, the CPUC has been working on crafting the next version of NEM, referred to as NEM 2.0, with interested stakeholders. The Proposed Decision that was released in December does not make any major changes to the program for commercial customers. The most significant changes are on the residential side that would add new interconnection costs and non-bypassable charges to distributed solar systems, while also imposing new minimum bill requirements and time-of-use rates that could complicate the solar value proposition.

Bill Requiring Public Vote on Twin Tunnels Introduced

Assemblymember Susan Talamantes Eggman (D-Stockton) recently introduced legislation to block the Twin Tunnels project unless it is approved by the voters of California on a statewide ballot.

The bill will require approval via ballot initiative for any infrastructure project that conveys water directly from a diversion point in the Sacramento River to pumping facilities of the State Water Project or the federal Central Valley Project south of the Delta.

The legislation, AB 1713, cannot be acted on until the end of February and will likely have a difficult path, especially if it makes it to the Governor's desk. There is a coalition forming to strongly oppose the bill.

Governor Brown Delivers State of the State Address

Governor Brown delivered his annual State of the State address in mid-January. The short address highlighted the successes of administration policies and focused on fiscal discipline and long-term obligations.

The governor cited passage of Proposition 1 in November 2014 as "one of the bright spots in our contentious politics," and noted that the water bond – together with the governor's California Water Action Plan – "establishes a solid program to deal with the drought and the longer-term challenge of using our water wisely."

He said the goal must be to preserve natural systems and ensure a vibrant economy.

The Governor noted that the state has to recharge aquifers, manage the groundwater, recycle, capture stormwater, build storage and reliable conveyance, improve efficiency everywhere, and invest in new technologies, including desal, while recognizing the difficult task of achieving balance among conflicting interests.

DWR Ups State Water Project Allocation

With winter storms slowly boosting water supply, the Department of Water Resources (DWR) increased its water delivery estimate for most recipients from 10 percent of requests for the calendar year, as announced in December, to 15 percent.

The 29 public agencies that receive SWP water (State Water Project Contractors) requested 4,172,786 acre-feet of water for 2016. With the allocation increase, they will receive 631,115 acre-feet.

Collectively, the SWP Contractors serve approximately 25 million Californians and just under a million acres of irrigated farmland.

Key reservoirs are beginning to rise from early winter storms, but remain low. Not a single major reservoir feeding the SWP or CVP has reached the half full level yet.

Last year's 20 percent allocation was the second lowest since 1991, when agricultural customers of the SWP got a zero allocation and municipal customers received 30 percent of requests. In 2014, SWP deliveries were five percent of requested amounts for all customers.

The last 100 percent allocation, difficult to achieve even in wet years largely because of Delta pumping restrictions to protect threatened and endangered fish species, was in 2006.

SWP allocations in recent years:

2015 – 20 percent
2014 – 5 percent
2013 – 35 percent
2012 – 65 percent
2011 – 80 percent
2010 – 50 percent
2009 – 40 percent
2008 – 35 percent
2007 – 60 percent
2006 – 100 percent

El Niño conditions are giving many hope that the allocation will be raised as more rain and snow accumulate.

Governor Brown Releases Fiscal Year 2016-2017 State Budget

As constitutionally required, Governor Brown released the FY 2016-17 State Budget on January 10. The \$170.7 billion plan increases total reserves to more than \$10 billion and also allocates a sizable portion of discretionary resources to one-time infrastructure spending.

Included in the budget is the 2016-17 Cap and Trade Expenditure Plan. The \$3.1 billion plan is a combination of funds that were not allocated last year and the funds for the coming year. \$1.2 billion is allocated to continuous appropriations for high-speed rail, transit assistance, intercity rail and affordable housing. An additional \$1 billion is allocated to help achieve a 50 percent reduction in petroleum use (a mandate he had to remove from SB 350 in order to secure passage in 2015). The \$1 billion includes \$500 million for low-carbon transportation and fuels and \$25 million for biofuel facility investments allocated to the California Air Resources Board (CARB) and the California Energy Commission (CEC), respectively.

Other notable investment categories include \$100 million to CalRecycle for organic waste diversion, and \$30 million for water and energy efficiency.

The Legislature will now have their turn to discuss the Governor's proposal before the May Revise is released, and has until mid-June to pass the budget by majority vote. There is already an effort to include funding for water and wastewater agencies in Cap and Trade Expenditure Plan.

Legislative Update

Members returned to Sacramento in early January to begin the second year of the two-year session. Members focused on the January 29 deadline for bills introduced in 2015 to pass out of their original house. There was a slow trickle of legislation introduced with only a few notable bills thus far. Members have until February 19 to introduce bills for the 2016 session.

Bills of note:

SB 814 (Hill, D- San Mateo) would require each urban retail water supplier to establish a local definition of excessive water use. Additionally, it would make a violation above the excessive water use definition an infraction and punishable by a fine of at least \$500 per 100 cubic feet.

Many in the water community are very concerned because creating a definition of excessive water use is not easy and it is very difficult to create a definition that fits the varying characteristics of retail customers. Additionally, the use of the term "infraction" has many worried that this triggers a legal proceeding that water agencies are not equipped to handle.

AB 1463 (Gatto, D- Glendale) would require establishment of criteria, water quality standards and distribution, monitoring, and reporting requirements for onsite recycling systems prior to authorizing the use of onsite recycled water in internal plumbing for residential and commercial buildings. Many agencies are concerned that if too much water is treated and reused onsite, it will reduce flows and complicate regional recycled water distribution systems.

The next report will have a list of bills of interest introduced before the February deadline.

**INFORMATION
ITEM**

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Agricultural Resources

635 Maryland Avenue, N.E.
Washington, D.C. 20002-5811
(202) 546-5115
agresources@erols.com

January 29, 2016

Legislative Report

TO: Joe Grindstaff
General Manager, Inland Empire Utility Agency

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

SU: Legislative Report, January 2016

Based on past history, January is typically a slow month – a time for a break, a time to regroup and a time to establish the agenda for the year – in this case, a presidential election year. Last calendar year – 2015 – was marked by extended gridlock, internal fighting and Speaker Boehner's forced resignation as Speaker. Repeated threat(s) of another government shutdown never materialized. Notwithstanding the political stalemates – the legislative year ended with a productive burst unseen in years with the budget, appropriations and major infrastructure bills being enacted.

Snapshot.

This year, January was not slow.

- El Nino arrived in California, the West Coast and even into the Rocky Mountains.
- January was CA's wettest month since the drought began (beneficial but not definitive).
- President Obama delivered his last State of the Union address.
- Stalled drought legislation brought more recriminations, public denunciations, finger-pointing and blame assessment.

- NOAA reported that 2015 was the hottest year on record.
- California remains in drought – almost half the state remains in extreme or exceptional drought (highest categories).
- Senator Feinstein introduced her drought bill (and reports indicated that she's now modifying her own bill).

Ways and Means – Tax Reform Agenda

- Throughout January, reports emerged from House GOP leaders, Ways and Means Committee leaders, and also Freedom Caucus leaders – all saying the same thing: tax reform will be initiated in 2016.
- No one realistically expects legislation to fully mature (out of committee, off the floor or even by both the House and Senate), but they expect the process to get underway in a meaningful way. How much can be accomplished this year? Not clear right now.
- At the end of January the Ways and Means Committee Rs scheduled a retreat to map out their activities for the coming year, the results of which won't be known until next month.
- Overall and broadly, the House R leadership policy objective is to lower tax rates – for both corporate and personal. In order to achieve that policy goal, then provisions of the tax code must be eliminated or at least modified.
- IEUA's interest – municipal bonds are the primary funding for all local governments across America (and in the Inland Empire) and the deductibility of those bonds is at political risk in the pending tax debate. To lower rates to a targeted level (down to 25%, corporate and personal) sections of the tax code must be modified or even eliminated altogether. This specific provision – the deductibility of muni bonds – is one of the provisions being targeted.
- IEUA, along with ACWA, NWRA along with almost every major form of infrastructure (water, airports, energy, transportation, hospitals, schools, libraries, recreation, etc.), have worked with the Municipal Bonds Coalition of America, headed by Columbia, SC Mayor, Steve Benjamin to protect this tax code provision and oppose efforts to eliminate or modify it. This is also a high priority for the US Conference of Mayors and the bond industry in the finance sector.
- The coalition is upgrading itself from an informal working group to a formal legal entity and expects to be even more active in 2016 and beyond.

Water/Weather/Drought

After Drought Bill Talks Collapse in 2015, Feinstein Introduces New Bill

- The legislative year came to an end in 2015. Drought legislation talks collapsed amid furious accusations by all parties and interests (reported in detail in last month's report).
- Weary – and angry – legislators departed at the close of the First Session.
- Senator Feinstein circulated a new comprehensive drought/water development bill.
- A revised version of her bill is expected in early February and formal introduction shortly thereafter.
- No date for hearings yet.
- Of special important to IEUA, there is a provision that will allow recycling projects, not authorized by Congress to be considered. If enacted, this would allow the Cucamonga Valley WD project to be considered for funding, BuRec's current opposition notwithstanding.

Appropriations – \$100 Million for Drought Relief

- The massive appropriations bill signed into law in December provided for \$100 million drought relief (the provision was requested by Senator Feinstein).
- WaterReuse, ACWA and others have written the Commissioner asking that a portion of that money be allocated to water recycling projects.
- IEUA worked with its House delegation (Cook, Aguilar, Torres, Royce, Chu and Napolitano) to submit a letter to Secretary Jewell urging the same thing – that a portion of the \$100 million be allocated to Title XVI/Water Smart programs.

El Nino

- Storms arrived. There is snow – very welcome – in the Sierra Nevada mountains.
- As of the end of January, the early winter precipitation is approaching “normal” (stronger in some areas, less so in others) for December-January, but the water year begins with a severe deficit.
- A little more than 40% of the entire state is still, according to the Drought Monitor, in severe or exceptional status.
- Larger question – modified from last month – will the El Nino provide a positive “wet” February and/or March. To be determined.

Unanticipated Drought-Related Federal Tax Issue

- As previously reported, the “unintended tax penalty” resulting from the Governor's

Drought Orders (from MWD's turf rebates) remains unresolved and unclarified.

- MWD, absent clarity from Treasury and IRS, issued tax notices to individuals and companies informing them that they may have a tax obligation related to the grant.
- This is not a California-only issue. Texas and other states are now concerned.

Drought Status – CA and Rest of the West

- **Drought Conditions – California.** Even with El Nino storms, the Drought Monitor indicates that all 58 counties remained in various levels of drought.
- **El Nino.** Drought Monitor also reports that westwide, that drought conditions are lessening in most western states.
- **Lake Mead.** BuRec is projecting that Lake Mead remains at risk (even with storms in the Rocky Mountains) and 2017 remains problematic.

Looking Into February 2016

- A presidential year will be underway with the Iowa Caucus followed immediately by the New Hampshire primary. After that, South Carolina.
- The Presidential year will be in full swing. Look for a number of candidates to drop out of the race.
- February 9, the President's proposed budget for all Departments and Agencies will be submitted to Congress. Senate Majority Leader, Mitch McConnell (R-KY) and Speaker Paul Ryan (R-WI) have stated that passing all of the appropriations (regular order) in 2016 is a high priority.
- Revisions to Feinstein's drought bill are expected in February.
- ACWA DC Conference – third week of February.

Note: This is a somewhat abbreviated report as I was in Southeast Asia for most of the month. Among other things, I had the opportunity to see and learn about water systems in Vietnam and Cambodia. Very education and informative.

**INFORMATION
ITEM**

3J



CALIFORNIA STRATEGIES, LLC

Date: January 26, 2016
To: Inland Empire Utilities Agency
From: John Withers, Jim Brulte
Re: January Activity Report

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

- Met with IEUA Executive staff to review priority issues and to discuss activities for January that Executive Staff wanted accomplished.
- Discussed ways to highlight the customer return on investment for the building of recharge basins in our service territory.
- Discussed LAFCO and made recommendations to staff about upcoming issues. Support and advise on IEUA/SBVMWD transfer transaction on an as needed basis.
- Provided an update on the recent filing of a Sphere of Influence amendment filing by the CVWRD.
- Continue to monitor statewide water issues including the BDCP, water bond, and drought relief act activate. Made recommendation regarding the request for money from various state special funds.
- Monitor Santa Ana Regional Board agenda and issues of interest to IEUA.

**INFORMATION
ITEM**

3K

Federal Legislation of Significance

Bill Number	Sponsor	Title and/or Summary	Summary/Status
H.R.2029	House and Senate Appropriations Committees	Consolidated Appropriations Act, 2016	<p>The Consolidated Appropriations Act contains just north of \$23 million for Title XVI in FY2016. Additionally, the package contains \$100 million in Western Drought Money.</p> <p>The Consolidated Appropriations Act funds all federal agencies through the end of the Fiscal Year, which runs through September 30, 2016.</p> <p>IFS / IEUA are spearheading an effort with Members of Congress to ask that the Department of the Interior devote money allocated to "western drought relief" for Title XVI and WaterSMART projects. The following Members of Congress signed on to the letter: Aguilar, Cook, Chu, Napolitano, Royce, and Torres. A copy of the letter is attached to the monthly report.</p> <p>The President's budget request to Congress is set to be released on February 9, 2016. We will have a better idea of funding levels and our requests to Congress for the year once the budget has been released. We anticipate that the Appropriations Subcommittees will start holding hearings with Cabinet Secretaries as early as late February to testify regarding their requests for the year.</p>
H.R. ___ / S. ___	Rep. Mike Simpson / Sen. Lamar Alexander	FY 17 Energy and Water Development and Related Agencies	<p>First Legislative Committee Hearing was held in early October. Staff from the Senate Energy and Natural Resources Committee and the House Natural Resources Committee are attempting to preconference a bill with compromise language between the Senate and House drought bills, but proposals are not being traded back and forth. Additionally, a compromise bill is expected to be West-wide, not just include California.</p> <p>Feinstein introduced an updated bill in the form of a discussion draft in January after House Republicans attempted to add their own version of a compromise bill at the end of the year. Feinstein has also indicated she would like the bill to proceed through regular order rather than introducing a bill that has been pre-conferenced will little opportunity for amendment.</p> <p>Feinstein said that she has continued to work with local, state, and federal partners to create her new discussion draft, though California Republicans in the House have said they were not involved in the latest discussions.</p> <p>Passed the House.</p>
S.1894 / possible amendment in the form of a "discussion draft"	Sen. Dianne Feinstein	Feinstein introduced legislation in the final days of the month to combat drought in California. Specifically for IEUA, it contains a title on recycled water. It also removed the requirement for Congress to authorize Title XVI projects.	<p>Feinstein introduced an updated bill in the form of a discussion draft in January after House Republicans attempted to add their own version of a compromise bill at the end of the year. Feinstein has also indicated she would like the bill to proceed through regular order rather than introducing a bill that has been pre-conferenced will little opportunity for amendment.</p> <p>Feinstein said that she has continued to work with local, state, and federal partners to create her new discussion draft, though California Republicans in the House have said they were not involved in the latest discussions.</p> <p>Passed the House.</p>
H.R.2898	Rep. David Valadao	Western Drought Legislation introduced by	<p>Passed the House.</p>

		<p>California House Republicans that would ease environmental regulations provide for easier permitting for water storage projects</p>	<p>First Legislative Committee Hearing was held in early October. Staff from the Senate Energy and Natural Resources Committee and the House Natural Resources Committee are attempting to preconference a bill with compromise language between the Senate and House drought bills, but proposals are not being traded back and forth. Additionally, a compromise bill is expected to be West-wide, not just include California.</p>
S.J.Res.22	Sen. Joni Ernst	<p>Congressional Resolution of Disapproval of the "waters of the United States" regulation introduced by the EPA and Army Corps of Engineers</p>	<p>The Senate has passed the resolution of disapproval of the "waters of the United States" regulation finalized by the EPA and Army Corps of Engineers. The House took up the measure in January, but it was vetoed by President Obama. The Senate attempted a veto override, but did not have the votes to overcome procedural hurdles. The veto override attempt has been suspended indefinitely.</p> <p>The regulation is currently on hold nationwide as the courts hear arguments from states challenging the rule.</p>
S.2012	Sen. Lisa Murkowski	<p>Energy Policy Modernization Act of 2015</p>	<p>The Senate is considering its first broad energy reform policy bill in eight years. The bill includes a number of policy priorities from both Republicans and Democrats and came as a result of months of negotiations, meetings outreach and other activities aimed at a truly bipartisan bill. The bill instead on fossil fuels and infrastructure: natural gas pipeline permitting, authorizing the main federal conservation fund, job training, updating the grid, as well as a push on energy efficiency.</p>

**INFORMATION
ITEM**

3L

Engineering and Construction Management Project Updates

February 2016



Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

Shaun Stone, P.E.
Manager of Engineering

EN15008 - Water Quality Laboratory

Engineering Consultant: The Austin Company

Current contract: \$1.37 M

- Total project budget: \$21 M
- Scope of Work: Design, construction and commissioning of **Water Quality Laboratory**
- Current Activities:
 - 100% design review
 - Constructability review follow-up
 - Construction cost estimate review/update
 - Projected Cost higher than anticipated
 - Solar system RFP finalization
 - Finalize fire alarm, communication and security interface

Focus Points:

- Complete final design
- Contractors pre-qualification - Advertised on PlanetBids in early Jan 2016
- Review SRF Loan and Grant Agreement requirements
- Advertise bid anticipated February 29, 2016



Lab Rendering

EN16049 – Conference Rooms Audio-Visual (AV) Upgrades

- Engineering Consultant: Vantage Technology Consulting
- Current Contract: \$50 K
- Total Project Budget: \$700 K
- Scope of Work: Evaluate current and future AV needs
- Current Activities:
 - Needs analysis
 - Stakeholder interviews
- Focus Points:
 - Schedule site visits to see equipment functionality
 - Review and finalize needs analysis
 - Begin functional specification



Board Room Audio Visual



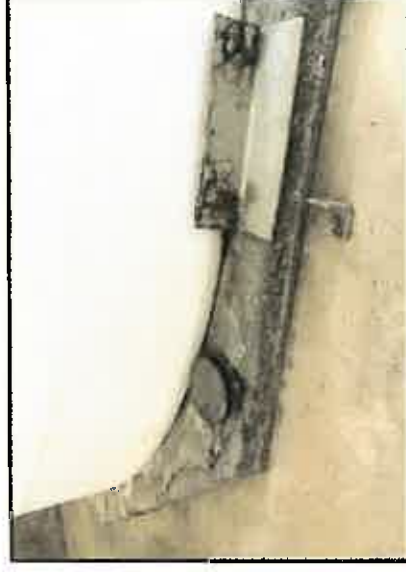
Event Center

EN14018 – RP-4 Disinfection Facility Improvements

- Engineering Consultant: IDS Group
- Current Contract: \$243 K
- Total Project Budget: \$2.4 M
- Scope of Work: Relocate chemical disinfection facility and retrofit existing chemical building for storage and offices
- Current Activities:
 - 60% Design
- Focus Point:
 - Finalize design



Corroded Existing at Chemical Building



Corrosion to Slab Under Chemical Tank
Inside Chemical Building

EN13040, EN13042 and EN13043 – Prado, Philadelphia and Montclair Communication Monopoles

- Contractor: Davis Electric
- Current Contract: \$564 K
- Total Project Budget: \$1.3 M
- Scope of Work: Install new communication poles and high speed SCADA system
- Current Activities:
 - Transferring from phone based wireless to a high speed integrated SCADA system
- Contract Completion: February 2016
- Percent Complete: 100%
- Focus Point:
 - Project closeout



Prado Communication
Monopole with Junction Boxes



Montclair Communication
Monopole with New Parking Lot

EN15032 – Agency-Wide HVAC Improvements, Package No. 3



Condenser Unit at RP-5 Control Room



RP-2 Dewatering Building Control Room Condenser Units

- Engineering Consultant: Allison Mechanical, Inc.
- Current Contract: \$431 K
- Total Project Budget: \$1.2 M
- Scope of Work: Replacement of air conditioning units for RP-1 Warehouse, RP-2 Dewatering Control building, RP-5 Power Center No. 3
- Current Activities:
 - Startup RP-2 Dewatering Control Building
 - Startup RP-5 HQ Building B Control Room
 - Mobilization RP-1 Warehouse
- Contract Completion: May 2016
- Percent Complete: 55%
- Focus Point:
 - RP-5 Power Center 3 Equip. procurement and delivery

**INFORMATION
ITEM**

3M



Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

Unfunded Liabilities for Pension and Other Post-Employment Benefits

February 2016

This presentation is consistent with the Agency's business goal of fiscal responsibility

Changes in Unfunded Liability



\$ millions (presented to Board in December 2013)	OPEB 06/30/13	CALPERS 06/30/12	Total
Actuarial Accrued Liability	(17.47)	(129.56)	(147.03)
Market Value of Assets	0.00	86.56	86.56
Unfunded Liability	(17.47)	(43.00)	(60.47)

\$ millions	OPEB 06/30/15	CALPERS 06/30/14	Total
Actuarial Accrued Liability	(15.08)	(156.35)	(171.43)
Market Value of Assets	6.99	117.41	124.40
Unfunded Liability	(8.09)	(38.94)	(47.03)

Change in Unfunded Liability	(9.38)	(4.06)	(13.44)
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Drivers of Changes in UAL



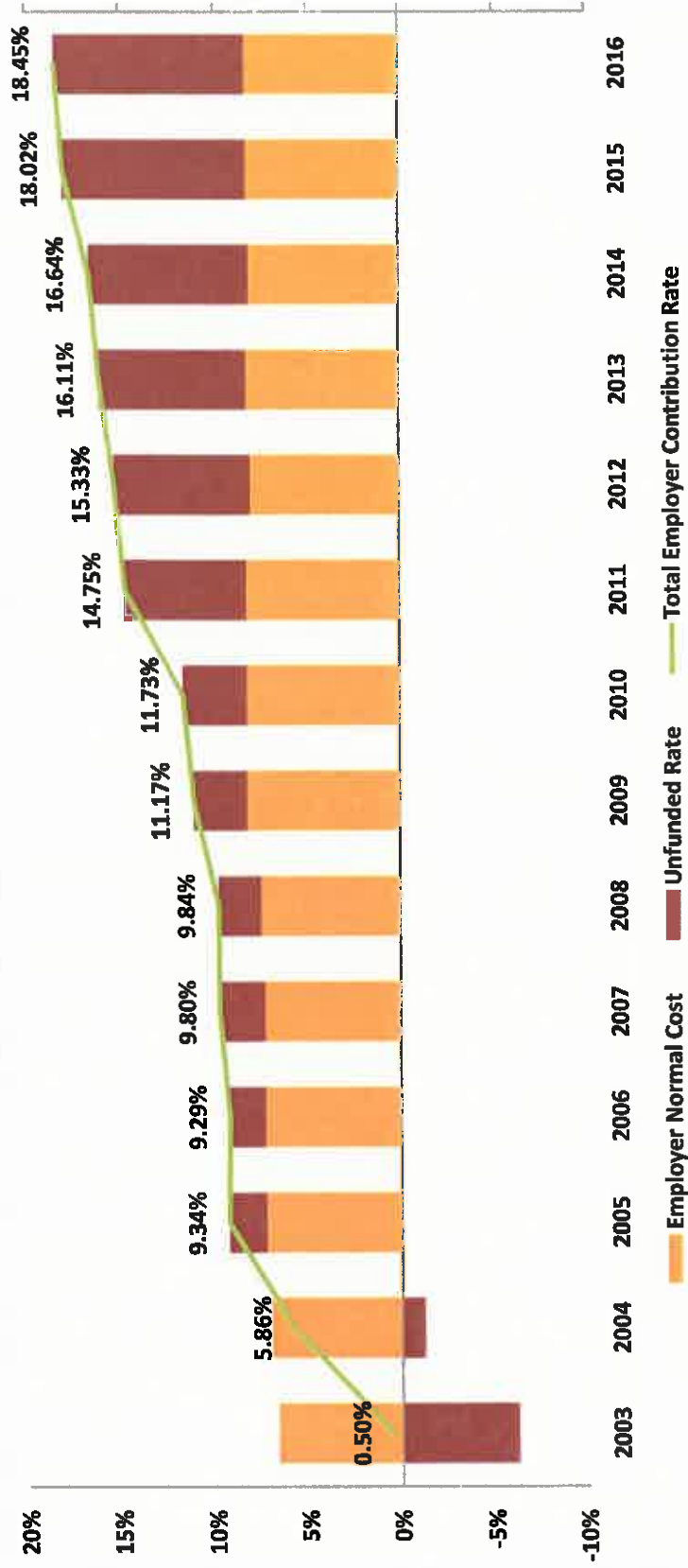
❖ OPEB changes in UAL :

- Contributions to trust account (CERBT) (2 fiscal years) - \$7.0M
- Increased discount rate from 4.5% to 6.12% - \$6.0M
- Increased liability for implicit rate subsidy +\$2.2M
- Increased liability for updated assumptions +\$1.5M

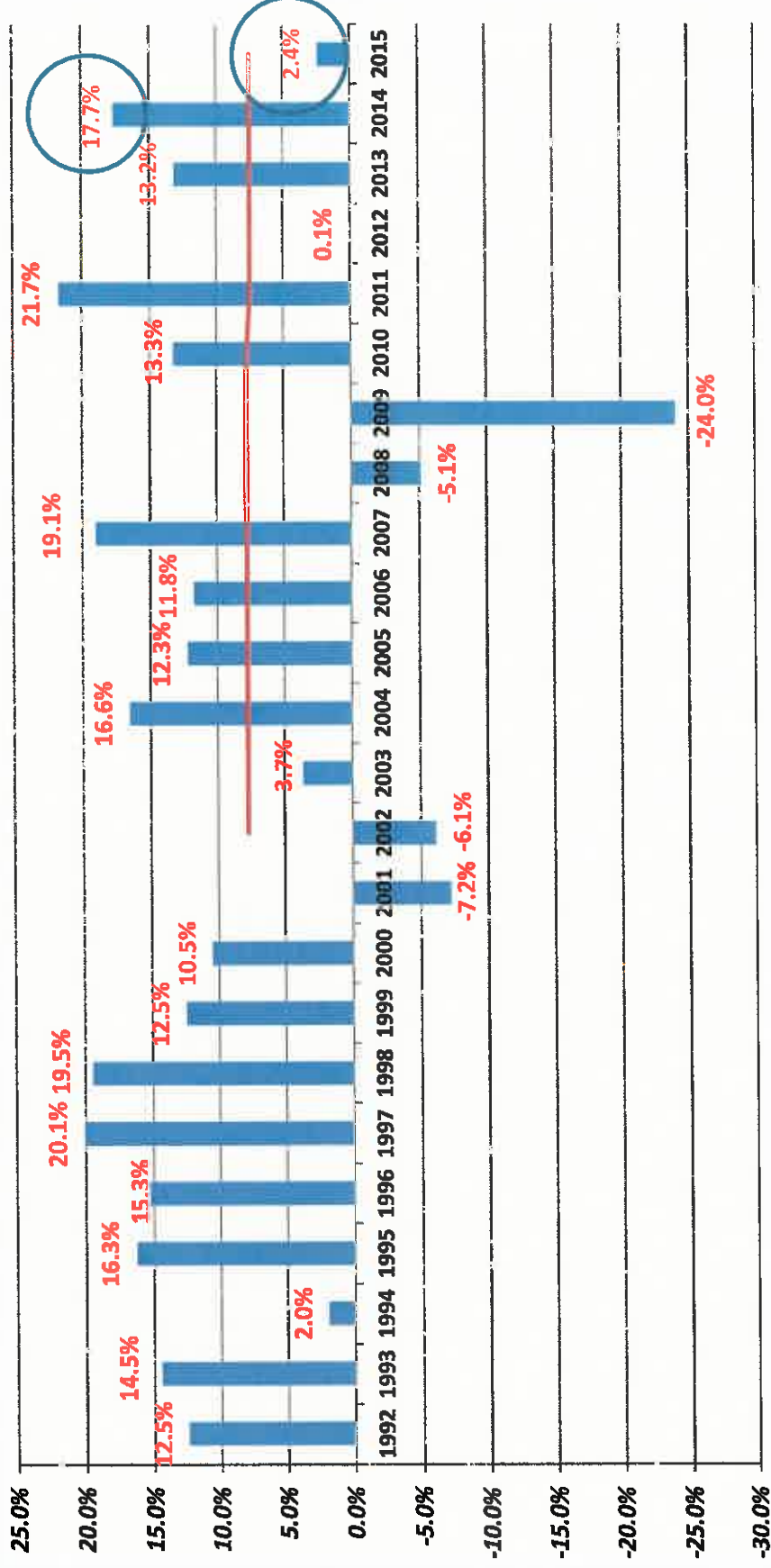
❖ CALPERS changes in UAL:

- Return on investments of 13.2% in FY 2013 -\$11.2M
- Return on investments of 17.7% in FY 2014 -\$17.3M
- Normal increase of liability FY 2013 and FY 2014 +\$17.3M
- Increase for updated actuarial assumptions in FY 2014 + \$7.0M

CALPERS Employer Contribution



CALPERS Investment Return



❖ CALPERS current discount rate 7.5%

❖ OPEB current discount rate 6.12% (up from 4.5%)

Sensitivity Analysis



From CALPERS Actuarial Valuation

As of June 30, 2014	Sensitivity analysis		
	6.50% Discount Rate (-1%)	7.50% Discount Rate (assumed rate)	8.50% Discount Rate (+1%)
Total Normal Cost	20.033%	16.076%	13.062%
Unfunded Accrued liability	\$ 178,636,405	\$ 156,352,916	\$ 137,999,698
Annual required contribution	\$ 61,222,196	\$ 38,938,707	\$ 20,585,489

From OPEB Actuarial Valuation

As of June 30, 2015	Sensitivity analysis		
	0.5% decrease in discount rate (5.62%)	0.5% increase in discount rate (6.62%)	1% increase in future healthcare trends
Accrued liability	\$ 16,197,297	\$ 14,078,020	\$ 17,683,856
Unfunded Accrued liability	\$ 9,204,717	\$ 7,085,440	\$ 10,691,276
Annual required contribution	\$ 1,040,689	\$ 845,528	\$ 1,209,075

Additional Contributions (\$ millions)



Fiscal Year	OPEB	CALPERS	TOTAL
2013/14	3.5	-	3.5
2014/15	3.5	4.5	8
2015/16	2.0	4.5	6.5
2016/17	2.0	4.5	6.5
2017/18	2.0	4.5	6.5
2018/19	2.0	4.5	6.5
2019/20		4.5	4.5
2020/21		4.5	4.5
2021/22		4.5	4.5
2022/23		4.5	4.5
2023/24		4.5	4.5
TOTAL	15	45	60

**INFORMATION
ITEM**

3N

Water Conservation Program Update



Lisa Morgan-Perales
February 2016

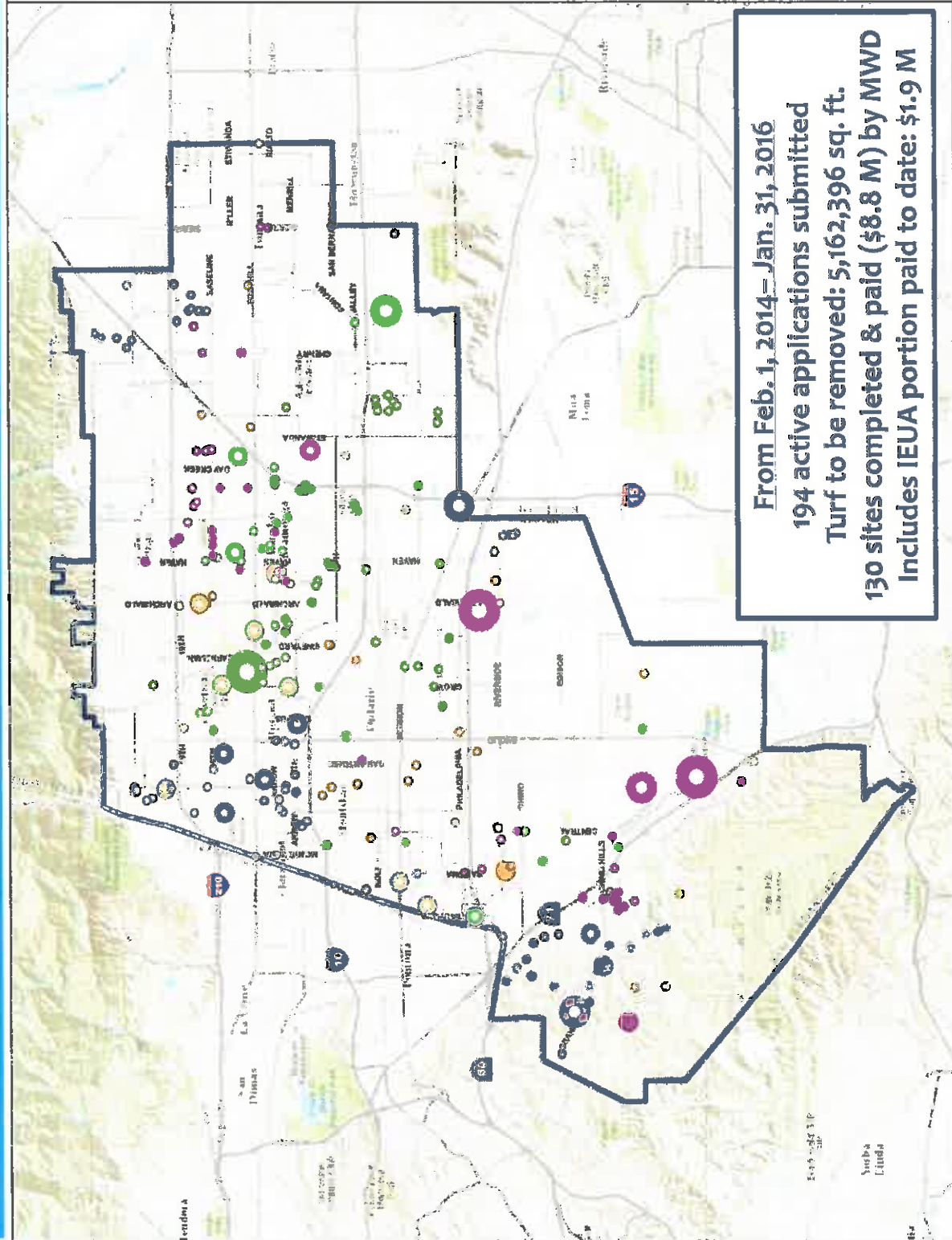
Drought Activities Recap

November 2015

- * Additional IEUA Supplemental Funding for Commercial Rebates
- * Additional IEUA Supplemental Funding for Residential Rebates
- * Total Home Pressure Regulation Program (New)
- * Residential Smart Controller Installation Program (New)
 - Mandatory Class Attendance
 - Landscape Evaluation
 - Retrofit



CII Turf Removal Applications Only



From Feb. 1, 2014 – Jan. 31, 2016
 194 active applications submitted
 Turf to be removed: 5,162,396 sq. ft.
 130 sites completed & paid (\$8.8 M) by MWD
 Includes IEUA portion paid to date: \$1.9 M

Water Conservation Budget Review

Program	FY 14-15*	FY 15-16*	FY 16-17*
Education, Member Agency Support & Outreach	\$217,500	\$221,875	\$320,375
Regional Residential Water Use Efficiency Programs	\$975,000	\$1,000,000	\$1,100,000
Regional Commercial Water Use Efficiency Programs	\$168,750	\$283,750	\$290,000
Regional Turf Removal Programs	\$3,189,970	\$50,000	\$0
Technology Based Software	\$0	\$0	\$150,000
Budget Based Rate Implementation	\$0	\$0	\$350,000
Agriculture Conservation	\$0	\$0	\$75,000
Total Water Conservation Budget	\$4,551,220	\$1,555,625	\$2,285,375
Total External Funding: DWR, MWD, SAWPA, Other	-\$1,561,750	-\$760,000	-\$760,000
Total IEUA Direct Expense - Budget	\$2,989,470	\$795,625	\$1,525,375
Supplemental Regional Conservation Programs Benefit from MWD	\$2,619,598	\$8,000,000	\$1,500,000
Overall Conservation Program Benefits for the Region	\$7,170,818	\$9,555,625	\$3,785,375

- ❖ **Note: MWD Regional Conservation Programs Benefit – FY 14/15 is actual, FY 15/16 & FY 16/17 are estimates**
- ❖ **MWD External Funding is reimbursed to IEUA for Locally Implemented Programs**
- ❖ **MWD Regional Programs Benefit originates from MWD Administered Programs**

- Annual Projected Water Savings from New Activity: 1,000 acre-feet
- Annual Projected Water Savings from 2 agencies implementing budget based rates: 1,000 acre-feet

Drought Revenue Activity Tracking

	FY 14-15	FY 15-16
Drought Revenue	\$900,000	\$900,000
		Total
		\$1,800,000
Drought Programs/Projects		
Drought Campaign and Activities		\$120,753
Residential Rebates - Devices Only		\$200,000
Commercial Rebates - Devices Only		\$400,000
Water Use Efficiency Software		\$111,492
Data Collaborative - Analytics		\$25,000
	Ending Balance	\$942,755
Proposed Residential Controller Upgrade Program		
		\$300,000
	Ending Balance	\$642,755

Next Steps

- * March Board Meeting
 - o Action Item – New Residential Controller Upgrade Program

- * April/May
 - o Info Item - Water Use Efficiency Business Plan Update



DISCUSSION



Consistent with Agency's Business Goal of increasing Water Reliability by promoting water use efficiency and education to enhance water supplies within the region

**INFORMATION
ITEM**

30

Conservation & Data Initiatives

Agriculture Irrigation Efficiency,
Land Cover Data,
&
State Data Collaborative Initiative

Agriculture Irrigation Efficiency

Seek location for California Irrigation Management Information System (CIMIS)

- * CIMIS station measures the ET (Evapotranspiration rate) of plants
- * Improves irrigation scheduling
- * Calculation of “reasonable use” for Ag and Urban users

Seek Grants for Ag Water Use Efficiency

- * Work with Farmers
- * Different farms require different efficiency approaches
- * Meet “reasonable use” standards



Agriculture Irrigation Efficiency

Example Demonstration Site:

CIM/Cal Poly Farm

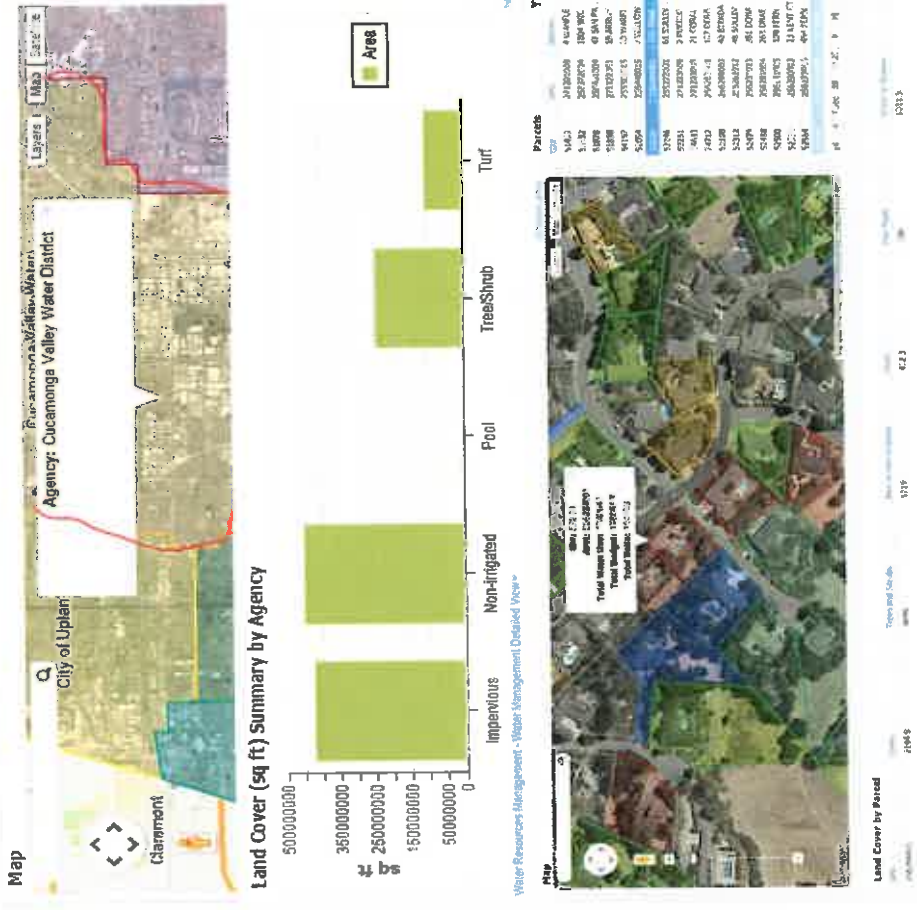
- * Large, long-term farm operation
- * Potential water savings
- * Potential energy savings
- * Potential opportunity for Grant applications
- * Demonstration: ET station, drip irrigation, soil moisture sensors



Land Cover Data as a Foundation for Water Efficiency Knowledge

- * Parcel data leads to water budget calculation (55 GPCD indoor / 80% of ET outdoor)
- * Wholesaler/Retailer Dashboards
 - * Omni Earth, June, 2015, \$79K for land cover data and portals for member agencies
 - * SAWPA Prop 84 Grant will reimburse IEUA for our early adoption of the data development
- * Potential to expand knowledge
 - * Target conservation dollars, planning with actual land use & reasonable use data
 - * Assist member agencies with current and future SWRCB requirements for water use standards

Agency Residential Water Use Summary (GPCD) >



Data Collaborative Initiative

- * Goal: Adapt programs more effectively with rapid data analytics
- * Consortium of agencies, academia and private sector
 - * Agencies cost-sharing Phase 1 Pilot @ \$25k each
- * Requires at least 1 IEUA Member Agency customer use data for study
- * Advise on potential policies with high-level data analytics



Data Collaborative Analytics

Example Collaborative Analytics:

Study: *Welfare Effects of Allocation-based Rates versus Alternative Policies*

	EMWD's allocation-based rates	Alternative 1: uniform price increase	Alternative 2: mandatory cut-backs
Average effect (\$/year)	-24	+\$89	+\$87
% households made better-off	62%	17%	0%

Source: UCR; Baerenklau 2015

**INFORMATION
ITEM**

3P

Laboratory Semi-Annual Update

February 2016



Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

Laboratory Activities

- **1st half FY 15/16 Samples and Analyses**
 - Samples: 8,781 (38% Compliance related samples)
 - Analyses: 30,120 (51% Compliance related analyses)
- **NPDES**
 - New permit in effect Nov. 2015, updated compliance limits/sample monitoring.
 - Supporting Environmental Compliance group on RP5 Dioxin exceedance.
- **Laboratory Certification**
 - On-site inspection pending.
 - 100% acceptable results on 2015 Performance Evaluation samples.

- **Staffing**

- New hire: Brian Casillas – Intern

- **New Capital Equipment**

- Metals digestion block
- Advanced software/auto-sampler for Ion Chromatography



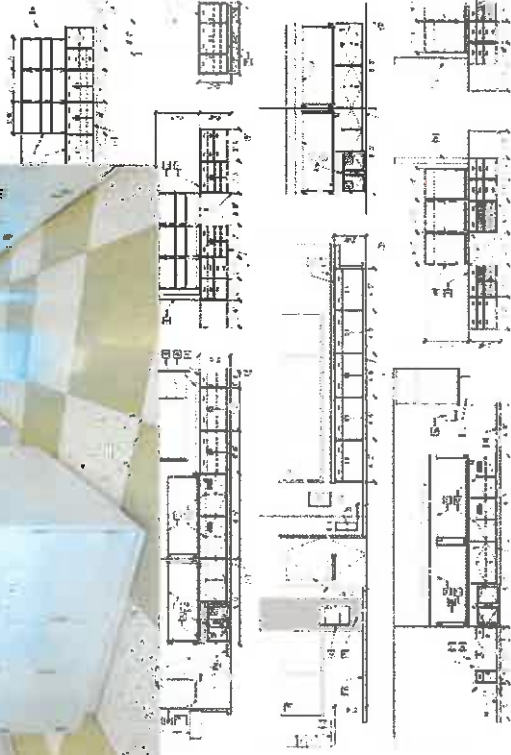
Metals digestion block

Water Quality Laboratory

Project EN15008



- **Current Laboratory Staff activities**
 - Review of 100% design
 - Lab/office furniture details
- **Schedule**
 - 100% design – January 2016
 - Advertise bid – February 2016
 - Award contract – May 2016
 - Construction complete – May 2019



Customer Service

Meeting IEUA Needs

- FY 15/16 KPIs

Performance Indicator		Goal	Actual
Sample Turnaround Time	Compliance	18 days	20
	Process Control	1 day	<1
Meet sample holding times		99%	99.97%

- Special projects
 - Technical Services Department
 - Struvite control
 - Online TOC meter evaluation
 - RP-4 Secondary treatment evaluation

Q

92 **U**
Uranium
238 (239)

99 **Es**
Einsteinium
(254)

22 **Ti**
Titanium
47.88

8 **O**
Oxygen
15.999

7 **N**
Nitrogen
14.007

16 **S**
Sulfur
32.066



**AGENCY
REPRESENTATIVES'
REPORTS**

4A



S A W P A

SANTA ANA WATERSHED PROJECT AUTHORITY

11615 Sterling Avenue, Riverside, California 92503 • (951) 354-4220

REGULAR COMMISSION MEETING TUESDAY, FEBRUARY 16, 2016 – 9:30 A.M.

AGENDA

1. CALL TO ORDER/PLEDGE OF ALLEGIANCE (Thomas P. Evans, Chair)

2. ROLL CALL

3. PUBLIC COMMENTS

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

4. SPECIAL COMMENDATION

A. WELCOME MIKE ANTOS – WATERSHED MANAGER

5. CONSENT CALENDAR

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

A. APPROVAL OF MEETING MINUTES: JANUARY 19, 2016

Recommendation: Approve as posted.

B. APPROVAL OF MEETING MINUTES: FEBRUARY 2, 2016

Recommendation: Approve as posted.

C. TREASURER'S REPORT – DECEMBER 2015

Recommendation: Approve as posted.

D. TREASURER'S REPORT – JANUARY 2016

Recommendation: Approve as posted.

6. NEW BUSINESS

A. COMMISSIONERS' COMPENSATION

Presenter: Celeste Cantú

Recommendation: It is recommended that the Commission take no action, which would provide for a five percent (5%) increase in Commissioners' compensation, or direct staff to prepare a resolution to defer increased compensation in accordance with Ordinance No. 1997-2.

B. AUDIT SERVICES CONTRACT EXTENSION (CM#2016.11)

Presenters: Karen Williams

Recommendation: Authorize the issuance of a Task Order with White Nelson Diehl Evans LLP., for audit services and extend the current contract for an additional two (2) years.

C. INLAND EMPIRE BRINE LINE REACH 5 REHABILITATION AND IMPROVEMENT PROJECT – PHASE 2 (NICHOLS ROAD RELOCATION) (CM#2016.12)

Presenter: David Ruhl

Recommendation: Authorize the General Manager to:

1. Award a contract for public works construction to the lowest, responsive, responsible bidder (Schedule A), Weka Inc., for the Inland Empire Brine Line Reach V Rehabilitation and Improvement Project – Phase 2, in an amount not to exceed \$1,941,967, and waive the minor irregularities;
2. Execute Task Order No. VALI326-03 in an amount not-to-exceed \$196,380 with Vali Cooper & Associates, Inc. to provide Construction Management Services for the Inland Empire Brine Line Reach V Rehabilitation and Improvement Project – Phase 2; and,
3. Execute Task Order No. DUDK326-04 in an amount not-to-exceed \$64,300 with Dudek, to provide Engineering Services during Construction for the Inland Empire Brine Line Reach V Rehabilitation and Improvement Project – Phase 2.

D. MEMORANDA OF UNDERSTANDING TO ACCEPT LOCAL COST-SHARE FOR THE WATER-ENERGY COMMUNITY ACTION NETWORK PROJECT (CM#2016.13)

Presenter: Ian Achimore

Recommendation: Authorize the General Manager to execute the Memorandum of Understanding (MOU) with the Fontana Water Company, Jurupa Community Services District, City of Santa Ana, West Valley Water District, and Western Municipal Water District to implement the Water-Energy Community Action Network Project.

E. UPDATE ON OCS D AND SAWPA ORDINANCE REVISIONS (CM#2016.14)

Presenter: Lucas Gilbert

Recommendation: Receive and file an update on the ongoing OCS D and SAWPA Ordinance revisions.

7. INFORMATIONAL REPORTS

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

A. UPDATE ON OWOW PROJECT IMPLEMENTATION FOR DROUGHT RESPONSE FUNDED BY THE 2014 PROPOSITION 84 INTEGRATED REGIONAL WATER MANAGEMENT GRANT (CM#2016.8)

Presenter: Mark Norton

B. UPDATE ON THE DEPARTMENT OF WATER RESOURCES' FINAL FUNDING ANNOUNCEMENT FOR THE 2015 PROPOSITION 84 INTEGRATED REGIONAL WATER MANAGEMENT GRANT SOLICITATION (CM#2016.9)

Presenter: Mark Norton

C. PROPOSED 2016 WATER BOND (CM#2016.10)

Presenter: Mark Norton

D. CASH TRANSACTIONS REPORT – DECEMBER 2015

Presenter: Karen Williams

E. INTER-FUND BORROWING – DECEMBER 2015 (CM#2016.5)

Presenter: Karen Williams

- F. **PERFORMANCE INDICATORS/FINANCIAL REPORTING – DECEMBER 2015 (CM#2016.6)**
Presenter: Karen Williams
- G. **SECOND QUARTER FYE 2016 EXPENSE REPORTS**
 - Staff
 - General ManagerPresenter: Karen Williams
- H. **BUDGET VS. ACTUAL VARIANCE REPORT – FYE 2016 SECOND QUARTER – DECEMBER 31, 2015 (CM#2016.7)**
Presenter: Karen Williams
- I. **FINANCIAL REPORT FOR THE SECOND QUARTER ENDING DECEMBER 31, 2015**
 - Inland Empire Brine Line (IEBL)
 - SAWPAPresenter: Karen Williams
- J. **GENERAL MANAGER’S REPORT**
- K. **STATE LEGISLATIVE REPORT**
Presenter: Celeste Cantú
- L. **CHAIR’S COMMENTS/REPORT**
- M. **COMMISSIONERS’ COMMENTS**
- N. **COMMISSIONERS’ REQUEST FOR FUTURE AGENDA ITEMS**

8. **CLOSED SESSION**

- A. **CONFERENCE WITH LEGAL COUNSEL – EXPOSURE TO LITIGATION – PURSUANT TO GOVERNMENT CODE SECTION 54956.9(d)(2)**
Number of Potential Cases: Two

9. **ADJOURNMENT**

PLEASE NOTE:

Americans with Disabilities Act: Meeting rooms are wheelchair accessible. If you require any special disability related accommodations to participate in this meeting, please contact (951) 354-4220 or kberry@sawpa.org. 48-hour notification prior to the meeting will enable staff to make reasonable arrangements to ensure accessibility for this meeting. Requests should specify the nature of the disability and the type of accommodation requested.

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

Declaration of Posting

I, Kelly Berry, Clerk of the Board of the Santa Ana Watershed Project Authority declare that on Wednesday, February 10, 2016, a copy of this agenda has been uploaded to the SAWPA website at www.sawpa.org and posted in SAWPA’s office at 11615 Sterling Avenue, Riverside, California.

/s/

Kelly Berry, CMC

2016 - SAWPA Commission Meetings/Events

First and Third Tuesday of the Month

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

January 1/5/16 Commission Workshop 1/19/16 Regular Commission Meeting	February 2/2/16 Commission Workshop—OCSD Facilities Tour 2/16/16 Regular Commission Meeting
March 3/1/16 Commission Workshop 3/15/16 Regular Commission Meeting	April 4/5/16 Commission Workshop 4/19/16 Regular Commission Meeting
May 5/3/16 Commission Workshop 5/3 – 5/6/16 ACWA Spring Conference, Monterey 5/17/16 Regular Commission Meeting	June 6/7/16 Commission Workshop 6/21/16 Regular Commission Meeting
July 7/5/16 Commission Workshop 7/19/16 Regular Commission Meeting	August 8/2/16 Commission Workshop 8/16/16 Regular Commission Meeting
September 9/6/16 Commission Workshop 9/20/16 Regular Commission Meeting	October 10/4/16 Commission Workshop 10/18/16 Regular Commission Meeting
November 11/1/16 Commission Workshop 11/29 – 12/2/16 ACWA Fall Conference, Anaheim 11/15/16 Regular Commission Meeting	December 12/6/16 Commission Workshop 12/20/16 Regular Commission Meeting

**AGENCY
REPRESENTATIVES'
REPORTS**

4B



REVISED AGENDA

Regular Board Meeting

February 9, 2016

12:00 p.m. – Board Room

Tuesday, February 9, 2016 Meeting Schedule		
7:00-8:00 a.m.	Rm. 1-101	Dirs. Computer Training
9:00 a.m.	Rm. 2-145	L&C
10:00 a.m.	Rm. 2-456	IRP
11:00 a.m.	Rm. 2-145	OP&T
12:00 p.m.	Board Room	Board Meeting

MWD Headquarters Building

• 700 N. Alameda Street

• Los Angeles, CA 90012

1. Call to Order

- (a) Invocation: Kelly Bowen, Principal HR Training Specialist, Human Resources Group
- (b) Pledge of Allegiance: Director Steve Blois

2. Roll Call

3. Determination of a Quorum

- 4. Opportunity for members of the public to address the Board on matters within the Board's jurisdiction. (As required by Gov. Code § 54954.3(a))**

5. OTHER MATTERS

- A. Approval of the Minutes of the Meeting for January 12, 2016. (A copy has been mailed to each Director)
Any additions, corrections, or omissions
- B. Report on Directors' events attended at Metropolitan expense for month of January

- C. Presentation of five-year service pin to Director Michael Camacho, representing Inland Empire Utilities Agency
- D. Approve 30-day leave of absence for Director Cynthia Kurtz, effective February 29, 2016
- E. Approve committee assignments
- F. Chairman's Monthly Activity Report

6. DEPARTMENT HEADS' REPORTS

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

7. CONSENT CALENDAR ITEMS — ACTION

- 7-1** Authorize amendment to reimbursable agreement with the Los Angeles Department of Water and Power to refurbish solids lagoons for the Joseph Jensen Water Treatment Plant. (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not subject to CEQA, and authorize increase of \$1 million to the existing reimbursable agreement with the Los Angeles Department of Water and Power, for a new not-to-exceed total of \$6 million, to refurbish solids lagoons for the Jensen plant.

- 7-2** Appropriate \$650,000; and award \$270,099.36 procurement contract to CS Associated Municipal Sales Corporation for gate valves at the Colorado River Aqueduct pumping plants (Approp. 15438). (E&O)

Recommendation:

Option #1:

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

- a. Appropriate \$650,000; and**
- b. Award \$270,099.36 contract to CS Associated Municipal Sales Corporation to furnish 13 gate valves for the sumps at each CRA pumping plant.**

- 7-3** Appropriate \$550,000; and authorize design and procurement of standby generators for the San Dimas and Red Mountain Power Plants (Approp. 15480). (E&O)

Recommendation:

Option #1:

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

- a. Appropriate \$550,000; and**
- b. Authorize design and procurement to replace standby generators at the San Dimas and Red Mountain Power Plans.**

- 7-4** Authorize a long-term ground lease to Verizon Wireless for a telecommunications equipment site on Metropolitan fee-owned property located in the unincorporated area of Los Angeles County, near the city of La Verne. (RP&AM)

Recommendation

Option #1:

Adopt the CEQA determination that the proposed action is categorically exempt, and authorize the long term ground lease to Verizon Wireless.

(END OF CONSENT CALENDAR)

8. OTHER BOARD ITEMS — ACTION

- 8-1** Set combined public hearing for estimated water rates and charges and ad valorem property tax for calendar years 2017 and 2018 to meet the revenue requirements for fiscal years 2016/17 and 2017/18. (F&I)

Recommendation:

Option #1:

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

- a. Schedule a combined public hearing on March 8, 2016 to receive input on Metropolitan's rates and charges in advance of the adoption of the biennial budget and water rates by the Board and any board action on the limit on ad valorem property taxes pursuant to Section 124.5 of the MWD Act; and**
- b. Direct the General Manager to cause publication of a notice of the public hearing in newspapers of general circulation within the District's service area, and give written notice to the offices of the Speaker of the Assembly and the President pro tempore of the Senate, at last ten days prior to the hearing.**

Revised

- 8-2** Authorize: (1) agreement with the State Water Contractors, Inc. to pursue 2016 Sacramento Valley water transfer supplies; and (2) \$5 per acre-foot initial administrative deposit not to exceed \$500,000. (WP&S)

Recommendation:

Option #1:

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

- a. Authorize the General Manager to enter into an agreement with the State Water Contractors, Inc. to pursue 2016 Sacramento Valley water transfer supplies, in a form approved by the General Counsel;**
- b. Authorize making a \$5-per-acre-foot initial administrative deposit and disbursements from that deposit consistent with the agreement not to exceed \$500,000.**

- 8-3** Appropriate \$15 million; award \$11,555,000 contract to Kiewit Infrastructure West Co. for Stage 2 lining repairs on the Etiwanda Pipeline; and authorize increase of \$120,000 to an agreement with Helix Environmental Planning, Inc., for a new not-to-exceed total of \$520,000 (Approp. 15441). (E&O)

Recommendation:

Option #1:

Review and consider the information contained in Addendum No. 1 and determine that the proposed action has been addressed in the certified Final EIR, Findings, SOC, and MMRP, and that no further environmental analysis or documentation is required, and

- a. Appropriate \$15 million;**
- b. Award \$11,555,000 contract to Kiewit Infrastructure West Co. to replace a portion of the interior lining of the Etiwanda Pipeline; and**
- c. Authorize increase of \$120,000 to an agreement with Helix Environmental Planning, Inc., for a new not-to-exceed total of \$520,000.**

- 8-4** Authorize increase of \$3 million for capital projects costing less than \$250,000 for fiscal years 2014/15 and 2015/16 (Approp. 15489). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not defined as a project and is not subject to CEQA, and authorize increase of \$3 million for capital projects costing less than \$250,000 for fiscal years 2014/15 and 2015/16.

- 8-5** Approve entering into salary agreements between the Metropolitan Water District of Southern California and American Federation of State, County and Municipal Employees, Local 1902 (AFSCME), the Management and Professional Employees Association (MAPA), and the Supervisors Association (Association). (OP&T)
[Conference with labor negotiators; to be heard in closed session pursuant to Gov. Code Section 54957.6. Metropolitan representative: Stephen V. Lem, Manager of Labor Relations and EEO Investigations Section. Employee organizations: The Employees Association of The Metropolitan Water District of Southern California/AFSCME Local 1902; The Management and Professional Employees Association MAPA/AFSCME Chapter 1001; and the Supervisors Association]

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not defined as a project and is not subject to CEQA, and approve entering into salary agreements as recommended.

- 8-6 Authorize extension of the contract term for one year with Quigley-Simpson & Hepplewhite, Inc. for a water awareness and conservation advertising campaign; and to increase the contract value by \$2.2 million for a new not to exceed amount of \$7.7 million over the full term of the contract. (C&L)

Added

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not defined as a project and is not subject to CEQA, and authorize the General Manager to extend the current contract with Quigley-Simpson & Hepplewhite, Inc. to March 2017 and increase the maximum amount payable on the contract by \$2.2 million.

Added

- 8-7 Authorize staff to seek legislation to address California environmental laws relating to protection of fish and wildlife to facilitate Foothill Feeder maintenance and repairs. (C&L)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not defined as a project under CEQA and is not subject to CEQA, and authorize staff to seek legislation to allow for incidental take, if any of the UTS associated with dewatering Metropolitan's Foothill Feeder for critical maintenance and repair.

9. BOARD INFORMATION ITEMS

- 9-1 Update on purchase or acquisition of an option to purchase property from Delta Wetlands Properties located in Contra Cosa, San Joaquin, and Solano Counties. (RP&AM)
Conference with real property negotiators; Property is approximately 20,369.80 acres, identified as Contra Costa County Assessor's Parcel Nos. 026-060-003-6, 026-060-007-7, 026-060-008-5, 026-060-015-0, 026-060-016-8, 026-060-017-6, 026-060-018-4, 026-060-019-2, 026-070-001-8, 026-070-006-7, 026-070-010-9, 026-070-011-7, 026-070-012-5, 026-070-013-3, 026-080-004-0, 026-080-005-7, 026-080-006-5, 026-080-007-3, 026-080-008-1, 026-080-009-9; 023-040-026-9, 023-040-027-7, 023-050-001-9, 023-050-002-7, 023-070-011-4, 023-070-012-2, 023-080-010-4, 023-080-011-2, 023-090-001-1, 023-090-003-7, 023-090-004-5, 023-100-001-9, 023-100-002-7, 023-100-004-3, 023-100-007-6, 023-100-008-4; San Joaquin County Assessor's Parcel Nos. 129-050-01, 129-050-02, 129-050-03, 129-050-04, 129-050-05, 129-050-06, 129-050-07, 129-050-08, 129-050-09, 129-050-11, 129-050-12, 129-050-13, 129-050-14, 129-050-15, 129-050-16, 129-050-17, 129-050-18, 129-050-19, 129-050-24, 129-050-25, 129-050-26, 129-050-27, 129-050-28, 129-050-52, 129-050-54, 129-050-55, 129-050-56, 129-050-60, 069-030-08, 069-030-09, 069-030-10, 069-030-11, 069-030-19, 069-030-20, 069-030-21, 069-030-22, 069-030-23, 069-030-24, 069-030-26, 069-030-27, 069-030-28, 069-030-29, 069-030-30, 069-030-31, 069-030-32, 069-030-33, 069-030-34, 069-030-35, 069-030-36, 069-030-37, 069-030-38, 069-030-39, 069-030-42, 069-030-44, 069-100-01, 069-100-02, 069-100-03, 069-100-04, 069-100-05, 069-100-08, 069-100-09, 069-100-10, 069-100-11; and Solano County Assessor's Parcel No. 090-060-010; agency negotiators: Jeff Kightlinger, Stephen Arakawa, and Bryan Otake; negotiating parties: Metropolitan and Delta Wetlands Properties; under negotiation: price and terms; to be heard in closed session pursuant to Gov. Code Section 54956.8]
- 9-2 Proposed biennial budget and revenue requirements for fiscal years 2016/17 and 2017/18; estimated water rates and charges for calendar years 2017 and 2018 to meet revenue requirements; and ten-year forecast. (F&I)

10. FOLLOW-UP ITEMS

None

11. FUTURE AGENDA ITEMS

12. ADJOURNMENT

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

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

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

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

**AGENCY
REPRESENTATIVES'
REPORTS**

4D

**CHINO BASIN WATERMASTER
WATERMASTER BOARD MEETING
11:00 a.m. – January 28, 2016**

WITH

Mr. Steve Elie, 2015 Chair

At The Offices Of

**Chino Basin Watermaster
9641 San Bernardino Road
Rancho Cucamonga, CA 91730**

AGENDA

CALL TO ORDER

PLEDGE OF ALLEGIANCE

PUBLIC COMMENTS

AGENDA – ADDITIONS/REORDER

INTRODUCTIONS – CALENDAR YEAR 2016 WATERMASTER BOARD MEMBERS

Overlying (Ag) Pool	Paul Hofer (Crops)
Overlying (Ag) Pool	Geoffrey Vanden Heuvel (Dairy)
Overlying (Non-Ag) Pool	Bob Bowcock (Calmat Company)
Appropriative Pool	Tom Thomas (City of Upland)
Appropriative Pool	Jim Curatalo (Cucamonga Valley Water District)
Appropriative Pool	Jim Bowman (City of Ontario)
Municipal	Steve Elie (Inland Empire Utilities Agency)
Municipal	Bob Kuhn (Three Valleys Municipal Water District)
Municipal	Don Galleano (Western Municipal Water District)

I. CALENDAR YEAR 2016 OFFICERS – ACTION

A. ELECTION OF OFFICERS

Chair _____

Vice-Chair _____

Secretary/Treasurer _____

II. RECOGNITION OF OUTGOING MEMBERS SERVICE ON WATERMASTER BOARD

III. CONSENT CALENDAR

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

A. MINUTES

1. Minutes of the Watermaster Board Meeting held November 19, 2015

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of October 2015
2. Watermaster VISA Check Detail for the month of October 2015
3. Combining Schedule for the Period July 1, 2015 through October 31, 2015
4. Treasurer's Report of Financial Affairs for the Period October 1, 2015 through October 31, 2015
5. Budget vs. Actual Report for the Period July 1, 2015 through October 31, 2015
6. Cash Disbursements for the month of November 2015
7. Watermaster VISA Check Detail for the month of November 2015
8. Combining Schedule for the Period July 1, 2015 through November 30, 2015
9. Treasurer's Report of Financial Affairs for the Period November 1, 2015 through November 30, 2015
10. Budget vs. Actual Report for the Period July 1, 2015 through November 30, 2015

C. CHINO BASIN WATERMASTER INVESTMENT POLICY

Approve Resolution 2016-01 – Resolution of the Chino Basin Watermaster, San Bernardino County, California, Re-Authorizing the Watermaster's Investment Policy

D. LOCAL AGENCY INVESTMENT FUND

Approve Resolution 2016-02 – Resolution Authorizing Investment of Monies in the Local Agency Investment Fund

E. WATER TRANSACTION

Notice of Sale or Transfer – The purchase of 100,000 acre-feet of water from the City of Pomona by Monte Vista Water District. This purchase is made from the City of Pomona's Excess Carryover Account and is to be placed in Monte Vista Water District's storage account. Date of application: October 15, 2015

F. ANNUAL FILING OF NOTICE OF INTENT REGARDING THE DETERMINATION OF OPERATING SAFE YIELD

G. FISCAL YEAR 2015/16 UPDATED PAY SCHEDULE

Approve the FY 2015/16 Updated Pay Schedule

H. MANAGED IT SERVICES CONTRACT

Approve the Managed IT Services Contract with mindSHIFT Technologies, Inc.

IV. BUSINESS ITEMS

A. NOTICE OF OVERLYING (NON-AGRICULTURAL) POOL AVAILABLE WATER PER RESTATED JUDGMENT EXHIBIT "G" (Information Only)

B. CHINO BASIN WATERMASTER 36TH ANNUAL REPORT

Adopt the 36th Annual Report, along with filing a copy with the Court, subject to any necessary non-substantive changes.

C. WATERMASTER STAFF REORGANIZATION (Information Only)

V. REPORTS/UPDATES

A. LEGAL COUNSEL REPORT

1. Motion re Board Reappointment
2. Motion re 2015 Safe Yield Reset Agreement
3. Alvarez CalPERS Appeal
4. Santa Ana Sucker Critical Habitat Designation

B. CFO REPORT

1. Interim 2015/16 Assessment Invoicing

C. GM REPORT

1. New Employee Introduction
2. Recommendation re Basin Boundary Revision Request
3. Business Plan Update
4. Storage
5. Stormwater Recharge Update
6. Other

VI. INFORMATION

1. Cash Disbursements for December 2015
2. Ground Level Monitoring Report
3. Update on South Archibald and Chino Airport Plumes
4. RMPU Status Report

VII. BOARD MEMBER COMMENTS

VIII. OTHER BUSINESS

IX. CONFIDENTIAL SESSION - POSSIBLE ACTION

Pursuant to Article 2.6 of the Watermaster Rules & Regulations, a Confidential Session may be held during the Watermaster committee meeting for the purpose of discussion and possible action.

X. FUTURE MEETINGS AT WATERMASTER

1/28/16	Thu	11:00 a.m.	Watermaster Board
2/11/16	Thu	9:00 a.m.	Appropriative Pool
2/11/16	Thu	11:00 a.m.	Non-Agricultural Pool
2/11/16	Thu	1:30 p.m.	Agricultural Pool
2/18/16	Thu	8:00 a.m.	Appropriative Pool Strategic Planning (Confidential Session Only)
2/18/16	Thu	9:00 a.m.	Advisory Committee
2/18/16	Thu	9:30 a.m.	Recharge Investigations and Projects Committee (RIPCom)
2/23/16	Tue	9:00 a.m.	Groundwater Recharge Coordinating Committee (GRCC at CBWCD)
2/25/16	Thu	11:00 a.m.	Watermaster Board

ADJOURNMENT

**GENERAL
MANAGER'S
REPORT**



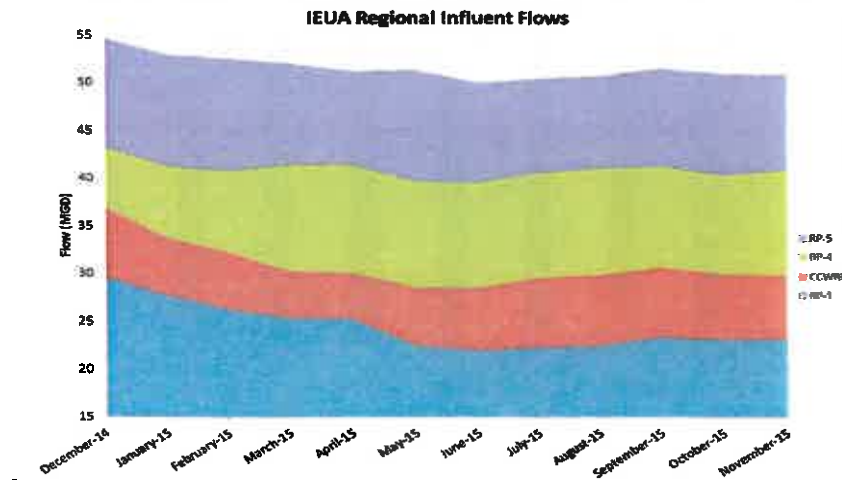
Date: February 17, 2016
 To: The Honorable Board of Directors
 From: P. Joseph Grindstaff, General Manager
 Subject: General Manager's Report Regarding Agency Activities

PLANNING & ENVIRONMENTAL RESOURCES

Drought Summary - Member Agencies versus State Board requirement.

Water Tracker			
Agency	Target Savings	Cumulative Savings (Jun-Dec 2015)	Monthly Savings (Dec 2015)
Chino	24%	21%	10%
Chino Hills	28%	29%	19%
CVWD	32%	27%	20%
FWC	28%	29%	23%
MVWD	24%	27%	30%
Ontario	24%	21%	16%
Upland	36%	39%	29%

Regional Plant influent flows during the month of December was consistent with the flow received during the previous months. Agency-wide average daily influent flow for the month of December was approximately 48.8 million gallons per day.



The National Pollutant Discharge Elimination System (NPDES) permit limit for Agency-wide 12-month flow-weighted running average of Total Inorganic Nitrogen (TIN) is 8 mg/L. The value for December 2015 TIN was 5.7 mg/L.

The 12-month running average for TDS from the Agency's treatment plants was on an incline, and reached 534 mg/L; December's 12-month average had slightly decreased to 519 mg/L. The increase in salinity can be attributed to a combination of conservation efforts, which caused an increase to the wastewater strength received at the treatment plants, as well as increased salinity from the State Water Project. If the TDS trend continues to increase, the Agency will have to plan for added treatment in order to meet NPDES permit requirement of 550 mg/L, and in the long term to meet salinity objectives for the Chino Basin.

In January 2016, IEUA staff met with Regional Board staff to discuss the feasibility of an extended averaging period for TDS. The Regional Board staff determined that in order to proceed, IEUA would need to amend the Basin Plan to reflect the change from 12-month to the requested 10-year period. They recommended that IEUA re-evaluate the maximum benefit program since it has been over ten years since it has been in place.



General Manager's Report Regarding Agency Activities

February 17, 2016

Page 3 of 12

The recently adopted NPDES permit incorporated effluent limits for dioxins (including dioxin-like compounds known as PCDD/PCDF congeners). In November and December 2015, IEUA self-reported exceedances of the average monthly (0.014 pg/L) and maximum daily (0.028 pg/L) limits. After some research, IEUA presented the Regional Board with a toxicity equivalency quotient (TEQ) calculation that took into account lab results that fell below minimum levels/reporting limits of the lab method to be calculated as zeroes and bioaccumulation in fish flesh. The Regional Board is currently looking into our proposal and preliminary findings are favorable.

The Agency has maintained 100% water quality compliance for 36 consecutive months. There was one Air Quality Management District (AQMD) NOV exceedance at RP-5 in September 2015.

OPERATIONS UPDATE

December 2015, Regional Plant sodium hypochlorite consumption averaged 123 gallons per million gallons of treated flows.

IERCF UPDATE

Operational Comments – Facility throughput for January averaged approximately 99% of permitted capacity at an average of 415 tons per day of biosolids and 168 tons per day of amendments (based on a 30-day month). The facility is operating well with no violations or lost time incidents.

Facility Throughput

POTW	Wet Tons Month	Wet Tons Year to Date
LACSD	7,211.51	7,211.51
IEUA	5,240.51	5,240.51
OCS	0	0
Total	12,452.02	12,452.02

Compost Sales – Sales were flat in January reflecting typical winter agricultural use. February is expected to be similar depending on weather. Compost inventory in the storage facility is at 16,000 cubic yards.

Monthly Sales Summary January 2016

Month	Product	Cubic Yards	Avg. \$/CYD	Total \$
January	Premium	9,144.18	\$2.39	\$21,819.66
	Base	5,154.31	\$0.05	\$265.62
Total		14,298.49	\$1.54	\$22,085.28

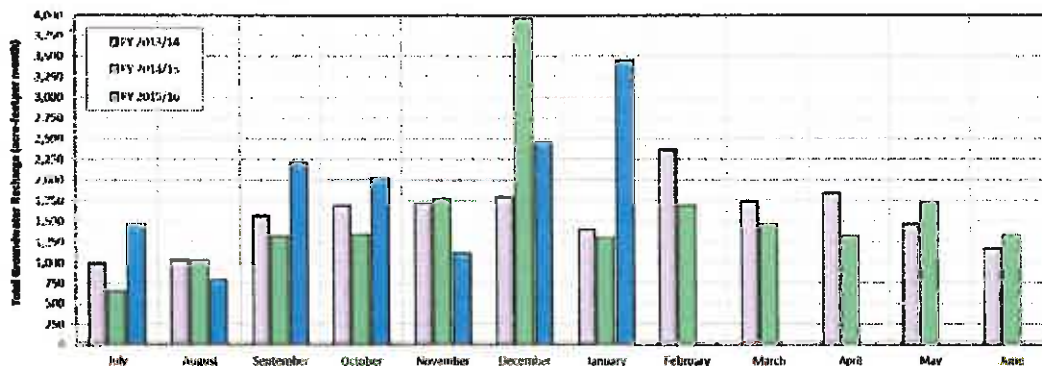
YTD Sales Summary through January 2016

Month	Total Cysds 2015/2016	Total Cysds 2014/2015	Total \$ 2015/2016	Total \$ 2014/2015
July	21,389.25	23,882.49	\$34,657.16	\$39,474.57
August	16,919.04	25,689.52	\$30,461.07	\$27,575.69
September	16,750.02	33,184.26	\$24,655.71	\$37,732.49
October	27,394.30	31,487.37	\$33,401.74	\$31,552.56
November	29,056.62	22,348.31	\$25,280.90	\$32,957.02
December	17,586.64	18,272.61	\$28,476.77	\$23,528.45
January	14,298.49	14,388.67	\$22,085.28	\$38,227.06
Total	143,394.36	169,253.23	\$199,018.63	\$231,047.84
Average	20,484.91	24,179.03	\$28,431.23	\$33,006.83

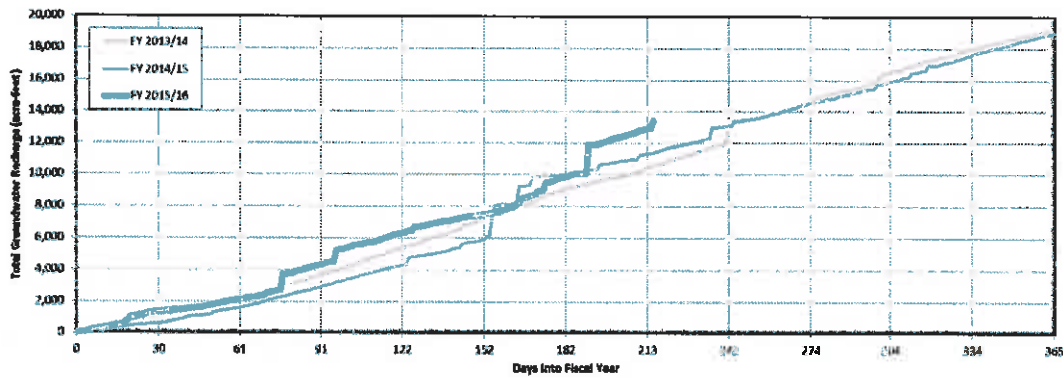
GROUNDWATER RECHARGE

During January 2016, recycled water recharge totaled 1,042 acre-feet. There was no imported water delivered. The capture of dry weather creek flows totaled 37 acre-feet. There were two rain events during this period that generated a total of approximately 2,360 acre-feet of captured storm water. A detailed summary of the Chino Basin Groundwater Recharge Operations can be found at <http://www.ieua.org/category/reports/groundwater-recharge-reports>.

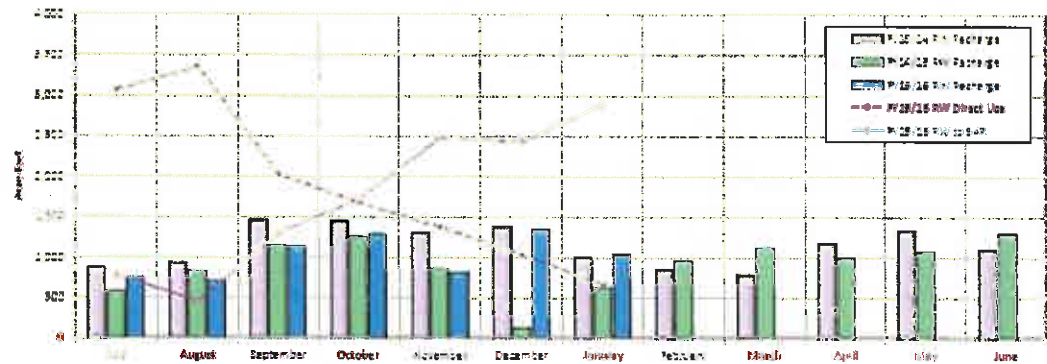
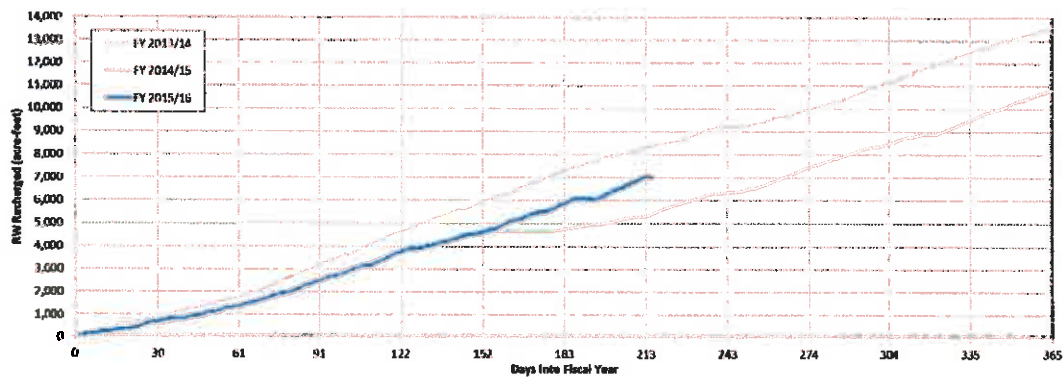
Total Groundwater Recharge



Total Groundwater Recharge (continued)

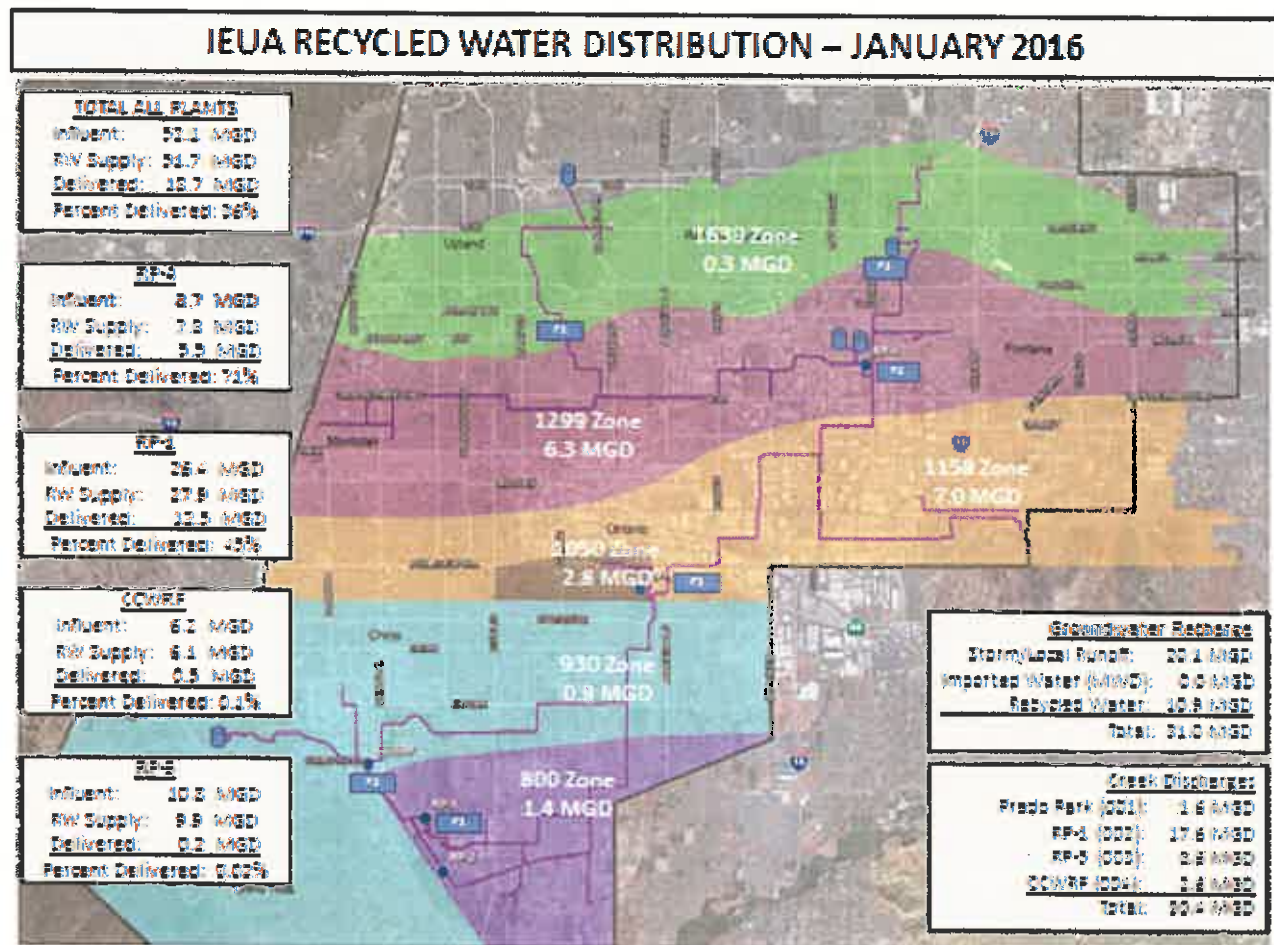


Recycled Water Delivered to Groundwater Recharge



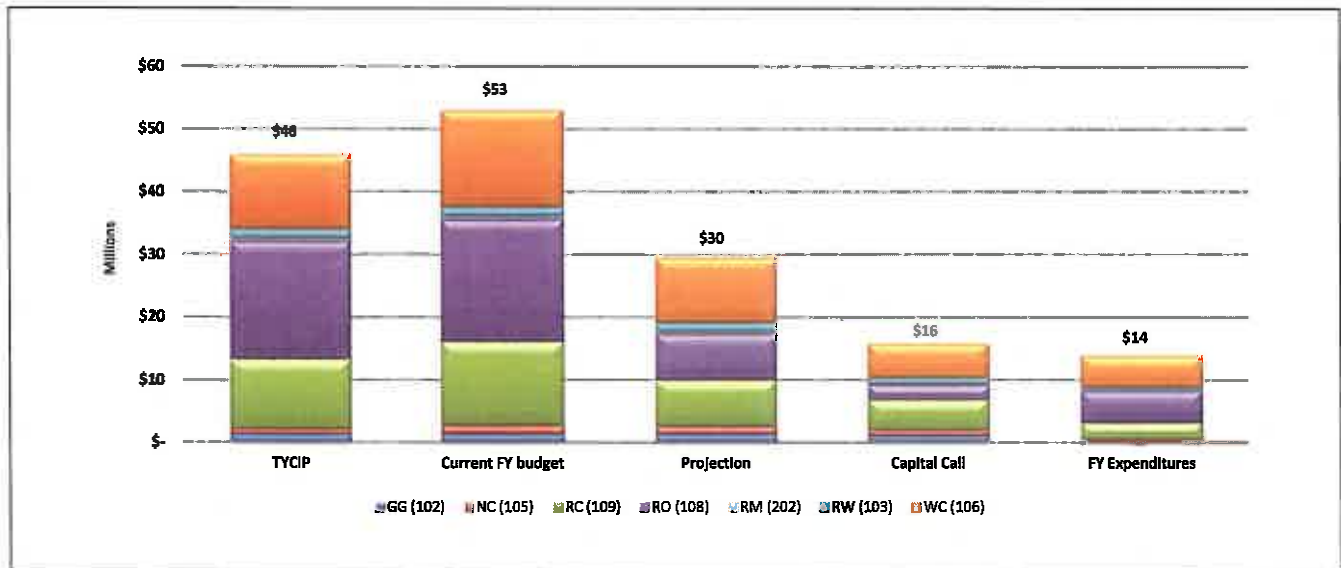
RW DISTRIBUTION

During January 2016, 36% (18.7 MGD) of IEUA recycled water supply (51.7 MGD) was delivered into the distribution system for both direct use customers (7.8 MGD) and groundwater recharge (10.9 MGD). Plant discharge to creeks feeding the Santa Ana River averaged 30.4 MGD.



ENGINEERING & CONSTRUCTION MANAGEMENT PROJECT STATUS SUMMARY

Engineering and Construction Management's FY15/16 budget is \$52,981,235. As of January 31st, staff has projected to spend \$29,542,003 during FY15/16 of which \$13,786,385 has been spent. The following chart summarizes the Engineering and Construction Management FY Budget status update.

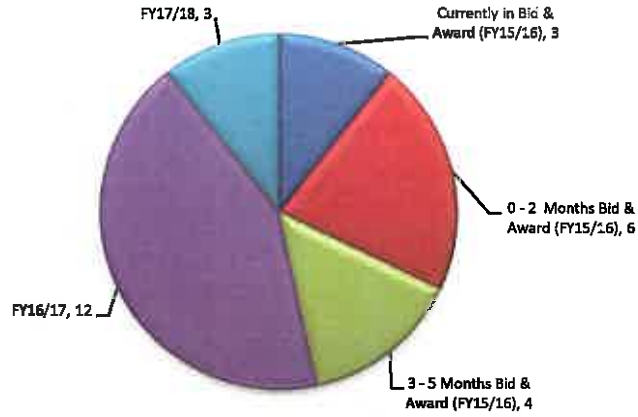


Currently, ten projects have over \$500,000 of FY budget that will not be expended this FY. These ten projects represent \$16,328,904.86 of the variance between the current FY budget and the FY projections. The reasons for their FY variances are as follows:

Project	Description	FY 15/16 Forecast	FY 15/16 Budget	Variance (FY Budget - FY Forecast)	Reason for Variance
EN06025	Wineville Ext Recy Wtr Pipeline Seg A	1,106,242.71	2,135,354.00	1,029,111.29	The project finished under budget with a 4% change order ratio.
EN13001	San Savaine Basin Improvements	2,525,342.07	3,500,000.00	974,657.93	A majority of the expense is within construction which will begin later in the fiscal year. The capital call was reduced to reflect major expenses occurring in the following fiscal year.
EN13045	Wineville RW Extension Segment B	1,639,135.83	2,506,255.60	867,119.77	The project is nearly complete and will finish below the FY budget.
EN13048	RP-1 930-Zone RW Pump Station Load Analysis	219,516.81	1,000,000.00	780,483.19	An extensive analysis of the RP-1 existing load is required prior to launching the design. The majority of the budget will be consumed in FY16/17.
EN13016	SCADA Enterprise System	3,190,282.29	4,200,000.00	1,009,717.71	Project is progressing with less than anticipated manpower and with minimal change orders. Contract negotiation resulted in \$400,000 of savings. Additionally, work on Phase 2 requires upfront as-building prior to design.
EN15008	New Water Quality Laboratory	854,301.54	1,700,000.00	845,698.46	Based on original TYCIP allocation, some of the FY 15/16 budget belongs to the construction phase which will begin in FY16/17.
EN16021	Chino Basin Groundwater Supply Wells and Raw Water Pipelines	406,855.92	9,000,000.00	8,593,144.08	The project work has been delayed due to the ongoing settlement negotiations with the Regional Board. CDA has initiated project management with Michael Baker International, but design and construction will not begin until Regional Board settlement is complete, per IEUA's agreement with CDA. The Regional Board is expected to present the proposed settlement to their Board of Directors in January 2016.
EN11031	RP-5 Flow Equalization and Effluent Monitoring	142,857.96	1,255,263.64	1,112,405.68	The project scope was modified to meet Agency operating requirements. Contract modifications are underway and resulted in delays.
EN14019	RP-1 Headworks Gate Replacement	185,558.55	700,000.00	514,441.45	The project evaluation period was extended based on review of project expectations and Stakeholder requirements.
EN16024	RP-1 Mixed Liquor Return Pumps	397,874.70	1,000,000.00	602,125.30	The project evaluation period was extended based on review of project expectations and Stakeholder requirements.
		10,667,968.38	26,996,873.24	16,328,904.86	

Active Projects in Design

28 Active Project in Design



3 Project Currently in Bid & Award

- EN13056.01 RP-4 MCC - Power Center Five Roof Access
- EN15055.00 1630 W. Recycled Water Pump Station - Surge Tank Installation
- EN16055.00 Headquarters Back Up Generator

6 Projects 0-2 Months Bid & Award

- EN16068.00 Main Office Permit Office
- EN15008.00 Water Quality Laboratory
- EN14047.00 GWR and RW SCADA Control Upgrades
- EN16047.00 HQ Parking Lot FY15/16
- EN13001.00 San Sevaine Basin Improvements
- EN16049.00 Conference Rooms Audio Visual Upgrades

Active Projects in Construction

Project ID	Project Title	Description	Total Project Budget (\$)	Total Cost to Date (\$)	FY Budget (\$ 2015)	FY Cost thru 2/31/16	COY Proceeds d thru Dec/31	Total Project COY (\$)	% Project Complete	Original Op. Date	Estimated Op. Date
1	EN08023.06 RP1 Primary Clarifier 2015 Rehab Proj	Continuation of the required rehab work within the Primary Clarifiers	0	859,044	0	837,369	130,407	30,226	90.94%	12/31/2015	3/7/2016
2	EN12014.00 East Avenue 1690 ERWP Relocation	Relocation of 200 LF of 96 inch RW PL on East Avenue in Rancho	890,108	189,491	693,261	17,546	0	0.00%	90.66%	8/30/2015	6/27/2016
3	EN12019.00 GWR and RW Comm. Sys. Upgrades	Upgraded the SCADA system to provide control & monitoring	1,594,400	1,122,017	970,563	802,969	0	0.00%	100.00%	7/2/2015	1/27/2016
4	EN12020.00 Chino Creek Invert Repair	Evaluate the condition of the creek invert over the siphon trench & make repairs	477,503	185,397	477,503	154,957	10,678	6.84%	80.35%	11/30/2015	2/26/2016
5	EN13015.00 SCADA Enterprise System	Design/construct SCADA system that enables remote control of facilities	10,309,546	4,353,764	4,200,000	2,772,186	24,652	0.95%	92.18%	2/15/2016	2/29/2016
6	EN13018.00 Montclair Diversion Structure Improvements	Replace liquid mist odor control system @ CCWRP and replace bar screens	3,030,095	416,987	1,203,874	102,754	0	0.00%	84.57%	7/16/2016	5/18/2016
7	FN13045.00 Wineville RW Extension Segment B	Install 2.8 miles of 30" RWP & to the associated appurtenances	11,880,300	10,585,763	2,506,256	1,494,136	-355,170	-3.99%	98.13%	6/26/2015	2/25/2016
8	EN13046.00 RP1 Flare System Improvements	Design, procure, construction & startup of the two new flare systems at RP1	3,600,000	584,906	487,622	442,916	0	0.00%	94.59%	9/30/2015	2/25/2016
9	EN14012.01 RP2 Drying Beds Tractor & Compost Aerator	Purchase tractor/compost Aerator	-	223,547	-	223,547	43,259	6.05%	47.92%	3/31/2016	7/7/2016
10	EN14038.00 CR20 Noise Mitigation Measures	Design and Build the sound mitigating enclosure	160,000	143,748	109,328	92,833	0	0.00%	113.55%	6/30/2014	1/15/2016
11	EN14052.00 RP1 Primary Clarifier West Effluent PL Replace.	Replace effluent pipeline w/vitrified clay pipe and extend life	1,112,000	1,040,095	65,020	93,752	38,030	5.13%	107.01%	8/31/2014	11/23/2015
12	EN15030.02 San Bernardino LS Fiber Optic Vault Upgrades	Install traffic rated manhole covers & modify existing pull boxes be traffic rated.	0	67,990	0	67,990	0	0.00%	29.66%	6/7/2016	6/7/2016
13	EN15032.00 Agency-Wide HVAC Improvements- Pole No. 3	Evaluate elect & control buildings HVAC systems & provide solutions @ RP-1	1,180,000	368,389	989,250	274,113	3,622	0.84%	78.44%	6/6/2016	6/6/2016
14	EN15045.00 Collection System Manhole Upgrades FY 15/16	Repair/replace 44 sewer collection system manhole frames and covers	620,000	394,908	512,340	289,442	0	0.00%	81.07%	4/30/2016	4/5/2016
15	EN15046.00 NRW Manhole Upgrades FY 15/16	Repair 23 NRW collection system manholes.	495,086	261,329	350,000	182,885	0	0.00%	79.05%	4/30/2016	4/4/2016
16	FN16067.00 RP-1 DAFs Plug Valve Replacement	Demo & replacement of existing eccentric plug valves in DAF Valve Vaults	120,000	15,177	120,000	15,177	-44,522	0.00%	83.08%	2/9/2016	2/25/2016
			35,410,098	20,812,052	12,625,017	7,864,542					

- Total construction contract payments for work completed in January: \$464,875

Completed Construction Projects - Notice of Completion Filed in January 2016

Project ID	Project Title	Description	Total Project Budget (\$)	Total Cost to Date (\$)	FY Budget (\$)	FY Cost thru 1/31/16	COY Proceeds thru Dec/31	Total Project COY (\$)	% Project Complete	Original Op. Date	Notice of Completion Filed
1	EN13040.00 Prado Dechlor Communication System	Design, supply & install a monopole to communicate with the RP-5	356,265	308,434	229,987	176,156	0	0.00%	97.10%	1/29/2016	1/7/2016
2	EN13042.00 Philly Pump Station Communication System	Design, supply & install monopole @ Philly PS & integrate w/existing network	387,518	285,937	303,566	179,585	6,588	6.49%	97.90%	1/29/2016	1/7/2016
3	EN13043.00 Montclair LR Station Communication System	Design, supply & install monopole at Montclair LS	571,281	523,164	447,614	399,497	22,522	7.24%	97.90%	1/29/2016	1/7/2016
			1,315,064	1,095,535	975,167	755,238	31,110				

Emergency Projects Awarded in January 2016

Project ID	Contractor	Task Order Description	TO #	Amount	Date
1	EN16019.09 W.A. Basic Construction	Headquarters Bldgs Backup Water Molds	TO-026	9,000	1/4/2016
2	EN16017.15 W.A. Basic Construction	RP 4 10-inch RWPL Repair	TO-028	12,000	1/25/2016
				21,000	

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Office Engineering Project

Process ID	Process Title	Status	% Complete	Actual Costs
1	CW16003.01 Ontario Reg Conns to ETS Group 1	The temporary manhole covers were replaced with IELUA covers	59.09%	450
2	CW16003.02 Chino Reg Conn C-30	Preserve LS has not been advertised for const. due to USACE's lengthy review	8.41%	164
3	CW16015.01 City of Ontario Francis St SD Project	A preconstruction meeting is scheduled this month	0.00%	15
4	CW16102.01 CWWD RW Conn CVRW-43	The revised final design was submitted for review	58.19%	382
5	CW16102.02 Ontario RW Conns ORW-67 & ORW-68	The revised final design was submitted for review	34.79%	195
6	CW16102.03 CWWD RW Conn CVRW-42	The revised final design was submitted for review	22.53%	167
7	CW16102.04 CWWD RW Conn CVRW-44	The mylar was signed & request for the contractor's certificate of ins was submitted	43.67%	566
8	CW16102.05 CWWD RW Conn CVRW-45	The connection location was reviewed with as-built drawings	72.97%	85
9	CW16102.07 CWWD RW Conn CVRW-47	The connection location was reviewed w/as-builts & design comments provided	65.95%	0
10	CW16102.08 Chino RW Conn CRW-80	The engineering plans were reviewed & comments were provided to the consultant	74.36%	134
11	CW16102.09 Chino RW Conn CRW-81	The engineering plans were reviewed	74.36%	0
12	CW16102.10 Chino RW Conn CRW-82-83-84	The engineering plans were reviewed	74.36%	0
13	CW16102.11 24in RWPL in 800 FZ in Chino Hills	The engineering plans were reviewed and comments were provided to the consultant	74.36%	0
14	CW16102.12 CWWD RW Conn CVRW-48	The connection location was reviewed w/as-builts & design comments provided	65.95%	0
				2,157

GRANTS ADMINISTRATION SIGNIFICANT EVENTS

Grants Administration Significant Events

Board Activities

Since the last General Manager's report, Grants Administration has processed the following Board item:

- Adoption of Resolution No. 2016-2-2 for the U.S. Department of Interior - Bureau of Reclamation (USBR) WaterSMART: Water and Energy Efficiency Grant Program for FY 2015/16, authorizing the Agency to enter into a financial assistance agreement with the USBR for a grant application submitted on January 20, 2016, for the Recycled Water Laterals for the California Steel Industries and the Auto Club Speedway to Increase Local Water Supply and Energy Efficiency project.

Grant/Loan Opportunities and Applications

The Agency's Grant Administration group is continuing to pursue additional federal and state grant opportunities as they become available to offset project costs, including:

State Water Resources Control Board (SWRCB)

Staff is working with the SWRCB on the Regional Plant No. 1 (RP-1) and Regional Plant No. 5 (RP-5) Expansion Preliminary Design Report (PDR) SRF loan application (\$3M).

Staff submitted the WaterSMART: Water and Energy Efficiency Grant application for FY 2016 for the Napa Lateral project on January 20, 2016.

Staff is in the process of reviewing Grant Application Guidelines that were posted under the Proposition 1 Storm Water Grant Program this month which includes grant opportunities for both planning and implementation. This funding will be used for regions RMPU Projects. Multiple projects will be included in the application.

Staff is working on the Small Community Wastewater Planning Grant to support a feasibility study in the Agency's service area to convert septic tanks to sewer systems for wastewater treatment.

California Department of Food and Agriculture

A grant application was submitted on January 8, 2016 in partnership with California State Polytechnic University (Cal Poly) to provide a more efficient irrigation system and water sensors to a portion of the land that Cal Poly leases from the California Institute for Men located in Chino.

Grant Reimbursements and Reporting Activities

The following is a status update on several existing contracts for various grants and loans:

- USBR/CDA Wells 1,2,3– Invoicing is complete for costs through December 31, 2015 for \$64,696.42.
- Department of Parks and Recreation Water Discovery Field Trip & Bussing Mini-Grant Program– Invoicing is complete for costs through December 31, 2015 for \$14,758.

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- MWD Biotta – Invoicing is complete for costs through June 2015 for \$70,188.83
- MWD Biotta – Final Report for Biotta Project submitted.
- 1010 Zone Pump Station and New Product Water Pipelines agreement No. R12AC35339 was modified extending the project completion date to November 30, 2016.